Perceived Benefits of Loyalty Programmes and their Impact on Purchase Intentions of Customers

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The purpose of the study is to determine the perceived benefits of loyalty programmes among customers and its effect on their purchase intentions. It also determines the influence of demographics on customer loyalty programme membership and its role in relationship between perceived benefits and purchase intentions of customers in apparel stores in Jammu city. A theoretical framework is proposed based on the three integrating variables; perceived benefits of loyalty programmes, loyalty programme membership and purchase intention based on review of literature. Subsequently, a descriptive analysis has been undertaken to determine the relationship between the selected variables.

The study has concluded that among the demographic variables under study, age group and income level have a significant impact on loyalty programme membership of customers while gender does not exhibit such impact. Further, it has confirmed that perceived benefits have a significant impact on purchase intentions of customers. The study also suggests the moderating role of loyalty programme membership in the relationship between perceived benefits of loyalty programmes and purchase intentions of customers.

The paper has several practical implications for the stores/organisations who want to retain customers through effective loyalty programmes. When customers perceived more benefits from loyalty programmes they have higher intentions to purchase from the store of which they own a loyalty card, thus leading to long term relationship with the store. Moreover, the demographic variables included in the study may help the retailers to target the customers for loyalty card membership.

Keywords: Customer Loyalty Programmes, Loyalty Programme Membership, Organized Retail, Perceived Benefits, Purchase Intentions

INTRODUCTION

In India, retail has become one of the biggest emerging sectors owing to economic growth, recent Government of India's initiatives and increasing FDI projects. Due to these changes retail environment in India is also evolving and modernizing. Another factor that has fuelled this shift is the changes in customers' learning and preferences. India's retail market which was estimated at US\$ 470 Bn in 2011 is expected to grow to US\$ 675 Bn by 2016 at a CAGR of 7.5% and according to a report by Technopak Advisors the share of apparel market this market in India was US\$ 35 Bn in 2011 which is expected to grow to US\$ 50 Bn in 2016 @ CAGR of 7%. In a latest report, a big chunk of 33% of organized retail is from clothing and accessory segment alone (Indian Retail Sector Report 2013, Michael Page) making it a lucrative segment for marketers for earning profits.

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Rapid changes and intense competition have resulted in countless choices and alternatives being made available in the business environment for the customers. In such a scenario, it becomes very important and an absolute necessity for the marketers to not let the customer to switch over to the products and services of competitors. Therefore, it is obvious for the companies today to run a rat race to woo the customers through a variety of relationship marketing strategies and tactics. One such strategy employed to make the customers stick to a particular product/brand/store is 'Customer Loyalty Programme'.

Such loyalty programmes are a well known feature in developed markets wherein the retail sector especially

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finds its extensive use globally. However, while referring to Indian context, such relationship marketing strategies are still at an early stage and in cities like Jammu, such programmes have recently seen the implementation confined to discounts and rebates only. In most cases, loyalty programmes are just simple reward schemes e.g. buy more and receive a reward, points, giveaways, coupons, Rs-off, etc.

Jammu, the winter capital of the state of Jammu & Kashmir is also experiencing the entry of organized retail leading to replacement of traditional stores. Urvasi Gupta (2012) in her study in Jammu city found that most of the respondents prefer to visit the organised retail stores and are attracted to large format retail outlets. In this context, there has been a significant and rapid change in Jammu city in past few years with the introduction of new brands stores and malls. The attitudes and perceptions of the customers have also changed due to more choices being made available than before. Amid growing competition and more and better choices available, the importance of understanding consumer behavior and customer loyalty has increased many folds but the challenge for the loyalty programmes in Jammu city is to make customers move beyond the conservative thinking i.e. from the quick hits that gain immediate sales to creating strong emotional bonds with customers that shapes into customer loyalty. Therefore, in such a changing retail scenario, there is a huge opportunity for growth of companies in Jammu city which are wishing to count on customer loyalty programmes.

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Consumers in Jammu city have a multitude of influences affecting their current purchasing decisions. The study becomes all the more relevant noticing the changing culture of Jammu city, as the customers are moving from traditional mom n pop stores to national and international chains of stores with variety of brands. The research provides important insights into the dominant influences of loyalty programme membership on purchasing intention of customers in Jammu city specific to the retail context. It is significant to know for the companies to understand as to how to woo the customers amid number of options available to them using customer loyalty programmes. In this context, the research will gain insights into the perceptions and influences of loyalty programmes on purchase intentions of customers in Jammu city. Volume 6, Issue 1 & 2, 2015

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Based on the above discussion this paper aims to examine and establish relationship between the three variables; perceived benefits of loyalty programmes, programme membership and purchase intentions of customers. Firstly a conceptual framework is developed based on the review of literature. Further it proposes hypotheses followed by detailed methodology. The paper ends with the presentation of research findings, managerial implications and future research directions.

The key objectives of this research are:

- To determine the influence of demographics on customer loyalty programme membership.
- To explore the effects of perceived benefits of loyalty programmes on purchase intentions of customers in the apparel stores in Jammu city.
- To determine the role of loyalty programme membership in relationship between perceived benefits of loyalty programmes and purchase intentions of customers in apparel stores in Jammu city.

Research Framework

Based on the literature review, the study proposes the research framework as shown in *Figure 1* below. It shows perceived benefits as independent variable, purchase intention as dependent variable and loyalty programme membership as moderating variable altering the relationship between the two.

Figure 1. Research framework



Review of Literature

Loyalty Programmes

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Loyalty programme is a marketing strategy that works by offering an incentive and aims at making customers loyal to a retailer. Achieving incentives/rewards is associated with buying frequency, so these types of programmes are also known as frequent purchase programmes' (Gomez, ۲

et al., 2006). Lars Meyer-Waarden defines a loyalty card programme as an integrated structure of marketing actions that aims to make customers more loyal by developing customized relationships with them. They also work as a barrier to customer switching to the other marketers and also to the entry of competitors (Gable, *et al.*, 2006).

Consumers are not likely to stick to a single store when they are offered with a wide range of choices, therefore, it is obvious for consumers to switch between stores and this poses a significant menace to customer relationships (Yuping, 2007). Loyalty programmes make customers commit to the store thus, reducing customer defection and making it difficult for competitors to woo them. These programmes reward customers for their repeated purchases thus they shop in the same store to maximize their benefits (Yuping, 2007).

Retailers use Loyalty programmes to obtain information about their customers. When loyalty cards are scanned during billing at the store, data is captured which contains information regarding customers, time, day, products bought, prices, frequency and size of purchase and a variety of other information. Analysis of this data gives important information about consumer shopping processes; their reactions to marketing efforts and patterns of behaviour (Allaway, *et al.*, 2005). Consequently, retailers are better able to offer customized and significant value propositions and offers to individual customers (Lacey and Sneath, 2006).

Loyalty Programmes within the Retail Sector

Retailers face a dynamic and competitive retail environment as a result of increased globalization, market dissemination and ever increasing competitiveness. Retailers are in the hunt for methods of gaining competitive edge and better managing customer relations (Anderson, et al., 2007). Loyalty programmes provide retailers with an effective method to uncover who their customers are and achieve a greater understanding of their buying behaviors, capture useful information about them and then apply this information to the entire customer base (Wood, 2005). Many retailers look upon loyalty programmes as essential to their business (Meyer- Waarden, 2006). Among retail sectors, there is much relevance of loyalty programmes in apparel retail particularly because of its representativeness of organized retailing in India and large number of competitors.

Perceived Benefits

One of the major determinants of customer loyalty is perceived value (Patterson, Spreng, 1997) which is mainly derived from the benefits that customers perceive to get by becoming a member of loyalty programmes. Dodds and Monroe (1985) concluded that perceived value is an important issue in consumers' purchasing decision process, and consumers will buy a product with high perceived value. They pointed that consumers will evaluate what they get and what they give when they are buying a product/service. According to Utility Theory, the probability of purchase intention will increase, when consumers acquire more benefits than they pay for a product (Dickson & Sawyer, 1990).

Thaler (1985) also considered that perceived benefits are an important precursor to influence consumer purchase intention. Swait and Sweeney (2000) measured the influence of customer perceived benefits on consumer purchase intention in retailing industry and found that customers perceiving different benefits have dissimilar purchase behavior.

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Broadly the benefits that customers perceive by participating in loyalty programmes are divided into soft benefits and hard benefits (Gable, *et al.*, 2006). However, Mimouni-Chaabane and Volle (2010) categorized all the benefits that customers perceive about loyalty programmes into monetary savings, exploration, entertainment, recognition and social benefits.

Purchase Intention

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Purchase intention measure the likelihood of a consumer to purchase a product, and higher is the purchase intention, the higher is a consumer's willingness to buy a product (Dodds, *et al.*, 1991).

Mathew and Gupta (2008) while studying the impact of organized retailing on traditional retailing observed that with the increase in number of various formats for shopping like malls, departmental stores, hypermarkets etc., the Indian consumer's preferences are changing towards these. Similar observations were reported by Urvashi Gupta (2012) in her study in Jammu.

It is believed that consumers' attitude, choice and preference regarding stores where they shop are very

subjective. Price, perceived quality disparity, store/staff familiarity, perceived risk and perceived value for the money are among the predictors of purchase intentions (Jin & Suh, 2005; Richardson, Jain & Dick, 1996). Hence, perception is very significant in determining purchase intention.

Conceptual Framework

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Customers do not become loyalty programme members randomly (Leenheer, et al. 2007), therefore, it is important to consider the characteristics of demographic profile of customers who are more likely to join loyalty programmes. Leenheer et al., 2007 found that a customer becomes a member of a loyalty programme when the expected benefits are higher than the expected costs, which are also partly driven by the attraction of the store itself.

Customer's demographic characteristics such as age, gender, occupation, education, income, family size and distance to the retail outlet are related to retail format choice decisions (Prasad & Aryasri, 2011). Arshad *et al.*, (2007) have found that dynamics of the demographics, income, urbanization and internet revolution tilt the consumer's preference towards organized retail outlets. It was also established that people with different demographic profiles have different inclination towards loyalty card membership.

Also, research has shown that differences in demographic features influence the degree of loyalty-card usage, which may suggest that they also have an effect on the consumers' propensity to join such a scheme (Cortinas, Eloraz & Múgica, 2008). In this line, ignoring the heterogeneity of an emerging market and adopting a uniform marketing strategy are suggested as part of reasons why multinational companies failed in China (Cui and Liu, 2000). Thus it is proposed that:

- H₁: Demographics have a significant impact on loyalty programme membership.
- H_{1a}: Gender has a significant impact on loyalty programme membership.
- H_{1b}: Age has a significant impact on loyalty programme membership.
- H_{1c}: Income level has a significant impact on loyalty programme membership.

Furthermore, consumer purchase intention comes from

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consumers' perception on benefits and values acquisition, and it is a important key to predict consumer purchase behavior. Monroe and Krishnan (1985) submitted that perceived value and perceived quality will influence purchase intention, and more is the perceived value and perceived quality, higher is the purchase intention. Zeithaml (1988) also suggested that higher perceived benefits leads to higher purchase intention. Thus it is proposed that:

H₂: Perceived benefits play a significant influence on purchase intention of customers.

Lars Meyer-Waarden (2006) suggested that loyalty programmes effect purchase behaviour for both market leaders and smaller retailers. The study highlighted that cardholders display significantly different purchase behaviour to non-card members, irrespective of time and shopping area. Thus it is proposed that:

H₃: Loyalty programme membership plays a moderating role between perceived benefits and purchasing intentions of customers in Jammu city.

Need of the Study

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There is considerable debate regarding the effectiveness of loyalty programmes in influencing purchase intention of customers. Empirical research has focused on the benefits of loyalty programmes from a firm's perspective (Bolton, et.al, 2000; Lewis, 2004), leaving open the question of how members perceive loyalty programmes and which benefits they may perceive from their participation in such programmes that influence their purchase behavior and loyalty. Positive outcomes of loyalty programmes for the firms have been established by many studies, yet little research examines customer perceptions. Therefore, there is a need for companies to investigate the perceptions of loyalty programmes among the customers so as to influence their purchase behavior and increase their membership and participation, thereby, resulting in extraction of maximum benefits from the investments made in such programmes. This can help the companies to target the customers for loyalty programme membership and create loval customers. Also, literature suggests that perceived benefits have a significant influence on purchase intention of customers. This paper intends to study this relationship among customers in Jammu city and also finds the role of loyalty card membership in defining this relationship.

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Research Methodology

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The study was conducted in organized retail sector in Jammu city using survey method. The research is descriptive in nature. Questionnaire was designed using existing scales. Perceived benefits scale used for the study was originally designed by Mimouni-Chaabane and Volle in 2010 and further validated in the Indian context by Sunny Bose and Venu Gopal Rao in 2011. The items for Purchase intention scale were adopted from Jin and Suh (2005).

In all there are 3 items for purchase intention of loyalty programmes 16 items for perceived benefits that measures five types of perceived benefits of loyalty programmes in the selected scale making a total of 19 items. The study uses 7-point Likert scale in the questionnaire ranging from 1 "strongly disagree" through 7 "strongly agree", with a midpoint labelled 4 "neither agree nor disagree. The analysis of data was done using SPSS 16.0.

Before the actual data collection, a pre study was conducted on a sample of 30 respondents from the area of study. The cronbach alpha value of the responses came out to be 0.812 suggesting reliability of the measuring instrument. In pre-test questionnaire, it was asked from the respondents about the most preferred organized apparel retail store in Jammu city based on which the stores for the study were selected. The stores selected for conducting the research are shown in *Table 1* with characteristics of their loyalty programmes.

Later, data was collected from respondents who were shopping in stores selected for the study. A probability sampling method has been used in selecting participants for the data collection. Interval sampling method is used while data collection, selecting every fifth respondent entering the stores. During data collection it was ensured that the respondents consisted of both loyalty programme members and non-members. This selection was done to ensure that perceptions of both members and nonmembers were obtained during the data collection.

Data Collection

Data was collected from respondents who were shopping in the selected apparel stores (Westside, Kapsons and Yougal sons) in Jammu city. A total of 200 questionnaires were distributed and after screening 178 questionnaires were found to be valid. The response rate was 89%. Among the valid questionnaires, 122 respondents were the members of loyalty programme of atleast one store and 56 were not the members of any loyalty programme.

Data Analysis: Reliability of Data

To test the reliability of the data so collected reliability analysis was conducted using cronbach alpha. Both the constructs have cronbach alpha value above minimum acceptable score of 0.7 (Gerbing and Anderson, 1988), thereby indicating high reliabilities. Moreover the instrument for the study is built by using items from existing validated scales, hence addressing face validity. Concurrent validity was established by correlating the composite score of each scale with its overall measure. Results showed excellent correlation coefficients ()

Store	Loyalty card	Card type	Features
Westside	Club card	Card with a bar code	point collection that can be redeemed on reaching a particular number.
Kapsons	Coupon card	Coupon card with coupon code	discount on next purchase of minimum specified amount.
Yougalsons	Membership card	Simple paper card/Card with a bar code	on spot discounts

Table 1. Cha	racteristics (of the	Lovalty	Programmes	of the	Selected	Stores
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Table 2. Characteristics of Measurement Items Used in the Study

Construct	Number of items	Source of items	Reliability (Cronbach alpha)	Concurrent validity (Correlation coefficient)
Perceived benefits	16	Sunny Bose and Venu Gopal Rao (2011)	0.86	0.79
Purchase intention	3	Jin and Suh (2005)	0.89	0.82

(perceived benefits= 0.79; purchase intention= 0.82; p<0.01).

Data Analysis: Demographic Profile

Demographic information was obtained from the initial questions of the questionnaire and respondents were required to tick the boxes relevant to them. The demographic variables in the study included- age, gender and income.

Respondents According to Gender

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While collecting the data, it was taken care that there is an equitable representation of gender to understand the impact of gender on the loyalty programme membership. Therefore, among the 178 respondents, 96 (53.9%) were females and 82 (46.1%) were males shown in *Table 2* below. Table 5 shows that at 5% level of significance p value lies in critical region (0.122 > 0.05) therefore, it can be concluded that gender does not have a significant impact on loyalty programme membership. It implies that males and females do not show any distinct behavior in becoming member of a loyalty programme. Thus, the hypothesis H_{1a} stating that gender has a significant impact on loyalty card membership is not supported.

Respondents According to Age Groups

The respondents consisted of various age groups. The *Table 6* below shows the various age groups and the number, percentage and loyalty programme membership of respondents corresponding to them.

One way ANOVA was applied to analyse the impact of age groups on loyalty programme membership which gave significant p value shown above in *Table 8*. Hence, it can be concluded that age has a significant impact on

Table 3.Gender and LP Membership

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Gender	No of respondents	%age value	Members	Non Members
Female	96	53.9	61	35
Male	82	46.1	61	21
Total	178	100	122	56

 Table 4.
 t test: Gender and Loyalty Programme Membership

	Gender	Ν	Mean	Std. Deviation	Std. Error Mean
LP membership		82	1.26	.439	.048
	2	96	1.36	.484	.049

Table 5. Independent Samples Test: Gender and Loyalty Programme Membership

		Levene Equality o	's Test for of Variances	t-test for Equality of Means						
									5% Cor Interva Diffe	nfidence 11 of the rence
		F	Sig.	Т	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
LP mem- bership	Equal variances assumed	9.857	.002	-1.555	176	.122	108	.070	113	104
	Equal variances not assumed			-1.567	175.333	.119	108	.069	113	104

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Age group	No of respondents	%age value	Members (No./Percentage)	Non Members (No./Percentage)
21-30years	38	16.85	30/24.59	8/14.29
31-40 years	49	20.22	37/30.33	12/21.43
41-50 years	48	24.16	36/29.51	12/21.43
51-60 years	35	25.28	18/14.75	17/30.36
61 and above	8	10.68	1/0.82	7/12.5
Total	178	100	122/100	56/100

 Table 6.
 Age Group and LP Membership

 Table 7.
 One way Anova: Age Group and LP Membership

LPmem	bership							
	N	Mogn	Std Doviation	Std Funor	95% Confider	nce Interval for Mean	Minima	Marcinaum
	N Mean		Sia. Deviation	Sia. Error	Lower Bound	Upper Bound	wiinimum	Maximum
1	38	1.21	.413	.067	1.07	1.35	1	2
2	49	1.24	.434	.062	1.12	1.37	1	2
3	48	1.25	.438	.063	1.12	1.38	1	2
4	35	1.49	.507	.086	1.31	1.66	1	2
5	8	1.88	.354	.125	1.58	2.17	1	2
Total	178	1.31	.466	.035	1.25	1.38	1	2

LP membership					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	4.387	4	1.097	5.582	.000
Within Groups	33.995	173	.197		
Total	38.382	177			

loyalty programme membership. Thus the Hypothesis H_{1b} stating that age has a significant impact on loyalty card membership is supported.

Respondents According to Income:

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The respondents consisted of various income groups. The *Table 9* below shows the various income groups and the

number, percentage and loyalty programme membership of respondents corresponding to them

One way ANOVA was applied to analyse the impact of age groups on loyalty programme membership which gave significant p value shown in *Table 11*. Hence, it can be concluded that income level has a significant impact on loyalty programme membership. Thus, the Hypothesis

Monthly Income	No of respondents	%age value	Members (No./Percentage)	Non members (No./Percentage)
10,000 - 30,000	22	12.36	16/13.11	6/10.71
31,000 - 50,000	34	19.10	24/19.67	10/17.86
51,000- 70,000	55	30.9	41/33.61	14/25
71,000- 100,000	46	25.84	35/28.69	11/19.64
Above 1 Lakh	21	11.8	6/4.92	15/26.79
Total	178	100	122/100	56/100

 Table 9.
 Income Level and LP Membership

	LPmembership										
	N	Maan	Std Daviation	Std Error	95% Confidence I	Interval for Mean	Minimum	Maximum			
	11	Mean Sia. Deviatio		Sia. Error	Lower Bound	Upper Bound	winnum	MUXIMUM			
1	22	1.27	.456	.097	1.07	1.47	1	2			
2	34	1.29	.462	.079	1.13	1.46	1	2			
3	55	1.25	.440	.059	1.14	1.37	1	2			
4	46	1.24	.431	.064	1.11	1.37	1	2			
5	21	1.71	.463	.101	1.50	1.92	1	2			
Total	178	1.31	.466	.035	1.25	1.38	1	2			

 Table 10.
 One way Anova: Income level and LP Membership

Table 11. ANOVA: Income Level and LP Membership

LP membership					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.868	4	.967	4.847	.001
Within Groups	34.514	173	.200		
Total	38.382	177			

 H_{1c} stating that income level has a significant impact on loyalty card membership, is supported

determination for relationship between perceived benefits and purchase intention came out to be 0.749 supporting the hypothesis H_2 stating that there is a significant influence of perceived benefits on purchase intention of customers.

Regression Analysis

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Regression analysis was done to determine the impact of perceived benefits of loyalty programmes on purchase intention of customers. Regression coefficient of On further analysis it was found that R^2 value for the respondents who are members (122) of a loyalty programme is 0.798 whereas it is 0.69 for the respondents who are not the members (56) of any loyalty programme.

Table 12. Regression Analysis: Perceived Benefits and Purchase Intention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.865 ^a	.749	.747	.307

a. Predictors: (Constant), Perceived benefits

b. Dependent Variable: Purchase intention

Table 13. Regression Coefficients: Perceived Benefits and Purchase Intention

	Unstandardized Coefficients		Standardized C	oefficients		
Model	В	Std. Error	Beta		Sig.	
1	(Constant)	.583	.097	5.993	.000	
	Perceived benefits	.850	.037	.865	22.890	.000

a. Dependent Variable: Purchase intention

Table 14. Regression Analysis of LP Members: Perceived Benefits and Purchase Intention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.893 ^a	.798	.796	.302

a. Predictors: (Constant), Perceived benefits

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Model		Unstandardized Coefficients		Standardized Coefficients		
		В	Std. Error	Beta		Sig.
1	(Constant)	.468	.109		4.295	.000
	perceived benefits	.868	.040	.893	21.770	.000

Table15. Regression Coefficients of LP members: Perceived Benefits and Purchase Intention

a. Dependent Variable: Purchase intention

Table 16. Regression analysis of LP non members: Perceived Benefits and Purchase Intention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.843 ^a	.690	.705	.252	

a. Predictors: (Constant), Perceived benefits

Table 17. Regression Coefficients of LP Members: Perceived Benefits and Purchase Intention

		Unstandardized Coefficients		Standardized Coefficients		
Model	В	Std. Error	Beta		Sig.	
1	(Constant)	.163	.224		.728	.000
	perceived benefits	1.096	.095	.843	11.502	.000

a. Dependent Variable: Purchase intention

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Thus it is clear from *Table 14* and *Table 16* that R² value between perceived benefits and purchase intention is different for two different groups of respondents i.e. members and non members of loyalty programmes. Thus, the two groups of respondents show distinct difference in their impact of perceived benefits on purchase intention grouped on the basis of loyalty programme membership thus, pointing that loyalty programme membership alters the relationship between the dependent and independent variable.

Moderation Test:

The study uses hierarchical regression analysis to examine the moderating effect. As shown in anova table Model 1 (without the interaction term) is significant F (2,175) = 261.8, p<0.001and model 2 (with the interaction term) is also significant F (3,174) =267.8, p<0.001.

Also as shown below, table 19 (model 2) shows that interaction between perceived benefits and loyalty

Model		Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	49.564	2	24.782	261.876		.000 ^a
	Residual	16.561	175	.095			
	Total	66.124	177				
2	Regression	54.353	3	18.118	267.821		.000 ^b
	Residual	11.771	174	.068			
	Total	66.124	177				

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Table 18.ANOVA^C

a. Predictors: (Constant), LP membership, Perceived benefits

b. Predictors: (Constant), LP membership, Perceived benefits, PB*LPmembership

c. Dependent Variable: Purchase Intention

Model	R	R Square	Adjusted R	Std. Error of	Change Statistics				
			Square	the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.866 ^a	.750	.747	.308	.750	261.876	2	175	.000
2	.907 ^b	.822	.819	.260	.072	70.802	1	174	.000

Table 19.Model Summary

a. Predictors: (Constant), LP membership, Perceived benefits

b. Predictors: (Constant), LP membership, Perceived benefits, PB*LPmembership

programme membership accounted for significantly more variance than just perceived benefits and LP membership by themselves R^2 change =.072, p<0.001, indicating that LP membership plays a moderating role between perceived benefits and purchase intention.

It is mentioned by Subhash Sharma et al. in their study 'Identification and Analysis of Moderator Variables' that "the type of moderator that influences the *strength* of the relationship, does not interact with the predictor variable, and is not significantly related to either the predictor or criterion variable is termed as homologizer". The term "homologizer variable" was coined by Johnson (reported by Zedeck 1971). In such a case "some individuals will have an R^2 higher than the total sample R^2 and others will have a lower one. If individuals are classified into subgroups on the basis of some variable, some groups will have higher predictive validity than the total sample and others will have a lower predictive validity. The variable used to form homogeneous groups, the homologizer, is deemed to be a moderator variable because it leads to different predictive validity coefficients between subgroups for the predictor variables". Based on the study by Subhash Sharma et al. the construct 'loyalty programme membership' is identified as 'homologizer moderator' as it gives different values of R^2 for two groups i.e. members and non members of loyalty programmes showing an enhancing effect.

Multiple Regression Analysis:

In perceived benefits scale included the various benefits that customers perceive from their membership in loyalty programmes which include monetary savings, exploration, entertainment, recognition and social benefits. Multiple regression analysis was done to know which benefits contribute more to impact on purchase intentions of customers. As shown in table below monetary savings was the best predictor followed by social benefits and entertainment benefits whereas exploration benefits and recognition benefits are the excluded predictor variables as they do not contribute

Monetary savings alone contributed to 34% of the variance whereas it was 50% with monetary savings and social benefits and 56% with monetary savings social and entertainment benefits. *Table 24* below gives significant p values for f tests.

Discussion and Conclusion

Customers in Jammu city hold favourable perceptions for loyalty cards and perceived benefits of loyalty programmes have significant influence on purchase intentions of customers. Also, programme membership has moderating role between perceived benefits and purchase intention

Model	Variables Entered	Variables Removed	Method
1	Mon	•	Stepwise (Criteria: Probability-of-F-to-enter <= .100, Probability-of-F-to-re- move >= .200).
2	Social	•	Stepwise (Criteria: Probability-of-F-to-enter <= .100, Probability-of-F-to-re- move >= .200).
3	Ent	•	Stepwise (Criteria: Probability-of-F-to-enter <= .100, Probability-of-F-to-re- move >= .200).

Table 20. Variables Entered/Removed^a

a. Dependent Variable: Purchase intention

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Table 21.Model Summary^d

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.718 ^a	.515	.513	.427
2	.839 ^b	.704	.701	.334
3	.846 ^c	.716	.711	.329

a. Predictors: (Constant), mon

b. Predictors: (Constant), mon, social

c. Predictors: (Constant), mon, social, ent

d. Dependent Variable: Purchase intention

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	34.080	1	34.080	187.178	.000 ^a
1	Residual	32.045	176	.182		
	Total	66.124	177			
	Regression	46.549	2	23.274	208.064	.000 ^b
2	Residual	19.576	175	.112		
	Total	66.124	177			
	Regression	47.317	3	15.772	145.925	.000 ^c
3	Residual	18.807	174	.108		
	Total	66.124	177			

Table 22.ANOVA^d

a. Predictors: (Constant), mon

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b. Predictors: (Constant), mon, social

c. Predictors: (Constant), mon, social, ent

d. Dependent Variable: Purchase intention

thus supporting the hypotheses. Moreover, Influence of perceived benefits of loyalty programmes on purchase intentions of customers is more for the loyalty programme members than the non members. Therefore, the stores should work on increasing the loyalty programme membership by enrolling more and more customers in their programmes so as to influence their purchase decisions positively.

In this line, managers should desigh their loyalty programmes such that customers perceive it to be beneficial to enroll themselves and participate in such programmes which will ultimately effect their purchase intentions. In addition to this, as monetary savings, social and entertainment benefits come out to be most important benefits that customers perceive, stores should include such benefits/rewards/features in their loyalty programme design.

Moreover, the study concludes that among the demographic variables under study age group and income level have a significant impact on loyalty programme membership of customers while gender does not exhibit such impact. Managers can target specific group of customers based on their demographics for loyalty programme memberships.

Retailers can use the loyalty programmes to understand and manage their customer database by determining the different values desired by customers and designing and improving them accordingly. They can collect valuable information about the customers so as to influence customers to keep long term relationship with them. Customers who enrol and participate in loyalty programmes do not always maintain a long term relationship with the store/organization. Most of the times, they are just cherry pickers and cannot be considered as loyal customers. Although, influencing such customers to build long term relationship with the store/organization can convert the cherry pickers into loyal customers.

Limitations of the Study

The study has certain limitations. Firstly, the research includes retail stores in Jammu city only and can be

extended to other regions and/or states of India. Also, the study concerns loyalty programmes in retail sector only, especially organized apparel retail stores, which limits generalization of results. Further research can be done in a broader area and different sector so as to verify that the results can be applied to other areas and sectors as well.

Additionally, programme membership cannot be the only moderating influence on perceived benefits of loyalty programmes and purchase intention relationship. The role of other variables in altering this relationship can be investigated in future studies.

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