

A Study on Brand Loyalty in Retail Segment with special focus on Pantaloons

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Abstract

The very popular word loyalty and the advantages that a loyal customer group gives to an organisation and more specifically to retail customers. With number of loyalty programme memberships including hotel, supermarket, airline and financial services, in the India alone it is clear that loyalty programmes are an essential part of the marketing plan and strategy of retail organisations – a road to survival, growth and profits. The research throws the light on the effectiveness of the loyalty programmes and the preferences of customers on different aspects.

One variable test, Hypothesis testing, KMO & Bartlett's test, Reliability test and factorial analysis was mainly performed to see the different angles of the research study. Questionnaire were the medium of data collection through the research period of one and half months. This study investigated the factors that influence customer loyalty in the apparel retail industry and found that the two most important drivers of customer loyalty were discount & offers and quality related variables. Price did not feature as an important driver of loyalty disclosing the opportunities for small and big retailers to focus on loyalty and the strategies that do not revolve solely around price but rather focus on long-term relationship building. The responses received from this research were showcasing the facts and will be of value to many retailers who have an existing loyalty programme or are contemplating the starting of a programme.

Keywords: Customer Loyalty; Customer Loyalty Programmes; Factors of loyalty; Feelings towards a brand

Introduction

Today's customers have become more aware, more conscious towards purchasing products. They are less loyal to the brands because of discounts, scheme & other promotional strategies company uses in order to sell the product. Loyalty is devotion and faithfulness to a cause, country, group, or person. Loyalty may certainly be between two persons, but it may also be from a person to a group of people. Loyalties differ in basis according to their roots. They may be developed upon the basis of unalterable facts that makes a personal connection between the subject and the object of the loyalty. Loyalties differ in strength, scope, legitimacy and attitude also.

Businesses seek to become the objects of loyalty in order to retain customers. Brand loyalty is a consumer's preference for a particular brand and a commitment to repeatedly purchase that brand. Loyalty programs offer rewards to repeat customers in exchange for being able to keep track of consumer preferences and buying habits.

Company resources are engaged so as to higher the loyalty of customers and other related parties such as stakeholders in the expectation that corporate objectives will be met or surpassed. Quality of product or service leads to satisfaction of consumers, which leads to increased customer loyalty, which leads to profitability.

Literature Review:

Considering measurements of loyalty, Aaker (1991) identified brand loyalty's five levels and groups customers accordingly: non loyal buyers - satisfied or at least not dissatisfied buyers -satisfied buyers with perceived switching costs - likers of the brand –committed customers.

Considering the level of involvement Assael (1992) identified four types of consumers brand loyalty : complex loyals - dissonance loyals -habitual loyals - variety-seekers

Dick and Basu (1994) ,The authors consider brand loyalty as the relationship between the relative attitude toward an entity (brand/service/store/vendor) and patronage behaviour. Moreover, Dick and Basu (1994) identify four categories of loyalty: sustainable loyalty latent loyalty - spurious loyalty - no loyalty.

Payne (1994) who examined the progress of consumers. After converting a prospect into a customer the customer becomes a client, then the client becomes a supporter, then he becomes advocate who is someone who is so pleased with the brand that they strongly recommend it to the others. The final step is the partner who just represents a situation where a very close.

Mellens et al (1996) classify brand loyalty measures into four groups attitudinal brand-oriented -attitudinal individual-oriented measures - behavioral brand-oriented measures - behavioral individual-oriented

Another important input in the literature regarding customer loyalty measurement is provided by Gremler and Brown (1999) who stretched the concept of customer's loyalty to service (intangible) goods with their definition of service loyalty and include behavioural, attitudinal, and cognitive

aspects of loyalty. Eventually, a service loyalty number is determined for each and every respondent, thus being identified low, medium, and high loyalty customers.

Oliver (1999) emphasizes the notion of brand loyalty situational influences having a four phase structure of customer's loyalty development.

cognitive loyalty: the brand attribute information available

affective loyalty: a liking or attitude toward the

conative loyalty (behavioral intention): influenced by repeated episodes of positive affect

action loyalty: the motivated intention

Aydin and Özer (2005) suggest a loyalty measurement model ,propose the following sets of measures related to customer loyalty: switching costs-customer loyalty-corporate image - trust -service quality

Wulf et al (2001), In their model, the authors used several aspects and dimensions which are related to customer loyalty:

preferential treatment (makes greater efforts for regular

interpersonal communication (takes the time to personally get to know)

tangible rewards (rewards regular customers for their patronage)

perceived relationship investment (makes efforts to increase regular customers' loyalty)

Research Methodology: The study was conducted in Ahmedabad with sample size of 100. Convenient sampling was used to collect data. Questionnaire was used as a tool to collect data. The research was conducted to fulfil the following objectives:

1. To determine the loyalty of the consumer and its faith in the company
2. To determine the factors leads to satisfaction and loyalty.
3. To learn that what brand and types of articles gets the highest loyalty at store.
4. To study the different loyalty programmes at pantaloons

ANALYSIS:

Figure 1: Gender

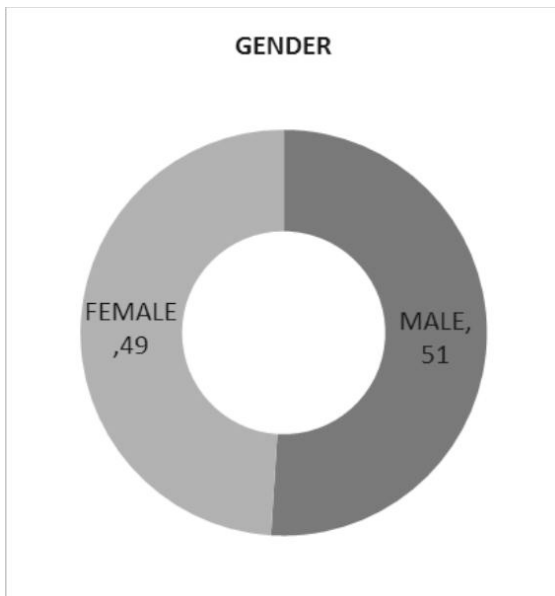
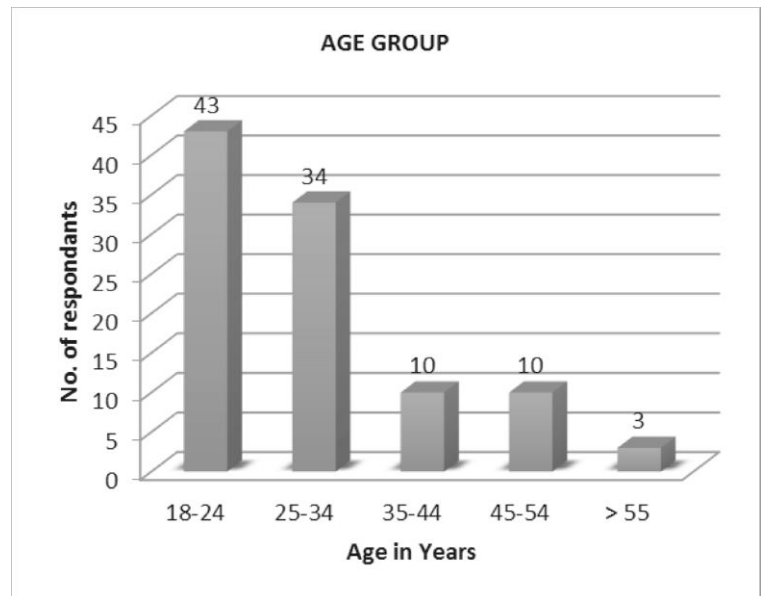


Figure 2: Age



From the above graph 1 it can be seen that from total of 100 respondents 49 were female & 51 were male. From the Graph 2 it can be inferred that 43 respondent falls in the age

group of 18 – 24 and 34 respondent fall in the age group of 25-34.

Figure 3: Occupation

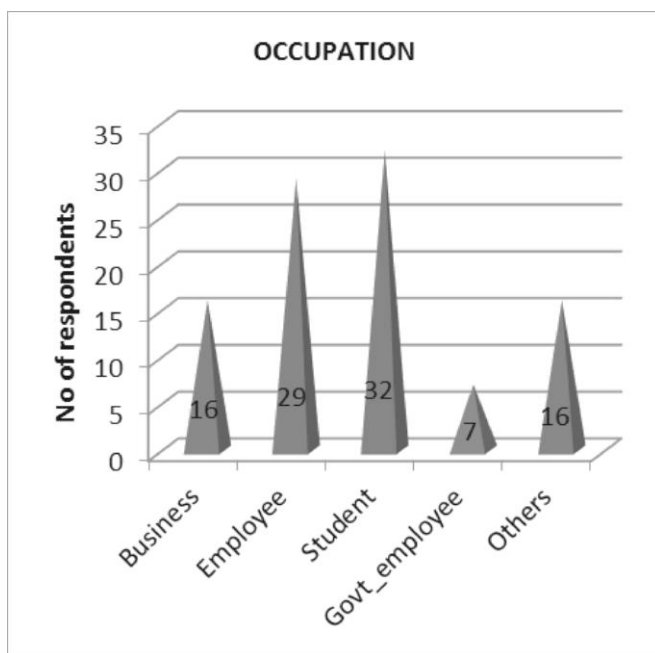


Figure 4: Marital Status

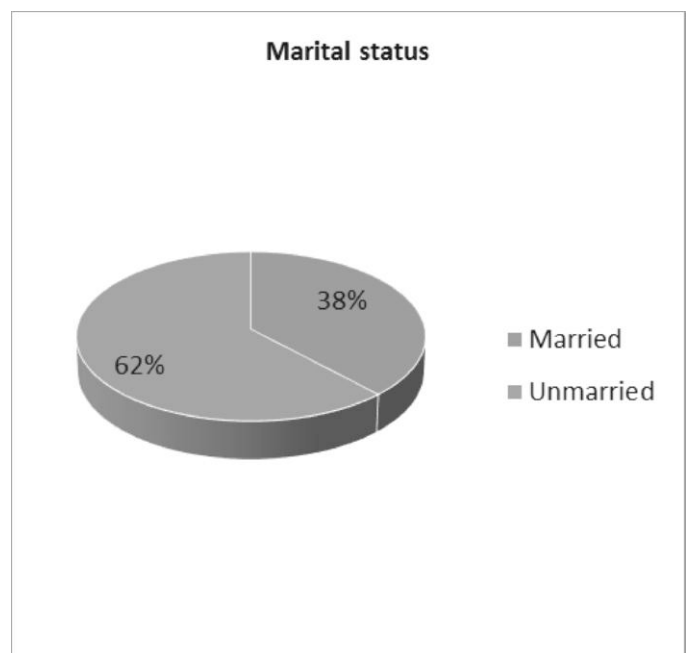
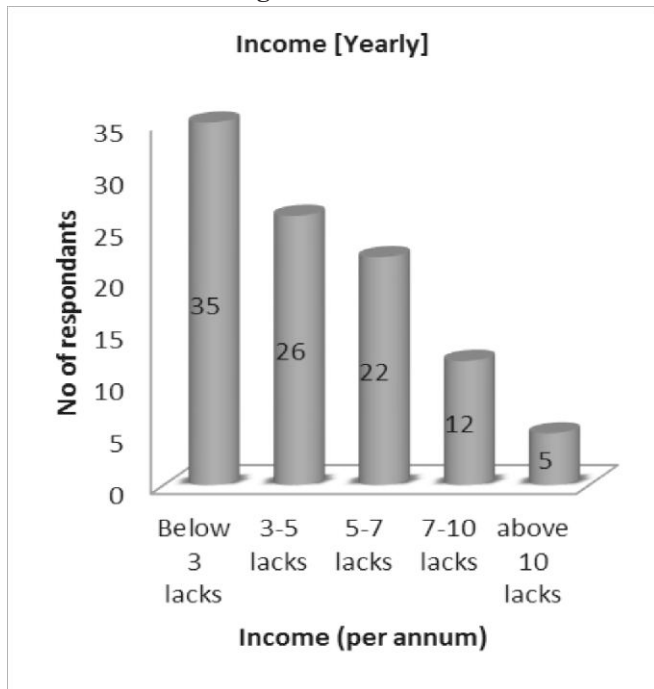


Figure 3 indicates that 32% of the respondent are students and 29% of the students are employees (service). 62% of the

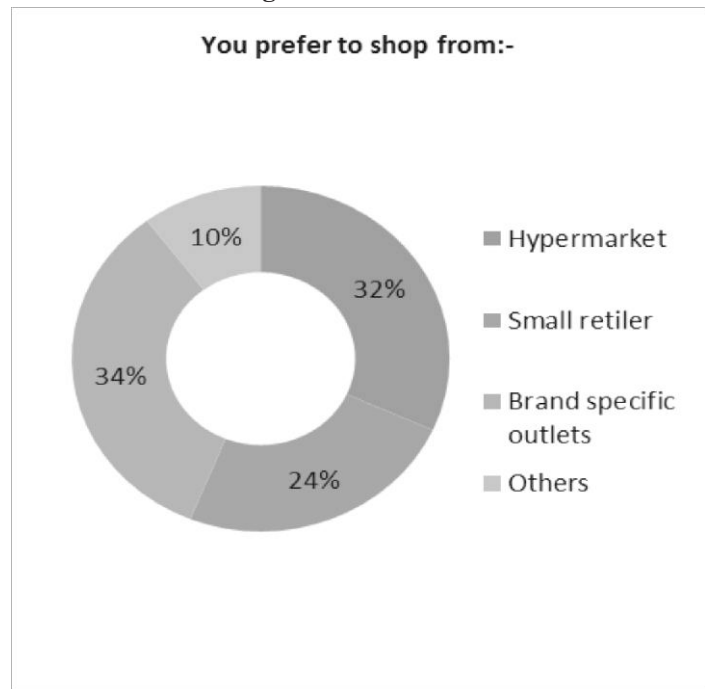
respondents are unmarried (Figure 4).

Figure 6: Income



35% of the respondents has income below 3 lakhs and 26% of the respondents have income between 3 – 5 lakhs (Figure

Figure 7: Preference



6). Figure 7 indicates that 34% of the respondents prefer to shop from branded stores.

Figure 8: Frequency

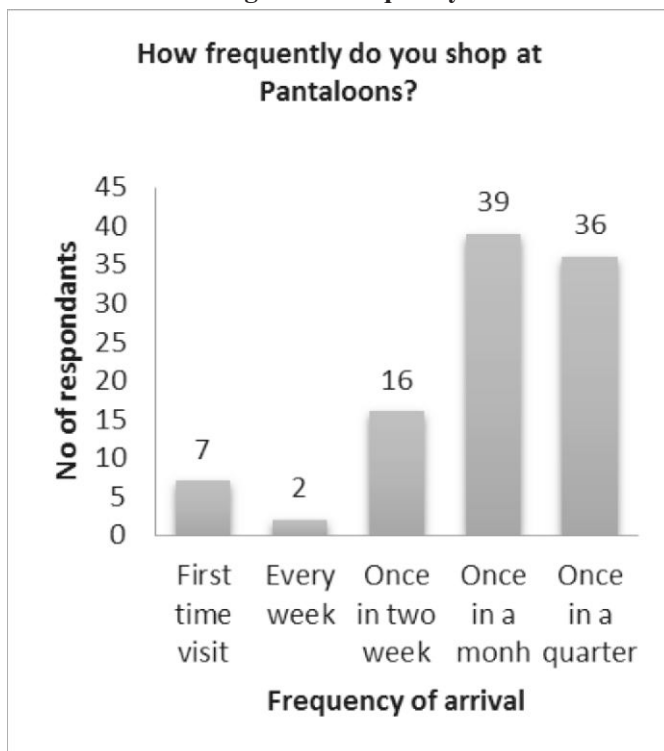


Figure 8 infers that 16% of the respondents shop once in a two week from Pantaloons and 39% of the respondent prefer to shop from Pantaloons once in a month. 52 respondents

Figure 9: Influence



shop from Pantaloons due to its product quality & 41 gets attracted to shop from Pantaloons due to its promotions & offers (Figure 9).

Figure 10: Think about Pantaloons

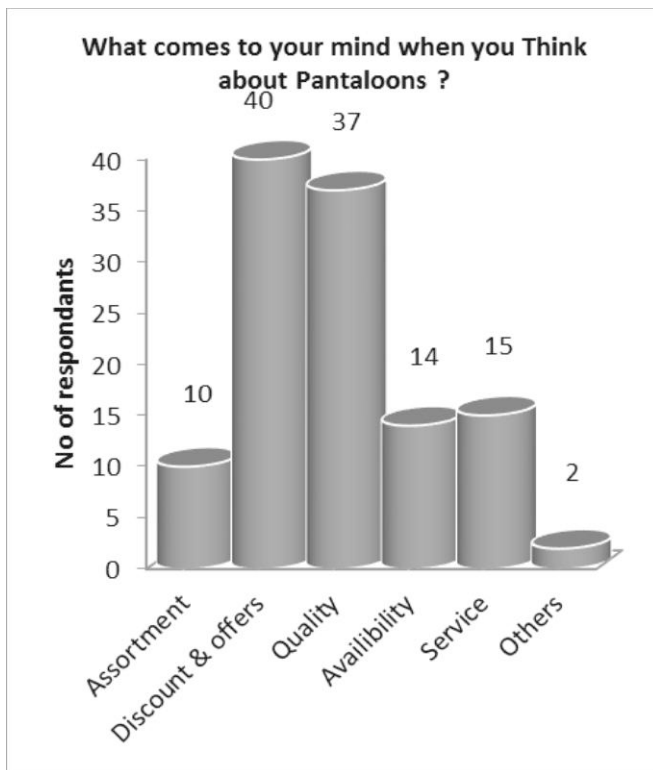


Figure 11: Loyalty

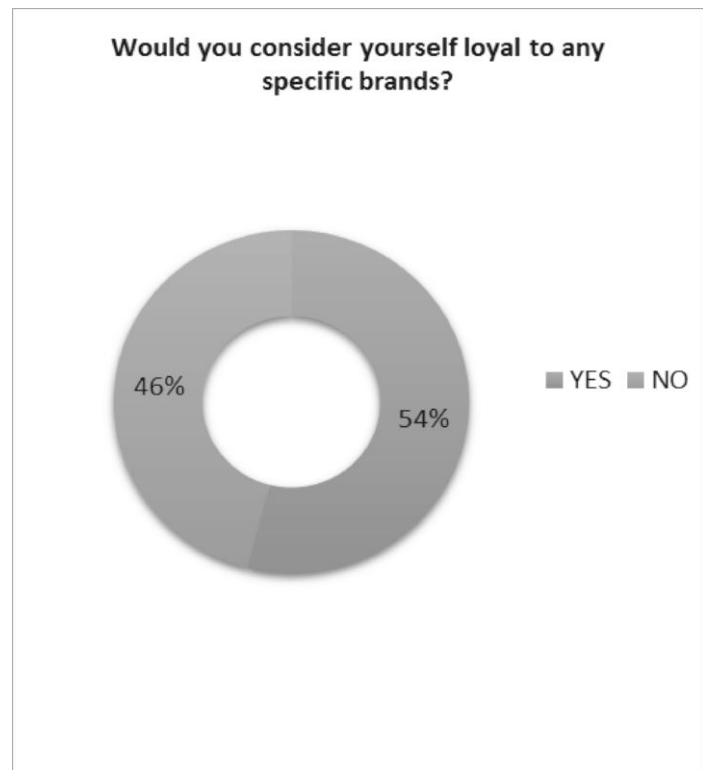


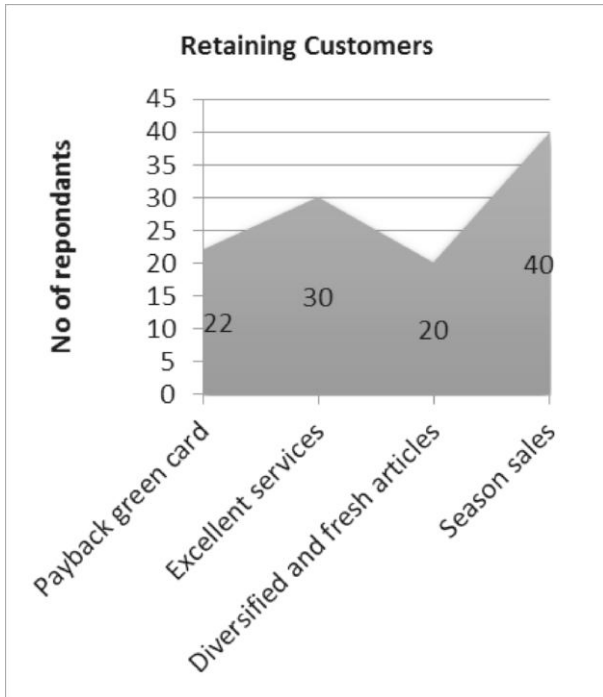
Figure 12: Feelings



Quality, Discount & Offers are the main parameter which comes to the mind of customer when they think of Pantaloons (Figure 10). Figure 11 infers that 54% of the customer rate themselves as loyal to any particular brand, whereas 46 % are not loyal & they change their preference. Figure 12 indicates feelings of customers towards www.pbr.co.in

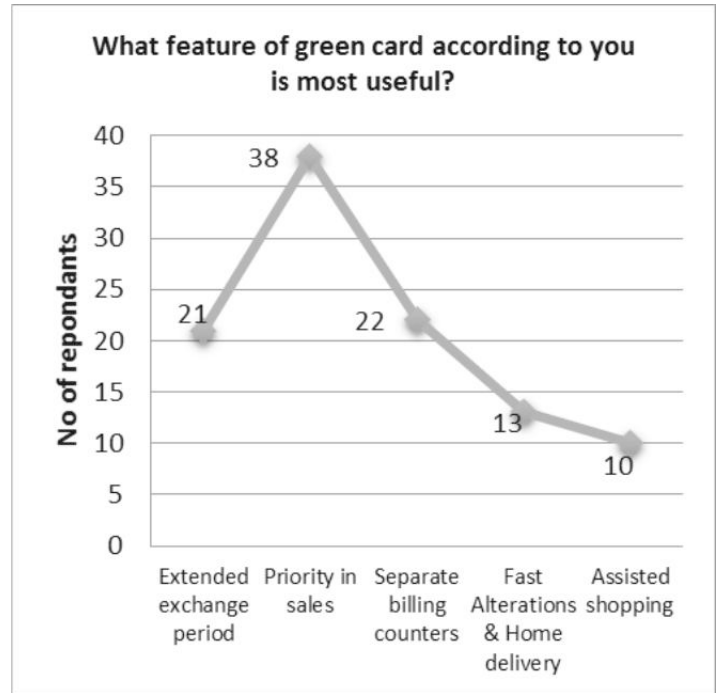
pantaloons. 35% of the customers feels that they like the way brand stands for and it makes me feel good buying from them. 23% of the customers are of view that Pantaloons have good products which is why they buy from pantaloons on regular basis.

Figure 13: Retaining Customers



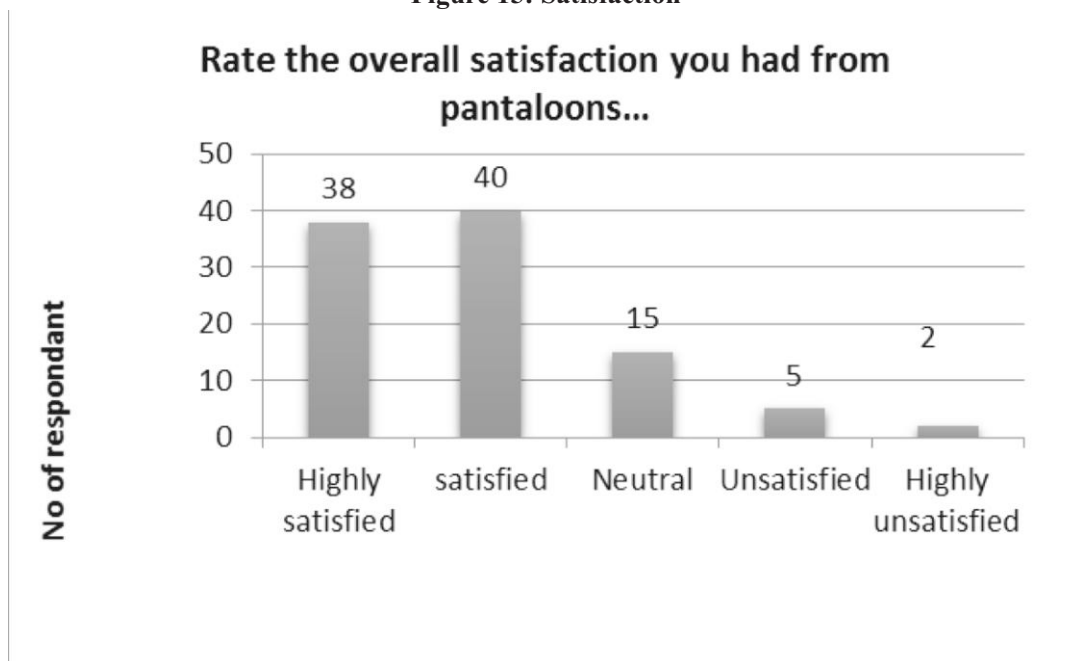
Season sale is the most important factor to retain customer followed by excellent service (figure 13). Green card holders of pantaloons feels that priority in sales (38%) is the most important feature of green card. Even separate billing

Figure 14: Feature of green card



counter for green card holders is an added advantage (figure 14). 40% of the customers are satisfied and 38% of the customers are highly satisfied with the Pantaloons.

Figure 15: Satisfaction



Hypothesis Testing:

H0: There is no significant relationship between income and frequently buying at pantaloons

H1: There is significant relationship between income and frequently buying at pantaloons

Table 1: Chi Square - income & frequency

	Value	df	Asymp. Sig. (2 - sided)
Pearson Chi-Square	15.731 ^a	16	.472
Likelihood Ratio	15.441	16	.493
Linear-by-Linear Association	1.706	1	.191
N of Valid Cases	100		

The P value of the test comes to .472 which is higher than 0.05, so the null hypothesis is accepted that “There is no significant relationship between income and frequently buying at Pantaloons”

H0: There is no significant relationship between gender and respondents loyal to specific brand

H1: There is significant relationship between gender and respondents loyal to specific brand

Table 2 : Chi Square – Gender & Loyalty

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.334 ^a	1	.564		
Likelihood Ratio	.334	1	.564		
Linear-by-Linear Association	.330	1	.566		
N of Valid Cases	100				

The P value of the test comes to .564 which is higher than 0.05, so the null hypothesis is accepted that “There is no significant relationship between gender and respondents loyal to specific brand”

H0: There is no significant relationship between occupation and belief that loyalty is beneficial

H1: There is significant relationship between occupation and belief that loyalty is beneficial

Table 3 : Chi Square – Occupation & loyalty

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.507 ^a	8	.591
Likelihood Ratio	5.793	8	.670
Linear-by-Linear Association	.478	1	.489
N of Valid Cases	100		

The P value of the test comes to .591 which is higher than 0.05, so the null hypothesis is accepted that “There is no significant relationship between occupation and belief that loyalty is beneficial.”

H0: There is no significant relationship between age and useful feature of green card

H1: There is significant relationship between age and useful feature of green card

Table 4 : Chi Square – Age & feature of green card

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.514 ^a	16	.127
Likelihood Ratio	24.504	16	.079
Linear-by-Linear Association	3.275	1	.070
N of Valid Cases	100		

The P value of the test comes to .127 which is higher than 0.05, so the null hypothesis is accepted that “There is no significant relationship between age and useful feature of green card”

Tool - Factorial Analysis:

KMO And Bartlett's Test:-

Table 5 : KMO & Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.826
Bartlett's Test of Sphericity	Approx. Chi-Square	641.597
	df	105
	Sig.	.000

(I) KMO test shows possibility that if factorial analysis can be run or not. If the value of test comes greater than 0.6 factorial analysis can be performed. In this test the value of KMO test comes to 0.826 which is higher than 0.6, so factorial analysis can be performed.

(II) Bartlett's test tells that sample is sufficient enough to perform factorial analysis.

Reliability Test:-

Table 6 : Reliability

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.874	.873	15

The value of cronbach's alpha should be equal or more than 0.6 then it could be said reliable. The cronbach's alpha comes to 0.874 while Cronbach's Alpha Based on Standardized Items to 0.873 which indicates that the test scale is reliable.

Total Variance Explained:

Table 7 : Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.878	39.189	39.189	5.878	39.189	39.189	2.950	19.665	19.665
2	1.516	10.105	49.294	1.516	10.105	49.294	2.887	19.245	38.910
3	1.250	8.330	57.624	1.250	8.330	57.624	2.564	17.092	56.002
4	1.074	7.157	64.782	1.074	7.157	64.782	1.317	8.780	64.782
5	.937	6.249	71.031						
6	.719	4.793	75.824						
7	.658	4.385	80.209						
8	.551	3.673	83.882						
9	.524	3.491	87.373						
10	.461	3.072	90.444						
11	.419	2.794	93.239						
12	.343	2.290	95.529						
13	.292	1.948	97.476						
14	.226	1.506	98.983						
15	.153	1.017	100.000						

Extraction Method: Principal Component Analysis.

The above table shows the variances explained. Total number of factors are considered on the basis of Eigen value. If eigen values are 1 or more than one those number of factors are considered. Here we have 4 component whose

eigen value are 1 or more than one. Thus we will have only four factors. The total variance explained by this four factors is 64.782%.

Rotated Component Matrix:**Table 8: Rotated Component matrix**

	Component			
	1	2	3	4
Exchange_policies	.776		.214	
End_of_season_sale	.732	.145	.382	-.111
affordable_price	.722	.247		.257
Discounts_and_freebees	.563		.466	
More_brands	.553	.540	.225	-.153
proximity	.237	.756		
Assistance_by_employees		.700	.281	.102
sizes_available	.438	.667	.202	-.173
Ambience	.255	.484	.410	
Presentation_of_articles	.127	.318	.802	
good_services	.355	.142	.737	
Durability_of_articles	.118	.516	.544	.288
Collection_of_clothes	.408	.382	.420	-.185
Switching_barriers	.153	-.242	.303	.730
Emotions_with_store		.406	-.238	.713

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

The above table explains the reduction of factors into one factor depending upon its correlation with each other.

New Factors Nomenclature:

NO.	FACTORIAL GROUP	CRONBACH ALPHA (α)
1	Offerings and attractions	0.810
2	Location and ambience	0.768
3	Articles and its presentation	0.793
4	Attachment with the store	0.275

The above table shows four main factors which have major impact on customers to purchase products from Pantaloons.

Findings:

In research it was found out that the females were 49% and the male was 51%, which represent almost 1:1 ratio. It was also noticed that the 43% of respondents were youngsters, and they were falling under 18-24 age group. The majority of respondents were unmarried and as far as occupation is concerned students were highest. Thirty five per cent respondents were having income less than 3 lacks per annum. 2/5 of respondents prefer to come on monthly basis. Quality and the offers is the thing which influences the customers most. If comes to loyalty, 54 percent respondents considers themselves as loyal to any specific brand, while 58% respondents thinks that loyalty towards a particular

brand is always beneficial. Forty out of hundred respondents thinks that because of seasonal sales pantaloons is successful in retaining the customers comparing to others. As far as green card is concerned priority in sales and separate billing counters are most likely features. Research disclosed that 38% of the respondents were satisfied while 40% were extremely satisfied.

Conclusion:

Pantaloons fashion and retail Ltd is a company where it strives for lifestyle and value through its products and services. Through the study, it is observed that pantaloons can be said an organization where the P's of marketing is taken seriously for the maximum profitability through large range of products, promotional activities for the company through newspapers , magazines , internet ,banners and

posters and a solid sales organization monitoring that the P's are worked effectively. The store has been well maintained in accordance with the latest demands of the consumers and through all these strategies Pantaloons ensures repeated customer patronage. As far as the loyalty of customers is concerned we can say that the main factors plays important role is the quality of articles and the various discounts. The majority of persons were having income less than 3 lacks per year. The highest number was of students and there were respondents mostly aged Between 18 to 24. They also described their feelings that they like what the brand stands for and it makes them feel good buying from the store. At last we saw that around $\frac{3}{4}$ of customers were satisfied by pantaloons experience. So, loyalty is said to be the most important thing for a retailer to retain their customers. But there are many efforts to be made to do so. After all loyalty is not a one day process it is continuous and long term process. By providing good quality and experience to the customers a business can surely enjoy the benefits of loyalty.

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