

How Effective Are Loyalty Programs in Building Customer Loyalty within Grocery Retailing Settings

Loyalty programs in grocery retail are architects of enduring customer devotion, blending personalized incentives and curated experiences to transcend transactions and foster emotional connections. In the vibrant realm of grocery retail, cultivating customer loyalty is the ultimate aspiration for businesses navigating a competitive landscape. Amid many strategies, loyalty programs emerge as formidable tools that transcend the conventional give-and-take of transactions. These programs play a pivotal role in weaving a narrative of enduring customer dedication, crafting a complex web of connections and allegiance. In the ever-shifting grocery landscape, where choices are abundant, loyalty programs serve as guiding lights, leading customers through a personalized journey that extends well beyond the confines of store aisles.

[Impact of Digital Marketing in Generating a High Customer Base of Online Retailers](#)

Within this bustling retail environment, loyalty programs distinguish themselves by nurturing relationships that transcend the simple exchange of products for payment. They serve as conduits for personalized experiences, tailored incentives, and a genuine acknowledgement of each customer's intrinsic value. As businesses navigate the intricacies of evolving consumer preferences, loyalty programs are indispensable pillars, sculpting the narrative of loyalty in grocery retailing.

ABSTRACT

The primary objective of this research is to assess the efficacy of loyalty programs in fostering and nurturing customer loyalty, focusing on the grocery retailing sector. The study employs a quantitative research design that aligns with the study's nature and utilizes both primary and secondary data collection methods.

A sample size of 200 respondents from various grocery stores has been selected using judgemental sampling. The collected data is analysed using suitable statistical tools, specifically Microsoft Excel and SPSS. These tools apply correlation and regression techniques to achieve the study's overarching goal.

The findings indicate strong correlations between independent variables such as corporate image, commitment, trust, and customer satisfaction with the dependent variable. This implies a robust association between these factors and the effectiveness of loyalty programs in grocery retailing.

INTRODUCTION

Contemporary trends in the retailing sector underscore the widespread adoption of loyalty programs as a strategic tool to enhance customer loyalty (Dorotic, Bijmolt, and Verhoef, 2012: 217). There is a general expectation that these loyalty initiatives play a significant role in influencing customer purchase intentions.

While numerous studies acknowledge the integration of loyalty programs across various retail industries, there remains a notable gap in understanding the precise impact of these programs on consumer behaviour (Andreu, Sánchez, and Mele, 2010: 241). Motivated by this gap, this research investigates the influence of different customer loyalty programs on customer purchase intentions.

The primary objective of this study is to explore the extent to which loyalty programs contribute to enhancing customer loyalty. As Mandhachitara and Poolthong (2011: 122) highlighted, customer loyalty and loyalty programs have attracted considerable attention in the past decade. The researcher specifically seeks to unravel the relationship between customer loyalty and loyalty programs, focusing on their profitability in grocery retail.

This chapter is organized to provide a comprehensive introduction to the research topic, addressing key components such as the research problem, contextual background, significance, rationale, aims and objectives, and research questions. The chapter concludes by outlining the overall structure of the research.

• Contextual Background

In the United Kingdom, several discernible trends characterize the retail industry. Notably, in 2017, the ascent of E-commerce emerged as a prominent trend, signalling a shift in consumer preferences towards online shopping. Simultaneously, the experiential aspect of retail stores has witnessed continual growth and evolution. A noteworthy trend in the consumer market is the rise of conversational commerce, emphasizing more interactive and dialogue-driven approaches to facilitate purchases.

Moreover, adopting technology is expected to alleviate cost pressures within the retail sector. The industry is moving towards embracing agility at scale as the new norm, focusing on innovation, responsiveness, quality, and diversification as key drivers.

These factors, as outlined by Pantano (2014:344), collectively shape the landscape of the retail industry in the United Kingdom.

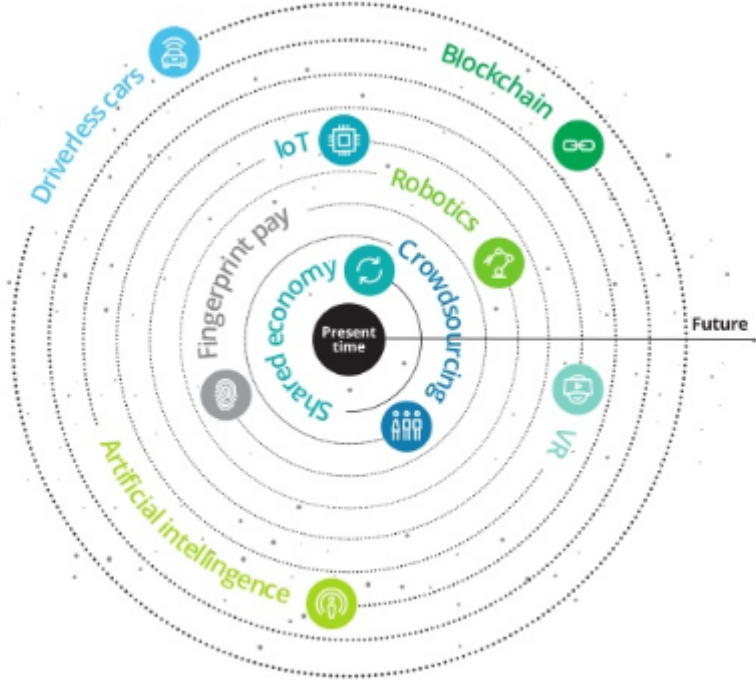


Figure 1 Disruptive Impact of Technology
(Source: Deloitte Analysis 2016)



Figure 2 Real Estate Reality Check
(Source: Deloitte Analysis 2016)

In our interconnected global landscape, the retail sector and grocery stores play a pivotal role in elevating service quality and diversifying product offerings (Varley, 2014). The current market reflects a surge in customer demands, necessitating a focus on enhancing customer satisfaction, product diversity and quality.

The retail industry significantly contributes to the growth of the service sector. Understanding and addressing customer needs is critical for retailers to foster loyalty and satisfaction, cultivating long-term relationships between sellers and buyers. Customer loyalty, characterized by repeated purchases, is influenced, as noted by Kim, Holland, and Han (2013: 313), primarily by service and product quality—two pivotal variables for [effective marketing strategies](#).

The Global Industry Classification Standard (GICS) classifies retailers as entities responsible for various aspects, including procurement, enlargement, ownership, management, and operation of shopping malls, outlet malls, and vicinity shopping centres. Consumer involvement during the purchasing phase categorizes retailers, with grocery and apparel demonstrating low consumer involvement, while furniture and electronics involve high consumer participation. In today's highly competitive retailing landscape, market research becomes crucial for understanding market trends related to variety-seeking, supplier switching, and evolving consumer needs.

Products and services augment customer loyalty and satisfaction (Picon Castro & Roldan, 2014:746). Organizations recognize that improving services can increase customer satisfaction and loyalty, enhancing profit margins. Organizations must adapt to technological trends in the [dynamic business environment](#), introducing innovative products to stay competitive.

Pricing strategies are integral to the retail industry, influencing product sales and profit margins. Effective strategies are employed to sustain and thrive in existing markets, considering the evolving business environment with technological innovations and changing consumer preferences.

Loyalty programs are influential tools in relationship marketing to cultivate customer loyalty (Brashear-Alejandro, Kang & Groza, 2016:1190). These programs offer mutual benefits to both organizations and customers. Retaining existing customers is deemed more cost-effective than acquiring new ones, making customer loyalty a crucial aspect for organizations aiming for sustainable profit margins.

Statistics suggest that retail businesses lose around 25% of customers annually, and a modest increase in customer satisfaction can lead to a substantial 25% boost in profit gains. Organizations develop retention strategies, understanding that retaining customers facilitates the development of long-term relationships. With long-term

relationships, customers become brand-loyal, resisting switches to other brands and potentially overlooking alternative offers.

[Relationship Between Reverse Logistics And Customer Satisfaction](#)

Loyal customers, as indicated by Reibe et al. (2014:990), exhibit characteristics such as increased efficiency in decision-making, higher consistency in choices, reduced perceived risks in future decisions, and a decreased information processing phase when searching for new products or brands. This underscores the importance of fostering customer loyalty in the retail industry.

• **Research Problem**

To enhance customer loyalty, the retail sector has introduced novel loyalty programs to bolster customers' inclination towards purchasing (Kumar, 2010). These loyalty programs employ integrated marketing techniques, fortifying communication channels with customers and, in turn, fostering heightened customer loyalty. The dynamics of customer loyalty and loyalty programs have been extensively researched, leading to conflicting perspectives among researchers. Thus, an ongoing debate revolves around the extent to which loyalty programs significantly contribute to elevated customer loyalty.

[Luxury Marketing and Branding: An Evaluation under BLI \(Brand Luxury Index\)](#)

This research elucidates grocery retailing companies' challenges and hurdles in cultivating increased customer loyalty. While prior studies have comprehensively delved into this subject, they may have overlooked certain challenges in the retailing sector (Omar and Fraser, 2010: 211). This research aims to systematically present all the difficulties grocery retail industries face in their quest to enhance customer loyalty.

A fundamental issue driving this research is identifying essential loyalty programs for establishing and fortifying customer loyalty. Previous research has emphasized the importance of loyalty programs for customer loyalty (Blocker, Flint, Myers, and Slater, 2011: 216). However, this study aims to underscore the significance of customer loyalty programs and their effective role in cultivating customer loyalty within the grocery retailing industry in the United Kingdom.

• **Aims and Objectives**

Taking these considerations into account, the study outlines the following objectives:

1. **Examine the Notion of Customer Loyalty in the Grocery Retailing Environment:** Explore the fundamental understanding of customer loyalty in grocery retailing, exploring its key aspects and determinants.
2. **Assess the Ubiquity of Loyalty Programs in Fostering Customer Loyalty in UK Grocery Retailing:** Investigate the prevalence and scope of

loyalty programs within the grocery retail sector in the United Kingdom, focusing on their role in cultivating and sustaining customer loyalty.

3. **Evaluate the Efficacy of Loyalty Programs Implemented by Grocery Retailers in Enhancing Customer Loyalty:** Analyze and gauge the effectiveness of loyalty programs adopted by grocery retailers, assessing their impact on customer loyalty and identifying key success factors or challenges.
4. **Propose Recommendations Based on Research Findings for Augmenting Customer Loyalty Through Loyalty Programs:** Based on the insights garnered from the research study, formulate practical and actionable recommendations to further enhance customer loyalty within the grocery retailing sector through the strategic implementation of loyalty programs.

● **Research Questions**

The study's research inquiries encompass the following:

1. **Understanding Customer Loyalty in Grocery Retailing:**
 - What defines the concept of customer loyalty within the grocery retailing environment?
2. **Examining the Extent of Loyalty Programs in Cultivating Customer Loyalty in UK Retail Establishments:**
 - To what degree are loyalty programs prevalent and impactful in fostering customer loyalty in retail stores across the United Kingdom?
3. **Assessing the Impact of Grocery Retailers' Loyalty Programs on Customer Loyalty:**
 - How effectively do grocery retailers implement loyalty programs to influence and sustain customer loyalty?
4. **Identifying Recommendations for Augmenting Customer Loyalty Through Enhanced Loyalty Programs:**
 - What practical recommendations can be proposed to strengthen and optimize customer loyalty through loyalty programs in the retailing context?

● **Rationale of the study**

Consumer loyalty emerges from attitudes and behaviours, leading individuals to favour one brand over another. This allegiance is cultivated through various factors, including satisfaction with a product or service, its performance, ease of availability, and the comfort and familiarity associated with a particular brand.

Customer loyalty is a nuanced process influenced by multiple variables. Commitment, trust, and satisfaction are crucial variables that contribute to maintaining customer relationships and can positively impact repeat purchases. While existing literature explores the concept of customer loyalty, there is a gap in understanding the relationship between its antecedents, particularly within the diverse landscape of the retail industry.

Furthermore, limited research has explored the significant impact of quality, satisfaction, trust, and commitment on customer loyalty across various retail segments. Therefore, this study is designed to pinpoint the factors influencing customer loyalty within retail settings. It is acknowledged that customer loyalty programs can play a pivotal role in establishing enduring relationships with customers, providing organizations with a means to cultivate loyalty and drive profits. However, the application of customer loyalty programs in the retail sector remains understudied. Hence, this research aims to uncover the impact of loyalty programs on building and sustaining customer relationships.

• **Significance of Study**

Al-Rousan and Mohamed (2010: 886) posited that loyal customers stand out as a critical success factor for businesses, with loyalty programs and practices serving as pivotal catalysts in fostering customer allegiance to specific products or services. This research endeavours to significantly contribute to comprehending customer loyalty dynamics and the impact of loyalty programs.

Moreover, this study is crucial in elucidating the factors influencing customer loyalty, particularly as retailing industries deploy diverse strategies to enhance customer purchase intentions in today's fiercely competitive business landscape (Sorescu et al., 2011: S3). It is anticipated that the insights derived from this study will prove beneficial for retail business managers seeking innovative offerings and products to secure a distinctive position amidst this competitive milieu.

In addition to its immediate applications, this research is poised to provide valuable insights into the marketing strategies employed by diverse grocery and retailing companies. The researcher envisions this study serving as a valuable resource for future researchers in this domain, offering essential data and information on customer loyalty dynamics and the impact of loyalty programs.

The study also explicitly outlines the key reasons for adopting customer loyalty programs within the grocery retailing sector, thereby contributing valuable insights that can guide future research. Furthermore, the research aspires to deepen our understanding of the motivational and incentivizing factors that shape customer loyalty, aligning with Jahanshahi et al.'s perspective (2011: 253) that loyalty programs amplify

customer motivation to endorse products and services they have used and found satisfactory. Consequently, this research holds significant value in comprehending customer preferences and expectations from retailing services.

- **Defining Key Terms**

Defining key terms involves providing clear and concise explanations of specific terms or concepts within a study, ensuring a shared understanding among readers and researchers. This process establishes a common language and foundation for precisely interpreting critical elements within the research context.

- **Loyalty Program**

Organizations create loyalty programs to acknowledge and reward valued customers who make regular product purchases (Steinhoff & Palmatier, 2016:88).

- **Customer Loyalty**

Consumer loyalty stems from attitudes and behaviours, leading individuals to favour one brand over another. Multiple factors contribute to the development of customer loyalty, encompassing satisfaction with a product/service, its performance, accessibility, comfort, and familiarity with the brand (Chen, 2015:107).

- **Corporate Image**

Corporate image pertains to an organisation's reputation, encompassing people's perceptions about a brand whenever the organization is mentioned (Johnson & Zinkhan, 2015:346).

- **Customer Satisfaction**

Customer satisfaction is assessing how well an organization's products or services meet the customers' needs, demands, or expectations for a brand (Sengupta, Balaji, & Krishnan, 2015:665).

- **Commitment**

Commitment entails a devoted and enthusiastic approach to a particular cause or activity. In the context of the workforce, employee commitment signifies dedication to work processes (Nasir, Abbas, & Zafar, 2014:183).

- **Quality in Retail**

In service and manufacturing organizations, emphasizing quality is crucial for enhancing competitiveness. The amalgamation of products and services constitutes an organisation's overall quality, encompassing tangible and intangible elements to cultivate satisfied and loyal customers. Quality contributes to competitive advantage and fosters organisational customer loyalty (Mitra, 2016). Researchers are actively working to discern factors influencing the quality of products and services.

• **Structure of Study**

This research study comprises five chapters, each intricately connected and dedicated to distinct themes and research objectives.

The first chapter, the introduction, offers a concise overview of the research. It outlines the study's background, aims, objectives, research questions, problem statement, and the significance and rationale of the study. Additionally, key terms are defined, and the overall structure of the dissertation is outlined.

Moving to the second chapter, the literature review, the researcher delves into key customer loyalty and loyalty program concepts. Various factors influencing customer loyalty in retail grocery settings are explored, along with examining different customer loyalty programs. The researcher establishes connections between loyalty programs and customer loyalty, culminating in the presentation of the conceptual framework.

The third chapter, Research Methodology, details the methods employed for sample data collection. Sections within this chapter include the research approach and strategy, research design, research philosophy, methods of sampling and data collection, research hypotheses, and the data analysis plan. Ethical considerations and study limitations are also highlighted in the conclusion of this chapter.

Chapter four focuses on the critical analysis of data obtained from respondents, utilizing the SPSS tool for quantitative analysis to address the research questions formulated in the initial chapter.

The final chapter, conclusion and discussion, offers a comprehensive research summary. The researcher provides several recommendations as a conclusion to the study.

LITERATURE REVIEW

The literature review critically examines existing scholarly works on customer loyalty and loyalty programs within retail grocery settings. This comprehensive analysis explores key concepts, factors influencing customer loyalty, and the diverse landscape of loyalty programs. By synthesizing and connecting these insights, the literature review

establishes a robust conceptual framework that guides the subsequent research chapters, fostering a deeper understanding of the intricate relationship between customer loyalty and loyalty programs in the retail sector.

• **Customer Loyalty**

Loyalty has been a central focus of research for decades, with investigations spanning diverse contexts such as service loyalty (Caruana 2002: 812; Butcher et al. 2001: 312; and Gremler and Brown 1996: 179), store loyalty (Reynolds and Arnold 2003: 79; Czepiel 1990: 15; and Beatty et al. 1996: 226), brand loyalty (Jacoby and Chestnut 1978; Massy et al. 1970; and Sheth 1968: 397), and e-loyalty (Srinivasan et al. 2002: 49). The widespread acceptance of the concept of customer loyalty has led to numerous global research initiatives exploring its correlation with financial outcomes (Fredericks et al. 2001: 26), customer satisfaction (Oliver 1999; and Hallowell 1996), customer value (De Ruyter and Bloemer 1999: 326), service quality (Kandampully 1998), loyalty programs (Bolton 2000: 97), trust (Singh and Sirdeshmukh 2000: 156), and commitment (Pritchard et al. 1999: 339) across various industries and sectors, from telecommunications to automobiles.

Despite decades of study, scholars and experts still lack consensus regarding understanding customer loyalty (Reinartz and Kumar 2002: 89). Notably, there is no universally accepted definition of customer loyalty, leading to challenges in effectively operationalizing the concept. This lack of consensus is particularly evident in the transposition of the concept of brand loyalty and its underlying factors into loyalty to the brand, a phenomenon commonly observed in the case of customer loyalty. However, academic discourse contends that the concept of customer loyalty is, in fact, the inverse of this transposition.

Conversely, numerous journal articles have employed the concept of loyalty capriciously and interchangeably. For example, Schultz and Bailey (2000) conducted a study investigating and evaluating customer/brand loyalty within a highly competitive business environment (p 49). It is noteworthy that sources of loyalty are used interchangeably in this study, presenting a contradiction with existing literature. Finally, McMullan and Gilmore (2003) have proposed that behavioural loyalty measures have been under scrutiny for several years, maintaining a significant role in general operationalising customer loyalty and loyalty (p 239).

Given the range of perspectives on defining customer loyalty, it becomes evident that it can only be articulated with a certain degree of abstraction; otherwise, it remains a concept that can only be anticipated and construed. In light of this, McMullan and Gilmore (2003) contend that there is a need for consensus regarding the definition and models of customer loyalty to enhance, modify, and diagnose it. Taking this into account, they also highlight that various scales measuring the validity and reliability of

customer loyalty have been comprehended and assessed to prevent any misinterpretation or misunderstanding of the concept in the business environment.

Based on the existing literature, it is proposed that customer loyalty is centred around the attitudes and behaviours of customers, leading them to prefer specific brands in the modern business landscape over those offered by competitors (Orel and Kara 2014: 119). Customer loyalty has been consistently asserted to wield a significant influence, motivating customers to consistently choose and purchase goods and services from a particular retailer. In this context, Peiguss (2012) defines customer loyalty as the willingness of customers to choose and buy products and services in the market, specifically in contrast to offerings from competitors.

Furthermore, Kumar and Reinartz (2016) have pointed out that companies consistently strive to foster customer loyalty by providing unparalleled experiences and high-quality products and services. This approach encourages customers to revisit for a similar experience rather than opt for alternatives. It is posited that once customers are influenced and motivated to engage with a company's products and services, they are likely to maintain a substantial interest in the offerings, even if the company doesn't necessarily have the best quality service or price (Srinivasan et al. 2002: 49).

Contrastingly, Zikmund et al. (2002) contended that loyalty goes beyond mere repetitive behaviour. From their perspective, customers can exhibit loyalty to various aspects such as the brand, price, quality, or even other customers. However, Zikmund et al. (2002) emphasized the crucial significance of customer satisfaction for companies. They noted that customer satisfaction plays a vital role in influencing customers to make repeat purchases, driven by the unique and unparalleled services provided by the company.

In this context, Srinivasan et al. (2002: 49) highlighted that customer loyalty is consistently influenced by factors such as emotional bonding, habits, purchase history, customer satisfaction, trust, and the overall history with the company. Therefore, Peiguss (2012) asserted that customers' contentment regarding the products and services provided by the company should be regarded as its success and a competitive advantage.

• **Importance and Benefits of Customer Loyalty**

Under the findings of Kumar and Shah (2004), it has been suggested that building and maintaining outstanding customer loyalty has become a rising concern for companies. Since companies offer almost identical products and services, they have relied upon customer loyalty to ensure that customers prefer the products and services they offer rather than switch to other offerings in the intensely competitive business environment.

Considering this, Markin (2001) argued that customer loyalty has played an influential role in the success and growth of companies; therefore, companies have relied

extensively on keeping customers loyal rather than replacing them with potential customers. Furthermore, Kumar and Shah (2004) highlighted the most prominent advantages associated with customer loyalty, which include;

- Price sensitivity decreases in loyal customers.
- Loyal customers are more inclined to spend quality time with the company rather than seeking other companies that could satisfy their demands.
- Loyal customers tend to share their outstanding experience and association with the brand, which eventually encourages others to purchase the goods and services offered by the company (p. 319).

Some of the other benefits associated with customer loyalty in the contemporary business environment are as follows;

● **Economic and Non-economic Benefits**

In the contemporary business environment, the foremost objective of both local and international organisations is to maximise profitability while ensuring that the company's stakeholders are satisfied with the financial performance, productivity and operational efficacy. Considering this, Ahmad and Buttle (2001) indicated that customer loyalty has allowed companies to transform their customers into clients, eventually resulting in an enhanced customer base (p. 31). Since loyal customers are more inclined to remain with the company for the long term, they tend to overlook other companies offering identical products and services, which eventually enhances the likelihood of the company retaining its loyal customers easily and conveniently (Liu 2007: 31). The retention of loyal customers offers economic benefits to the company which includes;

- Customer loyalty reduces the costs associated with the acquisition and replacement of existing customers.
- The retention of customers based on loyalty increases the performance and productivity of the company.
- The operating costs significantly reduce as loyal customers are more inclined to share their experiences with others in society and the community, eventually increasing the likelihood of gaining new customers with minimal advertisement and promotional campaign costs.
- Loyal customers are more willing to pay premium prices for the company's superior quality goods and services than waiting for promotional offers.

On the other hand, it has been indicated that loyal customers are interested in offering feedback and opinions about the products and services, which eventually provides the

company with an opportunity to improve its quality delivery time service and product features to ensure that customers are offered additional value (Ahmad and Buttle 2001).

- **Relational Benefits for Consumers and Company**

In the intensely competitive business environment, it has become important for companies to develop outstanding customer relationships. In this regard, Marzo et al. (2005) argued that the concept of loyalty has played an influential role in helping companies develop relationships with customers while ensuring that the promises and expectations of the customers are met effectively.

As a result of customer loyalty, companies have expanded their relationship with existing customers while ensuring that new promises to potential customers are kept optimally (Gustafsson et al. 2005: 216). In the light of academia, it has been indicated that maintaining a stable relationship with the customers has eventually increased their confidence in the company's offerings and has significantly reduced the risk of switching to other companies.

Furthermore, the other advantages associated with customer relationships include achieving economies of scale and operational excellence (Rauyruen and Miller 2007: 27).

The benefits of developing and maintaining outstanding customer relationships can be broadly categorised into social and functional benefits. On the one hand, social benefits are more concerned with the comfortable and pleasant relationship with the customers. Moreover, Marzo et al. (2005) indicated that developing a stable relationship with the customers eventually reduces problems associated with the purchase; thus, the company can improve its overall efficacy concerning decision-making. On the other hand, the functional benefits associated with customer loyalty include convenience, time-saving, and purchasing decisions (Rauyruen and Miller 2007: 27).

Concerning the relational benefits for the company, it has been indicated that companies have the opportunity to retain their existing customers rather than work towards attracting potential customers (Palmatier et al. 2007: 197). In this regard, it has been indicated that customer loyalty has played an influential role in improving the overall growth and success of the business by engaging the customers with the products and services offered. Furthermore, loyalty amongst the customers also helps the company establish and strengthen the communication route with the customers, eventually preventing the competitors from setting higher prices for the products and services they offer (Palmatier et al. 2007: 197).

- **Retention of Customers**

In light of the literature, it has been indicated that the company's loyal customers are more inclined to purchase the products and services offered. In particular, they tend to spend 67% more than the potential or new customers of the company (Singh 2006: 197). Considering the statistics, it has been revealed that companies have focused on building extensive relationships with the customers to ensure that they are satisfied with the offered products and services, which eventually results in the loyalty of the customers (Bell et al. 2005: 171).

Furthermore, it has been indicated that acquiring new customers in the intensely competitive business environment is problematic for the company, considering its associated costs. In this regard, companies have focused on retaining customers based on satisfaction and loyalty, and only 5% of the company's loyal customers can increase the company's profitability by 85% (Zineldin 2006: 437). With this into consideration, companies have focused extensively on the retention strategy to ensure they can increase their profit margin while reducing the additional costs associated with the business.

• **Customer Lifetime Value**

Customer lifetime value has been argued to be the company's net profitability, frequently attributed to the extensive customer relationship (Kim et al. 2006: 106). In simpler words, the concept focuses on investigating and measuring the worth and value of the customers in the present years, followed by the projected value of the customers in the forthcoming years. In this regard, it has been found that companies have increased the lifetime value of the customers through the inclusion of the customer loyalty concept into their operations, where the foremost goal is to ensure that the customers are satisfied and committed towards the organisation as well as its offerings (Meyer-Waarden 2007: 233).

Furthermore, it has been indicated that retailers have introduced and implemented the concept of loyalty and reward programmes, which have eventually offered the companies behavioural data of its customers and their [buying patterns](#) (Malthouse and Blattberg 2005: 7). Since customers have frequently purchased goods and services based on their emotions companies have considered this data in offering the customers information related to the benefits associated with the usage of the brand (Malthouse and Blattberg 2005: 7). This eventually creates interest amongst the customers which ultimately leads to the purchase of offered products and services.

[Impact of Social Media Marketing on Consumer Buying Behaviour](#)

Furthermore, the definition of customer loyalty revolves around both attitudinal and behavioural aspects. Considering this, it has been highlighted by Allaway et al. (2011) that customers tend to spend approximately 78% at retail stores' meanwhile, the

percentage of loyal customers was 32% greater than the other customers in the marketplace (: 199).

Considering this, companies have changed their opinions and perspectives about customer loyalty and have ultimately acknowledged them as beneficiaries of the company (Li and Green 2011: 1). Since loyal customers bring continuous cash flows into the business, companies have frequently offered their customer base a variety of products and differentiated services to ensure that they would remain loyal to the company and its offerings which is similar to the concept of additional selling and cross-selling.

In particular, companies have continually worked towards the enhancement of familiarity of the customers with the offered products and services, which eventually offer the company an opportunity to create cost advantages (Li and Green 2011: 1).

On the other hand, it has also been indicated that loyal customers tend to spread positive word-of-mouth marketing, significantly reducing the company's costs associated with marketing and advertisement (Rowley 2004: 127). Furthermore, the literature has indicated that loyal customers are more interested in helping the company improve the features and characteristics of their brands through feedback and complaints.

Similarly, Johnson et al. (2006) have indicated in the research study that loyal customers have continually ignored competitors' marketing communication and advertisements, which implies that loyal customers have frequently resisted the offers of competing firms (p. 129).

• **Factors Affecting Customer Loyalty**

As per Ball et al. (2004), numerous antecedents and factors influence customers' loyalty in both business-to-consumer and business-to-business settings. They have categorized these antecedents into four groups, outlined as follows:

| Characteristics of the Environment | Characteristics of the Dyadic Relationship | Characteristics of the Consumer | Consumer perceptions of the firm or the relationship with the marketing firm |
|--|---|---|--|
| <ul style="list-style-type: none"> • Competitive attractiveness and perceived switching costs (Jones et al., 2000) • Technological changes (Parasuraman and Grewal, 2000) • Legal, economic, or environmental changes | <ul style="list-style-type: none"> • Shared norms (such as solidarity, mutuality, flexibility, and conflict/complaint resolution) (Gundlach et al., 1995) • Equity (Oliver and Swan 1989) • Spatial proximity and relationship duration (Price et al., 1995) | <ul style="list-style-type: none"> • Relationship tendency or proneness (Ganesh et al., 2000) • Deal proneness (Lichtenstein et al., 1995) • Involvement in the category | <ul style="list-style-type: none"> • Overall product or service satisfaction (Oliver 1997) • Performance trust and Benevolence trust (Ganesan, 1994) • Depth or value of communication (Morgan and Hunt, 1994) • Firm or brand image (Anderson and Weitz, 1989) • Relationship quality (Crosby et al., 1990) • Relationship satisfaction (Morgan and Hunt, 1994) |

Figure 3: Antecedents of Customer Loyalty

Source: Ball et al. (2004)

Following are some of the most commonly accepted antecedents of customer loyalty in the contemporary business environment;

- **Service Quality**

As defined by Fogli (2006), service quality refers to customers' attitudes and behaviours towards the provided service, culminating in their overall perception of the service's excellence or inferiority within the business environment. Fogli (2006) further posits that service quality, as an antecedent of customer loyalty, involves the cognitive judgment of customers regarding the offered product and service.

Given the significance of quality, it is emphasized that companies should prioritize the quality of services provided to customers. In the fiercely competitive business landscape, Stafford et al. (1998) argued that companies have heightened their focus on service quality and customer satisfaction (p. 429). Furthermore, the literature suggests a

positive correlation between service quality and word-of-mouth marketing, indicating that satisfied customers are more inclined to advocate products and services to friends and family based on their quality (Sivadas and Baker-Prewitt 2000: 77).

Similarly, research has demonstrated that loyal customers are willing to pay premium prices for goods and services associated with superior quality (Huang and Huddleston 2009: 979). Wong and Sohal (2003) conducted a study to assess the impact of service quality on customer loyalty at two distinct levels: the store level (i.e., person to the firm) and the interpersonal level (i.e., person to person).

The findings revealed a significantly stronger relationship between customer loyalty and service quality. Moreover, the study emphasized that the strength of the relationship between the company and customers was more robust at the store level compared to the interpersonal level. At the store level, tangible elements and empathy emerged as crucial predictors of loyalty, as highlighted in the study by Wong and Sohal (2003: 499).

- **Customer Satisfaction**

Customer satisfaction, as elucidated in the literature, is the outcome of customers evaluating their perceptions of the actual performance of a brand against their expectations (Deng et al. 2010: 297). In line with this definition, customer satisfaction is construed as the fulfilling response of customers, where they assess the characteristics and features of products and services to provide them with a gratifying experience (Akbar and Parvez 2009).

Numerous studies over the years have delved into examining the role and impact of customer satisfaction in bolstering levels of loyalty among consumers. It has been disclosed that satisfaction serves as a catalyst, motivating consumers to prefer a specific brand over others in the marketplace, thereby ensuring that customers frequently choose to purchase the goods and services offered by the company (Chang et al. 2009: 441).

- **Trust**

Trust in the contemporary business environment has been argued as an important element that has helped consumers and customers develop a relationship with the brand (Martinez and Del Bosque 2013: 91). The concept of trust under the light of academia has been defined as the willingness of the customers to be vulnerable to another party's actions based on their expectations. In this regard, it has been suggested that customer trust is developed based on integrity and honesty in business communication (Luarn and Lin 2003: 159).

Likewise, Chaudhuri and Halbrook (2001) highlighted the importance of trust and credibility concerning customer loyalty (: 88). In particular, they argued that loyalty

amongst customers is directly affected by trust; meanwhile, Singh and Sirdeshmukh (2000) argued benevolence as an important factor affecting and explaining the concept of loyalty. Likewise, Ball et al. (2004) highlighted that trust is an important factor for companies operating in intensely competitive business environments, indicating that lack of trust always obstructs the formation of loyalty.

- **Commitment**

In light of the literature, commitment is among the important factors affecting loyalty among consumers and customers (Dimitriades 2006: 787). In this regard, it has been indicated that commitment has influenced the customers to continue their association and relationship with the company. Considering this, it has further been indicated that relationships between consumers and companies are based on mutual commitment (Mattila 2004: 137).

On the other hand, Moorman et al. (1992) defined the concept of commitment as the enduring desire and attitude of the individual towards a specific brand, which implies that commitment influences individuals to become emotionally connected to the products and services offered by the company while sustaining the desired forever-lasting relationship (: 314). Furthermore, the study conducted by Jones et al. (2010) was focused on evaluating and investigating the dimensions of commitment as a construct; therefore, the study was primarily concerned with the importance of consumer loyalty in terms of willingness to pay higher prices for acquiring the offered products and services followed by repurchase intentions altruism and advocacy. In light of the literature, commitment has played an important role in reducing consumers' and customers' switching intentions, considering the variety of identical and similar products and services in the marketplace (Fullerton 2005: 1373).

- **Corporate Image**

Corporate image has been argued to impact consumer loyalty and satisfaction levels significantly. With this in consideration, research conducted by Minkiewics et al. (2011) indicated that corporate image can be defined as the stakeholders' beliefs, feelings, and attitudes towards the organisation and its products and services (193). The study also agreed and acknowledged the findings of Bosch et al. (2006), where it was revealed that corporate image has significantly increased the likelihood of shaping the response of the customers based on their perceptions and feelings (p. 879).

- **Loyalty Programmes**

Loyalty programmes have remained the foremost priority of companies operating across the globe (Meyer-Waarden and Benavent 2006: 69). In particular; it has been indicated

that loyalty programmes are part of structured marketing efforts where the purpose is to ensure that the customers are frequently rewarded for their outstanding association with the company (Dorotic et al. 2012: 219). Moreover, it has been indicated that loyalty programmes have played an influential role in encouraging customers to develop positive buying behaviour, ultimately benefiting the company.

On the other hand, it has been indicated that companies have embraced and integrated loyalty programs into their business strategy for optimal growth and survival, followed by outstanding customer loyalty (Lin and Bennett 2014: 931). In this regard, it has been revealed that companies have offered rewards programmes as a part of loyalty programmes to customers who have frequently purchased the goods and services offered in the intensely competitive business environment. Likewise, Peiguss (2012) argued that loyalty programmes have worked as an incentive offered to customers where they are provided various benefits considering their cumulative purchasing and association with the company over time (Sharma and Bhardwaj 2016).

In the intensely competitive business environment, companies have offered customers loyalty programmes, encouraging and motivating them to shift from one-time to multiple-period purchases. In this regard, Lewis (2004) has revealed that loyalty and reward programmes have played an influential role in encouraging customers to frequently purchase the offered goods and services while ensuring that they would with the company based on the incentives offered to them for being loyal to the company (Asiah et al. 2013: 37).

The concept of a loyalty programme was initiated in Germany but was implemented by American Airlines to ensure that customers would frequently use the services offered by the company (Zhang et al. 2014: 291). Considering the positive impact of loyalty programmes on customers' purchase intention, the concept was frequently used by hotels, credit card organisations, retailers and car rental companies. Organisations have frequently used reward systems as part of loyalty programmes to ensure that their frequent and best customers are retained by the company most effectively (Palmer et al. 2016: 481).

Furthermore, companies have used loyalty programmes not only to increase loyalty amongst customers but also as an opportunity to gain relevant and valuable information about the customer's preferences and purchase habits, which eventually helps the organisation to customise the offered products and services to them (Srivastava and Rai 2015: 89). In the case of the retail industry, retailers have continually acknowledged the importance of acquiring information regarding customers without which the retailers would not be able to identify the rewards that would be most suitable for the customers.

According to Peter (2010), it is important for a loyalty program to consider a variety of rules, which are briefly highlighted below;

- Acquiring the customers that are more willing to repurchase the goods and services offered to them
- Recognising the customers with a lower level of interest concerning repurchasing the goods and services while ensuring that the budget allocated for marketing for the specific segment is reduced accordingly
- Focusing extensively on the customers that have exhibited similar profiles of existing customers but have not purchased the offered goods and services for the second time.
- **Types of Loyalty Programmes**

In the globalised era, companies have relied on loyalty programmes to reward loyal customers based on their purchase frequency through enhanced services or price discounts (Noble et al. 2014: 363). In this regard, it has been indicated that both product and service sectors have implemented the concept of loyalty programmes to ensure an optimal level of satisfaction amongst the customers. With this into consideration, Singh and Khan (2012) have indicated that companies have continually used a variety of loyalty programmes in the retail sector, which are as follows;

- **Points System**

The points system is amongst the most commonly used loyalty programmes globally. In this loyalty program, frequent consumers are offered an opportunity to earn points based on their purchases, which is then translated into the rewards offered by the company that may gift special treatment discounts (Leva and Ziliani 2014). Furthermore, Peiguss (2012) has indicated that hospitality and transportation companies have continually incorporated the concept of reward programmes, which have been argued to be the most appropriate and feasible programme for companies that encourage the short-term achievement of goals rather than emphasise sustainability.

- **Tier System**

In this type of loyalty, programme companies tend to offer small rewards to their customers to ensure that they would become part of the overall programme of the company while encouraging the customers to increase the overall value of the reward by frequently purchasing the goods and services offered by the company (Colliander et al. 2016: 169). Increasing the frequency of purchases helps customers move up the loyalty ladder.

This type of loyalty system differs from the point system as it focuses on extracting long-term value rather than short-term value. According to Peiguss (2012), this type of loyalty program is quite important as it works towards a higher level of customer

commitment while ensuring an increase in the customers' willingness in higher price-point companies like hospitality airlines, financial service institutions, etc.

- **VIP Benefits**

In this loyalty programme type, companies charge their customers a one-time fee to initiate the collection of points based on the total dollar spent. Considering the nature of this system, businesses have used it to encourage customers to purchase goods and services frequently (Stathopoulou and Balabanis 2016: 5807). Likewise, Peiguss (2012) has indicated that this loyalty type has significantly reduced the inconvenience of customers concerning paying a fee every month.

- **Non-Monetary Programmes**

Non-monetary programmes are quite the opposite of monetary programmes. Instead of offering the customers monetary benefits, companies tend to offer them a non-monetary thank you. In particular, companies offer them free products and vacation packages to appreciate the customers' commitment and loyalty. In non-monetary loyalty programmes, companies are more inclined to offer customers additional value than dollar rewards or price discounts (Melnyk et al. 2015: 414). In particular, this type of loyalty programme has been used across the globe as customers are more interested in adding value rather than monetary rewards.

- **All-Inclusive Offers**

In this loyalty programme type, companies tend to develop partnerships with other companies to understand their purchasing process and lifestyles to ensure that customers are offered appropriate rewards that may help influence them to frequently purchase from the company (Melnyk et al. 2015: 414).

- **Loyalty Cards**

This loyalty programme gathers relevant information about the customers and their interests. With the information considered, organisations offer their customers coupons, product discounts, free merchandise, or other rewards to ensure they voluntarily participate in the programme (Kang et al. 2015: 470). Moreover, it has been indicated that companies use loyalty cards to ensure that customers frequently purchase goods and services if they are offered something in return for their participation.

- **Gift Card**

The last type of loyalty programme focuses on offering the customers a gift card or certificate to develop an association between the customers and the retailers. In this regard, it has been found that retailers have continually offered their frequent customers gift vouchers with a specific amount, which can be redeemed by spending the amount within the specific retail store (Kang et al. 2015: 470). Furthermore, offering gift cards has been found to increase the willingness of customers to spend more of their money, ultimately increasing the number of items sold.

• **Importance of Loyalty Programmes**

Loyalty programmes have been argued to be significantly important for companies operating in the intensely competitive business environment (Bowen and Chen 2015: 419). In this regard, it has been revealed that companies have relied upon loyalty programmes to ensure their survival and growth (Breugelmans et al. 2015:131). Following are some benefits and importance associated with loyalty programmes in the contemporary business environment.

• **Boosting Growth**

Over the past decades, a variety of research has been conducted concerning the importance of loyalty programmes and has revealed that each type of loyalty programme has offered the businesses different results irrespective of their nature and scope of operations (Steinhoff and Palmatier 2016: 91). Furthermore, research conducted by marketing gurus revealed that the inclusion of loyalty programmes within the operations of the business can enhance the profitability and growth of the company while offering the businesses an opportunity to expand the business easily (Steinhoff and Palmatier 2016: 91). In this regard, the most prominent findings indicated that companies can develop exceptional loyalty amongst their customer base by offering them a variety of loyalty programmes.

• **Enhanced Reputation**

Over the years, loyalty programmes have played an influential role in making existing customers feel that they are continually valued by the company (Brashear et al. 2016: 1195). Furthermore, it has been suggested that loyalty programmes have also influenced potential customers to purchase the goods and services the company offers frequently. This implies that loyalty programmes have served a dual function in the contemporary business environment (Brashear et al. 2016: 1195).

Instituting a loyalty programme within the business strategy has resulted in customer appreciation and increased the likelihood of the company sharing joy with stakeholders close to the company (Brashear et al. 2016: 1195). Once the customers feel that the

company appreciates them, they tend to support the business's operations by referring friends and family members to use the products and services offered by the company rather than looking for products and services offered by other brands.

- **Increase in the Level of Sales**

In the contemporary business environment, marketers and professionals have considered loyalty programmes important to improve the company's ability to retain customers (Cao and Li 2015: 215). Since customers appreciate loyalty programmes, they tend to purchase the goods and services offered by the companies to ensure that they are rewarded appropriately for the total dollar spent. Considering the attitude and behaviour of the customers, companies have embraced the concept of loyalty programmes to access a larger share of the customers' wallets (Cao and Li 2015: 215).

- **Vital Market Research**

Customer loyalty programmes are more likely to provide the company with valuable information regarding customers' preferences, buying habits, and the products that attract them the most (Hutchinson et al. 2015: 481). With all this information, companies can formulate the most appropriate marketing and reward strategies to ensure the growth of the business. Using valuable information can also help retail stores attract diverse customers (Hutchinson et al. 2015: 481).

- **Loyalty Programmes and Customer Loyalty**

In the globalised environment, companies have invested hundreds and millions of dollars in loyalty programmes to ensure an optimal level of loyalty (Zakaria et al. 2014: 27). In the light of academia, it has been suggested that loyalty programmes have played an influential role in developing positive association and loyalty amongst the customers which eventually results in the success and growth of the companies in the intensely competitive business environment (Zakaria et al. 2014: 27). Following are some of the most reasons that companies have adopted the concept of loyalty programmes to boost customer loyalty across the globe.

- **Strengthening Positive Experience**

In the grocery retailing sector, customers are more likely to turn to competitors if they feel they are not valued by the company (Babin et al. 2015: 270). In this regard, it has been suggested that companies can strengthen their position in the grocery retailing industry by showing the customers that the company values them through loyalty programmes (Babin et al. 2015: 270). The psychology behind offering customers loyalty

programmes is to ensure that they continually purchase the goods and services the company offers to get extra money from purchasing. Since the relationship is developed between the customers and the company, customers tend to return the favour by motivating other shoppers to purchase groceries from a specific retail store rather than competitors (Babin et al. 2015: 270). This implies that the strengthening of positive **customer experience** eventually increases customer loyalty.

- **Encouraging Referrals**

Loyalty programmes have played an important role in making the customers realise that they are quite valuable to the company (Garnefeld et al. 2013: 19). Since they are offered loyalty programmes, customers are more likely to encourage and motivate their friends and family members, peers and colleagues to purchase the goods and services offered by grocery retailers frequently. Even though the products and services offered by grocery retailers are almost identical, customers tend to prefer only those grocery retailers that have valued them continuously (Garnefeld et al. 2013: 19). Over the years, it has been revealed that loyal customers are more interested in referring their friends and family members to use the products and services offered by the specific company rather than for searching the products and services from other retailers.

- **Conceptual Framework**

The conceptual framework for the study is as follows;

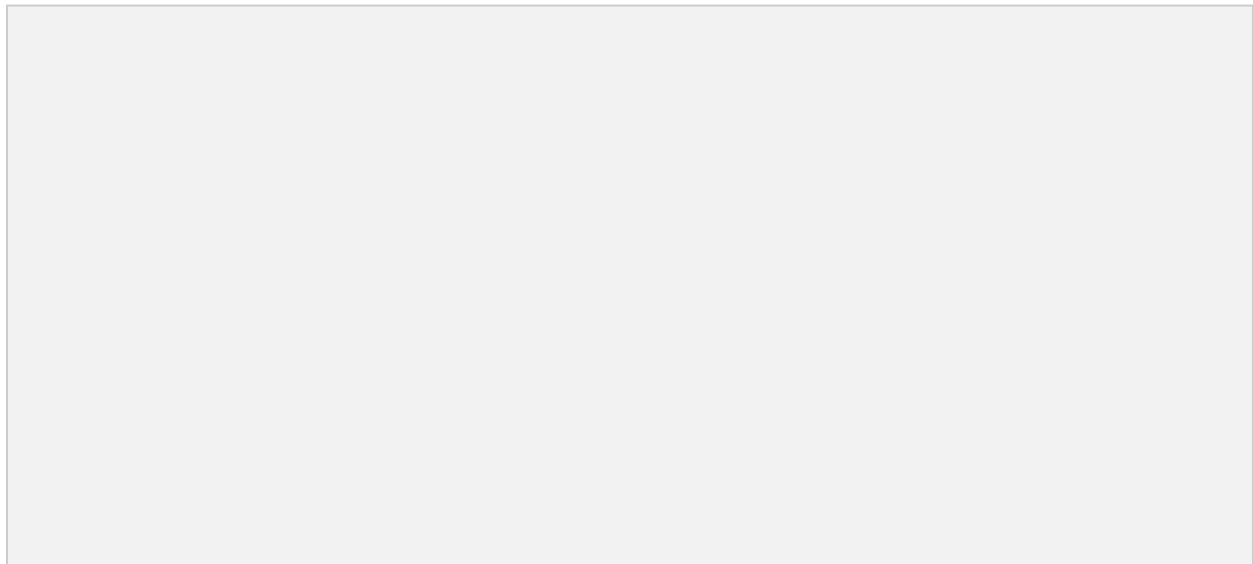


Figure 4: Conceptual Framework

Source: Author

RESEARCH METHODOLOGY

Mackey & Gass (2015) posit that research methodology serves as a fundamental framework encompassing theoretical and analytical details essential for conducting and realizing the aims and objectives of a study. In the context of this investigation, the researcher is focused on assessing the efficacy of Loyalty Programs in fostering customer loyalty within the Grocery Retailing industry.

This chapter outlines the methods and techniques the researcher employs to acquire the requisite data for the study. Within this framework, the researcher delves into the research design, approach, strategy, philosophy, data collection methods, sampling techniques, sample size determination, ethical considerations, and research limitations. Collectively, these elements contribute to fulfilling the research aims and objectives.

• Research Philosophy

Research philosophy is a belief or conception of how the data or information about the research phenomenon must be collected, used, and analysed (Creswell 2012).

Research philosophy is an approach to understanding knowledge's natural source and development. In essence, discussing the research philosophy in this research includes being aware and framing the assumptions and concepts. Research philosophy is also known as a research paradigm that organises the study's framework and supports the study's theoretical framework. Moreover, research philosophy also structures the research methods and techniques the researcher uses.

As per the study conducted by Collis & Hussey (2013), research philosophy can be classified into three types: realism, positivism and interpretivism. Realism research philosophy is an assumption that works on some facets of reality and is independent of an individual's perceptions, conceptual schemes, beliefs, and linguistic practices. In other words, according to Robson & McCartan (2016), realism research philosophy works on the principles of the real world in which a situation is experienced and practised by the researcher. Realism may be about the past, future, and other conceptions of mathematical entities, universals, material world, moral categories, and thought. Researchers who profess realism frequently claim that reality involves a relationship between reality and cognitive representation.

On the contrary, interpretivism is an approach to social science that conflicts with the positivism of natural science. Principally, interpretivism is the collection of thought in the philosophy of law and contemporary jurisprudence. This philosophy works on the understanding of an individual regarding different concepts and ideas that arise from the opinions and findings of individuals.

In the last, Blaxter (2010) demonstrated that positivism is an approach that uses the interpretations and observations taken from personal practice and experience in the research design to achieve the research aim and objectives. This type of research philosophy is usually used in the quantitative research design as it uses statistical analysis and mathematical entities to conduct the research.

Furthermore, according to Bryman & Bell (2015), positivism refers to the scientific and analytical methods the researcher could use to achieve the study's findings. According to the nature of the study, the researcher has undertaken the positivist research philosophy as the study is founded on the quantitative research design that applies statistical analysis to prove or disapprove the research hypothesis.

• **Research Approach**

According to Maxwell (2012), research approaches are classified into two types, inductive and deductive, that the researcher can use to perform the research study. The inductive approach is another research approach that can be used by the researcher in the research study to be completed. According to the study conducted by Hausman et al. (2010), the inductive approach, also known as inductive reasoning, begins with the theories and observations generated towards the end of the research as an outcome of observations.

The inductive approach involves the search pattern and strategy from interpretations and developing reasons or theories for that pattern based on hypotheses. The inductive approach transforms the general interpretations into the specific ones. On the contrary, the Deductive approach is usually adapted to construct the research hypothesis based on existing research theories and hypotheses. Then, it constructs the research design to test the constructed hypothesis (Bryman & Bell 2015). A deductive approach is founded on the laws and rules that are approved and pursued.

It has been articulated by Vogel et al. (2011) that the deductive approach refers to reasoning from the specific to the general. It builds the causal link between particular and general views and opinions. As the nature of the study is quantitative research design, the researcher has taken the deductive approach to generate the research hypothesis by examining the existing theories and observations.

• **Research Design**

Research design is one of the essential approaches that refer to the whole strategy that the researcher uses to integrate different components into the study most appropriately and logically, eventually allowing the researcher to address the research questions most effectively and efficiently. In addition, the research design is an important aspect involving suitable research design when conducting any research study.

Research design is the foundation of the research study that underpins the designs and ideas generated on collecting or retrieving the data in a particular way that could be useful for the research for addressing the research problem. According to Yin (2013), research design can be qualitative, quantitative, or mixed-method.

Qualitative research design is related to understanding the phenomenon, exploring issues, and addressing the research questions by making sense of and examining the unstructured data. This type of research design examines the participants' responses studied in the research study. Particularly, qualitative research design examines the individual's experience perception and feelings.

On the other hand, the quantitative research design is a more data-led and logical approach that supports the research findings by measuring people's perceptions from a numerical and statistical point of view. As Lewis (2015) stated, quantitative research design involves the statistical and numerical techniques that can be used to evaluate the result and research findings according to the gathered data through participants. Finally, the mixed-method research design is also an essential research design that can be used by the research to address the research question. The mixed-method approach is a mixture of both research designs.

In this study, the researcher is determined to study the effectiveness of loyalty programmes in building customer loyalty. Considering the nature of the study, the researcher has chosen the quantitative research design to address the research problem within the context of the grocery retailing industry.

• **Research Strategy**

Research strategy is an approach that assists with the research to address the research problem. As stated by Verschuren et al. (2010), the strategy taken for the research to be completed is a general research plan that supports the researcher in methodically addressing the research questions. In other words, research strategy could be measured as a research plan or strategy that provides easiness and accessibility in terms of conducting the entire research study. To address the research problem, a constant research flow is needed to continue the constant research flow.

As per the nature of the existing study, which is purely quantitative research, questionnaires as a research instrument have been used by the researcher to address the research question and 200 questionnaires were filled out by the customers of grocery retail stores. The results and analyses from these questionnaires are demonstrated in the appendix section. To convert the numeric of Likert's scale into words, the research has used a statistical tool termed SPSS. The technique used in the statistical analysis is the correlation technique, which analyses the effectiveness of loyalty programmes in building customer loyalty.

Based on the SPSS results, the researcher will approve or disapprove the research hypothesis. Upon approval, the researcher could be able to conclude the research findings based on experimental evidence that loyalty has a significant effect on building customer loyalty. Upon rejecting the hypothesis, the researcher can conclude that a loyalty programme has no significant effect on building customer loyalty.

• **Data Collection Method**

According to Palinkas et al. (2015), data collection can be argued as the systematic process of collecting and measuring the knowledge and information concerning the variables being studied, where the foremost aim of the researcher is to address the research questions and evaluate the research outcomes. The data collection method helps the researcher to collect the essential and relevant points as collected information. In addition, the data collection method is one of the major aspects of research design and an essential part of the research.

Data collection refers to what information and data make the research effective and successful in addressing the research questions and problem. According to Meeker & Escobar (2014), researchers can use two data collection methods to perform the study. These types include primary and secondary data collection. The primary data collection method includes new and first-hand data that can be gathered using closed-ended interview questionnaires and the researcher's or respondents' personal experiences.

On the other hand, secondary data collection is the collection of data from prior research literature of past studies on the selected research topic. In this study, the researcher has considered both types of data collection. Primary data was collected using questionnaires as an instrument tool. Alternatively, the secondary data was collected using past research and available literature through internet journals, article review articles, and magazines.

• **Sampling Method and Technique**

A sampling method is an approach that refers to the way of observations that are taken from the population to be in the sample size of the research. The sampling methods and techniques guide the researcher to gather data consistent with how to collect or retrieve the data. In addition, data collected from the sampling technique is liable to examine the research findings and results to signify the overall sample size or population. This makes the sampling method and technique a significant part of the study that involves the researcher's interpretations and understandings. According to Csikszentmihalyi & Larson (2014), sampling methods are categorised into two types, including probability and non-probability sampling methods.

Per Palinkas et al. (2015), the probability sampling method is a technique that works on the principle of random selection. According to probability sampling, all respondents are allowed to participate in the research study. The probability sampling technique has been categorised into cluster, systematic, and simple random sampling techniques. In contrast, the non-probability sampling technique is another sampling technique. Non-probability sampling includes judgemental, convenience, snowball, and quota (Uprichard 2013). Quota sampling technique refers to the integration of essential traits of respondents in the research project to be accomplished (Im & Chee 2011).

The convenience sampling technique refers to the availability and convenience of the researcher. The convenience sampling method is determined by the convenience and availability of the respondents, as well as that of an investigator (Farrokhi & Mahmoudi-Hamidabad 2012). Moreover, snowball sampling is a method that holds the referrals of the respondents who have formerly been elected for participation in the research. This approach typically concludes with the inclination as the respondents refer to the individuals who commonly have the same opinions and are usually from a similar social circle. Lastly, the researcher can use the judgemental sampling method when choosing individuals based on personal judgements and observations.

According to the quantitative research design, the researcher has chosen the non-probability sampling technique to select the relevant or essential population for this research. Among the types of non-probability sampling methods, the researcher has selected a judgemental sampling technique to be incorporated into the research design to address the research problem and question. The judgemental sampling technique is used because the researcher wants to address particular research problems that cannot be attained by including irrelevant individuals or populations. Considering this, the researcher only considered those individuals who frequently purchased the goods offered by the company rather than those who rarely purchased from the specific retail outlet.

• **Research Hypothesis and Variable**

The generation of a hypothesis is a very significant approach in the research, as approval or disapproval of the generated hypothesis illustrates the significance of the existing study. According to the literature review as mentioned above, the following hypothesis could be essential for addressing the research problem:

H_0 : Loyalty programme has no significant impact on the building of customer loyalty

H_1 : Loyalty programme has a significant impact on the building of customer loyalty

In this study, the researcher is determined to evaluate the effectiveness of a loyalty programme that is the independent variable in building customer loyalty, which is the

study's dependent variable. The supporting hypotheses for the research study are as follows;

H₂₀: Trust has no significant impact on building customer loyalty

H₂: Trust has a significant impact on the building of customer loyalty

H₃₀: Commitment has no significant impact on the building of customer loyalty

H₃: Commitment has a significant impact on the building of customer loyalty

H₄₀: Corporate Image has no significant impact on building customer loyalty

H₄: Corporate Image has a significant impact on the building of customer loyalty

H₅₀: Customer Satisfaction has no significant impact on the building of customer loyalty

H₅: Customer Satisfaction has a significant impact on the building of customer loyalty

• **Sample Size**

According to the selected research topic, the researcher has used 200 questionnaires as a sample size of the study and has been elected by the judgemental sampling technique.

• **Data Analysis Technique**

In this research, the researcher has collected the data using questionnaires that show the data in numeric terms and on a scale of 1-5. This scale is named Likert's and needs to be evaluated through explanations. For this purpose, the researcher has used the SPSS statistical tool to address research questions and problems. The reason for selecting this tool is that it analyses the numeric data and converts it into interpretations and results.

• **Ethical Issues**

Ethical concerns must be considered, as respondents who were selected for the research supposed that the data collected for the declared determinations should not be manipulated. Ethical concerns on the subject of this study include a preference for retailing industry information, and the research maintains the confidentiality and privacy of the respondents.

Lastly, regarding the collection of secondary data, ethical considerations have been subjected to in a certain way that the researcher has used no plagiarised work and embraces references and citations to endorse the researchers whose research has been integrated into the study to support the research findings. In this regard, optimal

care has been considered during the data collection methods to get reliable and valid research outcomes.

- **Research Limitations**

The researcher has handled several limitations and obstructions to address the research questions and problems within the current study. One of the major obstructions was the timeframe restriction, which restricted the study and bound it by conciseness. The selection of the targeted population was also a major limitation faced by the researcher. The aforementioned limitations have some consequences. For instance, the researcher might not have collected the relevant and specific information as intended due to the limited time frame and resources, which might have affected the overall validity and reliability of the research study to some extent.

RESULTS AND DISCUSSION

This chapter focuses on the analysis and discussion of the results of a study aimed at assessing the efficacy of loyalty programs in fostering customer loyalty within the context of grocery retailing. The independent variable, loyalty programs, is subdivided into trust, commitment, corporate image, and customer satisfaction. The dependent variable is customer loyalty. The study aims to investigate the influence of loyalty programs, specifically examining how trust, commitment, corporate image, and customer satisfaction collectively impact customer loyalty within the grocery retailing sector. The following sections present a detailed discussion of the obtained results.

- ***Demographics Analysis***

The above chart illustrates the distribution of males and females among all respondents in the study. This study's total number of respondents was 200, of whom 119 were male and 81 were female.

The second chart in the demographics section illustrates the age distribution of 200 respondents who participated in the study. The study showed that most respondents were from age 31 to 36, while the second most were more than 43. 38, 35, and 27 respondents lay in the age group 37 to 43, 24 to 30, and 18 to 23, respectively. This shows that most people shopping in grocery stores are aged between 31 to 36 years.

The third chart illustrates the income of respondents. Most of the respondents that took part in the study were in the income group of £5501 to £6500, while the second most were in the age group £2500 to £3500. This shows that most people in the income group of £5501 to £6500 shop in grocery stores to fulfil their needs.

• ***Descriptive Analysis***

The responses were collected with the support of survey questionnaires, which have been analysed with the descriptive test on SPSS. They are mentioned as follows: gathered with the help of survey questionnaires, they have been analysed with the descriptive analysis, which is as follows.

Table 1: Customers purchases based on trust

According to the survey results of the table above, 85 respondents agreed that customers purchase goods and services offered by the company because trust is considered a significant element that has helped consumers purchase goods and services. On the other hand, 16 respondents negated the statement, while 52 remained neutral. The outcome of this study is similar to the study conducted by Luarn and Lin (2003: 159); trust amongst customers is developed based on integrity and honesty in business communication and can urge them to purchase goods and services based on trust.

Table 2: Trust Increases Credibility

According to survey results mentioned in the above table, 40 respondents agreed that trust increases the company's credibility concerning its products and services. However, 20 respondents negated the statement, while 51 remained neutral throughout the research. This result is similar to the study of Chaudhuri and Halbrook (2001), which highlighted the importance of trust and credibility concerning customer loyalty, as credibility is an essential factor that can make the business efficacious.

Table 3: Trust increases the willingness of the Customers towards the Company

In the table above, when considering a total of agree and strongly agree, 140 respondents out of 200 favour trust, increasing the customers' willingness towards the company and their offerings. Moreover, only 14 respondents negated the statement, while 46 respondents remained neutral to this question. The results can be confirmed by the study of Ball et al. (2004), who focused on the notion that trust is one of the most important elements for companies operating in a highly competitive business environment. Hence, it increases the willingness of the customers to purchase the products from trustworthy organisations.

Table 4: Commitment Influences the Customers

The table illustrated above explains that around 130 respondents out of 200 agree that commitment has influenced the customers to continue their association with the company. On the contrary side, only 16 out of 200 disagreed with the statement, while 48 respondents remained neutral. The statement's results are similar to the study of Dimitriades (2006: 787); commitment is among the important factors affecting consumer

loyalty and can strongly enhance the relationship between the company and the customers.

Table 5: Mutual Commitment can enhance customer relationship

The table above shows that around 143 respondents out of 200 favour the relationship between consumers and companies based on mutual commitment. Conversely, 14 respondents did not favour this statement, and 46 remained neutral. The results are similar to the study of Mattila (2004: 137), which stated that a mutual commitment made by the organisation can enhance the relationship between the customers and the company.

Table 6: Commitment can reduce switching intention

The table above explains that around 120 respondents out of 200 favour commitment, which is important in reducing consumers' switching intention. On the other hand, 21 respondents disagreed with the statement, whereas 59 remained neutral. The results are similar to the study of Jones et al. (2010), which stated that the switching behaviour of customers can be eliminated by presenting an effective commitment for them.

Table 7: Corporate Image has increased the likelihood of shaping the response

The table above shows that around 125 respondents out of 200 agree that corporate image has significantly increased the likelihood of shaping customers' responses. Moreover, 56 remained neutral to this statement, while 19 respondents were against the statement stated above. The results relate to the study of Minkiewics et al. (2011), which stated that corporate image has been argued to impact consumer loyalty and satisfaction levels significantly.

Table 8: Corporate Image can shape trust and satisfaction level

The table above highlights that around 133 respondents were in favour of the question statement that corporate image can shape customer trust and satisfaction level. However, only 15 respondents negated the statement, believing corporate image shapes trust and satisfaction. Moreover, 52 respondents were neutral to this statement, which signifies that they were either unaware of the question statement or reluctant to answer.

Table 9: Corporate Image has influenced the customers to mould their attitudes and behaviour

The table above shows that around 140 respondents were in favour of the statement that corporate image significantly influences the customers to mould their attitude and behaviour towards the company's respect. Moreover, 13 respondents were not in favour of the question statement, while 57 respondents remained neutral to the question statement.

Table 10: Customer Satisfaction has stimulated the consumers for specific brands

The table above shows that 139 respondents remained positive that customer satisfaction has stimulated and motivated the consumers to prefer the specific brand over others available in the marketplace. Moreover, 11 respondents disagreed with the statement, while 50 remained neutral to the question statement incorporated in the questionnaire. The results relate to the study of Noble et al. (2014: 363), which stated that customer satisfaction can be stimulated for specific brands in the marketplace.

Table 11: Satisfaction has influenced the Customers to purchase the goods and services

The table above shows that 127 respondents remained positive that satisfaction has influenced customers to purchase the goods and services the company offers frequently. Moreover, 16 respondents disagreed with the statement, while 57 respondents remained neutral to the question statement incorporated in the questionnaire.

Table 12: Satisfaction Among customers increases their loyalty

The table above shows that 133 respondents agreed that customer satisfaction increases the likelihood of customer engagement in loyalty programs. On the other hand, 23 respondents disagreed with the statement, while 44 respondents remained neutral to the question statement.

Table 13: Building and Maintaining Outstanding Loyalty

The table above shows that 128 respondents remained positive towards the statement that building and maintaining outstanding customer loyalty has become a rising concern for companies. In addition to the above statement, around 11 respondents disagreed with the question statement, while 60 remained neutral towards the statement.

Table 14: Customer Loyalty Plays an Influential Role

The table above shows that 127 respondents remained positive towards the statement that customer loyalty has played an influential role in the success and growth of the companies. However, around 19 of the respondents out of 200 disagreed with the statement, while 55 remained neutral.

Table 15: Customer Loyalty increases the attraction and retention of the customers

The table above shows that 132 of the respondents remained positive towards the statement that customer loyalty increases the attraction and retention of customers. However, around 14 respondents out of 200 disagreed with the statement, while 55 remained neutral.