

# The Role of Big Bazar's Loyalty Programs in Creating Loyalty: A Customer Based Evaluation

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## ABSTRACT

The transformation in retail industry across the world has introduced a new face of retailing. The standardized change from unorganized to organized retailing has fueled the level of competition in this industry. Many Indian retail brands have entered in organized retailing but cut throat competition from other global brands making it difficult to cultivate desired business yield. Today, the retail brands fight for customers. The marketing's 80-20 concept is actually being followed by organized retail outlets. Customers loyalty is a biggest challenge to the retail brands therefore, organized retail outlets use various types of customers' loyalty programs to concrete loyalty. The current study concentrate on Big Bazar's loyalty programs to create and sustain customers' loyalty. The study evaluates various loyalty schemes running in Big Bazar's outlet and its impact on customers' loyalty. The study identified eight loyalty schemes running by Big Bazar and check its influence on customers' repeat purchases. The study is empirical in nature, based on primary data collected from customers of Big Bazar of Indore city (Madhya Pradesh, India). Chi-square test has been applied to study the association between loyalty schemes and customers' loyalty. Studied customers' perception towards each loyalty schemes and their preference pattern to these schemes. The result indicates that, loyalty schemes have positive association with customers' loyalty and some of the Big Bazar's loyalty schemes are offering expected results in the form of repeat purchases and customers' retention.

**Key Words-** Big Bazar, Loyalty programs, Loyalty Schemes, Organized Retailing, Customer Retention, Customer Selection of Retail Brand

### 1 Introduction

Loyalty schemes/programs are become integral part of marketing strategies of organized retail outlets. It is now be considered as a competent tool to fight with market competition and win customers' preference (Grahame & Mark, 1997). *The recent marketing studies and surveys revealed a growing interest in building long-term relationships with the existing customers and suppliers.* Growing competition in modern business requires innovative strategies to first acquire and then to retain the customers (William et al., 2002). As the process of acquiring new customer is turning intricate & costlier day on day, business organizations are now targeting on increasing customer loyalty (Liu, 2007).

*Business firms are concentrating a lot in customer loyalty. The customer awareness has enhanced significantly due to globalization, increasing competition and advancement of ICT (Lin & Wu, 2011). Creating loyalty in such advanced environment is a challenge to the companies. Customer relationship management helps in creating long term relation with customers which resulted into customer loyalty in long run (Hallowell, 1996). Studies have shown remarkable effect of CRM on customers' satisfaction. Customer satisfaction is a way to achieve customers' readiness and if customer is ready he/she go for repeat purchases (Buttle, 2009). This has also formed a situation where long-term*

success is no longer achieved through competitive product price and qualities. Instead, companies build their success on a long-term customer relationship (Frow & Payne, 2009).

Customer loyalty has importance to the companies not only for increasing sales and revenues but also to control expenses on various heads. According to 'American Marketing Association' acquiring new customers is always costlier than retaining existing customers, therefore, retail brands working on establishing long term relationship through effective loyalty programs (Sharp & Sharp, 1996). Loyalty programs have significant impact on customers' buying behavior and choice preference of retail brand. Big Bazar is known for its value added loyalty programs which offer value for money deal to their regular customers. Loyalty programs at Big Bazar earning customers' loyalty in one or the other ways (Michael, 2002).

### Customer Loyalty Programs at Big Bazar

The future group's Big Bazar is a famous multi-brand retail outlet which suffice the needs of almost every category of customers' in India. Big Bazar's marketing strategies are the milestone for other competitors (Sirajuddin & Kumar, 2017). Retailing is all about retailer's attention on its customers' needs and expectation to become competitive in the market and gain from competitive advantage (Berman & Evans, 2001). Loyalty programs of Big Bazar have make over the face of competition in Indian retail industry. The brand has always get 'first mover advantage' in type of loyalty schemes introduced. By applying effective marketing skills (including loyalty schemes) Big Bazar has super control over their expenditures to attract new buyers. Customer's migration from one retail brand to another one cause significant loss of income and increases expenses for searching and acquiring new one (Ukessay, 2018).

Famous Loyalty Schemes at Big Bazar are:

**Table 1.1**  
**Loyalty Programs Runs by Big Bazar**

<b>Wednesday Bazar</b>	Scheme promoted as 'HaftaKaSabseSasta Din'. Aimed to draw customers on Wednesday on to store, the day when store has usually less footfalls. Introduced to give power to the customers (house wives) to save more through unexpected discounts and offers.
<b>Payback Card</b>	It is the India's biggest and Europe's most successful loyalty scheme in which customers can earn loyalty points with its regular purchases and get reward out of earned loyalty points. Through Payback Card, customers can shop, save and get rewards. Customers win points across all formats of Future Group.
<b>MahaBachat Offer</b>	A very famous scheme to attract and retain customers at store Usually announced nearer to national festivals or events Big Bazar uses this strategy bia-annual on 'Independence day and Republic Day'. Throw extensive offers, discounts, exchanges and schemes.
<b>Future Pay</b>	It is an app based wallet scheme introduced specially to increase regular customers for giving effortless buying experience across all future group's stores. The scheme was used to estimate registered loyal customers With this scheme more than 5 million customers were accounted

<b>Easyday Club</b>	<p>Known as 'Pados Ki Dukaan', Big Bazar reached every locality across the country.</p> <p>Exclusive membership was offered to the loyal customers who love coming back to avail a host of benefits.</p> <p>Easyday club members can get flat 10% off on very bill they shop on and above the existing offer in store.</p> <p>Every month members can avail special offers also made for them only.</p>
<b>Profit Club Card</b>	<p>It is an ever seen loyalty scheme introduced by Big Bazar.</p> <p>A profit club card member can pay Rs. 10k and is allowed to shop for Rs. 1k every month for next 12 months.</p> <p>Scheme also allowed member to use this as gift card to gift their friends and family. This schemes got famous among the parents whose children are residing out in other cities for studies and all.</p>
<b>T24 Program</b>	<p>It is a unique telecom service that rewards both shopping talking in future group stores.</p> <p>It was a joint scheme of Tata Teleservices and Future Group.</p> <p>The scheme allows customers to shop-till-you-drop and get free talktime.</p> <p>Even on every recharge members get shopping vouchers from future group stores.</p>

Source: [www.futuregroup.in](http://www.futuregroup.in)

The loyalty programs at Big Bazar achieved tremendous response from the customers and significantly strengthen the brand in the market (Cook, 2011). Increasing customers' inclusiveness towards a retail brand through heart winning loyalty schemes is the 'Mool Mantra' of winning Indian customers' loyalty. Thus, these schemes set the guidelines for other competitive brands in Indian retail markets (Mital, 2010). Loyalty schemes are not only good from customers point of view but also, it offers sustainable profitable growth to the retail brand through reducing servicing and attracting cost of the new customers, less price alteration and facilitate favorable recommendations of the retail brand passed on to newer potential customers (Grahame & Uncles, 1997).

## 2 Objective

1. To determine the customer loyalty schemes of Big Bazar.
2. To study whether customer loyalty programs has association with customer loyalty and preference to choose specific retail outlet for their purchases?
3. To identify the potential loyalty schemes as per customers' perception & preference.

## 3 Methodology

### 3.1 The Study

The study is empirical, based on primary data collected from customers directly through questionnaire method.

### 3.2 *The Sample*

Total 156 participants have been targeted at two Big Bazar retail outlet in Indore city. The selection of the respondents were based on their demographic profile. Only married and earning customers have been targeted as potential respondents. Different time frame and 7 days of the week have been selected to collect data in order to avoid sample redundancy from similar type of customers.

### 3.3 *The Instruments Used*

- ? Chi-square test- to determine the association between two variables i.e. Loyalty Programs & Customer Loyalty
- ? Independent T-test- to study the perception difference between male and female respondents towards loyalty programs
- ? Graph & Pie Charts- to show the complied data graphically for better understanding of the results

## 4 Hypotheses

$H_{01}$ : Gender has no relationship with customer loyalty made through loyalty programs

$H_{02}$ : Customer loyalty programs has no association with customers' preference to select specific retail brand for their purchases

$H_{03}$  Male and female customers do not differ in their perception towards the usefulness of loyalty programs to build customer loyalty towards a retail brand.

## 5 Results

### *Objective 1- To determine the customer loyalty schemes of Big Bazar.*

As per the study, Big Bazar currently running seven customer loyalty programs in which five are core schemes and rest two are partial schemes. The two partial schemes viz. 'Wednesday Bazar & MahaBachat Offer' actually termed as sale promotion techniques which indirectly enhance customers' loyalty, but the five primary loyalty schemes viz. 'Payback Card, Futurepay, Easyday Club, Profit Club and T24 Program' specifically designed to build customer loyalty and strong long association of customers' with retail outlet. (Refer table 1.1).

### *Objective 2- To study whether customer loyalty programs has association with customer loyalty and preference to choose specific retail outlet for their purchases.*

Based on the second objective of the research two null hypotheses are designed to meet the objective. First null hypothesis is framed to test whether gender plays significant role in creating loyalty through customer loyalty programs? And second null hypothesis is framed to check whether is there significant association between loyalty programs and customers' preference for selecting specific retail brand for their purchases?

$H_{01}$ : Gender has no relationship with customer loyalty made through loyalty programs

**Table 5.1**  
**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	2.090 <sup>a</sup>	1	.148	.154	.099
Continuity Correction <sup>b</sup>	1.653	1	.199		
Likelihood Ratio	2.095	1	.148		
Fisher's Exact Test					
Linear-by-Linear Association	2.077	1	.150		
N of Valid Cases <sup>b</sup>	156				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 37.51.

b. Computed only for a 2x2 table

The testing result reveals that, the null hypothesis  $H_{01}$  stands accepted at 5% level of significance, the test is found not significant at 95% level of confidence. The test values are found to be as, Pearson Chi-Square = 2.090, P value = 0.148.

The null hypothesis  $H_{01}$  found accepted as the p value  $0.148 > 0.05$  is greater than standard sig. value.

**Table 5.2**  
**Gender \* Responses Crosstabulation**

			Responses		Total
			Yes	No	
Gender	male	Count	43	36	79
		Expected Count	38.5	40.5	79.0
	female	Count	33	44	77
		Expected Count	37.5	39.5	77.0
Total		Count	76	80	156
		Expected Count	76.0	80.0	156.0

The above table 5.2 shows the cross tabulation of 'Gender' male & female. The crosstab reveals that, there is no significant difference in the expected count and observed count of male and female responses with reference to formation of loyalty through customer loyalty programs.

**Result Discussion:** with reference to the testing results, the study found that, gender do not affect individual's psychology about loyalty behavior made through customer loyalty programs. It means formation of customer loyalty with the help of various customer loyalty programs is not dependent on customer's gender, it is independent. All the loyalty schemes work similarly for both male and female. Loyalty schemes should be gender specific is not necessary, all the married and working respondents responded in a similar manner.

H<sub>02</sub>: Customer loyalty programs has no association with customers' preference to select specific retail brand for their purchases.

**Table 5.3**  
**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.030 <sup>a</sup>	1	.863		
Continuity Correction <sup>b</sup>	.000	1	.990		
Likelihood Ratio	.030	1	.863		
Fisher's Exact Test				.874	.495
Linear-by-Linear Association	.030	1	.863		
N of Valid Cases <sup>b</sup>	156				

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 35.54.

b. Computed only for a 2x2 table

The testing result reveals that, the null hypothesis H<sub>02</sub> stands accepted at 5% level of significance, the test is found not significant at 95% level of confidence. The test values are found to be as, Pearson Chir-Square = 0.030, P value = 0.863.

The null hypothesis H<sub>02</sub> found accepted as the p value 0.863 > 0.05 is greater than standard sig. value.

**Table 5.4**  
**Gender \* Choice of ret pref Crosstabulation**

			Choice of ret pref		Total
			Yes	No	
Gender	male	Count	37	42	79
		Expected Count	36.5	42.5	79.0
	female	Count	35	42	77
		Expected Count	35.5	41.5	77.0
Total		Count	72	84	156
		Expected Count	72.0	84.0	156.0

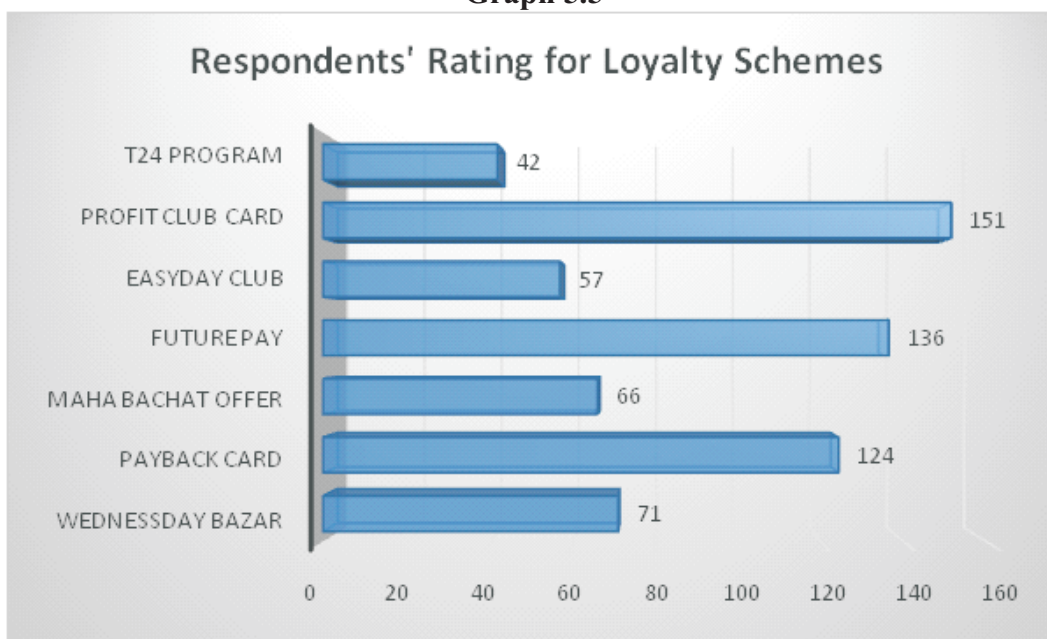
The above table 5.4 shows the cross tabulation of 'Gender' male & female. The crosstab reveals that, there is no significant difference in the expected count and observed count of male and female responses with reference to customers' preference to select specific retail brand for their purchases due to customer loyalty programs.

**Result Discussion:** *the result shows that, customer loyalty programs do not have significant relationship with customers' selection of a retail brand for their purchases. Customers do not select a specific retail outlet because of various loyalty schemes offered. It means in Indore city, customer loyalty programs do not affect the choice of customers' of selecting retail outlet for their purchases. The various loyalty programs do not contribute significantly in forming customers' preference towards a retail brand.*

**Objective 3-** *To identify the potential loyalty schemes as per customers' perception & preference.*

To fulfill the research's third objective, the study used graphs & pie chart to show most favored loyalty schemes as per the respondents. The study also framed a null hypothesis checking that whether male and female respondents differ in their perception for most potential loyalty schemes they like.

**Graph 5.5**



The above graph 5.5 shows the rating given to each loyalty scheme by respondents. The result reveals that, the top three loyalty programs rated by the customers are- 'Profit Club Card (Rating=151), Future Pay (Rating= 136) & Payback Card (Rating= 124)'. The other loyalty programs are also considered as potential schemes for creating customer loyalty. Among the rest loyalty programs, Wednesday Bazar (Rating= 71) is the highest rated schemes followed by MahaBachat Offer (Rating= 66), Easyday Club (Rating=57) and T24 Program (Rating=42). The least preferred loyalty schemes is T24 program, which respondents' feels that the scheme is not much attractive in today's business environment wherein customers do not have time to talk on phone to earn loyalty points (as per married and working respondents).

H<sub>03</sub> Male and female customers do not differ in their perception towards the usefulness of loyalty programs to build customer loyalty towards a retail brand.

Table 5.6

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Perception Equal variances assumed	.217	.642	.400	154	.690	.45520	1.13935	-1.79556	2.70597
Equal variances not assumed			.399	152.577	.690	.45520	1.14039	-1.79779	2.70819

The testing result reveals that, the null hypothesis H<sub>03</sub> stands accepted at 5% level of significance, the test is found not significant at 95% level of confidence. The test values are found to be as, T statistics = 0.400, P value = 0.690.

The null hypothesis H<sub>03</sub> found accepted as the p value 0.690 > 0.05 is greater than standard sig. value.

**Result Discussion:** According to the respondents (of Indore city) loyalty programs are good for offering value to the customers and keep them happy & satisfied but all loyalty programs do not have similar impact on all categories of customers'. The impact of loyalty schemes do not influence customers of different demographic profile. As per the current study married and working male and female like the schemes which offers money saving and ease of purchase. Also, male and female share similar perception towards formation of retail brand loyalty through customer loyalty programs. With the help of customer loyalty schemes a retail brand can increase customers' preference and loyalty towards the store.

6 Conclusion

Customer loyalty programs in India are significantly affecting from customers' demographic profile like age, income, occupation, marital status etc. all loyalty programs cannot grow similar yield in every category. Retail stores must concentrates on customers' category and design appropriate loyalty schemes. For low income group customers, 'MahaBachat Offer & Wednesday Bazar' are the most successful schemes. Big Bazar as a retail brand won over the competition not only through good product at



reasonable price but also through attractive loyalty schemes for almost every type of customer group. With the change in market a retail store must update its services to meet dynamic customers' desires with much efficient manner. Loyalty program is one of the potential ways to achieve happy and satisfied customer fleet apart from competition. It can be used as a potential tool to fight for customer acquisition and retention.

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