

Sources of Awareness, Uses and Satisfaction Level of Customer Regarding Loyalty Cards

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Abstract – Loyalty cards are utilized in different sectors in India. Media reports show that there has been a significant growth in the quantity of loyalty card programs in the nation. Shopping for every day basic can be rewarding! With the accessibility loyalty cards, shopping for every day fundamentals can acquire reward points. Customer loyalty is one of the real destinations of the marketing efforts. A loyalty program is a vital component of customer relationship the board for firms identified with the retailing sector, apparels, airlines, and hotel industry. As there is proliferation of loyalty programs over the wide scope of classifications, this is little research that additionally focuses on loyalty projects and estimation of its effect on consumer purchase conduct. Through loyalty cards, the customer gets wide scope of discounts, coupons and reward points. These reward points can be reclaimed in future. It keeps expanding on each purchase. The loyalty program urges the consumers to settle on choices all the more progressively while making repeated purchases with the firm. The loyalty programs give rewards on total acquiring which upgrades customer maintenance and urges them to make rehashed purchases by demonstrating impetuses which is gainful to them. All updates about the occasional discount are sent as messages by gathering the individual subtleties of the customers. The fundamental motivation behind issuing loyalty cards is to influence the customer to return to the store. Numerous showrooms have tie ups with different banks and consequently when the charge/Visas are utilized on purchase, more reward points are added to the customer loyalty card. Along these lines, more awareness ought to be made on the uses of loyalty cards and consequently the study.

Keywords: Loyalty Cards, Reward Points, Customer Loyalty, Sources, Awareness, Uses, Satisfaction Level

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1. INTRODUCTION

Customer loyalty is the core goal of all marketing activities. A standout amongst the most prominent patterns in retail marketing has been the dispatch of card-based loyalty programs. Loyalty programs look to bond customers to an association or its items and administrations by offering an additional incentive. Companies have begun focusing upon loyalty programs in light of the fact that dedicated customers are increasingly gainful to a firm (Reichheld 1996). The customer loyalty brings profitability by marked down costs, diminished cost sensitivity, and expanded spending and positive informal exchange by the customers. The customer loyalty diminishes the endeavours and resources which are required to entice a new customer and furthermore guarantees rehash purchases from the present ones. The customer loyalty acts a source of competitive advantage over the contenders and the system to win customers.

Companies place an extraordinary emphasis on creating and keeping up customer loyalty. To this end, they utilize an assortment of means to empower loyalty. Customer maintenance is more imperative and more financially savvy than customer advancement. Loyalty is a positive belief in the esteem that a company gives, prompting expanded purchases after some time. Customer loyalty is depicted as the quality of the connection between a person's relative attitudes and repeat patronage. As per Customer Loyalty Research Center (2001), loyalty is "the dedication of customer to a specific brand or company".

1.1 Loyalty Cards

A loyalty card is a plastic card that a few shops provide for ordinary customers. Each time the customer purchases something from the shop, points are electronically stored on their card and can be exchanged later for goods or services. Our straightforward/smart cards are utilized widely as Loyalty Cards. A solid base of loyal customers is a

pre-imperative of any business. Our loyalty cards not exclusively do brand of the company, yet additionally guarantee upgraded business openings. At the end of the day, our straightforward/smart cards are utilized widely as Loyalty Cards. A solid base of loyal customers is a pre-essential of any business. Our loyalty cards not exclusively do brand of the company, yet in addition guarantee improved business opportunities.

Loyalty Cards are phenomenal approach to create additional business and function well as a marketing tool to spread the word about the business. A loyalty card holder is an individual from loyalty program. The loyalty card program is an incentive arrangement that enables a retail business to assemble information about its customers. The customers are offered item at discount, coupons, points and reward towards their successive purchase in a shop. The possibility of loyalty card is, the point at which the customers visits a shop and make a purchase, they get stamp on their card, a few returns and purchase later. They can recover the card for reward of goods and services. Numerous organizations find that loyalty card conspire builds deal through existing customer and draw in new one too.



Figure 1 Loyalty Cards

Loyalty programs upgrade customer loyalty legitimately by offering rewards as an incentive to shop consistently at any supermarket. Loyalty Programs likewise create impressive data for supermarkets, including a customer's name, address and purchase inclinations. Products can utilize this data to tailor item contributions, advancements, speculation and publicizing to the necessities of their customers, in this manner by implication upgrading loyalty.

The real advantage of the loyalty card programs is the accumulation of useful customer information which assumes a critical job in different marketing methodologies. The useful customer data opens the field for miniaturized scale marketing, customization at store level or at the customer segment level. The data got with the assistance of loyalty cards helps in examination of consumer conduct, and expectation

of future purchases. In the center of all loyalty programs a fundamental thought endures which focuses on picking up a greater of customer consumption by giving incentives to the customers to shopping at a particular store or chain of stores. It takes a shot at basic thought, the more cash customer spends, the more noteworthy rewards he gets. The organization of rewards may differ from giving them discounts on next purchase to rewarding with purchase points which can be recovered after collection for purchase of changed range of items. Some of the time rewards are additionally given type of free home delivery and free stopping. The individuals from loyalty program are given a loyalty card which is a charge card style plastic card. The plastic card accompanies a magnetic strip or standardized identification which conveys a novel recognizable proof number. This unique identification number aides in following the exchange of the customers. Loyalty cards just screen the exchanges and don't encourage the payment. The innovation utilized in loyalty card helps in social affair the data about the customers. Each time customers make a purchase, the data identified with the exchange (price, brand, place and so forth.) is recorded in the part subtleties. Along these lines the total record of exchange is kept up with the assistance of loyalty cards, which goes about as store of data about the customer.

A loyalty card program isn't just a good method to get new customers it's likewise an attempted and trusted technique for keeping them. Loyalty card system urge customer to return all the more frequently to exploit special offers, discounts, rewards and so on. The more they shop the more they receive consequently. Loyalty card scheme can be an amazing method to expand product awareness. It may urge customer to attempt something new by offering them the odds to get one for one free, changing the reward from time to time keeps things new and increment learning of your products. Loyalty customers who appreciate the rewards may urge their companions to participate in the loyalty programs. To build the range of the loyalty cards of a particular shop, they may offer an extraordinary reward to the loyal customers who urge their companions to join the loyalty schemes of the particular shop. Loyalty card schemes are acquainted with make customer feel progressively vital and safe. Customer satisfaction is more important as it keep them returning for more and empowering their loved ones.

Other Benefits of Loyalty Cards

- Higher Cart Value.
- Customer Retention
- Relevant Customer Data and Consumer Trends

- Increased Sales
- Reducing Unprofitable Customers
- Increased Product Awareness
- Better Customer Communication
- Increased Reach
- Balancing the Bottom Line
- Customer Loyalty

2. REVIEW OF LITERATURE

Lin and Wu (2011) discovered solid relationship between customer retention and nature of services/products. Verhoef (2003) inspected and found that loyalty program that gives monetary advantages is increasingly viable in holding customers. Petterson (2004) found significant relationship between customer loyalty and customer retention. Wong, Chan, Ngai and Oswaldw (2009) clarified that there is relationship between good relations with customer and customer loyalty. Smith and Chang (2009) found that customer retention can be considered as customer loyalty and it might no effect over customer loyalty.

Swati Singh (2012), - The primary destinations of loyalty card program gathering of customers information which assumes in essential job in purchasing power of customers in retail locations. The loyalty card diminishes the imperfections and expands the resource which impacts the new customer and furthermore guarantees the rehashing purchase rate. The customer purchasing rate increments amid the seasonal offers. The loyalty programs function as a useful tool for holding old customers and including the news ones. The examination infers that the loyalty card issued by the retail shops and it make an effect on the mentality of the customers, which empower the customers in their purchase behavior.

Arunram (2013), - The fundamental point of the examination was done based on the information given by the respondents and the customers of five retail outlets, for example, Lifestyle, Max, Shoppers Stop and so on. It was discovered that the loyalty cards helped the business acquire benefit and customer loyalty and gave more advantage to the customers, for example, reward points, offers, discounts and coupons and so forth which made the customers increasingly fulfilled.

Chibaya (2016) anyway expresses that loyalty programs alone are not satisfactory to gain customer loyalty. Customers that join loyalty card programs are issued with loyalty cards which are generally in a bank credit card style which contain scanner tags

that can recognize every part while executing (Worthington and Fear, 2009). As a rule, customers are not required to pay any charge to join loyalty card programs, the loyalty card is intended to screen and track purchase exchanges and for customers to reclaim rewards that collect in connection to spending patterns (Worthington and Fear, 2009). Retail loyalty card programs are organized with explicit terms and conditions on how rewards must be recovered.

Christine Kasa (2017) – The discussion on whether loyalty cards affect customer purchasing behaviour has been Ongoing for quite a while. There have been diverse perspectives from past research thinks about in both creating and created nations. Be that as it may, this subject is significant as it identifies with comprehension and satisfying customer inclinations. The motivation behind the examination was to explore if customers see loyalty cards offered in real retail locations in Gauteng to be useful, and to decide whether they impact the purchasing behaviour and choices made by customers. The investigation likewise expected to comprehend the explanations behind different loyalty card registration. The quantitative methodology was utilized in this examination, and organized surveys were utilized to gather information. The outcomes demonstrated that loyalty cards impact purchasing behaviour as the occasion's customers purchased in stores as individuals expanded, anyway there was vulnerability if the measure of cash spent likewise expanded.

3. OBJECTIVES OF THE STUDY

- To examine the source of awareness of loyalty cards by the respondents.
- To research the loyalty card, loyalty cards programs and the advantages customers get by utilizing the loyalty card.
- To dissect the motivation behind utilizing the loyalty cards dependent on the different questions.
- To try the shopping pattern of the respondents in Coimbatore, India
- To discover the level of satisfaction towards loyalty cards.

4. RESEARCH METHODOLOGY

4.1 Research design

An examination configuration is the general arrangement or program of research. A research design or model shows an arrangement of activity to be done regarding a proposed research work.

4.2 Area of Study

The zone of the investigation is Coimbatore city. It is known for educational institutions, it is arranged in western piece of the state of Tamil Nadu.

4.3 Sample Size

The example of 200 respondents managing loyalty program in Coimbatore was picked for the examination. With the end goal of the investigation, convenient sampling technique has been received.

4.4 Sources of data collection

Primary data and secondary data have been utilized for the examination. The primary data has been gathered from the questionnaire by issuing it to the consumers in the Coimbatore city. The inquiries in the questionnaire were set up so that it will be simple for the consumers to peruse and comprehend for filling it. The secondary data was gathered from magazines and alluded a few books.

5. DATA ANALYSIS AND RESULT

Table 1 Source of Awareness

Question	Options			
Source of awareness	Advertisements	Word of Mouth	Social Network	Others
	32%	29%	27.5%	11.5%

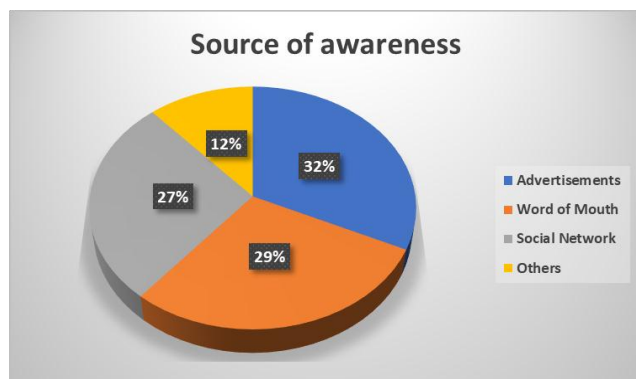


Figure 2 Sources of Awareness

It is finished up from the table that 32% know through advertisement, 29% through word of mouth, 27.5% Aware Through Social Network And 11.5% Are Aware Through Other Source in Which Majority (32%) of the respondents know about loyalty cards through advertisements.

Table 2 Utilization of Loyalty Cards

Question	Options			
Number of loyalty cards owned	One (19%)	Two (30%)	Three (29%)	More than Three (22%)
Frequency of visit to fashion stores	At least once a week (11%)	Once a month (31%)	When there is a need (42%)	Rarely (16%)
Reasons for using the loyalty cards	Customer Satisfaction (28%)	Wide Range of Collection (37%)	Free Accessibility to Stores (23%)	Others (12%)
Frequency of receiving messages	Regularly (24%)	Occasionally (55%)	Rarely (16%)	Never (5%)
Purpose of using loyalty cards	Issued free (16%)	Supports future purchase (27%)	To enjoy offers and discounts (50%)	Others (7%)

Most (30%) of the respondents possess two loyalty cards, Most (42%) of the respondents visit fashion stores just when there is a need, Majority (37%) of the respondents use loyalty cards of a particular store as a result of wide scope of accumulations, Majority (55%) of the respondents periodically get refreshes from the stores, Majority (50%) of the respondents claim loyalty cards to enjoy discounts and offers.

Table 3 Shopping Pattern

S. No.	Questions	Options			
1	Amount spent in per visit	Below 1000 (9.5%)	1001 -2000 (42%)	2001-5000 (31%)	Above 5000 (7.5%)
2	Stores from where the respondents have purchased	Lifestyle (53%)	Max (27%)	Reliance (14%)	Others (6%)
3	Preference when the points reach the limit	Redeem the points and get discounts (29%)	Purchase for more points (30%)	Save the points for later use (32%)	Others (9%)
4	Interest of sharing information about loyalty cards	Yes (71%)	No (29%)		

Source: Primary Data

It is concluded from the table that (42%) of the respondents spent between 1000 – 2000 per shopping. Majority (53%) of the respondents have purchased from Life Style. (32%) of the respondents prefer to save the points in the card for later use when the points reach the limit. Majority (71%) of the respondents like to share the information about the cards to others.

Table 4 Level of Satisfaction

S. No	Options Factors	Respondents				
		Number				
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
1	Saves Money	66 (33%)	86 (43%)	42 (21%)	6 (3%)	0%
2	Quick Access	28 (14%)	80 (40%)	76 (38%)	14 (7%)	2 (1%)
3	Offers and Discounts	38 (19%)	76 (38%)	66 (33%)	20 (10%)	0%
4	Inconvenience in carrying the cards	14 (7%)	60 (30%)	80 (40%)	34 (17%)	12 (6%)

Source: Primary Data

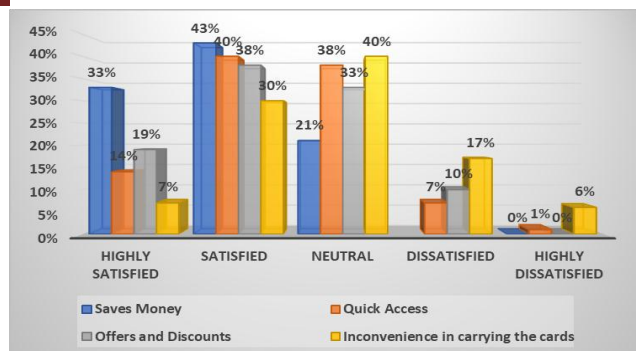


Figure 3 Level of satisfaction

Above table demonstrates that 43 percent of the respondents are satisfied with the money savings, 40 percent of the respondents are satisfied with quick access factor, 38 percent of the respondents are satisfied with the offers and discounts, 40 percent of the respondents have neutral feeling about inconvenience in carrying the cards.

6. CONCLUSION

Loyalty cards are a significant essential part in an entire program of endeavors intended to build customer responsibility to a store. They speak to the chance to construct long haul customer loyalty. Be that as it may, they are not the sole factor in a customer's store loyalty advancement. Loyalty cards sway the consumer purchase behavior in positive way as it impacts the consumers to make repeated purchases as consumers locate the distinctive advantages for example immediate and circuitous or immediate. Loyalty cards helps in expanding customer retention which significantly improves a company's profitability and accordingly implies the positive effect of loyalty cards. Consumers show submitted behavior towards loyalty cards because of various sorts of advantages seen by them. Rewards which are economic, psychological and sociological in nature lead to more prominent trust, responsibility and advancement of long-haul relations. Moreover, the loyalty card program must have a structure that inspires customers to see purchases as an arrangement of related choices instead of as autonomous trans-activities. Loyalty programs are found all over the place yet their actual esteem still stays obscure as a rule. There is no uncertainty that the loyalty cards have certain advantages for directors just as customers. Companies can assemble some useful data about their consumers and they profit by this collected information as they create marketing systems. Subsequently, companies need to mull over the entire bundle. They should intend to assemble an associated system of customers, accomplices and sellers, empowered by innovation, all progressing in the direction of profitable, and mutually beneficial relationships.

Based on aftereffects of the examination and talks held with customers, the accompanying suggestions are made:

The points added to the card after each purchase is by all accounts less, it very well may be expanded. For each purchase, more points can be added to the customer's card. In the event that he is a normal customer, at that point more reward points can be added to his/her card. The customers come to purchase in a hurry and they may have overlooked their cards. Along these lines, their enlisted telephone numbers can be utilized to add points to their cards. The clerk can advise the customer and reclaim the points after each hundred points. A message can be sent to remind the customers about the quantity of points accessible in their card and to recover it as quickly as time permits. In the event that the customer loses the card, he loses every one of the points in it on the off chance that he is unfit to recover it. Applying for another card will just include the points from the earliest starting point. Recover the card or card number when the customer loses the card, rather than enlisting for another one.

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