

Impact of Loyalty Cards on Customer Purchase Behavior in Supermarket Chains in Georgia



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Table of Contents

Table of figures.....	iii
Abstract.....	1
Introduction.....	3
Research questions and objectives	5
Key Term Definitions	6
Thesis Outline	7
Literature review.....	8
Loyalty Program design	9
Loyalty cards and customer retention.....	12
Benefits of loyalty cards for the companies.....	14
Research design	17
Sampling method	18
Demographic information of respondents.....	19
Data analysis methods.....	20
Methodological strength and limitations.....	21
Results.....	23
Demographic information	23
Grocery shopping behavior of respondents.....	29
The attitudes of the respondents towards loyalty cards in grocery retailing	32
Interview results.....	41
Types of loyalty cards preferred by the customers.....	44

Relationship between loyalty cards and customer retention 46

Customers attitude towards loyalty cards..... 47

The effect of loyalty cards on the expenditure level..... 48

Conclusion 50

 Research limitations..... 51

 Topics for further research 52

Bibliography 54

Appendices 57

 Appendix 1 - Consent form for the interview with company representative..... 57

 Appendix 2 – Questions for the interview with company “A” and company “B” 61

 Appendix 3 – Questions for the interview with company “C” 62

 Appendix 4 – Survey questions 63

Table of figures

Figure 1: Respondents by age groups	24
Figure 2: Employment status of respondents.....	24
Figure 3: Respondents by personal income level	25
Figure 4: Respondents by family income level.....	25
Figure 5: Preferred type of grocery stores	26
Figure 6: Distribution of respondents by individual expenditures on grocery.....	27
Figure 7: Distribution of respondents by family expenditures on grocery.....	28
Figure 8: Frequency of visiting supermarkets	29
Figure 9: Frequency of visiting each supermarket chain.....	30
Figure 10: Factors influencing the customer decision making process where to shop.....	31
Figure 11: The number of loyalty cards held by respondents	32
Figure 12: Respondents with loyalty cards according to companies.....	33
Figure 13: Frequency of using loyalty program of each supermarket.....	34
Figure 14: Importance of loyalty programs during decision making process.....	35
Figure 15: Frequency of changing accumulated points to the benefit.....	36
Figure 16: The influence of the loyalty programs on the repeated purchase	37
Figure 17: Personal data privacy concerns	38
Figure 18: Frequency of visiting each supermarket by the respondents held loyalty card of the company.....	38
Figure 19: Frequency of visiting supermarkets on average by the respondents without loyalty card.....	39
Figure 20: Correlation between owning loyal cards and the frequency of visiting supermarket	39
Figure 21: Importance of the loyalty card factor during decision making process under different income conditions	40
Figure 22: Grocery expenditures of loyalty card holders under different income conditions	40

Figure 23: Grocery expenditures of customers without loyalty cards under different income conditions 41

Abstract

Nowadays, because of the competitive environment, loyalty programs are a very important part of the marketing strategy for the retail organizations operating on international and Georgian markets. Numerous companies use this tool to motivate their customers, gain a competitive advantage over their competitors and increase the number of loyal customers. Those are the factors that help a company to increase revenue and profitability in the long run.

The main goal of the research is to outline the impact of loyalty card programs on the customer behavior in the grocery supermarket/hypermarket chains in Georgia, also, to investigate customer attitudes towards loyalty cards. Particularly, the ownership and the usage of the loyalty cards are discussed in respect with customer retention. At the same time, the connection between the income conditions and the expenditures is studied.

In order to answer the main research questions and achieve the objectives of the study, mixed-method research was adopted. Both qualitative and quantitative data were collected through the online survey and interview. Structured interviews were conducted with the marketing and loyalty managers of the companies, while the online, self-administered survey was utilized for the supermarket customers who live in Tbilisi. The research is based on pragmatism as a philosophy. For this research, non-probability sampling method was used: self-selection sampling was adopted to inquire about the customers of supermarket chains in Georgia, meanwhile, convenience sampling was chosen for collecting the data from the company representatives. The time horizon for the study was cross-sectional.

One of the most important outcomes from the research is that companies' expectations regarding loyalty cards do not meet reality. It is essential for the companies to analyze customers' needs and attitudes towards loyalty cards and adopt their offers to the results.

One of the main limitations of the study was a small sample size, which is a huge deterrent to generalize results. In addition, only a few companies expressed a desire to participate in the research. Confidential information about revenue generated by loyal customers and other numerical data was not accessible, which could slightly alter the results.

For further research, it would be interesting to compare results obtained from this study to other retail companies. In addition, regression analysis of the collected data will provide detailed information about important variables.

Key words: loyalty cards, loyalty programs, consumer behavior, purchase behavior, grocery retail, consumer retention