
Analysis of Loyalty program followed by Biscuit Industry for Benchmarking the Best Practices in Retail Channel at Nagpur

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Abstract:

The purpose behind the topic under consideration for the research paper is about finding the impact of loyalty program for the purpose of benchmarking it as a best practice in retail channel by the biscuit industry. To understand the impact the program leaves, a specific area is required to consider for study, as the biscuit industry is very vast in itself and the products being consumed by people of all classes and masses. For the purpose Nagpur city is considered for the study as it lies in the heart of the country and is well connected and facilitated to nearly all the states and has reach to varied people and products of different brands are quite easily available here which makes it easy to understand the loyalty programs impact.

Loyalty Programs have become very common a practice but it is very essential to understand their utility. Almost all companies offer a bulk of loyalty reward programs some rewarding others not. This paper discusses on the effectiveness of such programs that can be adopted as best practice in retail channel.

Keywords: Loyalty programs, benchmarking, best practices, retail, retail channel

Introduction

Best practice is a strategy which through experience and research, has demonstrated to assurable outcome achievement. A best practice can be termed as result oriented. It should be promising enough to achieve set goals by utilising the prescribed procedures in any field through utilising all the knowledge, learning and technology available for the purpose. Best practice gives edge to a product or a service by increase in its consumption as the end result. Organisations adapt to certain practices and benchmark those to achieve optimised outcome. these practices are nothing but procedures and their occurrence for result are time tested. with the same practice being followed by the organisation results the optimised outcome each time and generates similar results across the industry, then that practice is benchmarked as best practice.

There are many channels after which the product or the service reach to the customer or consumer. In this process there are numerous strategies and procedures followed to ultimately enhance customers view towards buying the product or service from the same company repetitively as and when required. Best practice aims at getting optimised results which are ultimately nothing but maximum sale of goods or service provided.

It is important to understand as to why a customer will buy the product or avail the service from the retail personnel and the faith of the customer on the product is required to be analysed. For this purpose, it is required to understand how loyal has the company or the organisation has

made the customer towards buying the exact product from the organisation with many similar ones easily available in the market.

Customer Loyalty Programs have become very common. Companies of all forms and sizes offer a lot of loyalty reward programs but not all of them are thoughtfully designed or are effective. This brief review describes if the loyalty programs work for goal achievement and if can be benchmarked as best practices for the organisation.

Literature Review

Valerie Zeithaml, the University of North Carolina, in the research work of 2001 with their other colleagues provide with a structure like pyramid where customer bifurcated as per Platinum, Gold, Iron and Lead with the base of the pyramid being with the largest figure of customers and then providing service or say special service to the customers as per their class. The bifurcation is done on the basis of the business generated from these customers. With the added importance given by the company the customers develop an association with the brand forming brand loyalty which pays a way towards continuing generating more business from the customers. Barry Berman in his research work tells us that the categorisation of Loyalty Rewards Programs is very fruitful. He in his work has noted various traits of Customer Loyalty Programs and people using those getting desired results.

Thus the research can evolve around the customer loyalty program be made benchmark as a best practice.

Research Methodology

The research design for the purpose is exploratory research and a sample size of 10 companies will be taken for research study. Data collected is of both primary and secondary source.

Objective

- To study the impact of brand loyalty program in biscuit industry
- To study if the retailers are satisfied or not with the brand loyalty program in biscuit industry
- To analyse if the brand reality can be benchmarked as best practice in biscuit industry

Rationale behind the study

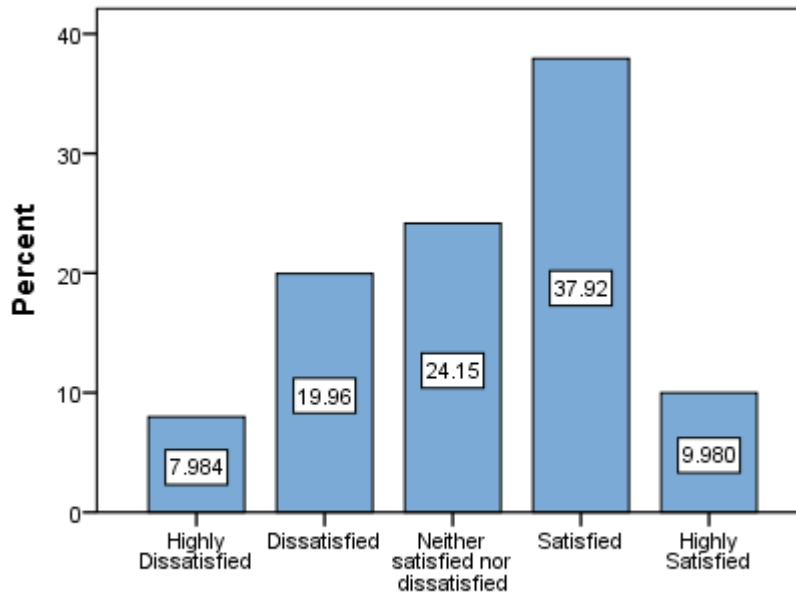
With the previous research carried out on the topic it is evident that not much research is done on a particular activity to benchmark it as best practice. The satisfaction level of the retailers with respect to loyalty programs run by the company needs to be studied. This will help to understand if those can be benchmarked as best practice for optimum results. Fast moving consumer goods are sold very quickly and at a very low cost. There is a huge competition in the market with many products at disposal for customers to select from a wide range. Biscuits are products which are consumed by all classes and masses. There are many customers in the biscuit industry of varied areas which makes the brand loyalty program a tough go. Hence the loyalty programs followed by biscuit industry needs to be analysed with respect to the satisfaction of retailers.

For this, brands like Patanjali, ITC, Parle and Britannia are considered for study as these brands have good sales records.

Also the area of Nagpur is considered for the research understanding its central location and easy accessibility.

Data Analysis and Interpretation

The data collected is analysed to form conclusion.

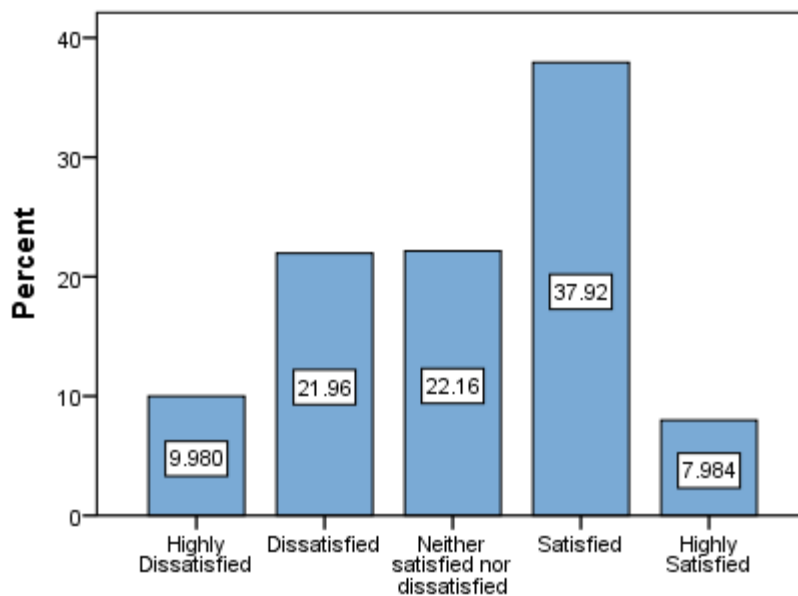


Loyalty program by ITC

37.92% of the respondents are satisfied with the loyalty program given by ITC and 9.98% are highly satisfied. However, 24.15% of the respondents are neither satisfied nor dissatisfied. Whereas, 19.96% of the respondents are dissatisfied with the loyalty programs of the company and remaining 7.98% are highly dissatisfied.

Loyalty program by Parle

	Frequency	Percent	Valid Percent	Cumulative Percent
Highly Dissatisfied	50	10.0	10.0	10.0
Dissatisfied	110	22.0	22.0	31.9
Neither satisfied nor dissatisfied	111	22.2	22.2	54.1
Satisfied	190	37.9	37.9	92.0
Highly Satisfied	40	8.0	8.0	100.0
Total	501	100.0	100.0	

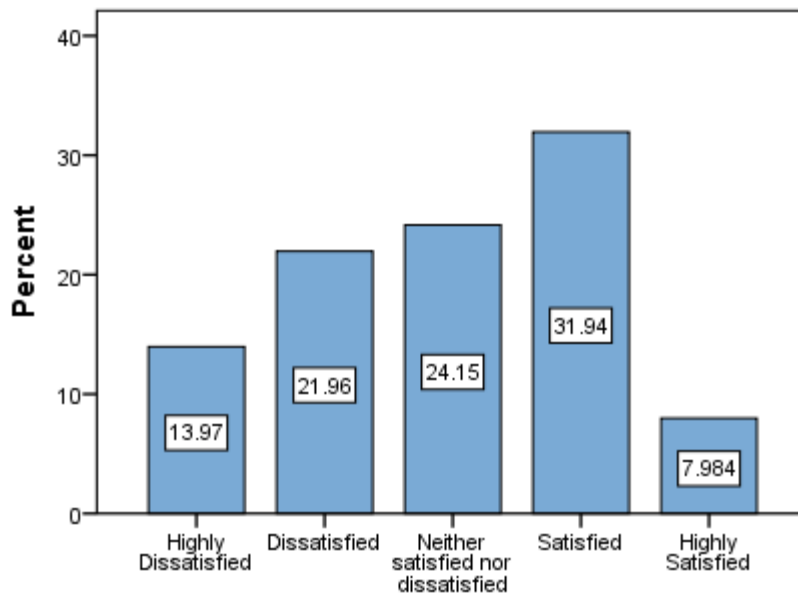


Loyalty program by Parle

37.92% of the respondents are satisfied with the loyalty program given by Parle and 7.98% are highly satisfied. However, 22.16% of the respondents are neither satisfied nor dissatisfied. Whereas, 21.96% of the respondents are dissatisfied with the loyalty programs of the company and remaining 9.98% are highly dissatisfied.

Loyalty program by Britannia

	Freque ncy	Percent	Valid Percent	Cumulative Percent
Highly Dissatisfied	70	14.0	14.0	14.0
Dissatisfied	110	22.0	22.0	35.9
Neither satisfied nor dissatisfied	121	24.2	24.2	60.1
Satisfied	160	31.9	31.9	92.0
Highly Satisfied	40	8.0	8.0	100.0
Total	501	100.0	100.0	

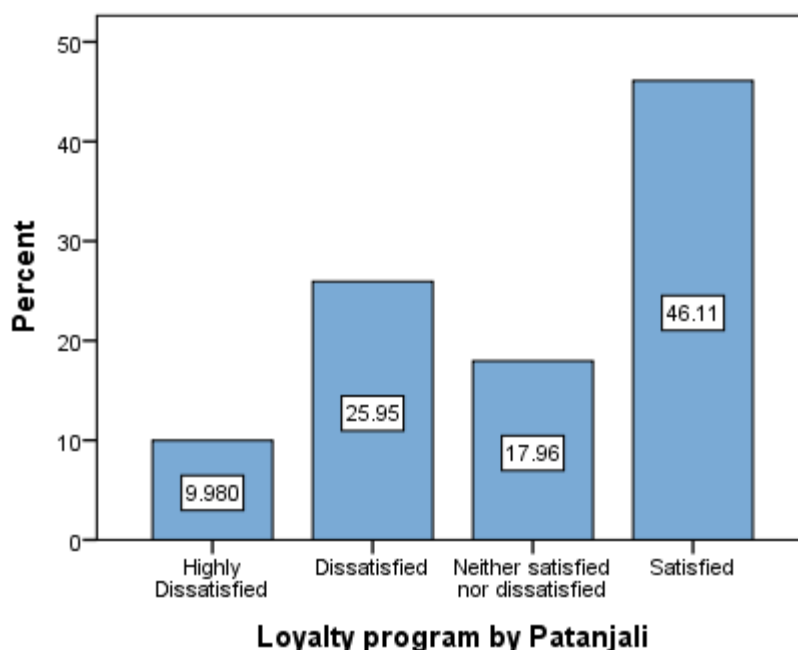


Loyalty program by Britannia

31.94% of the respondents are satisfied with the loyalty program given by Britannia and 7.98% are highly satisfied. However, 24.15% of the respondents are neither satisfied nor dissatisfied. Whereas, 21.96% of the respondents are dissatisfied with the loyalty programs of the company and remaining 13.97% are highly dissatisfied.

Loyalty program by Patanjali

	Frequency	Percent	Valid Percent	Cumulative Percent
Highly Dissatisfied	50	10.0	10.0	10.0
Dissatisfied	130	25.9	25.9	35.9
Neither satisfied nor dissatisfied	90	18.0	18.0	53.9
Satisfied	231	46.1	46.1	100.0
Total	501	100.0	100.0	



46.11% of the respondents are satisfied with the loyalty program given by Patanjali. However, 17.96% of the respondents are neither satisfied nor dissatisfied. Whereas, 25.95% of the respondents are dissatisfied with the loyalty programs of the company and remaining 9.98% are highly dissatisfied

Conclusion:

As it can be seen loyalty programs have positive response from the retailers. Focus should be kept on making lucrative loyalty programs. Loyalty Programs can be termed as a best practice as it has generated positive results in all most all the cases. The brands under study are all performing satisfactorily with the loyalty programs which can be benchmarked as a best practice in retail channel at Nagpur.

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