

AN OVERVIEW ON INDIAN FOOD AND GROCERY RETAILING LOYALTY PROGRAMS AND THE IMPACT OF LOYALTY CARDS ON CONSUMER PURCHASE BEHAVIOR

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ABSTRACT:

Indian retailing sector is highly fragmented with an estimated 12 to 15 million outlets across the country with the overall size of USD 534 billion in 2013-14. The CAGR of retail sector from 2008-13 is 15% and it is much higher than growth of the Indian GDP for the same tenure. Further it is estimated that the retail market size will be improved to USD 948 billion by 2018-19 (KPMG report 2013). Crisil Research estimated – 2014 stated that the lion share of 92% the Indian business is coming from the unorganized sector of shops like mom and pop kirana stores and corner stores. However the revenue generated from organized retail was USD 15.5 billion in 2009, USD 41.4 billion in 2012 and it is expected to be USD 94.8billion by 2019. The high growth rate and the scope for the development of the organized retail sector in India is attracting the many multinational organizations to invest in Indian retailing sector causing for the tough battle among the retailers.

Though the organized retailers are doing the business in cut throat competition with very low margins but they want to make the customers to be loyal and are expecting the repeat purchases. As many research findings unfold that retaining the existing customer is always less expensive than getting a new customer. This paper focused on the over view of the existing loyalty programs in Indian food and grocery retailing sector, importance of loyalty programs in business development, types of existing loyalty programs and finally summaries with the investigation of

loyalty cards impact on consumer's purchasing behavior in terms of sales. An empirical survey has been conducted among Guntur and Vijayawada cities of Andhra Pradesh. A structured questionnaire was implemented to collect the data and results analyzed.

KEY WORDS: Food and Grocery, Retailing, Loyalty, Loyalty programs, Loyalty cards, purchase behavior.

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