RETAILERS LOYALTY PROGRAM: ANALYSIS OF THE BEHAVIOURAL FACTORS, DECISION DRIVERS AND KEY INFLUENCERS IMPACTING THE PENETRATION OF LOYATY PROGRAMS BY EMPLYING LOGISTIC REGRESSION

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Delhi Public School The expanding significance of client unwaveringness has as of late prompted the mass presentation of dedication programs by organizations in a scope of segments. Retail locations, aircrafts, general stores are only a couple of cases of zones where this advertising device is connected. A huge number of customers have and utilize remunerate cards. Numerous organizations work such reliability plans. The certain conviction is that customers can turn out to be more steadfast by their enrolment in such plans and their ownership and utilization of a steadfastness card. With the expanded spotlight on holding clients and stop mark exchanging as of late drove the presentation of prizes or dependability programs at a mass scale. Mass presentation of devotion program can be seen in all the retail segments.

Retailers tend to operationalize unwaveringness conspires through a reward framework for buy conduct. While there are varieties among plans, basically purchasers win focuses, which they would then be able to use to get different prizes like free flights, money rebates, money back or unconditional presents. Buyers recover their focuses, apparently determining delight and fulfilment, which thusly may improve faithfulness to the plan administrator as well as business (e.g., a retailer) through the working of inclusion and connection, bringing about the consolation of rehash buy practices. The prizes partner with devotion programs give a way to build up correspondence between the client and friends. It implies that prizes may bring a sentiment of required reaction from the client as more business, which may prompt a cyclic impact where more rewards will be offered from the organization et cetera.

Most scientists presently perceive that faithfulness is anything but a unidimensional develop, however includes attitudinal and also conduct segments. In an unwaveringness plot the understood conviction is that the plan task will give an instrument to both rehash buy and enhanced impression of the organization included. Either single or various demonstrations of point's reclamation affect buyer's inspirations to take an interest in devotion plans and

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purchaser's continuous view of the business and the faithfulness plot and additionally their feasible future acquiring practices. Customers are persuaded to gather and reclaim focuses inside unwaveringness conspires by the objective of accomplishing rewards. Dependability cards are ending up progressively normal in retailing on the grounds that in very aggressive however feeble development conditions retailers endeavour to hold their customer's, and they see loyalty card programs as an approach to do as such.

Retailers are without a doubt mindful that client maintenance systems are more affordable than client obtaining endeavours. In enterprises, for example, sustenance retailing where retailer's offers are fundamentally the same as and where clients practice high buy recurrence, client relationship and maintenance techniques are much more remarkable and far reaching.

With unwaveringness cards, retailers' goals are triple: hold clients, to build their dedication, and to gather information about their shopping conduct. As to maintenance objective, retailers use loyalty programs as customer relationship administration (CRM) apparatuses by giving clients money related favorable circumstances (e.g., money rewards, coupons, refunds) and mental prizes (e.g., particular registration for dependability card holders, welcome to exceptional events).The prizes can be prompt (e.g., discounts) for short-run maintenance systems or postponed (e.g., investment funds rewards) for long-run maintenance techniques. They can be immediate (usable just in the store) or roundabout (usable at stores that are accomplices in the Loyalty plot).

The second goal of reliability programs is, obviously, to build client unwaveringness. It has been demonstrated that steadfastness projects can build share of wallet (SOW) and offer of visit (SOV). The third target concerns the retailer's wants to gather value-based information about clients. In spite of the fact that retailers don't seriously talk about this vital need, client databases are essential if firms are to comprehend their clients. Retailers utilize such dependability card information to section their clients, to target clients with custom-made motivators, and thusly to amplify the benefit of limited time and estimating methodologies. By changing dedication card information into learning about clients, retailers increment the arrival of their showcasing activities and better apportion their promoting assets. Furthermore, utilizing such client information by fitting offers particular to the clients really builds client dedication and empowers retailers to accomplish unrivalled money related execution by expanding the general deals by the client.

These three targets drive to a specific degree retailer's practices and assumptions about the administration of unwaveringness card programs. At the point when retailers dispatch a steadfastness card, ordinarily their fundamental concern is to augment the quantity of card holders inside the briefest time or to obtain a given number of card holders. Inducing an extensive variety of clients to embrace a devotion card empowers retailers to fabricate an adequately illustrative database, which they can along these lines use to section their clients.

A high rate of unwaveringness card entrance enables retailers to reach whatever number clients as could reasonably be expected with different types of motivating forces to raise their steadfastness. Moreover, retailers regularly trust that the more clients enlisted, the more effective the program dispatch. The basic thinking depends on the recognition that non-individuals have a place with a particular fragment since they vary from steadfastness program individuals in affectability to cost and advancements and brand decision conduct. Notwithstanding the entrance rate, retailers additionally have all the earmarks of being worried about the time measurement; that is, the time allotment expected to achieve the objective. Similarly as with propelling new items or administrations, effectively propelling a faithfulness program requires a decent correspondence battle that makes clients mindful of the program and induces them to embrace the card. Retailers by and large contribute sizable assets to advance their projects. They may dispatch their battles through unoriginal correspondence, for example, radio, TV, bulletins, neighborhood daily papers, or flyers. Advancing such individual correspondence, in any case, requires that the association has adjusted fundamentally to meet the dispatch prerequisites. Propelling a program regularly requires such exercises as enlisting transitory workers or potentially altering briefly representative's sets of responsibilities (to advance the program, to give clients data about the program, and to enable them to finish enrolment frames) and refitting store formats (e.g., with limited time shows, front counters). The shorter the dispatch time frame, the lower will be the expenses, and the less the hierarchical changes.

Reliability plans are a piece of guarded advertising techniques which intend to hold existing clients. They are basic practice in numerous enterprises, for example, the aircraft (regular customer projects) and nourishment retail industries. Retailers utilize devotion cards to recognize and to remunerate their clients for their faithfulness. All the more unequivocally, dedication cards empower organizations to get information about and build up a superior association with their clients.

There is as yet a yawning hole between the level of individuals say's identity happy with a business and the individuals who see themselves as "steadfast" to that business and who are resolved to keeping up the relationship at present and proceed with the same in future. A significant number of the organizations have made sense of how to convey fulfilment, yet couldn't make sense of how to gain reliability anyplace close to those levels. Also, this sort of dependability hole can be especially articulated in ventures where rivalry is developing and is brutal. Most clients are not as much as satisfied with the relationship they presently have with the best retailers currently yet at the same time keep on doing business with them, yet while most clients are happy with the relationship they are not faithful. That implies it is troublesome for most retailers to depend on their clients being faithful and is admired to rivalry. Steadfast clients spread word about an organization to their companions and partners. Such a proposal is a standout amongst other pointers of devotion due to the client's forfeit in making the suggestion. At the point when clients go about as references, they demonstrate

that they've gotten great monetary incentive from the organization. By acting as references, customers put their own notorieties hanging in the balance. What's more, they will do as such just in the event that they feel extreme unwaveringness

Most company unwaveringness programs failed to analyse data finely enough to recognize between two sorts of clients, onewho would prescribe a specific business to companions' and the one who would not. For organizations, knowing this will be helpful but could mean a large number of additionalrevenue. Thistendency of steadfast clients to acquire newcustomers atno charge to the organization isparticularly helpful yet may turn up expensive.

Numerous organizations also don't do enough with their steadfastness program information to influence the client to feel extraordinary. Prizes programs generallycost organizations, by and large, between 2 percent&10 percent of a client's aggregate spending at a given store. When you have distinguished the best 20 to 30 percent of your customers,most of thecompanies tend not to market to the base level becauseit isn't temperate. Yet, theyend up leaving a greater part of their clients baffled or unfit together enough focuses to influence support in these projects to appear like a genuine preferred standpoint.

Be that as it may, one ought to notunderestimate the benefit of endeavouring. For instance, the nourishment retailers lose up to 40 % of their new clients within3 months. One of the most important benefits of an effective dependability card program is new-client misfortunes can be evaluated by the storesand acquaint programs outlined with retainthose. Faithfulness card gives idea about the measure of the inflow and outpouring of new clients. Learningto play the reliability card can assist organizations with reaping enormous money rewards.

According to the information, genuinely steadfast buyers are 15 times more probable than high-chance clients to build going through with a specific store. Progressively the client's association with an organization stretches, more is the benefit. It has been watched that, client rebellions powerfully affect all that really matters. The normal development rate expands two times when the surrenders are cut into half.

Just having CRM is likewise insufficient. One needs the hearts and brains of the clients to limit the dependability hole. IT additionally needs to lead the pack in devotion programs since it's just about the main division that can organize between business forms, information investigation merchants and the officials who can make an interpretation of yield energetically.

The expenses of getting new clients are about 5-10 times more than to offer products and services to a current one. On an average those present clients burn through 67% in excess of another one. So the inquiry is the thing that can be done to hold clients returning to your business. If your organization has actualized a faithfulness program, at that point you're among65% of advertisers. As per the 2011 Colloquy Customer Loyalty Census, of the $48

billion worth of saw an incentive in compensate focuses and miles appropriated by American organizations every year, 1/third goes unredeemed by buyers. Clients get no more an incentive from the organizations to which they are faithful since organizations lose cash on time and exertion.

It is intriguing to perceive how these projects are getting along in the Indian situation, after an accomplishment of these projects in the western market. Retail locations, stores, benefit stations; aircrafts are cases where steadfastness program centres around client experiences created by executing the Loyalty program. Factors that are used to measure the effectiveness and effectiveness of these projects incorporates client purchasing conduct, for example, recurrence of visits, trust in the retailer, store deals or execution, consumer loyalty. The retailers who profit it consider loyalty programs and loyalty cards to be apparatuses for such techniques and inventive market introduction approaches. It is an essential factor for unwaveringness program planner to comprehend what sort of clients will probably join their program and how much esteem will be included the organization by executing this program. Different individual highlights and socioeconomic factors impact the probability of client to join these reliability programs. From writing audit we have shortlisted 5 noteworthy individual attributes that impact the probability of joining these projects and 3 socioeconomics factors. We want to think about the impact independently for both these classifications. We will utilize strategic relapse to dissect the effect of the individual qualities in probability to join the dependability program. The examination will enable us to fragment the store's clients who join the dependability program. This investigation will assist firms with understanding their clients better and give clearer knowledge into how the dependability program will function and for some situation suitable activities to urge more clients to join the dedication program.

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2. Types of Loyalty program
Since no two organizations are same, a wide range of sorts of devotion program exist in the retail business. It is not the same as one business to another and even same business can have in excess of one sort of dependability programs. The following is the rundown of some renowned dependability programs utilized by the organizations.

2.1 Use a simple pointssystem
This is the most widely recognized and essential procedure of unwaveringness program, which fits into any sort of business. Clients acquire focuses, which convert into some sort of reward. It can be a complimentary gift, a rebate or client treatment, clients will move towards a specific measure of focuses to reclaim their earned reward. There are numerous organizations which flounder in this technique yet influencing the connection between substantial rewards and earned focuses to can be minded boggling and confounding. For

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instance: 14 focuses meets 1 dollar, and 20 dollars procures half off your next buy in April. This isn't fulfilling yet rather a cerebral pain to the client. On the off chance that one decide on a focuses based reliability program, one should keep the transformations straightforward and natural. One case of an organization utilizing a focuses based reliability program well is Boloco. They have made it helpful for their gathering of people by estimating focuses in dollars, and rewards in nourishment things. Clients can swipe their polished Boloco card at each buy and the card tracks the measure of cash spent. The program is with the end goal that, each $50 spent gains the client a free thing. It doesn't make a difference on the off chance that they pick a super enormous burrito or an additional little smoothie - it's free after $50.This is a case of an organization disentangling focuses with an open client remunerate system. Although a focuses framework is maybe the most widely recognized type of reliability programs but it is not applicable to a wide range of business. It is most suitable for organizations that support frequent and here and now buys.

2.2 Use of Tier System to Reward Initial Loyalty

On the off chance that ofdesigning unwaveringness programs, the real test for most companiesto discover a harmony amongst feasible and alluring prizes. One of the approaches to battle this is to actualize a layered framework. The thought is to offer little rewards at first as a base offering for being a piece of the program, and after that expansion the estimation of the prizes as the client climbs the dedication stepping stool to support rehash clients. This will help take care of the issue of individuals disregarding their focuses and never reclaiming them in light of the fact that the time amongst buy and gratificationhas been too long.

Virgin Airlines' Flying Club enlists individuals at the Club Red level, thendivides them intoClub Silver and Club Gold. On one side,Club Red individuals win miles on flights and get rebates on rental autos and hotelsandClub Silver individuals earnmore 50%points on flights, sped up registration, and need remain via seating. Aside from it,Club Gold membersalso get need loading up, twofold milesand access to selective clubhouses where they can snatch a drink orcan get a back rub before their flight. The key over hereis to offer advantages in the beginning times to snare the customerfor rehash buy. When they do, they will understand that "gold" status isn't unattainable, and it offers extremely cool advantages.

The distinction that lies amongst earningpoints and layered frameworks is that clients remove here and now versus long haul an incentive from the steadfastness program. Be that as it may, it is a reality thattiered programs work better for high commitmentorhigher value point organizations like hospitality organizations, airlines or insurance agencies.

2.3 Charge an Upfront Fee for VIP Benefits

Faithfulness programs are supposed to separate hindrances amongst clients and business. But the inquiry is that on the off chance that we ought to educate them that we charge them an expense. In a few conditions, a one-time annual expense can be charged that gives clients a chance to sidestep regular buy blockers. It is entirely helpful for business and client alike.

One can redo a charge based unwaveringness program to address those particular obstructions by distinguishing the variables that may make clients clear out.

In 2011, e-commerce shopping truck relinquishment hit a record high of 72%, is as yet rising. This deserting is regularly caused by "sticker shock" after assessment and transportation costs have been connected. The greatest player of E-commerce, Amazon, figured out how to battle this issue in their dependability program called 'Prime'. Prime clients get free 2-day sending on a great many items with no base buy, among other benefits for $79 yearly charge.

This program is inventive as it charges steadfast clients and provides enough as an end-result of those successive customers to understand the advantages. It has been assessed by examiners that Amazon really loses about $11 every year for each Prime endorser. Be that as it may, it compensates for it in expanded exchange recurrence that would not have generally occurred without their elite benefits offered.

Unmistakably this framework is most appropriate to organizations that flourish with visit, rehash buys. For a forthright onetime charge, your clients are eased of bothers that could prevent future buys. Amazon has aced this for online business, yet this devotion program demonstrate additionally can possibly work for B2B organizations.

2.4 Structuring Non-Monetary Programs around Customer's Values

To truly understand your client means to understand their qualities and feeling of worth. And relying upon industry, clients may discover more esteem in discounted or non-money related prizes. Among all the organizations that offer special coupons and rebate codes, just those businesses that can offer some benefit to the client in ways other than direct money related benefits have a chance to truly associate with their audience and support them.

Patagonia isan eco-accommodating open air Attire Company that realized that their client required something beyond focuses and rebates from a reliability program. The company executed its Common Threads Initiative. In this initiative, they banded together with eBay to assist clients with reselling their profoundly solid Patagonia dress online through the organization site.

This program has double preferred standpoint, one it builds on their image of maintainability and making a top notch item, and second it coordinates consummately with the organization's client persona by giving an esteem that they really care about. So before actualizing a steadfastness program of this nature, one ought to have researched and planned an inside and out customer personal/brain science

2.5 Partner with another company so as to provide All-Inclusive offers

Vital organizations for client steadfastness/coalition projects can be to a great degree powerful for organization development and client maintenance. Once more, completely understanding clients' consistently lives and their buy procedure will help figure out which organization is a solid match as an accomplice.

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Cases - American Express has a colossal accomplice base with organizations across countrywide. Their late Twitter Sync battle rewards clients for tweeting about them by synchronizing rebates and manages Twitter #hashtags. The Visibli.com cardholders have reclaimed over $2,000,000 in rewards. There are taking part organizations that additionally profit by their coalition with Amex which incorporate Staples, Whole Foods, and Zappos.

For example, a puppy sustenance organization can cooperate with a veterinary office or pet preparing office to offer co-marked arrangements for common advantages for organization and client. The intended interest group of the company obviously possesses a pooch; in this way any administrations that puppy will require offer included an incentive from your organization. When you provide customers with esteem past even what your organization can offer will demonstrate that you understand your clients, and your system develops to achieve your accomplices' clients

2.6 Make a Game Out of It
Every one of us want to play amusements. Along these lines, transforming dependability program into an amusement is a fun method to empower rehash clients. Likewise, contingent upon the sort of amusement one chooses, help cement one's image's picture.

Case - GrubHub, an online nourishment requesting and conveyance site, began Yummy Rummy. When clients submit 3 novel requests through GrubHub, and paying little mind to value, they will get the chance to play a diversion for a shot of winning free complimentary gifts. Players pick 1 of 4 cards and have a 25 percent possibility of winning a free pastry, drink, gift voucher or other stuff.

It's very important that clients comprehend they are not hoodwinked out of prizes. The chances ought not to be lower than 25% and the buy prerequisites to play ought to be feasible. This sort of devotion program can possibly reverse discharge if it makes a terrible impression in customers and they feel like your organization's snapping them around to win benefit. On the off chance that it is executed legitimately, this sort of program could work for any kinds of organization, even an off the beaten path B2B organization. On the off chance that you're focused on group of onlookers appreciates having some good times and buys habitually; this kind of program can influence the purchasing to process substantially more fun and locks in.

2.7 Scratch the 'Program' Completely
Considering what number of advertisers is putting forth dedication programs irrespective of whether they are compelling or not, one creative thought is to mix the thought all together. The thought is to build steadfastness by giving first-time clients magnificent advantages, snaring them, and then offering those advantages with each buy.

This concept sounds straightforward, however a standout amongst the most imaginative organizations on the planet has actualized this methodology is Apple. Even the most faithful

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Apple clients don't get exceptional rewards or rebates since they don't offer them at all. Apple captivates clients by enchanting them with an item or administration at the main purchase. The dependability is itself voluntary and enduring, as indicated by Apple evangelist. Apple already has a lot of supporters, both on the web and disconnected, prepared and willing to rave about the item. For this organization, faithfulness happens naturally.

This approach works best for organizations whose items or administrations are differentiated and unlike some other. This doesn't really imply that you offer the least cost, or most accommodation, or the best quality. It talks about rethinking a class. Like Apple, if a company is spearheading another item or administration, a steadfastness program might not be important. The earned customers will be steadfast in light of the fact that there are couple of different alternatives as dynamite as this specific company, and the company would conveyed this incentive from their first cooperation.

3. Benefits of Loyalty Program

In recent future, survival in retail will be specifically identified with the capacity to comprehend the customer's perspective exactly, convey arrangements that serve their interests, and successfully execute customer advertising program. Reward programs are expected to deliver the same, that is to be ready to track and reward customer behaviour. The broke down statistics also demonstrate that shopper support in rewards programs is on the ascent over every single statistic fragment. As more clients are choosing to do coupon & bargain shopping in the store, the reward programs that provide customised rewards will turn out to be differentiators, if executed with a sharp spotlight on focused client portions.

3.1 Segment Based Personalization

The key to win the loyalty game is to be able to rightly target customers, and provide offers based on the targets' profiles. Many retailers are doing this in multiple ways. First they enrol customers in different tiers with customers getting to sign-up on less premium tiers. Then, the retailers get control on upgrading the customers to the premium tiers, with enhanced benefits. The segmentation is generally based on current or perceived ROI or the customer's propensity. Retailers kind of leverage these segments or tiers to design customer specific promotional marketing that delivers customized offers. Customers also receive promotional offers based on past visit patterns, consumption behaviour, and other personalized offers

3.2 "Value" Driven

Current loyalty programs can't afford to remain a so called 'discount card' and there is a need to extend beyond plain rewards. Many retailers are moving from points and discounts to customized services, transferring rewards to charity programs, after-hours shopping, access to product manuals, green initiatives, articles, recipes, 'how to' guides, newsletters. Similarly,

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customers are also rewarded for their contribution to community, long term loyalty etc. For example - Tesco's Clubcard loyalty program members are rewarded for making green lifestyle changes. They earn points for reusing plastic, grocery shopping bags or recycling used inkjet cartridges.

3.3 Cross-Channel "Common" Messaging

Large retailers which operate in multiple formats and interact at multiple customer touch-points are focusing on integrating the loyalty program. This is to ensure that the customer has access to the same offerings across all the channels. The retailers are also leveraging loyalty programs to motivate multi-channel interaction. For example, if a consumer typically purchases in store then they can be offered a coupon as an incentive to purchase online. Customer preferences are also analysed and the probability of a customer responding to an offer is calculated by a propensity score. Personalized promotions are then sent to the targeted customers with high propensity score. These kind of promotions are pushed across all the channels reinforcing the consistent multichannel experience.

Research Methodology

Descriptive research was conducted to understand the present and future trends for loyalty programs. The objective of this study was to understand the behaviour of customers towards loyalty programs launched by retailers. Our attempt was to make this research as quantitative as possible to measure consumer behaviour in absolute terms. A questionnaire was prepared having the following section. The first section dealt with understanding the profile of the respondents in terms of their Age, gender and family annual income. Then we tried to analyse the relevance of various personnel traits exhibit by the customers towards loyalty program. How these factors influence decision to join the loyalty program and how they affect their likelihood for being part of the program launched by the retailer. Then we analysed present reach of loyalty programs by observing its penetration in the consumer decision making process. Few questions were asked to understand the consumer attitude towards loyalty program from the retail managers. These traits were a reflection of 9 behavioural patterns which determined the overall attitude. Then finally for analysing the influence of these factors on their likelihood to join the loyalty program we focused on most important 5 factors which includes price sensitivity, search for variety, shopping enjoyment, Attitude towards loyalty in general and one personal trait which is privacy concern. These factors were shortlisted based on retail manager's interviews and secondary research done. Apart from these factors we simultaneously focused on demographics details which included Age, Gender and Family Annual Income to find its effect on the customer's decision to join loyalty program in the retail stores. Further one of the differentiating factor in our research is that we not only considered one form of retail stores in our consideration, but various retail stores across the sector from grocery retail outlet, food retail outlets to specialist or multi brand apparel retail stores.

After preparing an initial draft of questionnaire it was shown to 15 people for pilot testing. We met all these people outside the retail stores which are having their loyalty programs running currently. We first asked them if they are member of loyalty program or not. Then we made sure that everyone is able to understand the questions asked irrespective of their membership in the program. Some of the suggestions given by them were to change the order of some questions to make it more structured and systematic. The overall number of questions related to five parameters was reduced from 22 to 17 based on the response. Questions which were biased to loyalty program members and are not relevant to non-members were removed to ensure the authenticity of the survey. Also the questions which were little confusing were modified to make it easily understandable by the target segment. The suggestion was well accepted. Questionnaire before the pilot testing is given in the Appendix A and the modified version of the survey is provided in the Appendix B. After the pilot testing the final questionnaire (Appendix B) was floated across various mass mailing mediums like Gmail, Yahoo mail etc. and social networking site like Facebook and mobile networking applications like Whatsapp. Through these mediums I was able to reach 850 members of the target group. Almost 16% of the people to whom questionnaire was floated responded to it. I was successful in collecting response from 138 respondents.

The profile of the respondents was clustered using Age, gender, and family household. 29% of the respondents were females and 71% were males. The occupational profile of respondents ranged from being Graduate and post graduate students to software engineers to analysts to marketing professionals to housewives. The attempt of the study was to understand the basic behaviour of the customers towards loyalty program and what are the major factors that influence their decision to join the loyalty program launched by the retailer. In order to find out the penetration of Loyalty programs we wanted to find out their daily encounter with such marketing attempts, consumer attitude toward these attempt, during what stages of decision making process the consumers decide to be part of the program and take action to be the member of these programs launched. There after we wanted understand the personal and demographic factor which influences their decision to be part of the program and are these customers actually loyal to the store or they are just registering for the program to take discounts available to the members. The areas where marketers should focus most in order to gain consumer attention in the field of loyalty programs is explored and clear understanding was provided to the managers who are launching these programs.

Customer demographics data and personal traits are shortlisted based on literature research. 5 personal traits were shortlisted after discussion with faculty, retail store manager and few consumers. Data was collected through personal survey and online medium. The survey was designed in a way that it won't affect the results for the non-loyalty members and comparison can be made between the loyalty program members versus the non-members.

As the survey contain dichotomous question for the membership. Logistic regression is used to understand which personal characteristics actually influence the likelihood of joining the program. Second time the logistic regression was used to understand how the customer

decision to join loyalty program is influenced by demographics factor like gender, age and family income.

Analysis and Discussion

Let's first start with the data summary to find out more about our customers and the loyalty programs. As the survey was exposed to 850 people out of which approximately 16% of the people actually filled the survey, leading us with 138 respondents. First question asked from the respondents was "Are you registered for Loyalty program?"


From the result it is evident that people in Indian metro cities or even big tier I cities are aware of the loyalty programs and 61% percent participation in one or the other loyalty program actually proves that they are giving it a try. We cannot comment on the success of these programs as of now but surely we can say that people have welcomed the concept of loyalty program with humble participation and now it is the time when these programs should take actions to provide value to their loyal customers. This 61% is spread across various retail stores across the sector. Some of the widely accepted loyalty card stores includes Shopper's stop, Lifestyle, Van Heusen, Reliance, Pantaloons, Big Bazaar, M&S, Raymond, Arrow, Westside, Turtle etc. It was found that the Loyalty programs of apparel industry are most widely accepted whereas food and grocery retail is lacking. Another interesting insight is multi brand retail outlets are leading the race of Loyalty customers and people are more comfortable and satisfied with the loyalty program by these stores. Reliance fresh on the other side is star performer if we compare it with its competitors in the food and grocery retail. Reliance fresh has made its presence felt by its interesting loyalty program and number

of different loyalty programs is running in the store. After finding out that the people of India especially in metro or Tier I cities have accepted the concept of Loyalty programs, it's time to find out what does the customer actually looks like and what are the major factors that influence the decision of these customers to join the loyalty programs.
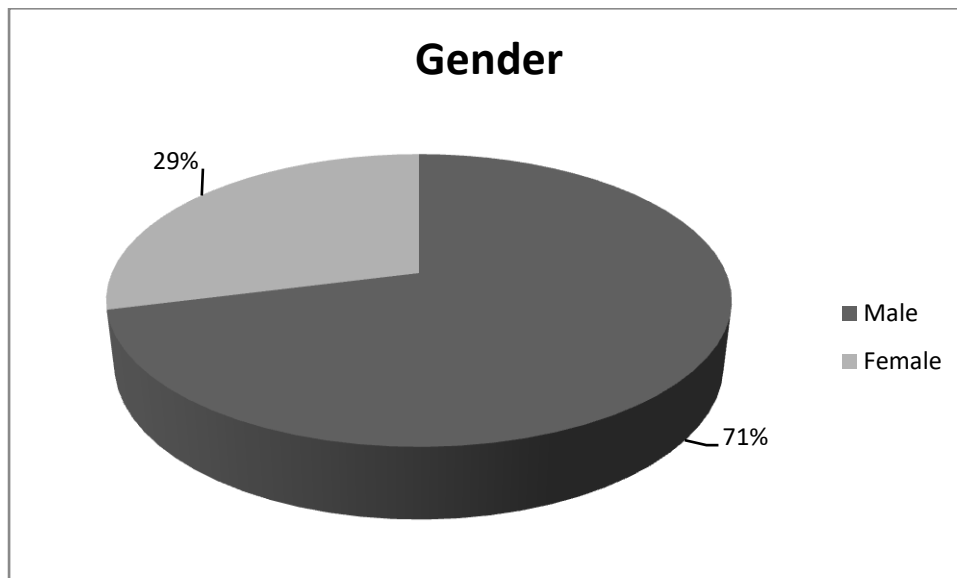
Gender

First demographic detail we collected from the respondent was the gender. It is usually said that females are more shop alcoholic and are more prone to these loyalty cards, this question actually helped us answer the question. Overall, 29% of the respondents were females and 71% consist of males. One of the interesting fact we came out is that overall participation rate in loyalty program is 61% where as if we consider only females, their participation percentage is 80% and for that of males it is little above 50%. The above mentioned hypothesis is verified by the data and it is established that females are easily influenced by the Loyalty program sales team and they end up being member of these programs.

Age group
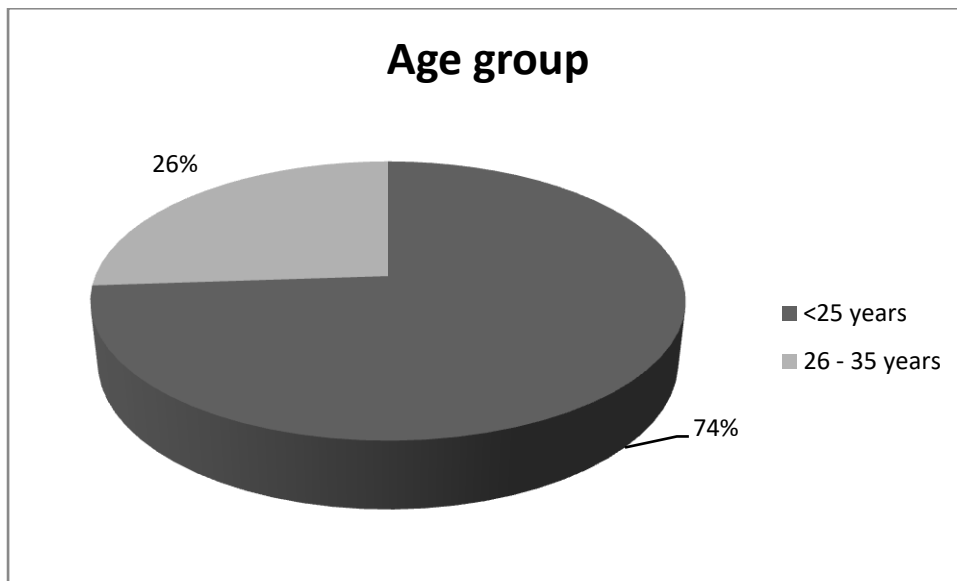
We have majorly targeted young people in our survey based on convenience and also based on the fact that these people are more prone to loyalty program and test out things easily. This segment take new initiatives with open mind and hence very important in success of any companies loyalty. They are having considerable spending basket which makes them more attractive options. Another important factor about this segment is they are very curious in finding information and explore the same. Around 74% of our respondent pool is under the age of 25 and about 26% of the respondents are 26 and above.

Family Annual Income
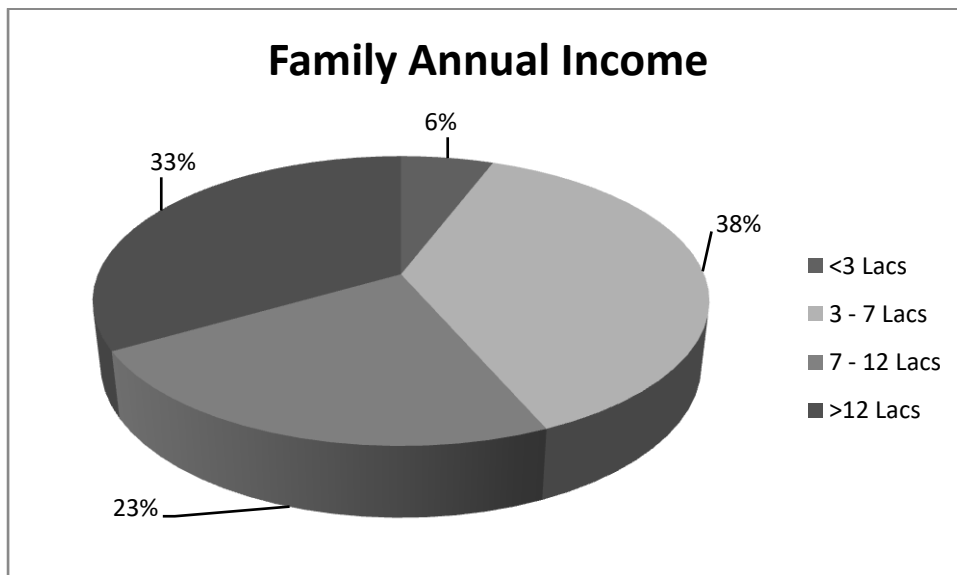
Our respondent pool's family annual income is available with us. This will tell us how much the family income effects the decision to be part of the Loyalty program launched by the retailer. It is evident that very few people actually belong to category of below 3 Lacs per

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annum and all of them are not the member of any loyalty program. The participation in the Loyalty program increases as the family annual income increases. It is logical increase considering to the fact that they are having more disposable income in hand and they spend more in shopping. In the bracket of 3 to 7 Lacs it is found that about 60% of the people are part of one or more loyalty programs and in the bracket of 7 – 12 Lacs similar percentage is observed. For the people falling in >12 Lacs bracket about 74% of the people are part of one or the more loyalty program. So it is quite evident from the data that yes the participation increases with the increase in family household income.

Let us now look at the response provided to each of the item to find out how the customers behave in the matter concerned with respect to their participation in the loyalty programs.
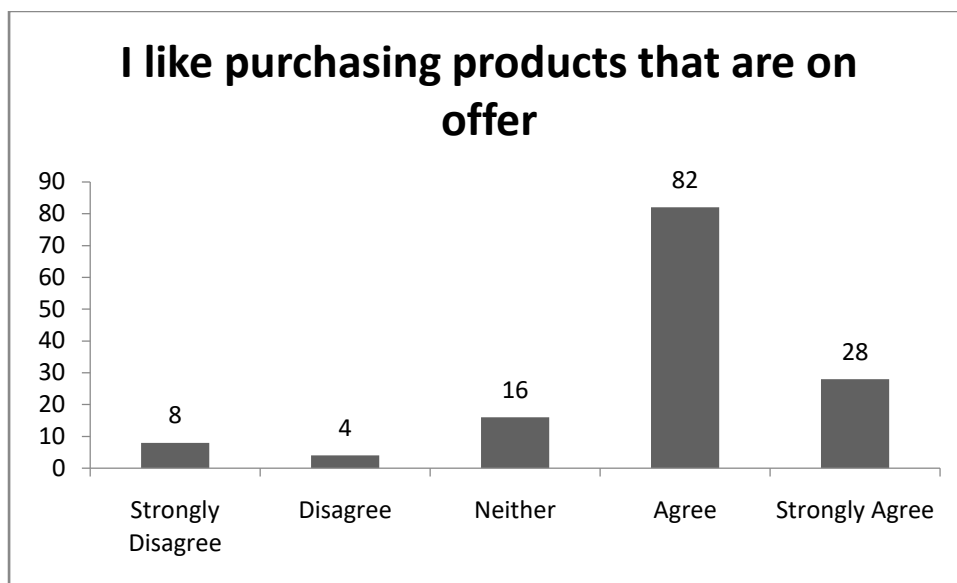

From the chart we can see that in general people like to get products on offer and hence offer is able to provide the value to the customers which they are promising. It is showing an overall positive influence on the customers. These numbers are irrespective of whether the customer is a member of the loyalty program or not. With the strong percentage towards right simply means that people like getting products on offer and they might take a step forward to get that offer availed.

I like shopping. For me it is a hobby
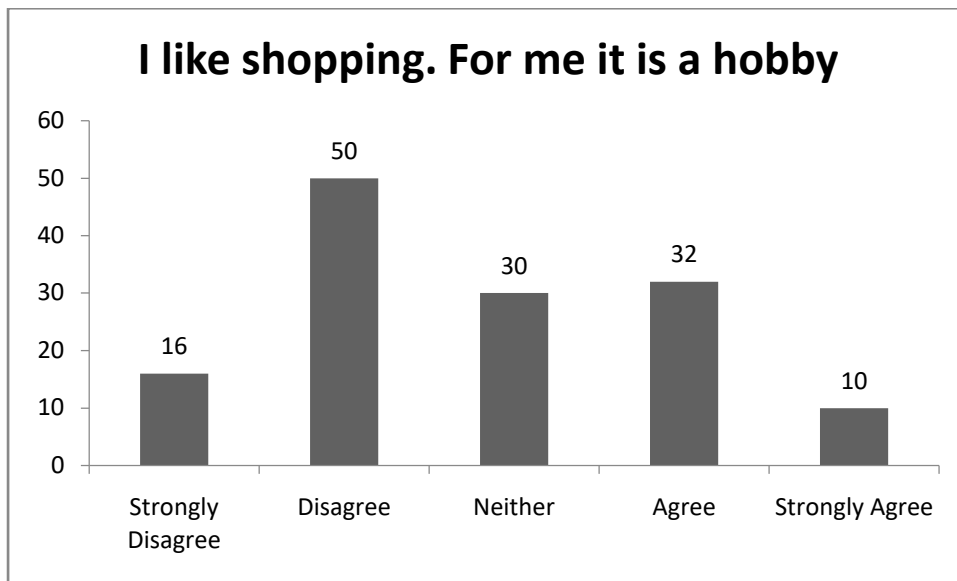
From the chart available above it is quite evident that respondent group do not consider shopping as their hobby. That is they are quite neutral towards shopping and most of them go out for shopping because they are in need of something. Very few people actually consider shopping as their hobby and they go out for window shopping quite often and for the sake of spending some good time trying out stuff and finally end up buying. Our hypothesis is if a person considers themselves to be a shop alcoholic they are more prone to the loyalty program because they might feel proud in carrying loyalty cards for many retail stores which help them showing their exclusivity from the others. Similarly the trend for each item is provided with the chart below.

I like visiting retail stores
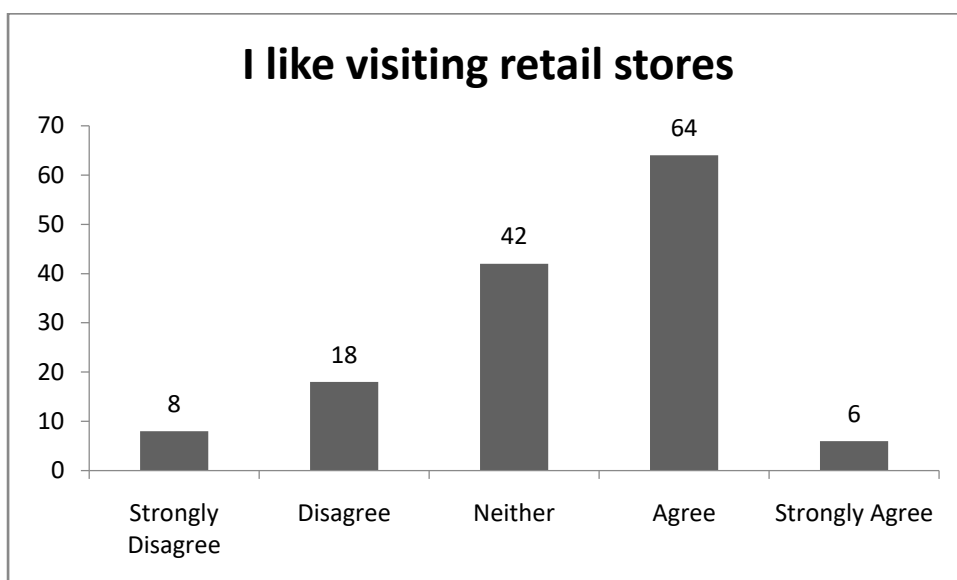
Positive responses to this item indicate that the overall respondents like visiting retail outlets and have a positive framework of mind towards the same. This item help us calculate the extent of shopping enjoyment a customer have and along with other similar items we will

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find out what is the level of shopping enjoyment for each customer and how will it influence its decision to participate in the loyalty program.

I take my time when I go shopping
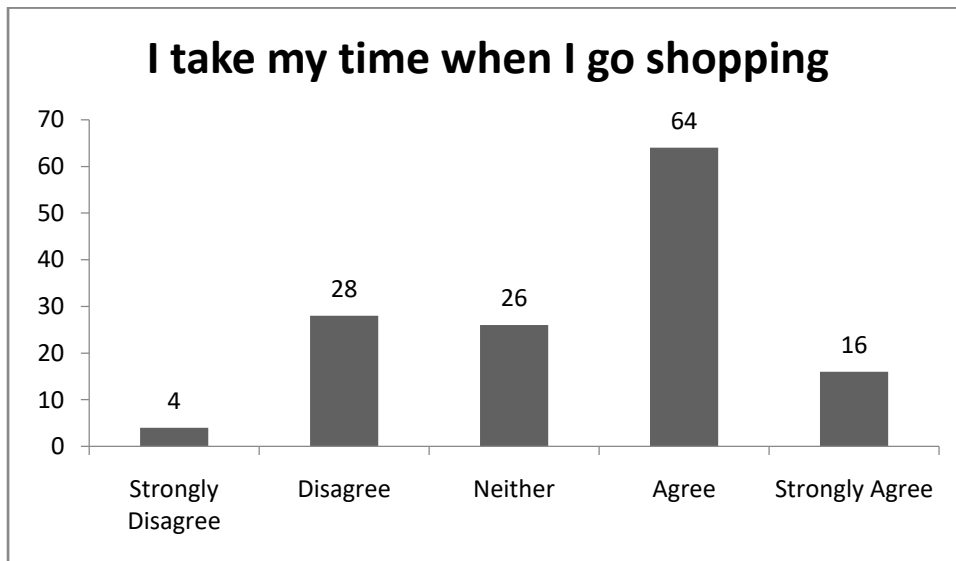
"I take my time when I go shopping" is an item which helps us define shopping enjoyment for the customer. It can be seen that more than 60% of the people are having positive response to the item and only 22% of the customers disagree with the statement. Most of the customer hence show good attitude towards shopping.

I generally pay great attention to price
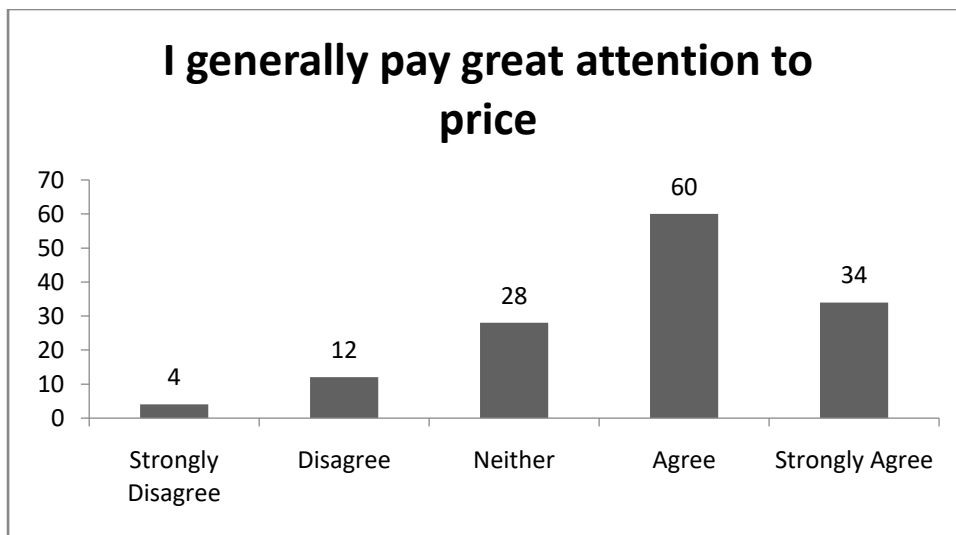
"I generally pay great attention to price" is an item which helps us define price sensitivity for the customer. It can be observed from the chart that most of the customers give great importance to price and it is major factor to influence them to join the loyalty program.

I sometimes compare the price of several stores

"I sometimes compare the price of several stores" is an item which helps us define price sensitivity for the customer. Respondents are high inclined towards price factor and they take action to make sure they are getting the best price in the market by exploring various stores. From the behaviour shown in the chart it is highly advisable to show how loyalty programs will provide price advantage to the customers to attract them to join the loyalty programs.

I compare products that are on offer
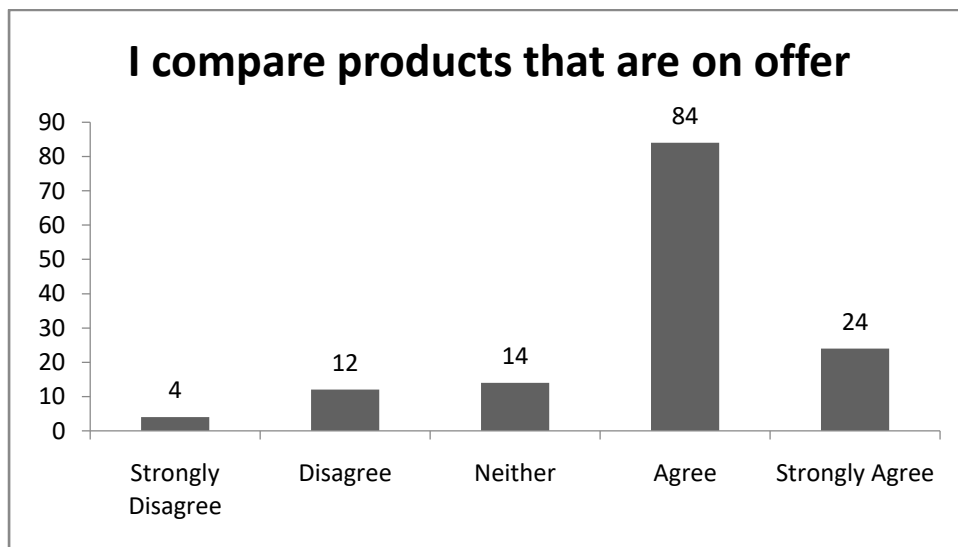
"I compare products that are on offer" is another item which defines price sensitivity because offers on the products are most likely to reduce the price of the product or get more in less price. Most of the respondents are likely to compare products that are on offer and they give great importance to this factor. Hence it can be seen that all the three items used to define the price sensitivity have great influence on the customers and people give great importance to all the three items or factors. Price sensitivity turns out to be a very important parameter which loyalty program designer should consider while designing a program to attract more and targeted customers to join their program.

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I like switching between brands
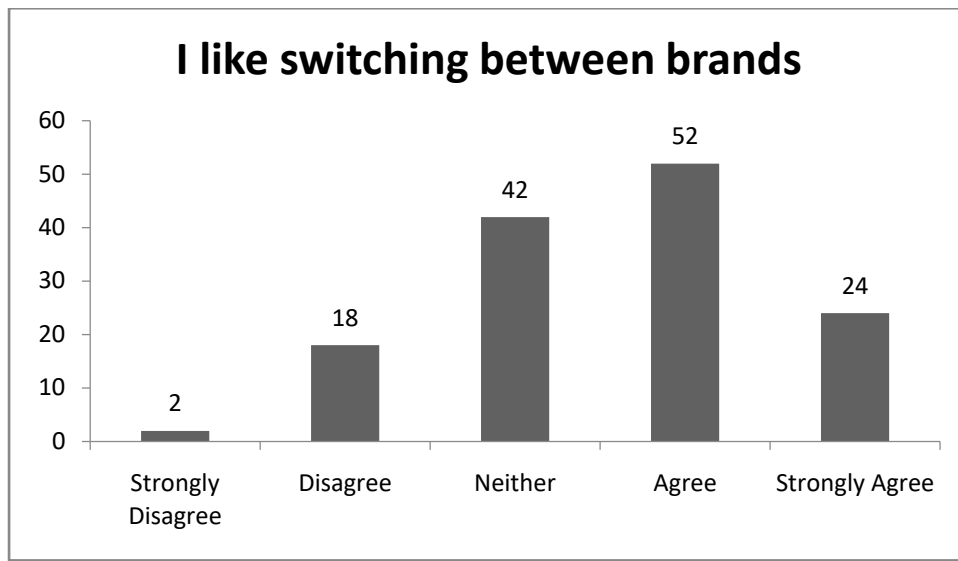
"I like switching between brands" is an item which helps us define the search for variety factor for the customers. People who like switching between brands are less loyal to one particular brand and hence their return purchase is minimum. In this case people prefer to switch from one brand to other on continues basis and it is difficult for the retail stores to keep them for long. By large it doesn't matter what efforts you make to keep these customers, they will move on. Many shoppers have shown positive sentiments to this item, showing that people do not like sticking to one brand for long. In this case this is truer in case of apparel stores in which people prefer buying clothes of different brands because of limited options in only one or two brands. But in case of grocery retail stores they might not consider switching from one store to another because the range of products offered remain the same irrespective of the retail store.

## I get bored always going to the same places to do my shopping
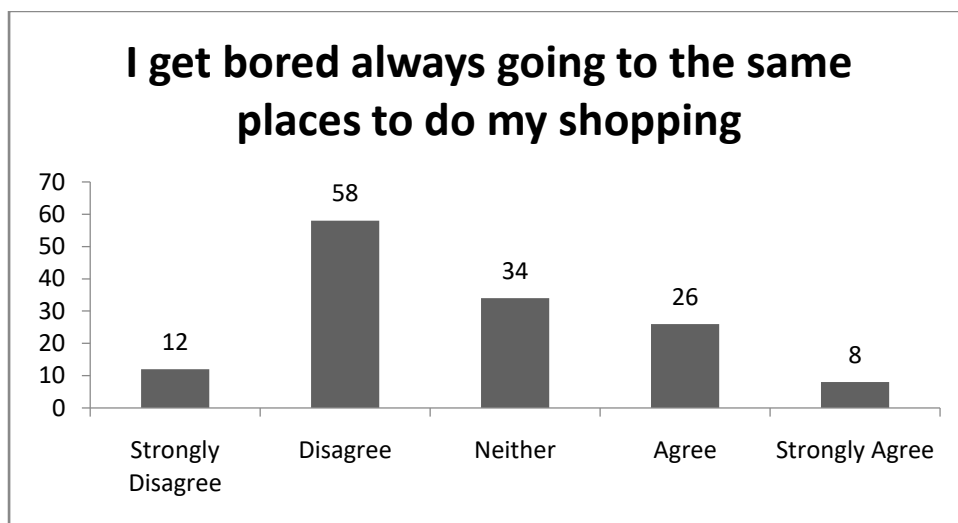
"I get bored always going to the same place to do my shopping" is another item which helps us define search for variety trait for the customers. It can be seen that people don't easily get

bored by going to same place again and again. Which means retail stores are actually providing some new experience to the customer, let it be with new merchandise, store structure or relationship managers which make customers be friendly with the sales or managerial staff.
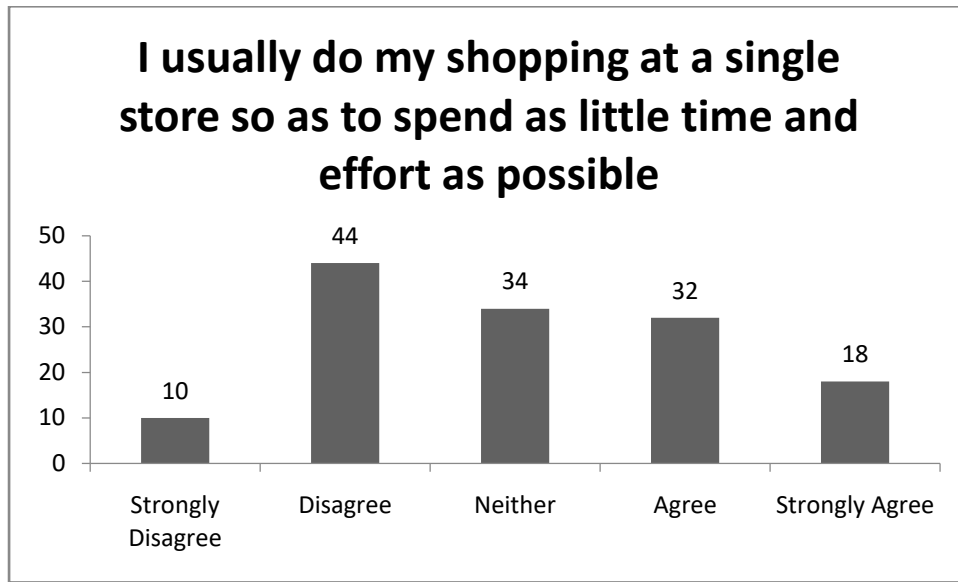
"I usually do my shopping at a single store so as to spend as little time and effort as possible" is another item which helps us define the search for variety trait for the customers. People are showing mix attitude towards the same and even little bit inclined towards negative side. Which means people do not restrict themselves to only one store and like knowing other places as well?
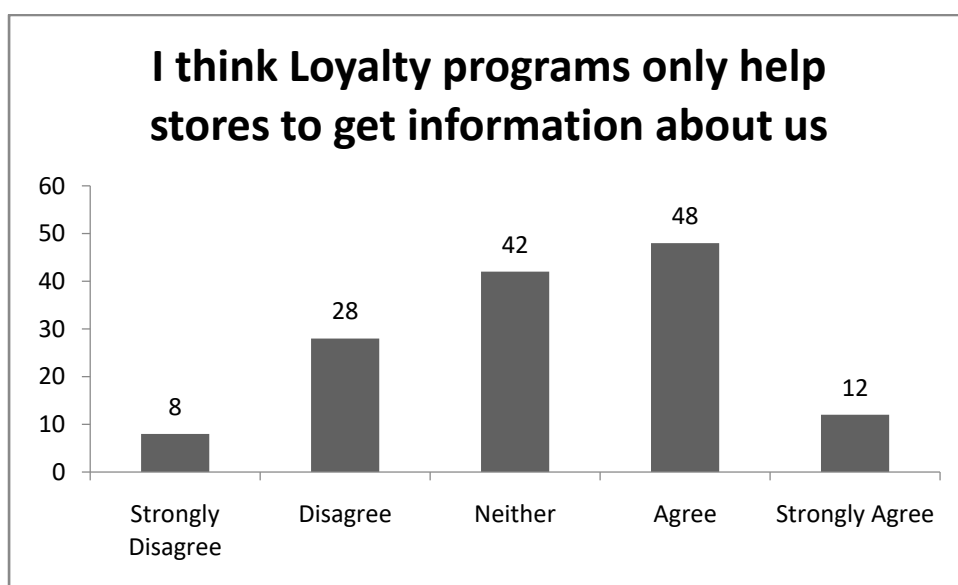
"I think Loyalty programs only help stores to get information about us" is an item which helps us define customer's attitude towards Loyalty program in general. It is seen that people actually believes that Loyalty programs are used by retailers only to get information about them.
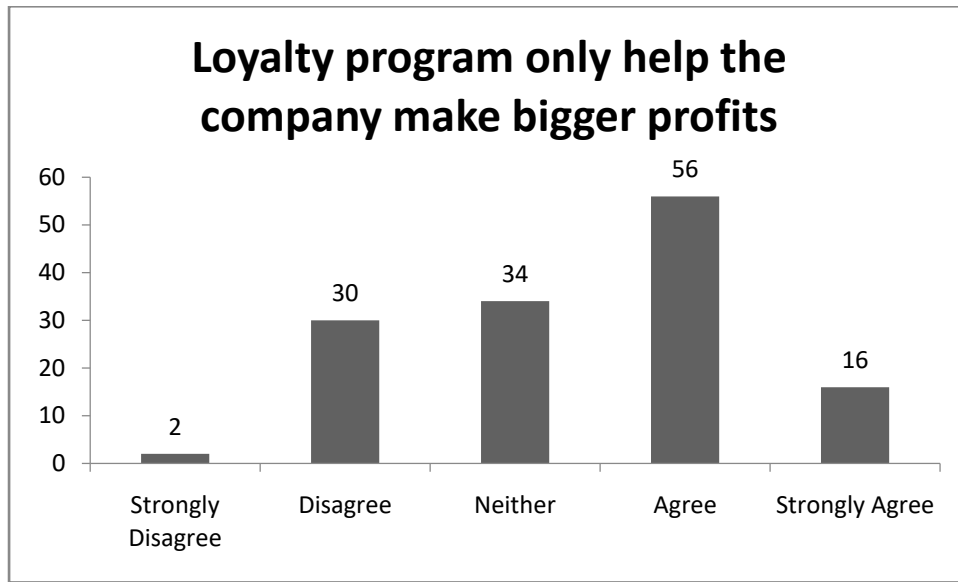
"Loyalty program only help the company make bigger profits" is an item which helps us define customer's attitude towards Loyalty program in general. It is seen that people believe that these Loyalty programs only help the company make bigger profits. They don't find utility in these Loyalty programs on the other hand they feel that these programs are only used to make more money.
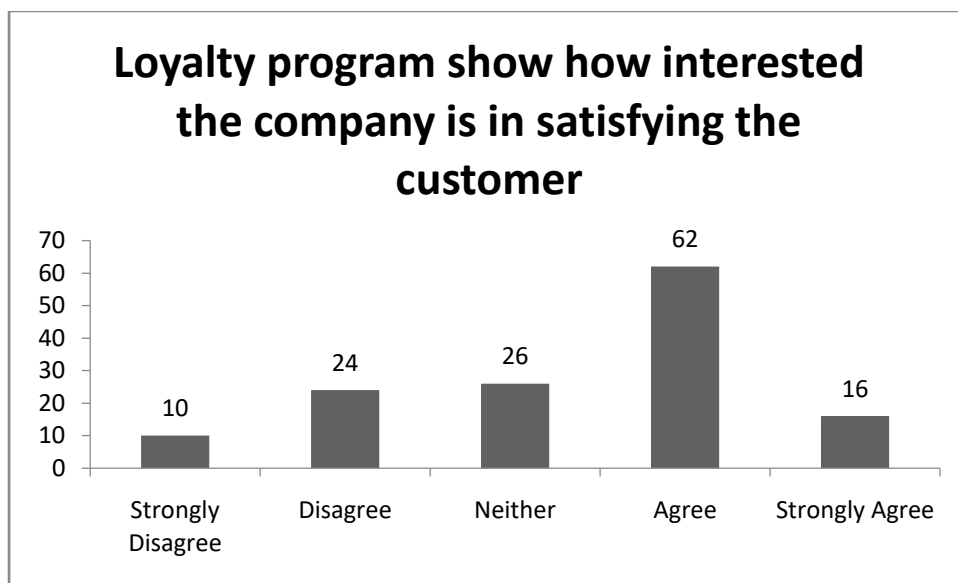
"Loyalty program show how interested the company is in satisfying the customer" is another item which helps us define customer's attitude towards Loyalty program in general. Good

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number of people sees some utility in the programs. They have a positive feeling that these programs actually shows how interested the company is in satisfying the customers need and understand their customers better.
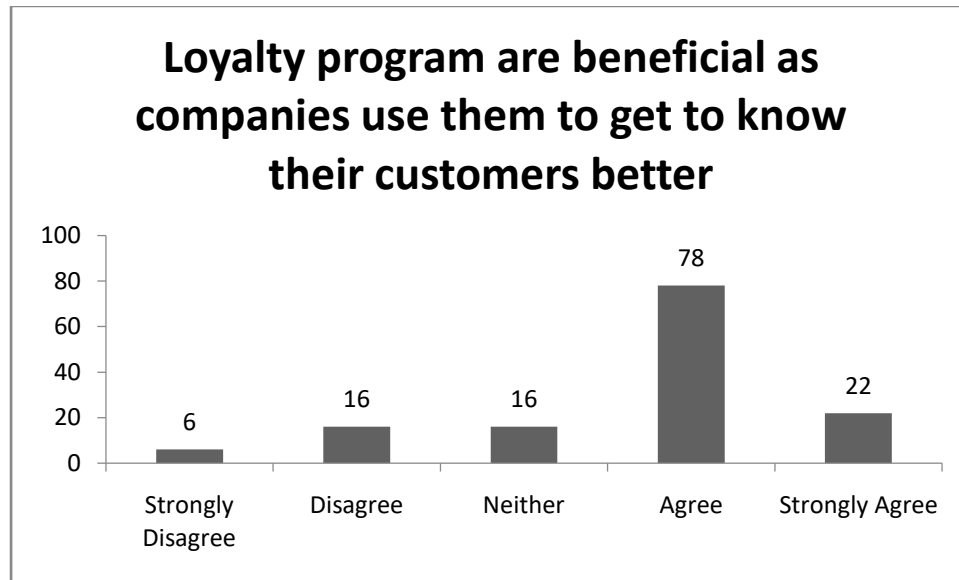
Loyalty program are beneficial as companies use them to get to know their customers better

"Loyalty program are beneficial as companies use them to get to know their customers better" is another item which helps us define customer's attitude towards Loyalty program in general. A high percentage of customers actually believe that these Loyalty programs are beneficial for them and they find utility in these programs. They feel special when a retail store use their information provided to understand them better and serve them in a special way. The VIP treatment makes them feel special and induce positive attitude for the programs. Overall the above 4 items are used to measure the customer's attitude towards Loyalty programs and it is seen that people have a positive attitude towards these programs and they feel these programs are advantageous to both the parties involved, to the retail store as well as to them.

I feel reluctant to give personal details
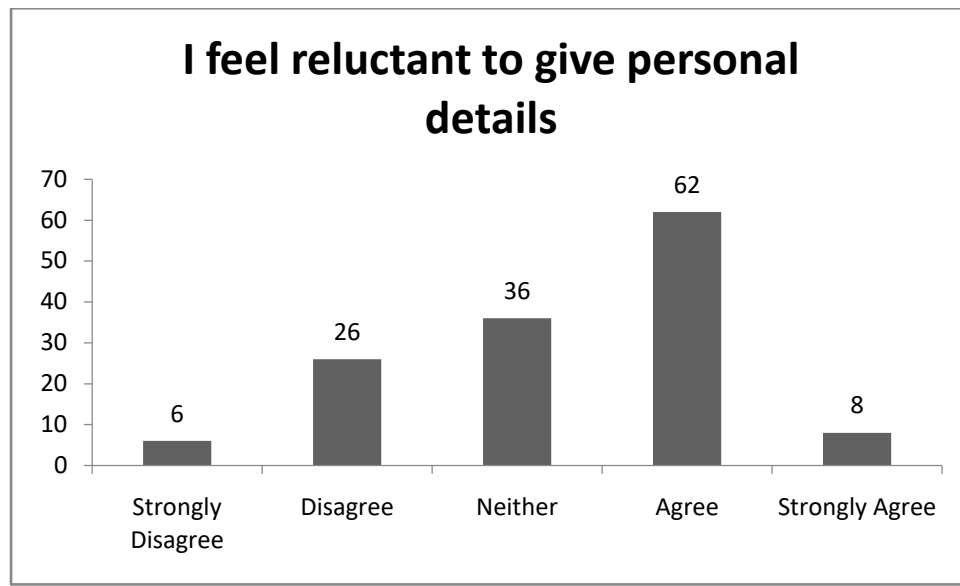
"I feel reluctant to give personal details" is an item which helps us define customer's attitude towards privacy concerns. It can be seen from the chart that people are not comfortable in providing their personal details to the retail stores and hence this is one factor which make them decide not to join these Loyalty programs because they demand great deal of personal information. Customers in India do not like sharing such details with the retail stores, even at the expense of better service or price offers.

I consider myself to be an introvert person
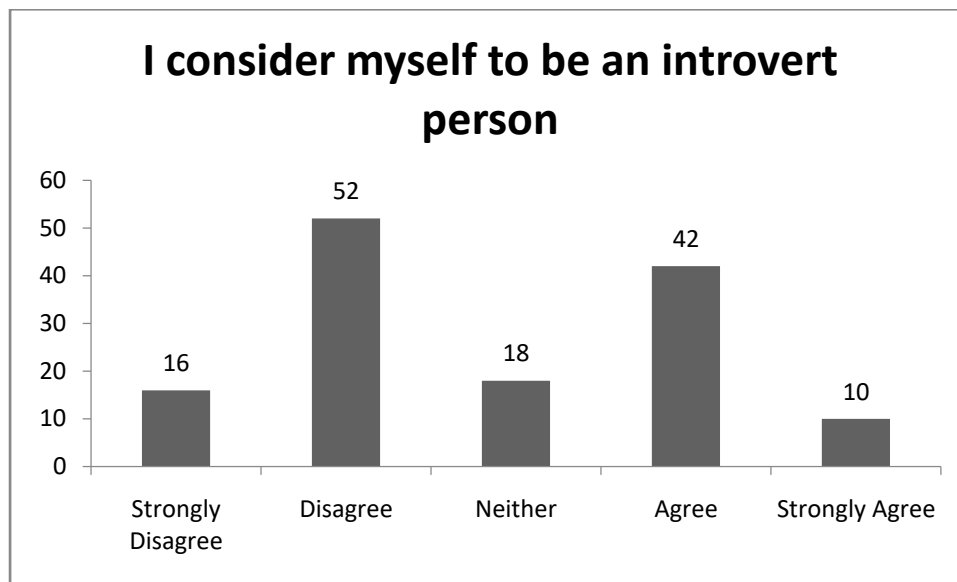
"I consider myself to be an introvert person" is another item which helps us define customer's personal trait which have a direct influence in the decision to join Loyalty programs. From the chart it can be seen that there is no clear trend in customers. In fact relatively more customers say that they are not introvert person which means that are more

likely to join these programs. Extrovert and privacy concerns are clubbed under only one factor of personal trait.

Proposed hypothesis were verified using logistic regression. Two logistical models were used to establish relation between loyalty memberships with that of 5 factors discussed which includes Shopping enjoyment, price sensitivity, search for variety, attitude towards loyalty and privacy concerns, and between loyalty memberships with demographics details. In both the models the dependent variable remains the same which is Loyalty member and independent variables are changed. In first model the independent variables are: shopping enjoyment – SE, price sensitivity – PS, search for variety – SFV, attitude towards loyalty – ATT, and privacy concerns – PC. The equation is estimated through Wald introduction procedure.

Table 2

Selected Cases	138
Missing Cases	0
Total	138
Unselected Cases	0

Case processing summary data is available. As per the data 138 respondent data is used and there was no missing data i.e. all the 138 responses were used for the model preparation. All the 138 responses are valid to be used for model building.

Table 3

Original Value	Internal Value
0	Non Member
1	Member

Table 3 provides us with the dependent variable encoding information. It tell us the what 0 or 1 in the data means for our dependent variable which is LP_Member. 0 is assigned to non-members i.e. those respondents who are not part of any loyalty program and 1 is assigned to respondents who are part of one or more loyalty programs.

Table 4

		LP_Member		Percentage correct
		0	1	
LP	0	0	54	0
Member	1	0	84	100
Overall percentage				60.9

Table 4 is known as classification table. As per the table if we assign value of 1 to all the respondents we have 60.9% chances that we are correct. Which means without looking at any of the parameter, assigning them a value of 1 will make us 60.9% of the times right and only 39.1% of the time we will be wrong.

Table 5

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	.442	.174	6.417	1	.011	1.556

Table 5 is very important table which tell us a lot about the significance and validity of our model. "B" is the sets of coefficients which we are estimating for the model. "S.E" is a measure which tells us how much test statistics varies from one sample to another. Standard error for the mean is basically the standard deviation for the sample means. "Wald" statistics basically test the significance of the parameter estimates. "df" tells us about the degree of freedom used for the model and in this case it is 1. "Sig" is basically the level of statistical significance indicated by the test score. Small values (< 0.05) indicate that the coefficient is statistically different from zero.

Table 6

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	160.927[a]	.158	.215

Table 6 provides us with the virtual ratios used to explain the mode. "-2 Log likelihood" basically tells us how well the model actually fits into the data provided and it is also known as deviance. Further "Cox & Snell R square" is a generalized coefficient of determination and is used to estimate the proportion of the variance in the dependent variable which is actually explained by the independent variables given.

Table 7

Step	Chi-square	df	Sig.
1	8.002	8	.433

Result of the Hosmer and Lemeshow test are given in table 7. It gives the significance of the mode. The result of the test confirms that out test is significant.

Table 8

		LP_Member		Percentage correct
		0	1	
LP	0	30	24	55.6
Member	1	18	66	78.6
Overall percentage				69.6

Table 8 gives us the final model values and how are they predicting the loyalty program membership. It can be seen that the now the model is able to predict the membership almost 70% of the time as compared to 60% without the independent variables. Hence the model is actually helping us find if the person will register for the loyalty program or not. And which customer will be part of our loyalty program. From such models we can also decide, if the loyalty program is helping us retain our valuable customers or not. As the main advantage or utility of Loyalty program is to retain high value customers for the business and also we should understand that all the business will not be able to retain their high value customers using the basic loyalty programs. The requirement is different for all the customers and it vary from one business to another. Hence it is important to profile the customers and find out, will they be part of the Loyalty program being launched. If the high value customers are coming to be unlikely to join the program, we will end up spending money on the customers who are not valuable to the business and the cost incurred will go in vain.

Table 9

Resultof the estimate for logistical model I

Dependent Variable	Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
LP_Member	SE	.350	.295	1.410	1	.235	1.419
	PS	.308	.264	1.362	1	.243	1.360
	SFV	-.453	.357	1.605	1	.205	.636
	ATT	.652	.346	3.555	1	.059	1.919
	PC	-1.061	.298	12.662	1	.000	.346
	Constant	.637	1.269	.252	1	.616	1.890

In first regression we tried to explain participation in loyalty program in general such that dependent variable LP_Member -has a value of 1 if an individual is a loyalty program member and 0 if an individual is not a member. The results of the estimated model are shown in Table9.The value of Hosmer and Lemeshow test shows that the model obtained achieves a good fit: chi-square = 8.002; (p=.433).

Analysis of the estimated regression model helped us identify relationship between various characteristics of an individual with its likelihood of joining the loyalty program. Among

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shopping motives, shopping enjoyment and price sensitivity has positive influence in adopting loyalty program i.e. higher the shopping enjoyment, the higher the likelihood that the individual will join a loyalty program, leading us to accept hypothesis H1 and H3. Whereas in case of search for variety, it has a negative influence towards decision to join loyalty program i.e. higher the search for variety, the lower the likelihood that the individual will join a loyalty program, leading us to reject hypothesis H2, since the hypothesis explained opposite behaviour as compared to the results. Regarding attitude towards loyalty program, positive attitude towards loyalty program actually influences the decision to take part in loyalty program positively, leading us to accept the hypothesis H4.

In second estimate model we tried to explain the relation between the decision of being a loyalty program member to that of demographic details such as Age, Gender and Family income. Gender and annual household income seems to have considerable influence on decision to be part of loyalty program.

Table 10

Selected Cases	138
Missing Cases	0
Total	138
Unselected Cases	0

Case processing summary data is available. As per the data 138 respondent data is used and there was no missing data i.e. all the 138 responses were used for the model preparation. All the 138 responses are valid to be used for model building.

Table 11

Original Value	Internal Value
0	Non Member
1	Member

Table 11 provides us with the dependent variable encoding information. It tell us the what 0 or 1 in the data means for our dependent variable which is LP_Member. 0 is assigned to non-members i.e. those respondents who are not part of any loyalty program and 1 is assigned to respondents who are part of one or more loyalty programs.

Table 12

		LP_Member		Percentage correct
		0	1	
LP	0	0	54	0
Member	1	0	84	100
Overall percentage				60.9

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Table 12 is known as classification table. As per the table if we assign value of 1 to all the respondents we have 60.9% chances that we are correct. Which means without looking at any of the parameter, assigning them a value of 1 will make us 60.9% of the times right and only 39.1% of the time we will be wrong.

Table 13

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	.442	.174	6.417	1	.011	1.556

Table 13 is very important table which tell us a lot about the significance and validity of our model. "B" is the sets of coefficients which we are estimating for the model. "S.E" is a measure which tells us how much test statistics varies from one sample to another. Standard error for the mean is basically the standard deviation for the sample means. "Wald" statistics basically test the significance of the parameter estimates. "df" tells us about the degree of freedom used for the model and in this case it is 1. "Sig" is basically the level of statistical significance indicated by the test score. Small values (< 0.05) indicate that the coefficient is statistically different from zero.

Table 14

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	162.867[a]	.147	.199

Table 14 provides us with the virtual ratios used to explain the mode. "-2 Log likelihood" basically tells us how well the model actually fits into the data provided and it is also known as deviance. Further "Cox & Snell R square" is a generalized coefficient of determination and is used to estimate the proportion of the variance in the dependent variable which is actually explained by the independent variables given.

Table 15

Step	Chi-square	df	Sig.
1	2.618	6	.855

Result of the Hosmer and Lemeshow test are given in table 15. It gives the significance of the mode. The result of the test confirms that out test is significant.

Table 16

		LP_Member		Percentage
		0	1	correct
LP	0	27	27	50.0
Member	1	20	64	76.2
Overall percentage				65.9

Table 16 gives us the final model values and how are they predicting the loyalty program membership. It can be seen that the now the model is able to predict the membership almost 66% of the time as compared to 60% without the independent variables. Hence the model is actually helping us find if the person will register for the loyalty program or not. And which customer will be part of our loyalty program. From such models we can also decide, if the loyalty program is helping us retain our valuable customers or not. As the main advantage or utility of Loyalty program is to retain high value customers for the business and also we should understand that all the business will not be able to retain their high value customers using the basic loyalty programs. The requirement is different for all the customers and it vary from one business to another. Hence it is important to profile the customers and find out, will they be part of the Loyalty program being launched. If the high value customers are coming to be unlikely to join the program, we will end up spending money on the customers who are not valuable to the business and the cost incurred will go in vain.

Results for the logistic regression model are shown in Table 17. Goodness of fit was established using Hosmer and Lemeshow test with chi-square value of 2.618

Table 17
Resultof the estimate for logistical model II

Dependent Variable	Independent variable	B	S.E.	Wald	df	Sig.	Exp(B)
LP_Member	Gender	-1.223	.465	6.936	1	.008	0.294
	Age_Group	-.152	.210	0.521	1	.470	0.859
	Family_Income	.843	.250	11.393	1	.001	2.323
	Constant	-.262	.624	0.176	1	.674	0.769

Analysis helped statistically validate the fact that higher family income leads higher likelihood to join loyalty programs i.e. if an individual falls in higher bracket of family income, he or she will be more prone to join loyalty programs as compared to those falling in

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lower bucket. From the results it can be seen that females are more likely to join loyalty programs as compared to males. Age group seems to have minimal effect on the decision of joining loyalty programs. Our proposed hypothesis H6 is validated by the result. As stated by the hypothesis that females are more prone to join the loyalty programs than males. Negative value as a coefficient validates the same. It means if a customer is a male i.e. its independent variable value is 1 he is less likely to join the loyalty program launched by the retailer. H7 cannot be rejected because very negligible effect can be seen on the Loyalty program membership due to Age factor. Our last hypothesis H8 is validated by the positive value of the coefficient of B. It means that a family having high family annual salary is more likely to join the programs than those having less annual family income.

Further we tried to find out, how these factors will behave if put together i.e. if personal traits and demographic details are clubbed together as independent variable for the one dependent variable of loyalty membership. Will the effect of each independent variable remains the same or it changes if combined together. So we run the third estimate model to find out the combines affect.

Table 18

		LP_Member		Percentage correct
		0	1	
LP	0	32	22	59.3
Member	1	17	67	79.8
Overall percentage				71.7

The classification table give us a better estimate of the model In first model we were able to get 69.6% of accuracy in prediction and in second model we were able to get 65.9% of prediction but when all these factors are\ combines together we are able to get 71.7% of prediction accuracy.

Table 19

Result of the estimate for logistical model III

Dependent Variable	Independent variable	B	S.E.	Wald	Df	Sig.	Exp(B)
LP_Member	Gender	-1.239	.534	5.387	1	.020	.290
	Age Group	-.139	.230	.364	1	.546	.870
	Family Income	.758	.276	7.521	1	.006	2.133
	SE	.170	.336	.257	1	.612	1.186
	PS	.336	.305	1.208	1	.272	1.399
	SFV	-.329	.391	.708	1	.400	.720
	ATT	.734	.359	4.169	1	.041	2.083
	PC	-1.121	.335	11.167	1	.001	.326

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Constant	.157	1.520	.011	1	.918	1.170

Table 19 provides us with the result of estimate of the third logistic regression mode. We can see that effect of each of these variable remains the same. We are getting a very little difference in coefficient value for B but overall affect remains the same i.e. if family income has positive influence on customers to join the loyalty programs, it remain same when combined with the demographic factors and overall accuracy of the model increases. Also we can see that the effect of shopping enjoyment increased when combined with the demographic factors. So we can say that it is better to estimate using all the factors responsible together than estimating separately. These parameters are complimenting each other and increasing the accuracy of the whole model.