

Perception of the Consumers towards the Loyalty Plan of Pantaloons Retail in Delhi NCR



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Abstract

With the advent of organized retailing in India, organizations were faced with two basic challenges – first was to increase the footfall at the retail store, and second to increase the purchase spending with every visit. Significant revolution in the retailing format, lead to emergence of organized customer relationship management in the form of Loyalty Program. The study has been conducted with the basic aim of analyzing the customer's perception about Loyalty Programs prevalent in the retail sector. The study reveals the insight of the consumers towards the loyalty programs run by the retailers. The area chosen for this study was noida. The consumers were asked to give their opinion on the loyalty program and payback schemes with specific reference to Pantaloons.

Keywords: Brand Loyalty, Impact, Awareness, Convenience, Benefits.

Introduction

Being a Loyalty Card Holder, a customer can either discount his current purchase; earn points to redeem later or avail any complementary benefit, depending upon the modus operandi of the organization. Currently, all major retail chains as Westside, Shoppers Stop, Big Bazaar, Pantaloons have their loyalty programs. Some major ones are Van Heusen's – Power Club and Diva Club, West side's Club West, Shopper Stop's First Citizen Club, Pantaloons Payback Green card etc.

Pantaloons payback green card is the loyalty program of pantaloons. Initially it started as Pantaloons green card before joining payback whereby customers started receiving both payback points as well as discounts on purchases. The biggest benefit of the tie-up has been the pan-India applicability of the loyalty points across a number of retails shops. The new scheme combined the best of pantaloons in house policies with that of payback.

Under the loyalty program, Pantaloons divide their customer base into 4 categories- 1 star, 3-star, 5-star and 7-star based on the quantum of purchase over the last 12 months. Based on the number of stars, customers are given additional attractive schemes and discounts on top of the payback points. The discounts and offers are progressively better as the number of stars increases. The payback points accumulated by the customer can then be used for cashback offers during purchases.

Star

1. 2 points per Rs.100
2. No questions asked Exchange Policy*, valid for 90 days, bill not required
3. Instant Redemption on next bill at cash counter
4. Convenient Mobile based program

3 Star

1. 3% cashback as reward points
2. No questions asked Exchange Policy*, valid for 90 days, bill not required
3. Instant Redemption on next bill at cash counter
4. Convenient Mobile based program
5. Exclusive VIP Sale Preview
6. Exclusive Billing Counters

5 Star

1. 5% discount as points
2. No questions asked Exchange Policy*, valid for 90 days, bill not required
3. Instant Redemption on next bill at cash counter
4. Convenient Mobile based program
5. Exclusive VIP Sale Preview
6. Exclusive Billing Counters

7. Reimbursement of paper carry bags (as reward points)

7 STAR

1. 7% discount as points
2. No questions asked Exchange Policy*, valid for 90 days, bill not required
3. Instant Redemption on next bill at cash counter
4. Convenient Mobile based program
5. Exclusive VIP Sale Preview
6. Exclusive Billing Counters
7. Reimbursement of paper carry bags (as reward points)
8. The value of 1 point is 25 paise

(Source: Pantaloons.com)

Upgrading Pantaloons Green Card

Amount Shopped For In Last 12 Months	Tier	Discount As Reward Points
0-7999	1 STAR	2 Points Per Rs.100
8000-19999	3 STAR	3% Discount As Reward Points
20000-39999	5 STAR	5% Discount As Reward Points
40000+	7 STAR	7% Discount As Reward Points

(Source: Pantaloons.com)

Though there are many terms and conditions associated with the Loyalty Cards, but there are few conditions which have a direct influence on customer's perception about the loyalty program. First and foremost is that in order to earn Greencard Points on the first bill, the customer must shop for a minimum of Rs 2000. All points accumulated in GREENCARD have validity of only 1 year from the date of its credit in GREENCARD. In case of any complaints, Greencard members can exchange their purchased garments within 90 days of billing and members need to ensure that the garments are not used and are in saleable condition. Also, all points are redeemable only within 1 year from the date of their credit.

Major drivers for Loyalty Program at Pantaloons

While evaluating customer's perception about the Loyalty Program – PBGC at Pantaloons, few pointers were kept in mind. Each member was asked about the benefits of membership and how important they were in attracting the customers. Making the right pitch was important in order to maximize the rate of enrollment and extract favorable response from customers. Equally important was implementation of proper tracking mechanism to identify the enrollment contribution –Employee wise, Department wise and Store as whole and motivating employees to take PBGC as part of their responsibility, listening to their concerns and taking corrective measures. Apart from this, due recognition should be provided to employees performing well in PBGC Enrollment.

The study focuses on analyzing relevance of loyalty programs of pantaloons by gathering customer insights of existing loyalty card holders. It also involved tracking of enrollment pattern and understanding areas of improvement

Review of Literature

Preethi in her study "A Study on Consumer Perception of Retail Outlet With Reference To Big Bazaar, Chennai" (2018) revealed that majority of the respondents has expressed a very positive attitude towards the variables used in the questionnaire to find the effectiveness of training which enabled them to reach their required goal. S Venkatesh (2017) in his study "Loyalty: A key factor for customer satisfaction for Pantaloons" mentioned that customers experience a feel good factor with the membership card as they feel special with the loyalty programs. Deepali Jain (2016) in "Sales of FMCG, beverages at organised retail grew over 15% in FY16" concluded that Sales of FMCG and beverages have grown over 15% at the country's large chains in FY16 and cashback and points system was one of the factor for this growth. At present, Rajesh study "A Study on Consumer Perception towards Organized Retail Stores" in 2015 shows that apart from lower prices, the retails outlets are looking for various innovative and fruitful offers. As retailers have realized the importance of loyalty, they come with different schemes to retain the customers. Dr.V.Antony Joe Raja in his research "A Study on Consumer Behaviour towards Big Bazaar, Chennai" (2015) revealed that the customers are highly satisfied with the variety of products, but at the same time they are not very happy with the quality and availability of branded products. Dr. Dipin Mathur in his study "Influence of Customer loyalty programs' in 2015 revealed that only those retailers will survive who can understand customers and develop a strong bond with them by developing and implementing appropriate loyalty programs consisting of an attractive mix of tangible and intangible rewards.

Objectives of the Study

1. To understand the consumer perception towards the Pantaloons *Payback Green Card*
2. To understand the how loyalty programs enhances the customer bonding?
3. To understand the impact of Loyalty program on sales of the outlet.

Research Methodology

Sample Area

Delhi NCR

Sample Size

70

Sampling Technique

Convenience sampling

Statistical Tools Used

T test

Periodic Research

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
What is your opinion regarding PBGC card	Equal variances assumed	10.325	.002	.669	61	.506	.175	.261	-.348	.697
	Equal variances not assumed			.718	60.773	.476	.175	.243	-.312	.661
What is your awareness level regarding the benefits of PBGC card	Equal variances assumed	.035	.852	2.073	61	.042	.504	.243	.018	.991
	Equal variances not assumed			2.134	58.770	.037	.504	.236	.031	.977
How do you find the PBGC registration process	Equal variances assumed	4.402	.040	-.724	61	.472	-.168	.233	-.634	.297
	Equal variances not assumed			-.696	46.191	.490	-.168	.242	-.655	.318
Rate the benefits of pantaloons green card membership [Relaxed exchange policy]	Equal variances assumed	.021	.886	2.733	61	.008	.505	.185	.136	.875
	Equal variances not assumed			2.606	44.309	.012	.505	.194	.115	.896
Rate the benefits of pantaloons green card membership [Home Drop]	Equal variances assumed	.722	.399	4.032	61	.000	1.061	.263	.535	1.588
	Equal variances not assumed			4.122	57.795	.000	1.061	.257	.546	1.577
Rate the benefits of pantaloons green card membership [Loyalty Point Redemption]	Equal variances assumed	1.083	.302	.461	61	.646	.127	.275	-.423	.676
	Equal variances not assumed			.451	49.320	.654	.127	.281	-.438	.692

Interpretation

H₀

Male and Female are having no difference in opinion regarding PBGC card

H₁

Male and Female are having difference in opinion regarding PBGC card

P value: 0.002, α value: 0.05

P value < α value, i.e. H₀ is rejected and H₁ is accepted.

It means that there is difference in opinion regarding PBGC card among males and females.

H₀

Male and Female are having no difference in opinion regarding awareness level regarding PBGC card.

H₁

Male and Female are having a difference in opinion regarding awareness level regarding PBGC card.

P value: 0.852, α value: 0.05

P value > α value, i.e. H₀ is accepted.

It means that Male and Female are having no difference in opinion regarding awareness level regarding PBGC card.

H₀

Male and Female are having no difference in opinion regarding ease of PBGC registration.

H1

Male and Female are having a difference in opinion regarding ease of PBGC registration.

P value: 0.040 , α value: 0.05

P value $< \alpha$ value, i.e. Ho is rejected and H1 is accepted.

It means that Male and Female are having a difference in opinion regarding ease of PBGC registration.

Ho

Male and Female are having no difference in opinion regarding benefits of relaxed exchange policy

H1

Male and Female are having a difference in opinion regarding benefits of relaxed exchange policy

P value: 0.886 , α value: 0.05

P value $> \alpha$ value, i.e. Ho is accepted.

It means that Male and Female are having no difference in opinion regarding benefits of relaxed exchange policy.

Ho

Male and Female are having no difference in opinion regarding benefits of home drop.

H1

Male and Female are having a difference in opinion regarding benefits of home drop.

P value: 0.302 , α value: 0.05

P value $> \alpha$ value, i.e. Ho is accepted.

It means that Male and Female are having no difference in opinion regarding benefits of home drop.

FINDINGS

1. The most attractive feature of PBGC card is the card less process followed by loyalty points and the feature of multi-storage linkage. There is difference in opinion with respect to gender about the utility of PBGC. While majority females have a positive opinion about the benefits of loyalty program, males are neutral in approach
2. Both male and female are equally aware about the benefits of PBGC Card
3. There is difference in opinion amongst male and female regarding ease of PBGC Registration
4. Both male and female say that relaxed exchange policy of Pantaloons is quite beneficial and has positive impact on the loyalty program
5. Both male and female are of the opinion that Home Drop facility is an important benefit that they get from loyalty program of PBGC

Conclusion

From the study it can be concluded that loyalty programs are very important for success in the retail sector. The study has shown that majority of the customers are happy with the PBGC program of pantaloons. The key to increasing the enrollment of the loyalty program involves the employees communicating the benefits of the program to the customers in clear manner. The study also showed that not all customers are alike, and enrollment depends on highlighting those benefits which are likely to appeal to them more. The studies have shown that increasing the enrollment has led to several benefits like increasing loyalty base, increasing customer satisfaction and increasing the sales. It is very likely that the positive relation between the store and the customers will give more benefits in the long term.

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