An Analytical Study on the Influence of Consumer Loyalty Programs on the Small and Medium Size Business based on Consumer Psychology

[1]Dr. Anupama Verma, [2]Dr. Nyarik Geyi, [3]Dr. Sidharth Jain, [4]Dr. Ankit Khare, [5]Dr. Amit Srivastav

[1]Assistant Professor, Faculty of Business Management & Commerce, Usha Martin University, Ranchi- Jharkhand

[2]Assistant Professor, Department of Business & Management,Himalayan University, Itanagar-Arunachal Pradesh

[3]Professor, Department of Management, Mangalayatan University, Aligarh, Uttar Pradesh

[4]Assistant Professor, Department of Management, Mangalayatan University, Jabalapur, Madhya Pradesh

[5]Assistant Professor, Department of Management, Sikkim Professional University, Gangtok, Sikkim

ABSTRACT:

Recent exchanges between businesses and consumers have highlighted the importance of loyalty programmes. On the question of whether or not customer loyalty programmes in small and medium-sized businesses are successful at retaining consumers, industry experts are divided. Customers who join a loyalty programme after making a purchase from the program's store are eligible for rewards. Promotions frequently include benefits like discounts, cash back, free gifts, and other presents of various types. The effectiveness of customer loyalty programmes depends on rewarding customers for their steadfast allegiance. This study examines the level of dedication displayed by SMEs to their individual clients. The main goal of this study is to evaluate customer loyalty programmes using descriptive research as a lens. We use primary data for this specific investigation. A questionnaire and specific criteria for scoring responses were used to help assemble the information needed for the survey. Data from surveys are described by descriptive statistics. several smaller companies At various points during the entire process of drawing inferences from the data, mathematical approaches and techniques were used. According to the research's findings, the majority of firms utilise a variety of promotions to attract new clients. Small and medium-sized businesses may find it difficult to expand their consumer base, but loyalty programmes can support them. A company can promote client loyalty in three different ways: through e-commerce, portals, and referral programmes.

Keywords: Customer Loyalty Program, marketing management, e-commerce, small and medium size business.

INTRODUCTION

Programs designed to reward loyal customers. It is a sales tactic. Customer loyalty programmes can give discounts for referring friends or customers, based incentive systems, freebie programmes, or both. To improve customer connections, a membership card tracks customers' purchases (Mulhern& Duffy, 2004). Retail loyalty and incentive programmes strengthen already-existing bonds, forge new ones, and turn one-time consumers, buyers, and prospects into committed, long-term members. "An integrated and interactive marketing strategy to increase consumer loyalty through personalization" is what a loyalty programme (LP) is. LPs assist in marketing (Malthouse&Mulhern, 2008). Why is customer loyalty crucial? First, loyal customers are worth more. Sales and profitability are boosted by customer loyalty. Corporate success is driven by customer pleasure. Customer pleasure is impacted by the experiences they purchase and use. Consumer expectations for goods and services are set through marketing. Data on customer satisfaction is crucial (Berman, 2006).

Customer costs are higher. Customers who are loyal won't go. Customer loyalty is increased by design and sourcing. By taking into account consumer wants, cultivate loyalty. Repeat customers develop loyalty. A corporation must behave in a wider environment since a strong relationship with its customers fosters customer

loyalty. Customer loyalty is categorised by behaviour, purpose, and emotion. Repeat business is "behavioural loyalty"; potential purchases are "intentional loyalty." Customers are loyal to a business if it shares their beliefs, attitudes, and interests (Lazarevic, 2012). Figure 1 depicts a devoted consumer.

Figure 1: Dimensions of Consumer Loyalty

This study looks at consumer loyalty and trust. Our study connects customer satisfaction and perceived value to online consumer loyalty (Butscher, 2002). The characteristics of e-service client loyalty are examined in this study (such as customer happiness, trust, and perceived value). So. E-service justification We identify and model key constructs. Marketing, in theory, establishes structures. then, theories. Results, procedures, and measurements were given. We looked at both the managerial and scientific significance. Internet marketers can use this data to support the cost of customer loyalty.

LITERATURE REVIEW

In supermarkets and the cosmetics industry, membership programme models are studied by Khan, Salamzadeh, Iqbal, and Yang (2022). In-store portfolio en droit assessment with duration, visual congruence, and solidity was used in the study. Choices for rewards and brand loyalty are influenced by consumer involvement. In directly related sectors, LP affinity and retention are increased through brand compliance and subjective benefits. Awards that are immediate and delayed arrive simultaneously. Rapid and useful rewards increase LP loyalty and selection in places with few human contacts. Retailer reputation has nothing to do with interoperability.

Credit is the basis of Card-Linked Loyalty. Cards may be used as IDs in loyalty programmes, claim Gudonaviciene&Rutelione (2009). With this tactic, clients can accrue more points. Our findings pointed toward more rapid processing. Contextualized risk assessment may require customer identity depending on payment. Risk is manageable. Records of credit card transactions were used to emulate the suggested technique.

According to Joseph & Menon, a business can best protect itself by building customer loyalty (2019). According to Stephan Butcher, the secret to increasing client loyalty is to combine financial and non-financial incentives. According to Berman (2006), proposals for loyalty programmes (LPs) were examined in two different retail contexts (shops and specialty stores). In-store reward responsiveness, frequency of awards, and incentive compensation alignment with retailer's image were all analysed in this study. Our research shows that consumer involvement in the help programme has an impact on shop wishes and expectations (Jain, and Asthana 2021). LPs like shops whose reputation and intangible advantages are similar to their own. The delivery times for both incentives are the same (immediate or delayed). When employees are given something they can use right away, loyalty and preference rise. Compatibility and quality are unrelated.

(2015) Dawkhar (2015) Brand loyalty and religion. Between December 2019 and January 2020, 170 customers of Islamic banks in Makassar, South Sulawesi, were questioned for this study. SEM and SmartPLS 3 analyse data. Consumer loyalty is influenced by direct satisfaction, brand religiosity perception, and indirect gratification.

The main objective of this study is to analyse SME customer loyalty programmes.

The hypothesis followed in this study is as follows:

H1: There is significant impact of customer loyalty program on small and medium size corporation

MATERIAL AND METHODS:
The design of this study used in this research is as follows:

Research Design
In the overall investigation, the research design is an extremely important factor to consider. It is helpful to have a good understanding of the research subject in order to address accurate results. In the current investigation, a descriptive research design has been utilised to investigate how a customer loyalty programme influences the performance of small and medium-sized companies.

Data Collection
The collecting of data is a critical step in the research process and a highly significant method. Both primary and secondary sources can be utilised to compile the necessary information. Primary methods of data collecting were utilised during the course of the investigation. The data from the primary sources is an essential part of our investigation. It is the result of survey research carried out with the aid of an appropriate questionnaire and grading criteria.

Analytical Tool
Descriptive statistics explain the questionnaire data's basic qualities. The data are displayed using tables and graphs. The customer feedback is collected through the use of a pre-tested questionnaire on sample respondents. Arithmetic, statistics, and graphical representations were all part of the data analysis process. In order to better organise the material for the reader, tables were utilized. The standard deviation is a statistical measure that determines how far one customer's perspective strays from the average.

RESULTS AND DISCUSSION:
We suggest explaining entrepreneurial business in order to have a discussion that is more comprehensive and truthful regarding the issue. After single proprietorships with limited liability, limited liability companies (Ltds) make up the second largest share of businesses, followed by sole proprietorships (6.8%). This is demonstrated quite clearly in image 2.
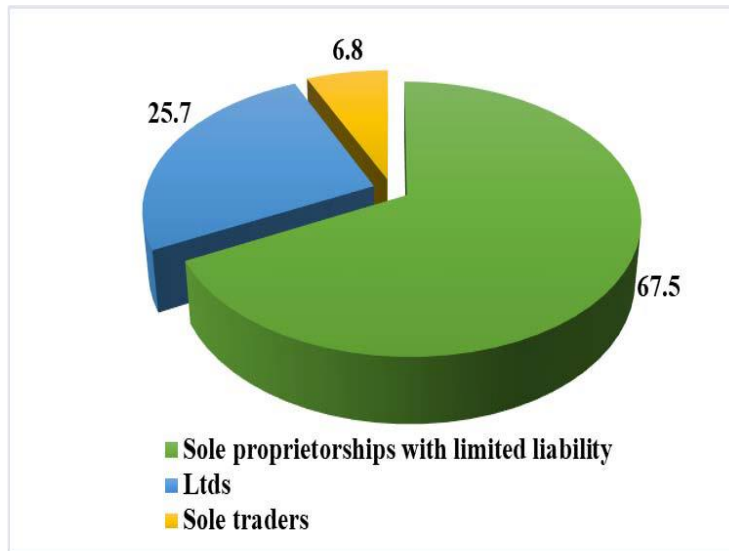
Figure 2: Distribution of enterprises

Table 1 shows that 28.83% agree, and 23.83% strongly agree, that loyalty programmes impact SMBs. It helps SMBs. However, 28.33% of people were doubtful. 10.50% of responders disagree vehemently, which is a modest amount. 52.66% of customers believe the loyalty programme is more beneficial to small and medium-sized businesses. CC (600) = 0.113 and p = 0.957 show that the connection between client satisfaction and specific individuals is tenuous. Data analysis shows that consumer loyalty programmes benefit companies. It helps SMEs grow. Keeping loyal customers is key to long-term success in today's cutthroat marketplace (Kulkarni and Yadav, 2021). Consumer loyalty is used to influence current clients' purchases of a company's products or services.

Table 1: Loyalty program helpful for small and medium size business

Reply		"Reliance One"	"Payback"	"Clubwest"	"Clubmore"	"First Citizen"	CC Value	_P'Value
Strong agreement	F	7	7	6	6	5		
	%	5.8	5.8	5	5	4.2		
Disagreement	F	12	9	11	17	14	0.113	0.957
	%	10	7.5	9.2	14.2	11.7		
Unclear	F	35	42	36	34	23		
	%	29.2	35	30	28.3	35.8		

Agree	F	35	37	39	33	29		
	%	29.2	30.8	32.5	27.5	24.2		
Strongly agree	F	31	25	28	30	29		
	%	25.8	20.8	23.3	25	24.2		

The Table 2 below illustrates Factors related to increasing customer loyalty.

Factors	Percentage
Quality of service	100
Brand trust	69.2
Customer satisfaction	58.4
Brand image	41.6

Table 1: Factors related to increasing customer loyalty

Customer loyalty programmes improve company-customer communication. Entrepreneurial business representatives should establish and implement such programmes. Only 18.5% of respondents have customer loyalty programmes. They all plan to construct a programme, which is positive.

CONCLUSION:

Any business that wants to survive in the competitive market of today needs to build lasting relationships with its customers. Customer loyalty can be used to persuade current customers to buy more of a company's products or services. Clarifying and assessing an entrepreneur's relationships with their most devoted clients is the first step in creating an effective marketing strategy. Making wise managerial judgments requires a thorough awareness of the aspects that influence the behaviour of devoted customers. The fact that few small and medium-sized trade clients have created successful customer loyalty programmes demonstrates the lack of targeted action toward loyal customers. It is used to use this tiny amount. Recent research has revealed that some respondents do not give client loyalty issues the proper level of consideration. Consumers are unaware of how crucial it is to do study on these issues in order to guarantee a business' success. The quantity of repeat business that a business receives is influenced by the company's reputation, the level of pricing competition, and mailing lists that contain information that is both comprehensive and easy to understand. Consider the factors that may influence a customer's loyalty. The environment of the retail enterprise must be taken into account while analysing the variables that affect the quality of the services rendered.

References

1) Berman, B. (2006). Developing an effective customer loyalty program. *California management review*, *49*(1), 123-148.
2) Bukharov, I., &Berezka, S. (2018). The role of tourist gastronomy experiences in regional tourism in Russia. *Worldwide Hospitality and Tourism Themes*.
3) Butscher, S. A. (2002). *Customer loyalty programmes and clubs*. Gower Publishing, Ltd..
4) Dawkhar, S., &Shende, A. (2015). Customer loyalty programs: from single partner to multi partner. *International Journal of Research in Social Sciences*, *5*(2), 49-64.
5) Gudonaviciene, R., &Rutelione, A. (2009). Decisions of customers loyalty programs formation. *Economics and management*, (14), 397-406.
6) Joseph, R. L., & Menon, R. M. (2019). *The Startup's Guide to Sales: How Not to Crash and Burn*. Sage Publications Pvt. Limited.
7) Lazarevic, V. (2012). Encouraging brand loyalty in fickle generation Y consumers. *Young consumers*.

8)   Malthouse, E., &Mulhern, F. (2008). Understanding and using customer loyalty and customer value. *Journal of Relationship Marketing*, *6*(3-4), 59-86.

9)   Mulhern, T., & Duffy, D. (2004). Building loyalty at things remembered. *Journal of consumer marketing*.

10) Khan, R. U., Salamzadeh, Y., Iqbal, Q., & Yang, S. (2022). The impact of customer relationship management and company reputation on customer loyalty: The mediating role of customer satisfaction. *Journal of Relationship Marketing*, *21*(1), 1-26.

11) Asthana, S., S. Jain, (2021), "A Study On The Employees' Perceptions Of The Workplace Learning Environments", - Elementary Education Online, 2021; Vol 20 (Issue 1): pp. 4137-4149 http://ilkogretim-online.org, doi: 10.17051/ilkonline.2021.01.457.

12) Kulkarni, A., and A.K., Yadav, (2021) "Impact Of Keen Recruitment Process In It Companies: Maharashtra", Ilkogretim Online - Elementary Education Online, 2021; Vol 20 (Issue 1): pp.6241-6252, http://ilkogretim-online.org, doi: 10.17051/ilkonline.2021.01.648