A Study on the Influence of Loyalty Programs on Impulsive Buying Behaviour

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Abstract

In the dynamic digitalized world, impulsive buying (IB) has emerged as a crucial driver of consumer buying behaviour. As a result, businesses are concentrating on devising diversified marketing strategies for influencing their IB behaviour. E-loyalty programs are one of the marketing strategies. These programs consist of offers and rewards which often influence the customer buying decisions. Generally, these programs are utilised to retain consumers, make them loyal and motivate them to repeat purchases. However, these programs also trigger customers to purchase impulsively. This dimension of customer buying behaviour has received less academic attention. Hence, the present study intends to close this knowledge gap by ascertaining the relationship between factors of e-loyalty programs on IB behaviour. The study is exclusively based on primary data collected from 334 online shoppers based on purposive sampling. The data analysis has been done using bivariate correlation and linear regression analysis techniques in IBM-SPSS 20. The outcome of the study revealed that factors such as awareness, attitude, attractiveness, perceived value, rewards and trust are correlated with impulsive buying behaviour. Subsequently, the study found that except awareness and attitude, all other factors such as attractiveness, perceived value, rewards and trust factors are significantly associated with IB behaviour. This study provides novel insight to academicians, researchers and policymakers to better understand the modern digitalized consumer behaviour. Further, it will help marketers to make effective strategies regarding e-loyalty programs to gain a competitive edge in the hyper-competitive market.

Keywords: Customer Buying Behaviour, Impulsive Buying, Loyalty, Digitalisation.

Introduction

Modern business strategists consider customers in the epicentre while designing business plans and policies. Predicting the accurate buying behaviour of customers has always remained an
unsolved and complex issue of marketing. COVID-19, social media and intensified digitalization have further exaggerated these complexities. However, several efforts have been made to identify the crucial elements involved in forming buying behaviour. Impulsive buying (IB) behaviour has emerged as one of those considerable dimensions of customer behaviour in the dynamic marketing environment.

IB behaviour is defined as an unplanned purchase of products/services influenced by some phenomena. When a buyer engages in IB, they may feel compelled to make an unexpected purchase after viewing the goods on the internet (Kumar & Kaur, 2018). A lot of customers make impromptu, spontaneous and unexpected purchases because they are driven by great desires, joy, and enthusiasm (Abdelsalam et al., 2020). However, one may consider IB to be a particular type of unintentional purchase (Iyer, 1989). Impulsive purchases are recognized by their spontaneity, spontaneous decision-making, and generation as a response to some stimuli. It may be a cognitive or emotional response or both. (Rook & Gardner, 2016) found that impulse purchasing is characterized by unprepared, snap decisions and the speedy procurement of goods or services. Whereas (Rook & Fisher, 1995) clarified that a consumer’s inclination to make impulsive, unthinking, quick and kinetic purchases results in a variety of buying scenarios and impulse buying behaviours. According to Engel and Blackwell, “impulse buying behaviour is an action undertaken without previously having been consciously recognized or a buying intention formed before entering the store”. The immediate urge of the buyer to make an impulsive purchase after viewing the goods is known as impulsive purchasing behaviour. It is a more illogical personality characteristic that entails behaving without giving things much thought and making instant judgements (Barratt, 1993). In recent years, the number of unintended purchases has drawn the attention of academicians and marketers. In the case of online shopping, IB is frequent and substantially evident.

The aspect of individual variation that is connected to the biological foundations of personality is called impulsivity. According to (Anderson & Revelle, 1994), it is a condition in which there is no particular psychological activation and a nondirectional component of attention. Impulsive purchasing is the sudden need to make a purchase. Impulsive purchasing is reactive and emotional in contrast to other decision-making processes (Rook, 1987). Retailers are becoming aware of the phenomena of IB and are continuously attempting to persuade customers to make impulsive
purchases via appealing shop designs, product packaging, and in-store promotions (Dholakia, 2000). Annually, customers’ impulsive purchases bring enormous amounts of revenue to firms (Hausman, 2000). Keeping in view the significance of impulsive buying, it becomes imperative to systematically study the relevant key factors and further understand their implications on the buying behaviour of customers.

**Literature Review**

Alshurideh, (2019) conducted a study on electronic loyalty programs in the mobile phone service provider industry. The research examined different types of e-loyalty programs which influence consumer behaviour i.e., re-purchase intentions and customer-company relationships. These loyalty programs include accumulated electronic points, prepaid card discounts, free additional credit and free additional minutes and/or messages which drive the choices of loyal customers. The data was gathered from 478 loyalty program members using a self-administered questionnaire. By applying structural equation modelling (SEM), the results showed that e-loyalty programs influence loyal customers’ choices and repurchase intention.

Maharaj, (2008) research study intended to discover the awareness, perceptions and impacts of customer loyalty programs in the retail sector. The research area was confined to the Durban Metropolitan area. The data was collected from 115 customers through a questionnaire developed from conducting a focus group. The study revealed that the customers were aware of the customer loyalty program. Customers had a membership in more than one loyalty program as they were influenced by rewards. The perceived value of the programs was also found favourable. However, the membership of programs did not influence the customers’ purchase behaviour.

Ha & Stoel, (2014) explored a customer loyalty program model based on social identity theory to identify as a marketing tool that suggests customer recognition i.e., their identity salience. The identity includes self and social identity which shape consumer behaviour. The research adopted a scenario method and pre-test using Web experiments to determine the stimuli, scenario manipulations, websites and measurements. The findings indicated that identity salience is intensified by the distinctiveness of the program and identity congruence. The intensified identity salience positively impacts the attitude of customers, program satisfaction and the perceived quality of relationship.
Bagdonienė & Jakštaitė, (2007) also examined customer loyalty programs' attractiveness and perceived value among customers. The study was based on primary data of 336 respondents. Using the chi-square test in SPSS-13, discount enhances sales more than customer loyalty. The customers felt that loyalty programs provide financial benefits rather than emotional or social. It also discovered that similar benefits in other retail chains do not create attractiveness.

East et al., (2005) investigated customer loyalty and defined it as a singular, additive or interactive concept. According to them, the singular concept is loyalty towards an object or repeat patronage. The additive or interactive concept is the combination of relative attitude and repeat patronage. The study examined the impact of relative attitude and repeat patronage on word-of-mouth, search behaviour and retention along with other factors. Using correlation and regression analysis, the study found that word-of-mouth was influenced by relative attitude while search behaviour and retention were influenced more by repeat patronage in comparison to relative attitude.

The exploratory study (Zeithaml, 1988) described and examined the relationships of perceived price, perceived quality and perceived value of the loyalty program by using a means-end chain model. The author further categorized the factors into three groups that are lower-level attributes, perceptions of lower-level attributes and higher-level attributes. The lower-level attributes include intrinsic attributes, extrinsic attributes and objective price. The perceptions of lower-level attributes include perceived monetary price, perceived non-monetary price and perceived sacrifice. The higher-level attributes include perceived quality, perceived value, high-level abstraction and purchase. The study found that perceived price and perceived quality relationship is indecisive. The perceived value may be enhanced by reducing monetary and non-monetary costs, lessening perceptions of sacrifice, accumulating salient intrinsic attributes, inducing perceptions of relevant high-level abstractions and adopting extrinsic cues.

Gorlier & Michel, (2020) experimented to investigate the influence of rewards of loyalty programs on consumer-brand relationships and brand attitude. The study also discovered the type of reward that establishes a close bond between consumers and brands. The study utilized a self-expansion model and conducted two experiments for such purpose. The findings revealed that rewards of loyalty programs positively impact customers’ self-expansion. Also, special rewards significantly influence consumer-brand relationships, attitudes towards the brand, brand recommendation and identification than ordinary rewards.
Stathopoulou & Balabanis, (2016) examined the benefits of a loyalty program on program satisfaction, trust and store loyalty. The study was confined to high- and low-end fashion retailers in the U.S. The data was collected through a survey among program subscribers. The multiple regressions and analysis of covariance were used to test the associations. The results signified that the symbolic benefits are vital for program satisfaction in high-end fashion stores while in low-end fashion stores, utilitarian benefits significantly enhance program satisfaction. The hedonic benefits of loyalty programs significantly influence satisfaction in both types of stores. All three benefits influence the trust in the loyalty program. Both satisfaction and trust significantly drive loyalty toward retailers.

Bashar, (2020) studied the impact of psychographics on impulse buying behaviour mediated by brand loyalty. The psychographic factors include attitude, interest (attractiveness) and opinion (perception). Based on a review of the literature, the study found a strong relationship between psychographics and impulse buying behaviour. The mediating role of brand loyalty was also discovered instrumental.

Rodrigues et al., (2021) conducted a literature review on the factors affecting the IB behaviour of consumers. The IB behaviour of customers is influenced by awareness and rewards in the store. In addition, it is influenced by the store environment, life satisfaction, self-esteem, emotional state, type of products, brand loyalty and other psychological, social, sociodemographic, sensory, genetic and cultural factors.

Lee & Chen, (2021) focused research on the IB behaviour of consumers in live-streaming commerce. The study was based on stimulus organism response (S-O-R) theory. The data was collected through a questionnaire from 433 shoppers. Using the partial least square-structure equation modelling method, the study examined the impact of attractiveness, trustworthiness, expertise, product usefulness, purchase convenience and product price through perceived usefulness and perceived enjoyment. The study found positive impacts except for trustworthiness and product price.

Based on the literature, the study has identified awareness, attractiveness, attitude, perceived value, rewards and trust as the factors of e-loyalty programs. The relationship of these factors with IB behaviour is further tested through correlation and regression analysis.
Research Gap

Many studies confirmed that loyalty programs assist customer retention (Sharp & Sharp, 1997), cut the costs of new customer acquisition, increase purchase volume (Berman, 2006), make customers loyal (Dowling & Uncles, 1997), motivate them to re-purchase (Filip, 2011), support customer satisfaction (Nasir et al., 2019), word-of-mouth marketing (Kimura, 2022), increase brand awareness, company’s reputation, profit and revenue (Lakshman & Faiz, 2021). However, there is a lack of study on the impact of e-loyalty programs on the IB behaviour of customers.

Although joining a loyalty program can have its advantages, customers’ support will decline if the benefits are not known to them or if the rewards are identical to those found at rival stores. Ensuring customer satisfaction is crucial to keeping them coming back to the business. Failing to tailor incentives to customers’ needs and desires can have a negative value on one loyalty program. Because of this, determining the values that consumers believe are important is essential to keeping them satisfied which impacts program and store loyalty. Additionally, changes in a program’s advantages are dependent upon the attitudes and behaviours of its clients. (Asiah Omar et al., 2015)

The phenomenon of impulsive purchase has drawn the attention of academics in several fields, including consumer behaviour and psychology. Prior research has mostly focused on conventional brick-and-mortar trade. Over time, technological advancements and inventions have enhanced the temptation to make impulsive purchases (Rook, 1987). Due to the accessibility of online buying, customers’ propensity for impulsive purchases has grown as a result of the Internet (Moe & Fader, 2004; Rook & Fisher, 1995). Online shopping has removed the time and location restrictions that customers in conventional commerce had to deal with (Eroglu et al., 2001).

Because the internet is a strong tool, businesses use it to gain a competitive edge (Hamill, 2000). Commodities are easily accessible and available around-the-clock as a result online sales are growing daily (Srivastava, 2023). This led to an increase in impulsive online shopping. Every customer is unique and a variety of circumstances might affect the choices that customers make while making impulsive online purchases (Kumar & Kaur, 2018).

The present study is an attempt to close a knowledge gap in the literature because previous studies have mostly concentrated on customers’ impulsive offline purchases. Seldom research is found on impulsive purchasing, particularly from the standpoint of e-loyalty programs. Thus, this study will
concentrate on online impulse buying and assist in determining the factors of e-loyalty programs that motivate customers to make impulsive purchases online.

**Research Objectives**

- To study the correlation between the factors of e-loyalty programs and IB behaviour.
- To examine the impact of factors of e-loyalty programs on IB behaviour.

**Research Hypotheses**

H1: There is a significant impact of awareness of e-loyalty programs on IB behaviour.
H2: There is a significant impact on the attractiveness of e-loyalty programs on IB behaviour.
H3: There is a significant impact on attitude towards e-loyalty programs on IB behaviour.
H4: There is a significant impact of the benefits of e-loyalty programs on IB behaviour.
H5: There is a significant impact of rewards of e-loyalty programs on behaviour.
H6: There is a significant impact of trust in e-loyalty programs on IB behaviour.

**Research Methodology**

The present study is causal and aims to investigate the impact of factors of e-loyalty programs on the IB behaviour of online shoppers. The research is mainly based on primary data collected through a closed-ended structured online questionnaire. The questions were systematically scaled at a five-point Likert scale. A purposive sampling technique has been used for data collection. The sample size is 334 which exceeds the minimum limit basic rule of thumb i.e., ten times of number of variables in the study (7x10). Bivariate correlation and linear regression analysis technique for testing the relationship and impact of independent variables on the dependent one. IBM-SPSS 20 statistical software has been used for data analysis.

**Data Analysis**

Using purposive sampling, the data has been collected from 334 customers who are members of e-loyalty programs. The demographic profiles of the respondents are as follows:
Demographic profile of respondents | Frequency | Percent |
---|---|---|
**Gender** | | |
Female | 163 | 48.80% |
Male | 171 | 51.20% |
**Age** | | |
18-35 years | 177 | 52.99% |
36-50 years | 131 | 39.22% |
Above 50 years | 26 | 7.78% |
**Qualification** | | |
Intermediate | 81 | 24.25% |
Under-graduate | 115 | 34.43% |
Post-graduate | 103 | 30.84% |
Other | 35 | 10.48% |
**Occupation** | | |
Business/Profession | 54 | 16.17% |
Employed | 65 | 19.46% |
Student | 171 | 51.20% |
Homemaker | 13 | 3.89% |
Other | 31 | 9.28% |
**Family Income per annum** | | |
Below ₹7 Lakh | 225 | 67.37% |
₹7-10 Lakh | 77 | 23.05% |
Above ₹10 Lakh | 32 | 9.58% |

Table 1: Demographic profiles of the respondents

Correlation Analysis

The Karl-Pearson correlation analysis has been applied to find out the relationship of the dependent variable with the independent ones in IBM-SPSS 20. The degree of correlation has been interpreted as very low (if the value falls between 0.01 to 0.25), low (if the value ranges between 0.25 to 0.50), moderate (if the value falls between 0.50 to 0.75), very low (if the value falls between 0.75 to 0.85), very high (if the value falls between 0.85 to 1) in the direction of its positive and negative values. The results in Table 2 are discussed below:

The Pearson product correlation of **awareness and IB behaviour** was measured as low positive and statistically significant with ($r = 0.386$, $p$-value < 0.001). This result shows that an increase in awareness of e-loyalty programs would lead to a small increase in the IB behaviour of shoppers.
Further, the Pearson product correlation of *attractiveness and IB behaviour* was discovered moderately positive and statistically significant \( r = 0.640, \ p\text{-value} < 0.001 \). It reveals that a rise in attractiveness towards e-loyalty programs would direct an adequate upsurge in the IB behaviour of customers. Following that, the Pearson product correlation of *attitude and IB behaviour* was observed low positive and statistically significant \( r = 0.344, \ p\text{-value} < 0.001 \). This outcome indicates that a better attitude towards e-loyalty programs would ensure a little enhancement in the IB behaviour of consumers. After that, the Pearson product correlation of *perceived value and IB behaviour* was obtained as moderately positive and statistically significant \( r = 0.697, \ p\text{-value} < 0.001 \). It depicts that a surge in the perceived value of e-loyalty programs would result in a sufficient intensification in the IB behaviour of shoppers. Later on, the Pearson product correlation of *rewards and IB behaviour* was identified as moderately positive and statistically significant \( r = 0.570, \ p\text{-value} < 0.001 \). This signifies that providing more rewards in e-loyalty programs would create a moderate escalation in the IB behaviour of shoppers. In the last, the Pearson product correlation of *trust and IB behaviour* was ascertained as low positive and statistically significant \( r = 0.430, \ p\text{-value} < 0.001 \). It represents that an increase in trust in e-loyalty programs would lead to a slight improvement in the IB behaviour of shoppers.

**Table 2: Bivariate correlation analysis**

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Pearson Correlation (r)</th>
<th>p-value</th>
<th>Correlation Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>AW ↔ IBB</td>
<td>0.386</td>
<td>0.000</td>
<td>Low</td>
</tr>
<tr>
<td>AT ↔ IBB</td>
<td>0.640</td>
<td>0.000</td>
<td>Moderate</td>
</tr>
<tr>
<td>AD ↔ IBB</td>
<td>0.344</td>
<td>0.000</td>
<td>Low</td>
</tr>
<tr>
<td>PV ↔ IBB</td>
<td>0.697</td>
<td>0.000</td>
<td>Moderate</td>
</tr>
<tr>
<td>RD ↔ IBB</td>
<td>0.570</td>
<td>0.000</td>
<td>Moderate</td>
</tr>
<tr>
<td>TR ↔ IBB</td>
<td>0.430</td>
<td>0.000</td>
<td>Low</td>
</tr>
</tbody>
</table>

Sample size \( (N) = 334 \)

All the correlations are positive and significant at the 0.01 level (2-tailed).

Regression Analysis

In correlation analysis, all the independent variables are significantly correlated with the dependent variable. However, the impact of independent variables cannot be assessed in correlation analysis. Hence, further regression analysis is performed to determine the prediction of the independent variables over the dependent variable. *(Tables 3 and 4)*

<table>
<thead>
<tr>
<th>Table 3: R, R², F and p-values</th>
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<tr>
<td>Values</td>
</tr>
<tr>
<td>R</td>
</tr>
<tr>
<td>R-square</td>
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<tr>
<td>F (6, 327)</td>
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<td>p-value</td>
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The dependent variable (IB behaviour) was regressed on predicting variables of e-loyalty programs (i.e., awareness, attractiveness, attitude, perceived value, rewards and trust). The independent variables significantly predict IB behaviour, F (6, 327) = 68.655, p-value < 0.001 which indicates that all the six variables have a significant influence on IB behaviour. Furthermore, the $R^2 = 0.557$ depicts that the model explains 55.7% of the variance of IB behaviour. *(Table 3)*

<table>
<thead>
<tr>
<th>Table 4: Linear regression analysis</th>
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<tr>
<td>Hypothesis</td>
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<td>------------</td>
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<tr>
<td>H1</td>
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<td>H2</td>
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<td>H5</td>
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<tr>
<td>H6</td>
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</table>

The results of the hypotheses test based on regression analysis are shown in Table 4. The initial hypothesis tests that awareness of e-loyalty programs significantly impacts IB behaviour. The endogenous variable IBB was regressed on the exogenous variable AW for hypothesis testing i.e., H1. The result reveals that AW does not play a major role in determining IBB ($\beta = 0.041$, t-value = 0.928, p-value = 0.354 > 0.05). Hence, H1 does not support. The next hypothesis tests that attractiveness towards e-loyalty programs significantly impacts IB behaviour. The dependent variable IBB was regressed on the independent variable AT for hypothesis testing H2. The outcome depicts that AT plays a significant role in shaping IBB ($\beta = 0.233$, t-value = 4.440, p-value = 0.000 < 0.05). Therefore, H2 supports. The third hypothesis tests that attitude towards e-loyalty programs significantly impacts IB behaviour. The predicted variable IBB was regressed on the predictor variable AD for hypothesis testing H3. The statistics indicate that AD does not play a vital role in influencing IBB ($\beta = 0.008$, t-value = 0.151, p-value = 0.880 > 0.05). Consequently, H3 does not support. The following hypothesis tests that the perceived value of e-loyalty programs significantly impacts IB behaviour. The explained variable IBB was regressed on the explanatory variable PV for hypothesis testing H4. The estimates signify that PV plays a crucial role in shaping IBB ($\beta = 0.365$, t-value = 6.318, p-value = 0.000 < 0.05). So, H4 supports. The fifth hypothesis tests that rewards of e-loyalty programs significantly impact IB behaviour. The dependent variable IBB was regressed on the regressor RD for hypothesis testing H5. The assessed values evidenced that RD plays an important role in determining IBB ($\beta = 0.141$, t-value = 2.811, p-value = 0.005 < 0.05). Thus, H5 supports. The last hypothesis tests that trust in e-loyalty programs significantly impacts IB behaviour. The predicted variable IBB was regressed on the predicting variable TR for hypothesis testing H6. The obtained values demonstrated that TR plays a critical role in influencing IBB ($\beta = 0.110$, t-value = 2.216, p-value = 0.027 < 0.05). That’s why, H6 supports.

Findings

A low and significant correlation was found between awareness and IB behaviour while no significant impact was discovered of awareness on IB behaviour. The result is in line with (Liao et al., 2009) that less awareness/ knowledge of a product/ service has a significant positive impact on IB behaviour. A moderate and significant correlation was found between attractiveness and IB behaviour. Also, a significant impact was discovered of attractiveness on IB behaviour. The result is supported (Verhagen & Dolen, 2011) that attractiveness has a significant positive impact on IB
behaviour. Therefore, marketers are expected to strengthen those segments which cater to the attractiveness dimensions of loyalty program.

A low and significant correlation was estimated between attitude and IB behaviour while no significant impact of attitude on IB behaviour was revealed. Interestingly, the result contradicts (Cheow et al., 2017; Lina et al., 2022) that attitude has a significant positive impact on IB behaviour.

A moderate and significant correlation was identified between perceived value and IB behaviour. Also, a significant impact was discovered of perceived value on IB behaviour. The result is supported (Yang et al., 2021) that perceived value has a significant positive impact on IB behaviour. It means marketers should realize the significance of creating positive environment about the brand. It can provide convert potential sales into real sales.

A moderate and significant correlation was assessed between rewards and IB behaviour. Also, a significant impact was discovered of rewards on IB behaviour. The result is confirmed by (Ainslie, 1975) that rewards have a significant positive impact on IB behaviour. A moderate and significant correlation was obtained between trust and IB behaviour. Also, a significant impact was discovered of trust on IB behaviour. The outcome is followed by (Kimiagari et al., 2021) that trust has a significant positive impact on IB behaviour.

**Conclusion and Suggestion**

IB behaviour and e-loyalty programs have attracted the attention of marketers and policymakers. Loyalty programs deliver value to both customers and the company. Many studies have been conducted to examine loyalty programs on consumer behaviour. However, very few studies have been found on IB behaviour. Hence, the present study fills the knowledge gap in this subject. The literature identified attitude, interest/ attractiveness, opinion (Bashar, 2020), awareness, reward (Rodrigues et al., 2021) and trust (Lee & Chen, 2021) as the influences on the IB behaviour of customers. Hence, the study used these variables as factors of e-loyalty programs and subsequently examined their impact the IB behaviour.

The awareness, attractiveness, attitude, perceived value, rewards and trust factors of e-loyalty programs were found to be significantly correlated with IB behaviour with low and moderate degrees. Also, the attractiveness, perceived value, rewards and trust factors of e-loyalty programs
significantly impact IB behaviour with a p-value < 0.05. However, awareness and attitude do not significantly impact IB behaviour as p-value > 0.05. The findings firmly support the existing studies except in the case of attitude.

The present study has added knowledge on the subject of e-loyalty programs and IB behaviour. This would help academicians, researchers and policymakers to understand the phenomena. This would also be useful for marketers to make strategies regarding e-loyalty programs and influence the IB behaviour of customers. Further, it would assist future research avenues in the related topic. Future studies may be conducted on offline shoppers by incorporating other emerging factors of e-loyalty programs in a particular industry. Subsequently, a comparative study between online and offline shoppers can be carried out to enrich the understanding of the other facets of consumer buying behaviour.

References


