

**Attributes of loyalty card programme membership and their influence on customers' behavioural and attitudinal loyalty: a case of fashion retailing in the Sri Lankan context****W.S.H. Fernando**

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**ABSTRACT**

**Purpose:** Loyalty card programmes are commonly used by fashion retailers with the intention of building customer loyalty and increasing the efficiency and effectiveness of company financial performance. The purpose of this paper is to study whether customer loyalty depends on the loyalty membership, number of loyalty cards and gender. These questions remained unanswered as the past studies showed mixed results and even very few studies have been carried out in Sri Lanka on this topic.

**Design/methodology/approach:** The study critically analyses the influence of loyalty card programs under three aspects; the loyalty program membership, the number of loyalty cards available, and the gender of the cardholders to find out if there is any loyalty difference between male and female customers. 250 fashion retail customers within the Western Province of Sri Lanka were conveniently selected for the sample. All hypotheses were tested using an independent sample t- test.

**Findings:** The findings show that a loyalty difference exists between the customer being a member of a loyalty card programme and a non-member whereas no difference is shown in terms of the number of cards a customer holds and the customer's gender.

**Originality:** The study fills the existing gaps of knowledge and arrives at a proper conclusion on the influence of loyalty card programme membership on both behavioural and attitudinal loyalty in fashion retailing in the South Asian context whereas the majority of the studies have focused on grocery retailing (Liu, 2007) and influence on behavioural loyalty aspect only (Ha, 2007).

**Implications:** The loyalty programmes can be identified as a means of building customer loyalty. It brings other benefits for retailers such as providing opportunities for personalization and aiding in decision-making encouraging to invest on such programmes. While the present study fills the gap of knowledge regarding the attributes of loyalty programs and gender to some extent it still offers a lot of potential for future research.

**Keywords:** Loyalty Card Programmes, Behavioural Loyalty, Attitudinal Loyalty, Fashion Retailing

## INTRODUCTION

It can be observed that the retail sector has shown a significant development over the years as the growth is not limited only to the physical sense. Especially, the fashion retailing sector with its volatile nature of the business usually creates and faces the situation of high competition, increased costs, and diminished profits within the industry. It faces increasing competition from new entrants as well as from existing rivals (Jin & Shin, 2020). Therefore, it is really important to identify the factors that attract and retain customers with the business over a longer period of time. In line with this concern, it is important to make decisions about where to focus the investment - whether to attract new customers or keep existing ones and to encourage them to come back again and again. Out of the two options mentioned above, retention often proves as most effective and less expensive. Therefore, businesses give too much consideration to retaining existing customers rather than attracting new ones as it is more profitable in the long term (Chhabra, 2017). Hence, retailers try to ensure “enjoy this store, come back and purchase again” kind of behaviour among all the buyers (Choi, 2013).

Customer Loyalty plays a bigger part in customer retention (Chhabra, 2017). And loyal customers are the lifeblood of any business. However, customer loyalty has become increasingly important in retailing, as the industry reflects declining rates of customer loyalty (Hoffmann & Nicolas (2013). In line with this, an intense interest in customer relationships has emerged as a means of increasing customer loyalty and companies tend to invest intensively in customer relationship management systems such as loyalty card programmes (Hutchinson et.al, 2015). “Loyalty” is a prominent concept that is always associated with the customer relationship since loyalty is the result of positive experiences with the company in the past that make compelling reasons for customers to return to the store, again and again, to do business (Noordhoff et.al, 2004). Therefore, it is important that a business should have a loyal customer base as they are the most valuable asset of any business organization (Roking, 2005). Investment in a loyalty programme can be considered as a better option to cultivate loyalty among the customers. It is a simple way of letting the customer know that their engagement and support are valued. (Roking, 2005).

With the identified significance of loyalty programmes, it can be observed that the retailers started investing heavily in loyalty programmes with the above intentions. However, the effectiveness of loyalty programmes in terms of creating customer loyalty became questionable because of the fact that customers could easily adapt to different loyalty programmes of rival companies and show opportunistic behaviour.

Although customer loyalty programmes have drawn considerable attention among researchers, consumers, and businesses, not much empirical research on customer loyalty programmes can be found (Ha, 2007). Most of the studies have been carried out to identify the impact of loyalty card programmes on customer loyalty in grocery retailing (Lewis, 2004; Liu, 2007; Noordhoff et. al, 2004). But published studies based on fashion retailing cannot be found. And most of the existing studies on grocery retailing also highlight one aspect of customer behavioural loyalty (Waarden, 2008). The impact of customer attitudinal loyalty aspect on loyalty card programmes is not properly addressed (Ha, 2007). However, both aspects are important (Dick & Basu, 1994) in creating customer store loyalty. Therefore, the study examines the influence of both attitudinal and behavioural loyalty of the customer based on the attitudinal-behavioural relationship introduced by Dick and Basu (1994). A majority of the existing literature is found and conducted in Europe and USA. The reason for that might be the loyalty programme concept which was initially developed and widely used in European countries and the USA (Bellizzi & Bristol, 2004). Therefore, the existing studies do not support understanding the Asian context specially the Sri Lankan context. Most importantly, the available studies show mixed outcomes regarding the effectiveness of loyalty programmes on customer loyalty. Still there is a debate on whether the loyalty card programmes influence customer loyalty negatively or positively.

Therefore, with this study, the researcher fills the existing gaps of knowledge and arrives at a proper conclusion on the influence of loyalty card programme membership on customer behavioural and attitudinal loyalty in fashion retailing in the Sri Lankan context.

## LITERATURE REVIEW

### Customer Loyalty

Companies put a great importance on building and maintaining customer loyalty since it is a well-known fact that retaining existing customers is beneficial and cost effective rather than attracting new ones (Hamilton, Rust, & Dev, 2017) as it is said that loyal customers are worth striving for since they share positive word-of-mouth, reduce defection rates and boost the purchases (Hoffmann & Nicolas, 2013). Dick & Basu (1994) define customer loyalty as the strength of the association between customer attitude and repeat patronage while, Ergin, Parıltı, & Özsaçmacı (2007) define loyalty as the commitment of a customer to a particular brand or company based on the definition by the customer loyalty research centre (2001). Most of the studies conducted so far focus on the brand loyalty concept (Dick & Basu, 1994) even though the concepts such as vendor loyalty, service loyalty, and store loyalty also have a similar level of significance (Hoffmann & Nicolas, 2013). Store loyalty is defined as the biased (non-random) behavioural response (revisit), expressed over time, by some decision-making unit with respect to one store out of a set of stores, which is a function of psychological (decision-making and evaluative) processes resulting in brand commitment. The above definition highly emphasizes on store commitment as a critical factor in determining store loyalty, (Jacoby & Chestnut, 1978).

In conceptualizing loyalty many researchers have identified a difference between the behavioral and attitudinal loyalty (Noordhoff et al., 2004; Pradhan & Roy, 2011-2012). Liu (2007) and Oliver (1999) identify four different levels of loyalty aspects that are considered to be important as cognitive, affective, conative and behavioural loyalty. Dick & Basu (1994) suggest that a favourable attitude and repeat purchases were required to define loyalty by viewing loyalty as an attitude-behaviour relationship in their framework.

### Loyalty Card Programme

Loyalty programmes based on cards have become popular over the last decades (Bellizzi & Bristol, 2004). They have become an important tool that companies use to manage their relationship with customers (Ergin et al., 2007) and it provides gratification to those who look for rewards for their purchases and avoid additional costs for those customers who would like to buy even without such incentives (Waarden, 2008). Loyalty programmes can be considered as not only a tool that increases the loyalty of the customers but also an opportunity that enables gathering information regarding personal information, shopping habits, and preferences of the customers of the business (Magatef & Tomalieh, 2015).

Loyalty card programmes can be defined as an integrated system of marketing actions that are aimed at making customers more loyal by developing a personalized relationship with them (Sharp & Sharp, 1997). Further, it can be defined as a marketing strategy that is based on incentives that are provided to ensure customer loyalty in retail (Kraljević et al., 2017). And also it can be considered as a value sharing instrument that can increase the consumer perception of what the firm offers (Bolton et al., 2000; Yi & Jeon, 2003). Liu (2007) defines the same as a programme that enables to accumulation of free rewards when customers make repeat purchases with the firm. Most often, loyalty programmes are based on an agreement between retailers and customers. In exchange for it, the customer gives his/her personal information and the retailer agrees to the use of such information in improving sales. It enables the retailer to tackle the customer habits and purchase history, each time the customer is presented with the card. In return, the customer will benefit from shopping (Kraljević et al., 2017). Uncles (1994) states that the underlying aim of a loyalty programme is to build lasting relationships with customers by rewarding loyal and heavy or frequent buyers.

However, many studies suggest that customer usage of loyalty cards reflects opportunistic behaviour (Wright & Sparks, 1999). Because it is very easy to obtain a loyalty card from a store, customers have become multi-card holders and tend to shop at different stores from time to time. Customers believe that shopping around utilizing many loyalty cards offered by different retailers and competing firms will save money and can have a great financial gain (Radder et al., 2018; Bellizzi & Bristol, 2004). As Zielke

& Komor (2020) point out, customers in emerging markets show no difference in the usage of loyalty cards for product categories with high shopping frequency like groceries compared to developed markets, while in all other product categories usage of loyalty cards is stronger. Because the customers in developing markets have limited budgets compared to developed markets and they will therefore take the advantage of loyalty cards more for high price product categories (lower buying frequency) or hedonic categories (products that customers prefer to shop for at a large number of stores) so that they are willing to bear costs of carrying many cards or to deliberately shop at stores where they can use their loyalty cards (Demoulin & Zidda, 2008).

### **Behavioural loyalty**

Behavioural loyalty aspect is the most interesting method for retailers, even though behavioural loyalty derives from an affective link as it is very common in academic literature (Partal & Benito, 2013). The behavioural loyalty in the sense can be expressed by the actual revisiting of a particular store and the amount of budget spent on a single store (Noordhoff et al., 2004). A similar definition is given by Ehrenberg (1988). He states that there is a tendency of dealing with the same brand or store over time. Lian & Wang (2006) defined behavioural loyalty as a measure based on the customers' purchasing frequency and amount spent on a retailer compared to the other retailers from which the customer buys.

As pointed out by Partal & Benito (2013), three main approaches to measuring behavioural loyalty are repeat purchases based on the number of store visits, switching frequency or the degree of successive visits to a store and the degree of successive switches and the relative budget allocation to the stores as a proportion. The rationale behind this approach is that loyalty relates to the concentration of visits or spending on a specific retailer. Some of the studies have used share of wallet and frequency of visits as a measure of behavioural loyalty including items such as the percentage of total expenditure on the focal store, out of ten times selecting a store, how many times would the focal store be selected and how often purchase be made from the focal store compared to other stores (Hoffmann & Nicolas, 2013).

### **Attitudinal loyalty**

Jacoby and Chestnut (1978) define attitudinal loyalty as the customer predisposition towards a store as a function of psychological processes, which includes attitudinal preference and commitment towards the store. Pradhan & Roy (2012) refer to attitudinal loyalty as the consumer psychological tendency involving customer attitude toward a brand or a store. Bennet & Thiele (2002) mention that it captures both the emotional and mental attachment to a store/brand in the attitudinal concept.

Jacoby and Chestnut (1978) identify that attitudinal loyalty is more relevant in terms of understanding customer motivations and ensuring that true loyalty exists within the customer which will be significant in a situation where high competition or dropping in service levels as the business has been holding customers who are attitudinally loyal rather than those who are purely behaviourally loyal since attitudinally loyal customers are easily forgivable to the negative experiences and are less swayed by new competition.

### **Loyalty Card Programmes and Customer Loyalty**

Loyalty programmes as previously mentioned, are one of the most important tools for a company's customer relationship management (Ergin et al., 2007). As Omar et al. (2009) point out, the use of customer relationship marketing tools by retailers has strongly increased in recent years to build store traffic, increase basket size and increase purchase frequency by creating strong relationships with customers. Some retailers have attempted to establish at least a foster loyalty among their current and potential customers with the help of loyalty programmes (Nicolas, 2013). Companies expect that members of the programme will show more loyalty than that of non-members (Leenheer et al., 2007).

It is evident from the existing literature that the influence of loyalty programme on customer loyalty has ended up with mixed results. The table given below gives a summarized literature review of mixed outcomes of loyalty programme influence on customer loyalty.

**Table I: Mixed Results of Loyalty Card Impact on Customer Loyalty**

<b>Authors</b>	<b>Industry</b>	<b>Geography</b>	<b>Result</b>	<b>Overall Evidence</b>
Sharp & Sharp(1997)	Retailing(grocery, fuel, department stores)	Australia	Out of 6 brands that participated it showed substantial deviation in excess loyalty.	Negative
Meyer-Waarden(2007)	Retailing (grocery)	France	Positive impact of loyalty programme on life-time duration and share of wallet	Positive
Lewis (2004)	Retailing(grocery & drug store)	USA	Average number of annual orders and mean customer revenue has increased	Positive
Liu(2007)	Retailing(grocery)	USA	Transaction size and purchase frequency have increased for light and moderate buyers. And they became more loyal	Positive
Noordhoff et al(2004)	Retailing(grocery)	Singapore/ Netherland	Impacts on both attitudinal and behavioural store loyalty given the limited number of competitive programme	Positive
Bellizzi Bristol(2004)	Retailing(grocery)	USA	In the list of factors that consider the store loyalty, loyalty programmes rank low	Negative
Wright Sparks(1999)	& Heavy focus on retailing	UK	Consumers join the programme without a rationale or because of greed and not because of the sense of belonging	Negative
Ergin et al., (2007)	Shopping malls	Turkey	Loyalty cards do not promote store loyalty	Negative
Nako (1992)	Airlines	USA	Loyalty programmes had a significant impact on airline choice	Positive
Magi (2003)	Retailing (grocery)	Sweden	Programme members were found to have a larger share of wallet and share of visits of the retail chain	Positive

Source: Hoffman & Nicolas (2013)

## **Number of Loyalty Cards and Customer Loyalty**

According to Cedrola & Memmo (2010), owning several loyalty cards discourages loyalty to a particular retail company. The study further argues that customers owning several cards are most likely to be attracted by loyalty discounts, where savings can be optimized by going to several retail outlets rather than being attached to one. The findings of Bellizzi & Bristol (2004) also indicate that loyalty cards are not associated with loyalty as frequent users of loyalty cards are more likely to shop at different stores using several loyalty cards. According to Kraljević et. al (2017), most of the respondents are members of one or more loyalty programmes which means that respondents still consider membership in loyalty programmes as something positive and useful.

## **Gender of the Members and Customer Loyalty**

According to Ndubisi (2006), a significant gender difference exists between the trust and loyalty relationship. The study findings show that women are significantly more loyal than men at higher levels of trust. On the other hand, the findings of Franco et. al (2009) show that the influence of trust on commitment and of commitment on loyalty was significantly stronger for females than males, while the effect of satisfaction on commitment and of trust on loyalty was significantly stronger for males. Montero et. al (2018) shows how differently the male and female responses to different characteristics of a relationship (Loyalty programme) produce feelings of attachment with the store. The study findings show a difference between what men and women consider different attributes of the relationship indicating that female customers respond to the novelty of the programme to develop attachment while the male customers are more strongly driven by the competitive advantage of the programme. Furthermore, the findings of Jin et. al (2013) show that compared to male customers, attitudinal loyalty of female customers is a stronger predictor of behavioural loyalty meaning that female customers are more likely to exhibit loyal behaviours based on their emotional attachment.

However, according to Melnyk & Osselaer (2012), men respond more positively than women to loyalty programmes that emphasize status, but only when their high status is highly visible to others. In contrast, women respond more positively than men to loyalty programmes that emphasize personalization in private settings. This contributes to the findings of the present study as the results show that there is a higher loyalty among the male customers who are members of a loyalty card programme than female members.

## **Research Hypothesis**

**H1:** The customer behavioural loyalty varies in terms of the customer being a member or a non-member of a loyalty card programme in fashion retailing.

**H2:** The customer attitudinal loyalty varies in terms of the customer being a member or a non-member of a loyalty card programme in fashion retailing.

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**H3:** The customer behavioural loyalty varies in terms of the number of loyalty cards available in fashion retailing.

**H4:** The customer attitudinal loyalty varies in terms of the number of loyalty cards available in fashion retailing.

**H5:** The customer behavioural loyalty varies in terms of the gender of the members of the loyalty card programme in fashion retailing.

**H6:** The customer attitudinal loyalty varies in terms of the gender of the members of the loyalty card programme in fashion retailing.

## **METHODOLOGY**

This study aims to identify the influence of the attribute of customer loyalty card programmes on customer behavioural and attitudinal loyalty in fashion retailing in Sri Lanka. This study is descriptive in nature and tests a theory formulating hypothesis after a comprehensive review of academic literature. The study used the deductive approach allowing to collect quantitative data using survey methods and analyse data using t- test.

Shoppers between the age category 20-60 who live within the Kalutara, Gampaha and Colombo districts (Western Province) in Sri Lanka were enumerated. A total of 250 elements were taken into the sample using the convenience sampling technique since it is very difficult to develop a list of all the shoppers. A structured questionnaire was administered to collect primary data. The study was carried out in a non-contrived setting hence the interferences made by the researcher based on the study are limited only to the answers given by the respondents to the questionnaire.

Attention was given to previous literature in operationalizing the constructs. For this study, the scale used by Jones & Taylor (2007) was used to measure the behavioural and attitudinal loyalty. The behavioural loyalty and the attitudinal loyalty were operationalized using 9 items and 10 items respectively. All items were measured by a 5- point Likert type scale varying from "Strongly disagree" (1) to "Strongly Agree" (5). This scale required perceptual agreement or disagreement with each of the statements developed regarding the respective constructs. Categorical answers were taken on the loyalty card programme membership, number of loyalty cards available, and the gender of the members of the loyalty card programme. Further, the demographic shopper characteristics were captured with brief questions as a part of the questionnaire. The questionnaire was developed in the English language and all of the questions were closed-end questions as it provides convenience for the respondent and it made it easier for the researcher to conduct the analysis part more conveniently.

The collected data was extracted into SPSS (Statistical Package for Social Sciences - 2020) and subjected to data screening and addressed the possible errors with the data set. There were no missing values within the sample as the data were collected with greater care. Initially the sample profile is analysed and presented. Descriptive statistics such as mode, median, mean, kurtosis and skewness, variance, standard



deviation of relevant variables were calculated to examine the normal distribution. Then the measurement properties were validated before analyzing the data by performing reliability and validity tests to assess the goodness of the measures and all six hypotheses were tested using the Independent Sample t- test.

## DATA ANALYSIS AND FINDINGS

### Sample Profile

Table 1 reports the profile of the sample. The table shows that 64.4% are female, 44.4% are from the Colombo district, and 21.2% use no membership card while 54.4% use more than one membership card.

**Table1 - Sample Profile**

<b>Factor</b>	<b>Category</b>	<b>Frequency</b>	<b>Percent %</b>
<b>Gender</b>	Female	161	64.4
	Male	89	35.6
<b>District</b>	Colombo	111	44.4
	Gampaha	40	16.0
	Kalutara	99	39.6
<b>Loyalty Membership</b>	No membership	53	21.2
	1 membership	61	24.4
	More than 1 membership	136	54.4

Source: Author Compiled

### Validation of Measurement Properties

The validity and reliability of the data set were tested before further analysis of data to establish the accuracy and acceptability of the items included in the questionnaire. Poor indicators are removed from the analysis which had correlated with two other indicators. The respective Cronbach's coefficient alpha values met the standard value of 0.7 to satisfy the internal consistency, (Malhotra and Dash, 2010). Convergent validity is satisfied since the respective composite reliability values are above the standard value of 0.7 and the average variance extracted (AVE - the variance in the indicators or observed variables that is explained by the latent constructs) values are above 0.5, (Malhotra and Dash, 2010). Discriminant validity was tested following the Fornell and Lacker Criterion (1981). It satisfies the condition that says the square root of the AVE of the respective construct is greater than the correlation of the construct with all other constructs.

## **Hypothesis Testing**

This section reports the results of hypothesis testing. All the hypotheses were tested by performing an Independent Sample t-test, which examined whether the variance among the particular constructs in terms of customer behavioural loyalty and attitudinal loyalty is statistically significant.

### **Loyalty card programme membership and Customer behavioural loyalty**

Data shows that the mean values of customer behavioural loyalty in terms of members and non-members are 3.6628 and 3.2830 respectively. Accordingly, results of the t- test show that the t value was 0.576 and significant at 0.05 level. Therefore, the findings illustrate that the behavioural loyalty of the members of the loyalty card programme is higher than that of the non-members of the loyalty card programme. This implies that the members of the loyalty card programme are more behaviourally loyal to the fashion retail outlets than non-members.

### **Loyalty card programme membership and Customer attitudinal loyalty**

As per the data, the mean values of customer attitudinal loyalty of members and non-members are 3.6227 and 3.3962 respectively. According to the results of the t- test, t-value was 0.614 and significant at 0.05. Hence, the findings show that the attitudinal loyalty of the members of the loyalty card programme is higher than the non-members of the loyalty card programme. This implies that members of the loyalty card programme offered by a particular fashion retail outlet are more attitudinally loyal to the same than non-members.

### **Number of loyalty cards and the behavioural loyalty**

According to the data, the mean values of behavioural loyalty of customers who have only one loyalty card and the customers who have more than one loyalty card are 3.6183 and 3.6828 respectively. The test results report that the t-value is 0.706 with a probability level of 0.481, which is greater than the standard significance level of 0.05. Therefore, the findings show that no statistically significant difference between the customers who have one and the customers who have more than one loyalty card exists in terms of the behavioural loyalty to a particular fashion retailer. Thus, the data does not support the H3, the behavioural loyalty varies in terms of the number of the loyalty cards the customer possesses. It means that, in the Sri Lankan context, behavioural loyalty towards a particular store does not vary even if the customer holds many loyalty cards from the competing outlets.

### **Number of loyalty cards and the attitudinal loyalty**

Data shows that the mean values of the attitudinal loyalty of customers who have only one loyalty card and more than one loyalty card are 3.5792 and 3.6422 respectively. The test results show that the t-value is 0.608. and the associated probability value is 0.54, which is not statistically significant at 0.05 level. Therefore,

the study findings show that a statistically significant difference does not exist between the customers who have only one and the customers who have more than one loyalty card in terms of attitudinal loyalty towards a particular fashion retail outlet. Therefore, the data does not support the hypothesis H4; attitudinal loyalty varies in terms of the number of cards held. Hence, in the Sri Lankan context, no variance of attitudinal loyalty towards a particular store exists even if the customer holds many loyalty cards from other competing outlets.

### **Gender of loyalty programme members and the behavioural loyalty**

According to the data, the mean behavioural loyalty of males and females are 3.7916 and 3.6050 respectively. The results of the t-test show that the t-value is 2.062 and the associated significance level is 0.04, which is less than the decision rule of 0.05 level. It shows that a statistically significant difference appears between males and females in terms of behavioural loyalty. This implies that the male customers who are members of the loyalty card programme offered by a particular fashion retail outlet are more behaviourally loyal to the same than the female members.

### **Gender of loyalty programme members and the attitudinal loyalty**

Data shows that the mean values of attitudinal loyalty of males and females are 3.8033 and 3.5417 respectively. The results show that the t-value is 2.0567 and the associated significance level is 0.011, which is less than the standard rule of 0.05 probability level. It shows that a statistically significant difference appears between males and females in terms of attitudinal loyalty. Therefore, the study findings show that the difference between the attitudinal loyalty of the male members of the loyalty card programme and that of the female members is statistically significant.

## **DISCUSSIONS**

There is an influence of loyalty card programme membership on both behavioural and attitudinal loyalty. These hypotheses are supported by the previous studies of Hoffmann & Nicolas (2013) and Waarden (2008). However, there is no influence of the number of loyalty cards held by the customer on both loyalty aspects. The findings of these hypotheses are not supported by existing literature as it states otherwise. According to Cedrola & Memmo (2010), owning several loyalty cards discourages loyalty to a particular retail company. The findings of the study by Bellizzi & Bristol (2004) also indicate that loyalty cards are not associated with loyalty as frequent users of loyalty cards are more likely to shop at different stores using several loyalty cards. Furthermore, it is concluded that there is no influence of the gender of the customer on both behavioural and attitudinal loyalty and these findings are supported by existing literature (Ndubisi, 2006; Montero et. al, 2018).

The current study findings have important implications for the retail sector including fashion retailing and grocery retailing which are the two prominent sectors that offer

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loyalty cards. However, the study entirely focused on the loyalty card programmes offered by fashion retailers in the Sri Lankan context.

Loyalty programmes as a popular tool of customer relationship management are used by retailers with the intention of creating customer loyalty as the name itself suggests. However, it was not very assertive about the fact that this investment in customer loyalty returns its intended benefits as expected. In other words, does it truly create or influence customer loyalty? Several managerial implications were formulated based on the various findings of this study.

Members of a loyalty card programme are more behaviourally and attitudinally loyal to the particular store rather than the non-members of a loyalty programme. This gives an important insight to the decision-makers in the retailing industry. Members being more loyal to the retail store than non-members indicates that investments made on loyalty programmes are worthwhile and it encourages the retailers to build well-established and effective programmes to enhance customer loyalty and retain those loyal customers with the firm as retaining existing customers is less expensive when compared to the attracting of new customers. Therefore, it seems worthwhile since the customers get enrolled in their loyalty programme even without an initial enrolment fee.

Analysis of the influence of the number of loyalty cards held by the customer on both behavioural and attitudinal loyalty shows an insignificant difference between the card holders from one particular store and the multi-card holders from competing stores as well. It seems that no influence of the behavioural and attitudinal loyalty of the customer is on the customer who possesses many other loyalty cards offered by competing retail stores. This provides good insight into the industry as most of the customers possess more than one loyalty card. According to the analysis, 69% of the customers are multi-card holders and are not behaviourally and attitudinally loyal to the store having the membership. This implies that customers hold many loyalty cards in their wallets. It is not possible to stop customers from getting membership in other loyalty programmes. But what could be done is that the fashion retailers should differentiate their loyalty programmes in terms of higher benefits to the customer so that the customers could choose and be attracted to the store even when high competition exists. However, this should be further investigated as the existing literature does not support the findings.

The significant difference between male and female customers on behavioural and attitudinal loyalty towards a particular retail store having loyalty programme membership provides important implications to the marketers and decision-makers. The findings show that loyalty of (both attitudinal and behavioural) male customers having membership in the loyalty programme offered by a particular store is significantly higher than that of female customers. This implies that male customers are more important to the retail store and benefit the firm in the long run. However, both females and males are equally important as customers. Therefore, it is important to focus on strategies that specifically target female loyalty programme member customers. Females could get more loyal to a firm when high personalization exists

within the loyalty programme (Melnik & Osselaer, 2012). And the loyalty of males can stimulate when it enables them to show off their status (Melnik & Osselaer, 2012). So, with a better programme combined with both above, could be more effective.

However, the loyalty programmes are not only a source of customer loyalty but also most importantly a source of customer data. As previously mentioned, through loyalty programmes, retailers could gather important information about the customer starting from the name and other personal data to the data important to judge shopping behaviour. Therefore, managers could personalize their services to match the intentions of each customer segment.

## **PRACTICAL IMPLICATIONS OF THE STUDY**

Loyalty programme members being more loyal to the retail store than non-members indicate that investments made in loyalty programme are worthwhile and it encourages the retailers to build well-established and effective programmes to enhance customer loyalty and retain those loyal customers within the firm.

It seems no influence on the loyalty of the customer even if the customer possesses many other loyalty cards offered by competing retail stores. It is not possible to stop customers from getting membership in other loyalty programmes. But what could do is the fashion retailers should differentiate their loyalty programmes in terms of higher benefits to the customer so that the customers could choose and get attracted to the store even when high competition exists.

Male loyalty programme members being more loyal in terms of both loyalty aspects implies that male customers are more important to the retail store and benefit the firm in the long run. However, both females and males are equally important as the customers. Therefore, it is important to focus on strategies that specifically target female loyalty programme members.

## **LIMITATIONS AND FUTURE RESEARCH DIRECTIONS**

This study carries some limitations despite its contribution to new knowledge. The biggest limiting factor of the study was the inability to clarify whether customers joined the loyalty programme of the retail store because they were already loyal to the firm even before having the membership. Does the loyalty programme make them loyal or did the already loyal customers become members of the loyalty programme? This question should be addressed. However, the research was carried out with the assumption of loyalty programme as a tool for creating and enhancing customer loyalty.

The data collection process of the study was highly affected by the restrictions that arrived with the COVID-19 pandemic limiting the data collection procedure solely to non-physical means (Google forms). This has led the sample to be biased in terms of age of the respondents because the questionnaire easily reached the younger age

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categories via online. On the other hand, this might have created disadvantages like the occurrence of response errors due to misunderstanding of certain questions by the customers.

The field of loyalty programmes still offers a lot of potential for further research into a wide range of topics. It would be interesting to find out about the above-mentioned fact which is, does the loyalty programme make customers loyal or do they already loyal customers become the members of the loyalty programme? This might require a detailed qualitative analysis. Furthermore, identification of the real motives behind the customers being multi-cardholders and the relationship between loyalty card programmes and the sales impact of an organization are better areas to be investigated in future research. Furthermore, the influence of loyalty card programme membership on customer switching costs would also be an important area to be covered.

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## **COMPETING INTERESTS**

The authors declared no competing interests.

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