Efficiency of Shopper Loyalty Program on Customer Satisfaction for MNC Company in India

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Abstract:

Purpose: The aim of this study is to examine the efficiency of shopers loyalty program for the customer satisfaction.

Theoretical framework: The purpose of the study was to evaluate the customer retention effectiveness of the US Polo Association's loyalty program. Both quantitative and qualitative methodologies were employed in the study's execution. It included surveys and interviews with the store management staff.

Design/methodology/approach: The U.S. POLO ASSN. brand sells accessories, luggage, watches, shoes, home decor, and clothing for men, women, and children. Properties Inc. is the worldwide custodian of the Association's trademarks and symbols, with licensees in the United States, Canada, Mexico, the Caribbean, Central and South America, Asia, China, Europe, Scandinavia, Russia, and the Middle East. The Association's wholly owned subsidiary USPA Properties, Inc., oversees upholding the Association's trademarks and logos globally.

Findings: The results of the study showed that the US Polo Association's client retention plan was unsuccessful.

Research, Practical & Social implications: to improve the program's effectiveness, though, as it is currently ineffective? The store should prioritize advertising the reward program and creating more robust loyalty programs than the ones that are currently in place, according to the study's findings overall.

Originality/value: The value of the study revealed that the loyalty program of US POLO ASSOCIATION is not effective in retaining the customers and must be altered in the most suitable way to reap benefits from the loyalty program offered.

Keywords: US Polo, Rewards programs, stronger loyalty programs, Business Management, Industry Innnovation and Infrastructure

1. Introduction

A technique where a company compensates its regular customers for their purchases is called a customer's loyalty program. From a business standpoint, it's a strategy meant to entice clients to make repeat purchases from us. With a loyalty program, companies can offer points or benefits to customers. And in return, they redeem points for discounts, free products, rewards, or insider perks. The objective is to encourage recurring business and foster customer and company trust. According to a recent Rare Consulting report, 83% of consumers feel loyalty programs increase their likelihood of sticking with a particular company. Customer loyalty programs are essential for keeping customers around. Customer loyalty programs lead the way in this fiercely competitive market, as consumers swiftly transfer from one service provider or supplier to another upon experiencing any inconvenience. According to 69% of consumers, loyalty programs have an impact on their retailer preference. Additionally, 57% of consumers sign up for loyalty programs to save money, and 37.5 percent do so to get rewards. Fifty percent of

consumers believe they would alter their conduct to advance in the customer loyalty program. 76% of consumers think that participating in a loyalty program improves their relationship with brands. US POLO ASSN. since 1890, has administered, supported, endorsed the sport of polo in the United States. Now, having grown to thousands of members across hundreds of clubs in North America, the organization continues to expand, even drawing in a younger and more enthusiastic audience along the way. A significant part of their strategy is to create and distribute a line of apparel that serves to reinforce the brand public.

US POLO ASSN. attract and retain their customers by providing them various loyalty programs like, Royalty club membership. The aim of the membership is to make US POLO ASSN. Customers part of a Privileged club that makes them feel they are a part of an exclusive lifestyle community and enhance their experience with the brand at key touch points.

The Main Membership Benefits To Customers Are As Follows

Easy exchange (without the hassle of bills), Birthday discount, Every point earned = 1 rupee, Sale preview (exclusive members only preview), Fashion tips, new collection and offer updates, Each customers have a unique identity (account) that is linked to their telephone number, Points valid for 24 months after the earning date, The percentage mentioned (table 1.2.1) indicates the rate at which points will be earned and credited to accounts of the customers.

The points are earned by a customer based on the following table 1.

Table 1. Slab Rates

S.No	Slab	Points	Lifetime Purchase
1	No slab	0%	0-5k
2	Bronze	1.50%	5k-15k
3	Silver	2%	15k-30k
4	Gold	2.50%	30k-50k
5	Platinum	3%	>50k

Customers will move from lower slab to higher slabs as their total lifetime purchase increases. Also, on every upgradation customer will receive a gift voucher as per below, from bronze tier onwards all members who are celebrating their birthday will get a privilege of xx% birthday discount based on their membership tier during their birthday month. ie, 15 days prior and 15 days post their date of birth. For US POLO ASSN. KIDS stores the customers need to capture their children's birth date. Two automated SMS will be sent to them informing them about the birthday offer and the xx% birthday voucher code.

2. Literature Study

[1] noted that a customer's propensity to buy a certain brand within a product category is known as brand loyalty. In the context of marketing, brand loyalty refers to a customer's pledge to keep using the brand. This can be shown by a repeat customer's purchases of a good or service, as well as by other positive actions like advocacy through word of mouth. In his article on customer brand loyalty, [2] expressed the opinion that it gets harder to retain loyal customers when dishonest sales tactics, subpar customer service, and dishonest promotion occur. Although it takes time and effort to pursue customer reliability, it is perhaps the most precious asset of a successful business. [3] in a paper on A moderating factor affecting client loyalty: According to the perceived value theory, loyal clients help businesses by giving them a reliable stream of income (repeat and increased purchases) and by lowering costs (fewer promotional expenses), both of which boost profits. There should be non-monetary scale elements used to measure perceived value. Increased customer loyalty and market share were largely dependent on the perceived value of the consumer.

With the proper marketing mix for the correct position in the intended target market, the company's marketing strategy helped to build this perception. [4] in his attempt to clarify the factors that influence consumer loyalty in UK retailers. The researcher created a structured questioner with a seven-point scale ranging from strongly disagree (-3) to strongly agree (+3) to gather data and determine the characteristics related to consumer loyalty. As a dependability indicator, he employed Cronbach's alpha sale, whose estimated value was 0.897. The data have been analyzed using a sophisticated statistical technique called exploratory factor analysis (EFA). For this study, five of the top retail supermarkets were chosen at random, with 10 consumers who were at least 18 years old from each sample store. Supermarkets were chosen using cluster sampling techniques around the city of London. As a result, 77.89% of the variation was explained by the nine factors that were taken out of the analysis. The study was then ranked. Sales promotion, information sharing, management, product or service recommendation, new brand, brand value, inventiveness, and so on are the first seven Benchmarking and environmentally friendly organizations ranked 1 through 9, respectively, and are important determinants of customer loyalty in the top supermarkets in the United Kingdom. [5] Client Loyalty and Its Precursors: According to a conceptual framework, the most crucial thing to keep in mind regarding any organization is that there are no outcomes inside its borders. The study, which focused on consumer loyalty in the retail sector in the Indian setting, was entirely based on secondary data. [6] By testing the inclusion of contentment and the quality of goods and services as drivers of store loyalty, this study aims to advance our understanding of this phenomenon.

They have examined three factors that affect loyalty with their study. [7], According to the study's findings, consumers typically use price differences as a gauge of product quality; most households buy store brands due to their lower prices; customers believe that store brands and national brands are of similar quality, but store brands are slightly less expensive; and consumer sensitivity and awareness are two factors that should be considered when developing new products. In their research, [8] tried to examine the relationship between customer loyalty and happiness in Australia using survey data rather than data mining. A survey was used to look into retail banking clients' attitudes, opinions, and behavior about customer loyalty. The testing of a sample of 1,951 bank clients is necessary for the next data analysis. To extract single values for each multi-item construct and reduce the amount of data, principal component analysis is also employed. Tsai Yuan- [9] Teenage consumer groups provide a new market for the mobile phone industry, according to their research, which examined purchase loyalty and attitudinal loyalty as connecting elements in the chain of impacts from brand trust and brand affect to brand performance. For 107 brands spanning 41 product categories, customers supplied primary data. Brand managers then calculated the impact of client retention on profitability, determining that profits rise as a customer's relationship with the company becomes more intimate. [12] L.L. Berry (2015) Additionally, he believed that service interactions might be seen as social exchanges and that one of the most important factors in determining a customer's pleasure with the exchange was the interaction between the service provider and the client. Stated differently, satisfying client demand was the undisputed norm.

[13] In their research, Sheroog [10] offered important insights into Saudi Arabian women's purchasing habits regarding cosmetics and toiletries, which are classified as body care, hair care, makeup, skin care, nail paints, and other related products. [14] The author investigated how devoted clients' purchasing decisions develop into natural habits. Many academics think that one of the key factors influencing brand loyalty is consumer happiness. Research indicates that in the services sector, customer contentment enhances reputation, and that reputation influences the relationship between brand loyalty and customer satisfaction. The goal of the study [13] is to identify the variables that influence brand loyalty in the context of the footwear sector. The literature study revealed 14 characteristics that are significant drivers of brand loyalty. To capture the customer's reaction, a structured questionnaire was created using these variables.[11] The researcher found a substantial correlation between brand loyalty and consumer contentment, and goes on to say that without loyalty, it would be impossible to understand customer satisfaction. Numerous researchers discovered a favorable correlation between brand loyalty and customer happiness after analyzing a variety of characteristics, including brand loyalty.

Research Problem

Loyalty programs are a crucial aspect that contributes to client happiness. To draw in and keep consumers, shops and other businesses sponsor loyalty programs that provide prizes, discounts, and other unique incentives. By rewarding consumers for their brand or store loyalty, they are intended to promote repeat business. A customer-

centric marketing strategy is beneficial to any startup business's growth. flexibility to meet obstacles. Customers' brand preferences should be addressed through value-, competition-, and quality-based evaluations that demonstrate their worthiness in comparison to their rivals.

Source of Data

The two types of data sources from which the data was collected are: Primary data -The primary data is collected using a structured questionnaire and the responses were given by the customers of US POLO ASSOCIATION. And Secondary data-The secondary data is collected from various sources like books, research papers, company websites, blogs, and magazines.

Research Instrument

To investigate the impact of a customer loyalty program on customer satisfaction in the US POLO ASSN, a structured questionnaire is employed as a research tool. For this research a structured questionnaire was administered to 100 respondents who were the customers of US POLO ASSOCIATION, Kochi.

Statistical Tools Used

Percentage Analysis It refers to a test were rates or percentage are used in making comparison between two or more series of data. A percentage is used to determine the relationship between the series.

Percentage =No. of Respondents /Total no. of Respondents *100

A statistical tool used to quantify the degree of relationship between two variables, that is, the rate at which they change together—is correlation. It is a frequently used tool for summarizing straightforward correlations without establishing causation and effect. A statistical procedure called ANOVA (Analysis of Variance) is used to evaluate variances across the means (or averages) of various groups. It is used in a variety of settings to find out whether the means of various groups differ in any way. It is a statistical analysis method that divides the observed aggregate variability present in a data set into two categories: random components and systematic factors.

Period of Study

The study has been done for a period of 7 weeks, from 19th September 2022 to 04th November 2022.

Significance of the Study

The success of a company depends upon the customers. If the company can generate new customers and are able to retain the existing customers by building loyalty among the customers, then it can help the business to achieve new ranges of success. This is where a good loyalty program helps as it can be a competitive advantage over the competitors. A good loyalty program helps in retaining customers as it provides customers something in return for making a purchase, thus making them come back for their future purchases as well and increasing the customer lifetime value of each customer as a result.

A brand or company must offer higher-quality goods and services as well as loyalty programs if it hopes to keep its current clientele. It is beneficial for keeping clients. It supports your customer retention efforts. People are encouraged to shop at a single retailer repeatedly by loyalty programs such as the Point, Reward, or Tier programs, which offer discounts or reward points in exchange for repeat business. The best loyalty programs force consumers to choose a company's goods and services over those of its rivals, even when the latter are more affordable. The following are examples of how loyalty programs have been successfully implemented in the company: Get to know the customers, choose a loyalty program, create excitement, prepare for the launch of the loyalty program and grow the loyalty programs.

3. Result And Discussion

The outcome has been derived from the figure below in several research dimensions. 18 to 27-year-olds make up 1,42% of the US Polo Association survey respondents. Additionally, 36% of respondents are between the ages of 28 and 37, 12% are between the ages of 38 and 47, 7% are between the ages of 48 and 57, and 3% are under the age of 57. We can infer that young adults make up most of the respondents from this.
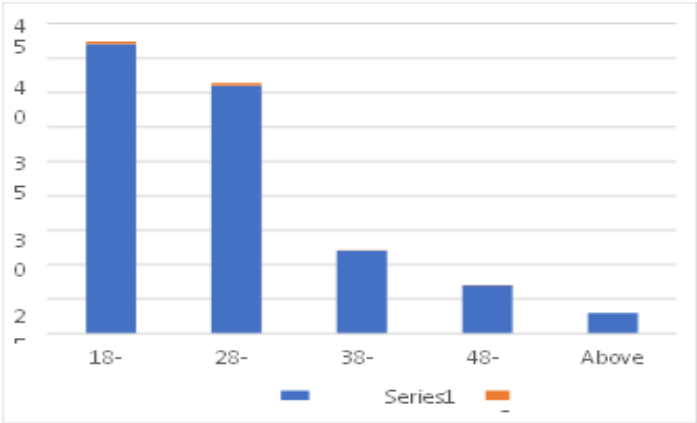
Figure 1. Age Group of Respondents

Figure 2 below illustrates the inference. Based on the data presented in Figure 2, it can be observed that 25% of the participants have an income below $10000, 13% are in the 10000–25000 income range, 19% fall between 25000 and 50000, 28% fall between 50000 and 60000, and 15% above 65000. It is clear from this that the majority of responders—those with incomes between $50,000 and $75,000—come from the upper income bracket.
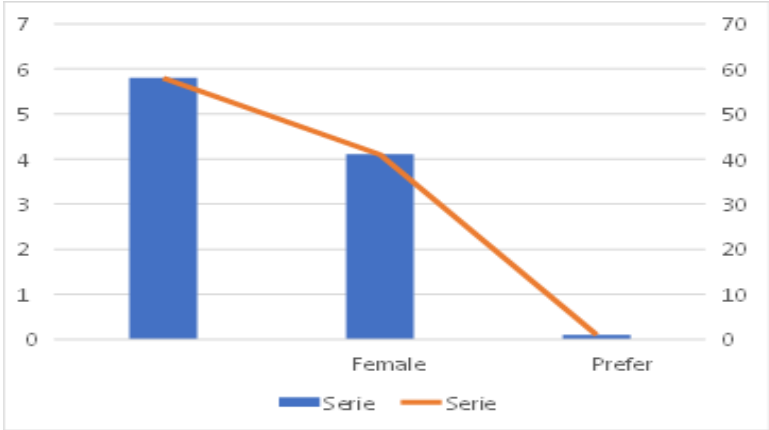

Figure 2. Income Group of Respondents

Figure 3 below illustrates how knowledge of the items, According to the figure, 29% of respondents are extremely familiar of the US Polo Association brand, while 3.30% of individuals are only somewhat aware of it. It suggests that people are familiar with the brand.
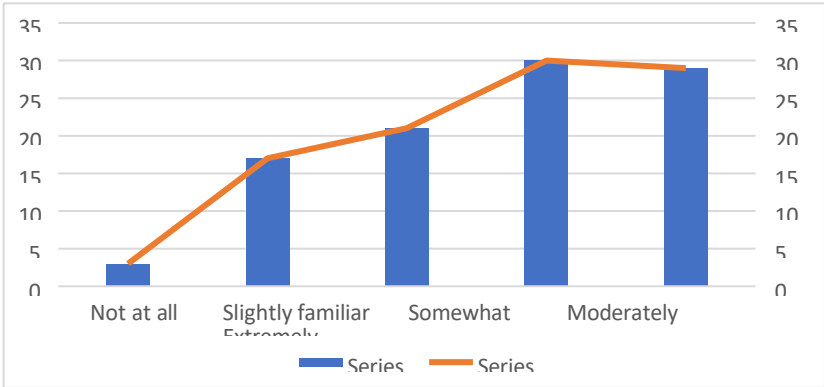

Figure 3. Customer Familiarity with the Brand

The importance of the loyalty program was discussed and evaluated in the following figure 4. From the figure 4 , we can interpret that 26 % of the respondents are somewhat aware and moderately aware. And 22 % of the people are slightly aware of the brand. Endorsement of the brand to other people, Figure 5 below indicates that 43% of the respondents are inclined to tell others about the brand. and 23% of respondents offer a neutral suggestion. Furthermore, 15% of consumers are unlikely to tell others about the brand. According to our interpretation, 35% of respondents said they would be more inclined to move to a competitor's product, 24% said they were neutral, and 20% said they were unlikely to do so. As seen in
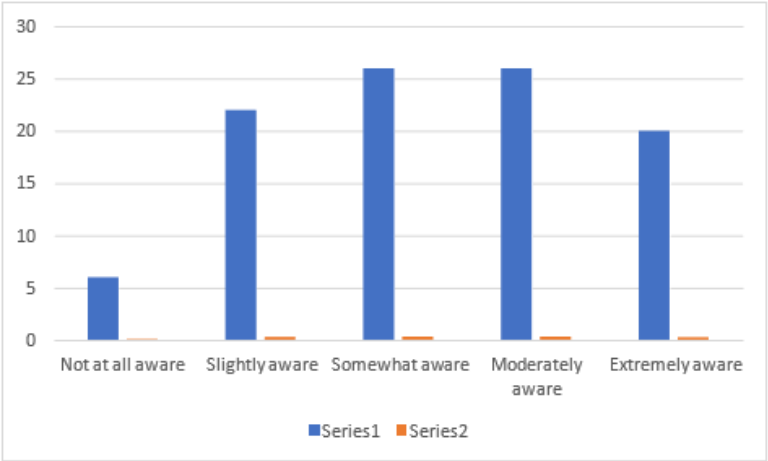

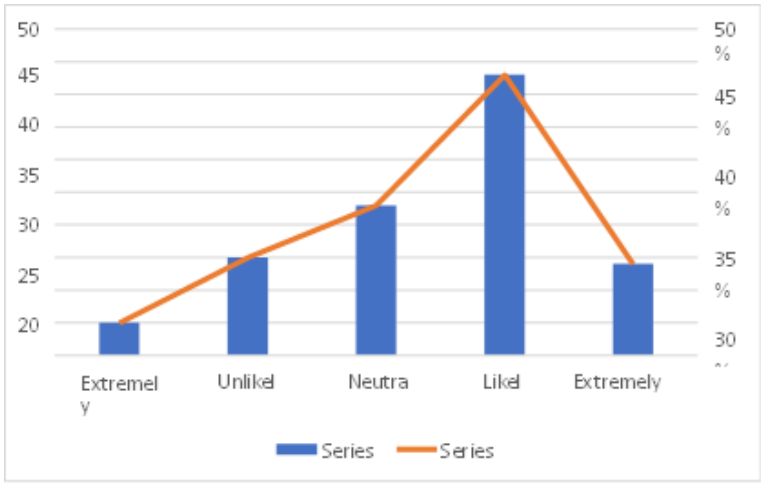**Figure 4. Awareness of loyalty programs**

Figure 5. Customer Recommendation of the Brand to others

figure 6, 52% of the respondents expressed some degree of satisfaction with the brand's goods or services. Moreover, 14.3 percent of respondents expressed neutral satisfaction and 13.3% of those surveyed expressed some dissatisfaction with the brand.
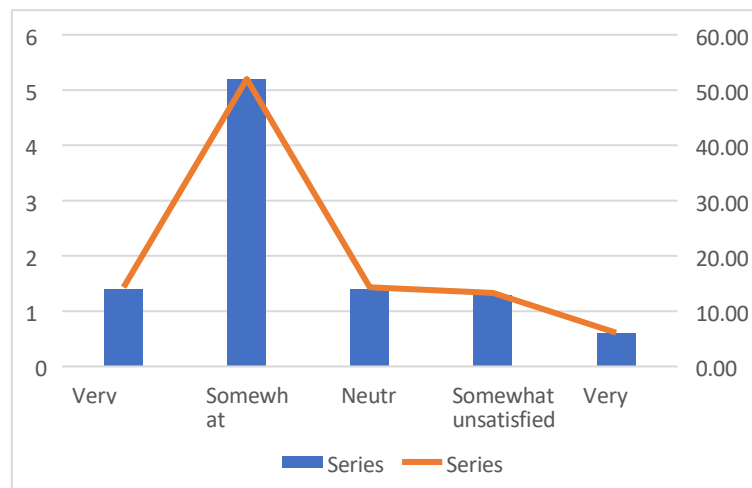
Figure 6. Customer satisfaction with the quality of products & services

Hypothesis 1

Analysis to find out whether there is any significant relationship between the age and the satisfaction level of loyalty programs provided by US POLO Association. For this analysis ANOVA was used.

Null Hypothesis (H0)

H0: There is no significant relationship between the age and the satisfaction level of loyalty programs provided by US POLO Assn.

Alternative Hypothesis (H1)

Ha: There is a significant relationship between the age and the satisfaction level of loyalty programs provided by US POLO Assn.

Table 2. Actual Range Hypothesis 1

Age group	Very satisfied	Somewhat satisfied	Neutral	Somewhat unsatisfied	Very unsatisfied	Total
18-27	2	17	13	8	2	42
28-37	6	21	6	3	0	36
38-47	5	6	1	0	0	12
48-57	1	4	2	0	0	7
Above 57	1	1	0	0	1	3
Total	15	49	22	11	3	100

P Value = 0.001818 Since P value = 0.001818, which is less significant value (0.05) So we reject the Null hypothesis, H0

Interpretation:

Assuming that the null hypothesis is correct, the p-value of 0.00181818 indicates that there is extremely little likelihood of witnessing such an extreme event by chance. Statistical significance is often defined as a p-value of less than 0.05. Strong evidence against the null hypothesis is shown in this instance by the p-value, which is significantly smaller than 0.05. Age and the degree of satisfaction with the loyalty programs offered by US POLO Association are found to be significantly correlated, leading us to reject the null hypothesis based on this p-value. To ascertain the strength and direction of the association between age and satisfaction level, more research and

analysis may be required. It is crucial to remember that statistical significance does not always imply practical significance.

3. Conclusion

The primary goal of the evaluation was to identify the effectiveness of the customer loyalty programs in US POLO ASSN. Kochi. The sample size available was 30. most of the population are aware about the loyalty program and the loyalty program is very effective on them to taking the purchase decisions. Around 70 % of the population are. Even though the brand US POLO ASSN. is the one of the premium clothing brands and customer's favorite brand. According to my study the loyalty programs are very effective in customers buying the products from US POLO ASSN and make them satisfied on their purchase. by comparing to the competitors brand US POLO is providing these kind of loyalty programs very effectively to customers. The store management should use this value and take the necessary actions to overcome the issues mentioned above as soon as possible. In addition to providing a loyalty program the customers are showing their interest in switching to a competitor. The store management team should be able to understand the seriousness of the situation because the main objective of any loyalty program is to retain customers and promote repeated purchases as the cost of acquiring a new customer is far more than retaining a customer. This study has revealed that the loyalty program of US POLO ASSOCIATION is not effective in retaining the customers and must be altered in the most suitable way to reap benefits from the loyalty program offered.

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