

A STUDY ON LOYALTY PROGRAMS AND SALES PROMOTION OF STORE BRANDS

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INTRODUCTION

Manufacturers often utilize sales promotions to boost sales and influence consumers' purchase behavior (Neslin, 2002). These promotions are universally focused on driving purchase behavior, moving consumers out of a holding pattern by offering incentives to take action before promotional offers expire. Promotional efforts have proven to be particularly effective in supporting the launch of new products into competitive markets. Given evidence of their effectiveness, firms continue to invest heavily in sales promotions to the tune of \$70 billion annually, which accounts for nearly 20% of total promotional spending, and they have remained an area of focus in the marketing literature. For more than 30 years, scholars have investigated the effect of promotions on various aspects of firm performance, which has provided great insights into how and why promotions drive consumer demand. Within these broader investigations, a relatively small subset have focused on understanding how promotions drive initial perceptions of quality and sales for newly introduced products. Additionally, less is known about how simultaneous promotions may impact consumer demand and firm performance, which is becoming an increasingly important issue for industries like automotive, where firms have large promotional budgets and must allocate this budget across mass and luxury brands with their annually refreshed product offerings.

Several factors contribute to the strength of sales promotion in the United States. First, consumers have accepted sales promotion as part of buying-decision criteria. Primarily, sales promotion offers consumers the opportunity to get more than they thought possible. Product sampling, for example, allows consumers to try the product without buying it. Furthermore, many people are reluctant decision makers who need some incentive to make choices. Sales promotion gives them the extra nudge they need in order to become active customers. Finally, sales promotion offers have become an integral part of the buying process, and consumers

have learned to expect them. The progression of sales promotion has been spurred by business, especially big business.

Top managers and product managers have played direct roles in encouraging the recent growth of sales promotion. The product manager's goals and desires have provided the initial impetus. Product managers are challenged to differentiate their product in a meaningful way from competitors' products because buyers have many choices among brands and products offering similar satisfactions. Sales promotion techniques provide solutions to this dilemma. Heads of companies today focus increasingly on short-term results. They want sales tomorrow, not next quarter or next year. Sales promotions can provide immediate hikes in sales.

REVIEW OF LITERATURE

Faryabi (2015) Brand Name, Sales Promotion and Consumers' Online Purchase Intention for Cell-phone Brands. *International journal of marketing studies*. January 2015 .7(1). This research seeks to examine the final impact of brand name and sales promotion, as two powerful marketing strategies, on consumers' online purchase intention, considering perceived quality, perceived value and store image as possible mediating variables affecting the decision making of consumers. For this purpose, two cell-phone brands (a well-known vs. to a less-known brand) were studied among 248 professors, employees and students from University of Tabriz, in IRAN.

Sarah Mussal(2018) Developing in-store brand strategies and relational expression through sales promotions. *Journal of retailing and consumer services*. volume 47. The results show that non-monetary promotions generate more relational benefits than price-based promotions. They appear to be a significant lever in developing relationships with consumers within the supermarket retail channel, where brands have no formal control over their distribution. Such sales promotions convey brand willingness to develop relationships during in-store encounters. This research identifies sales promotion programs as tools for influencing the consumer-brand relationship within the supermarket retail context.

SS Jabeen, M Kavitha (2020) Effect of green marketing strategies on customer loyalty. *Journal of Xi'an University of Architecture & Technology*. This study aims to find the strategies of Green marketing and its influence on customer loyalty. The researcher used anova table and frequency an alysis to find the result. It shows the findings that there is a positive association between green marketing strategies and customer loyalty. Customers are admired green marketing strategies and they are very loyal to the concern product.

Fikirte (2022) The Effect of Sales Promotion on Brand Awareness and Brand Loyalty: Assessment of Walia Beer Brand Management Practices. *International Journal of Marketing and Business Communication*, 10 (1) 2021, 35-47. Sales promotions have become one of the preferred methods of marketing communication. However, there is a debate whether or not sales promotion has a positive effect on brand awareness and brand loyalty. The research has employed explanatory research design to identify any causal links between sales promotions with brand awareness and brand loyalty. The finding revealed that sales promotion has

positive and significant effect on brand awareness and brand loyalty; and awareness has positive effect on brand loyalty. This indicates that beyond its usual immediate impact on sales volume, sales promotion has effect on branding.

Smruthi (2024) Sales Promotion And Customer Engagement Towards Store Brands. Educational Administration Theory and Practice journal 30(5).DOI:10.53555/kuey.v30i5.4344. A sales promotion is a marketing activity that is designed to increase sales, influence customer. It usually involves offering a discount or some other type of incentive for customers to buy your product or engage with your brand. The main aim is to analyse the influence of sales promotion activities implemented by the store brands on customer engagement and to study the impact of sales promotion activities on customer engagement. . It found that customer engagement are influenced by reward points, coupons and cash back offer provided by the store brands.

Shanthi (2025) Customer Perception towards Non –Monetary Promotions of Store Brands Journal of Neonatal Surgery. ISSN (Online):2226-0439Vol. 14, Issue 15. Promotional activity encourages customers to reconsider and analyze brand and quantity in ways they may not have considered before. The main aim of this study is to find the non-monetary promotions offered by the store brands and to analyse the influence of non-monetary promotions on customer engagement. However, consumer behavior can be influenced by factors like deal-proneness, where frequent promotions might lower reference prices and negatively impact brand quality perceptions. Finally, it concludes that that personalized offers and in store experiences of Non-Monetary promotions enhances the customer satisfaction in store brands.

OBJECTIVES OF THE STUDY

1. To find the various sales promotional strategies implemented by store brands
2. To find the impact of loyalty programs on customer satisfaction

Sales promotions for store brands aim to increase sales, brand awareness, and customer loyalty. These promotions can include discounts, coupons, loyalty programs, and free samples, among others. Effective sales promotions are tailored to the target audience, well-defined in their goals, and integrated with other marketing efforts.

Loyalty programs for store brands are customer retention strategies where retailers offer rewards, discounts, and exclusive benefits to encourage repeat purchases and build stronger customer relationships. These programs often involve earning points based on spending, which can be redeemed for various perks, and can be accessed through physical cards, mobile apps, or online accounts.

INFLUENCE OF LOYALTY PROGRAMS ON CUSTOMER SATISFACTION

The Loyalty Programs consists of seven variables and its subsequent influence over Customer satisfaction is analyzed from regression analysis.

Table 5.1 Model Summary for Loyalty Programs

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.707 ^a	.500	.493	3.811

a. Predictors: (Constant), LP7, LP1, LP3, LP5, LP6, LP2, LP4

R=.707 R square = .500 and adjusted R square .493. This enables the Loyalty Programs variable creates 50% variance over the Customer satisfaction. The aggregate effect of seven variables of Loyalty Programs over Customer satisfaction determined by Anova table

Table 5.2 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6733.866	7	961.981	66.239	.000 ^b
	Residual	6724.069	463	14.523		
	Total	13457.934	470			

a. Dependent Variable: Customer satisfaction
 b. Predictors: (Constant), GR7, GR1, GR3, GR5, GR6, GR2, GR4

The above table shows the F value 66.239. This enables that the loyalty programs strongly influence the customer satisfaction. The following coefficient table shows the influence

Table 5.3 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.527	1.100		13.207	.000
	Free membership	.790	.245	.123	3.225	.001
	Event token	-1.011	.453	-.135	-2.234	.026
	Free shipping	.207	.403	.035	.513	.608
	Free samples	-.360	.420	-.059	-.856	.393
	Points	-.062	.266	-.010	-.234	.815
	Coupons	2.156	.390	.312	5.528	.000
	Discounts	3.359	.285	.545	11.768	.000

a. Dependent Variable: Customer satisfaction

The above tables shows that Free membership (Beta=.123, t=3.225, p=.001), Coupons (Beta=.312, t=5.528, p=.000), Discounts (Beta=.545, t=11.768, p=.000) are statically significant at 5% level. This enables that discounts given by the loyalty programs admired lot of customers and it leads to customer satisfaction.

FINDINGS AND CONCLUSIONS

Loyalty programs for store brands offer several key benefits, including increased customer retention, higher customer lifetime value, and enhanced brand loyalty. These programs incentivize repeat purchases, encourage referrals, and provide valuable customer data for personalized marketing efforts. Customers feel valued and appreciated through rewards, discounts, and exclusive offers. Loyalty programs can lead to significant savings on purchases, making them more affordable. Finally, it concludes that Members often gain access to exclusive deals, events, and products, enhancing their overall experience

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