ASSESSING THE EFFECTIVENESS OF LOYALTY PROGRAMS IN RETAINING CUSTOMERS: A SURVEY-BASED APPROACH

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Project Submission Sheet

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ASSESSING THE EFFECTIVENESS OF LOYALTY PROGRAMS IN RETAINING CUSTOMERS: A SURVEY-BASED APPROACH

Abstract

This paper focuses on analyzing the success rates of loyalty programs in both of the following sectors in the Irish market, Tesco and Burger King in retail grocery and fast food, respectively. The research uses a quantitative method where 120 participants are used in a survey-based study to determine the relationship between customer satisfaction, purchasing behavior, customer retention and the actions of loyalty schemes. The results indicate that the loyalty programs indeed affect customer retention in a moderate but significant way; Tesco Clubcard can be applied as a more successful program because it is involved in the habitual customer shopping patterns. It was behavioral encouragement, not transaction satisfaction alone, that was the best predictor of customer retention and Relationship Marketing Theory is also correct to focus on the emotional and motivational influences.

Even though both programs achieved high levels of customer satisfaction, customer satisfaction was not strongly related to loyalty, and this contradicts the comprehensiveness of the emphasis on perceived value, which is postulated by the Social Exchange Theory. Much of the non-loyalty purchase behavior can also be articulated by significant outside influences (i.e. brand identity and competitive promotions). The research emphasizes that loyalty programs should integrate the emotional appeal, personalization, and ease as a way of turning satisfaction into long-lasting commitment. Sample size and possible response biases should be mentioned as limitations, so that generalizations might be done rather carefully. It should also focus on further research of more diverse and larger samples, better data-driven and experiential loyalty propositions to maximize retention on a cross-sectorial basis.

Acknowledgement

I want to thank my supervisor Lynda McElherron who guided me, my peers and respondents who offered me useful comments, and my family who supported me without differences. They have provided support and have also cooperated in making this research successful.

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Chapter 1: Introduction

1.1 Introduction

Loyalty programs play a big role in customer relationship management, supporting the goal of repeated purchases and lasting relationships with customers. Firms in retail and coffee use loyalty programs with several levels to encourage their customers to buy more. They make it more attractive for consumers to use their cards, which provides businesses with information about their preferences and satisfaction levels. A number of issues about their steady effectiveness in different industries continue to be discussed. This study examines how customer loyalty programs affect how content customers are, their perception, and how likely they are to keep using the company's products. The study will use surveys in different areas of business specifically the fast food chain (Burger King) and grocery/supermarket (Tesco) to offer ways to make loyalty programs better for supporting customer retention.

1.2 Background of the study

Whereas loyalty programs used to involve just stamps, they now use digital systems to observe what customers do and give relevant incentives. They are used in more places nowadays, such as hotels, shops, and online stores, which proves their added value. They attempt to get customers to return regularly by providing things like discounts, advance access to products, or special programs. Amazon, Starbucks, and Sephora use loyalty strategies to grow their brand loyalty. Even though customers might like them at first, many programs do not give customers a reason to stay. Different industries may not derive significant benefits from a single approach, as consumer habits and preferences vary across regions (Nyangoma *et al.*, 2024). Comprehending what makes people happy, feel valued, and take part in organizations in a variety of industries is very important. Emphasis on personalization and emotional links is clear in studies, but only a tiny number of studies analyse the effectiveness of loyalty programs across several industries. The gathered data will help companies adapt their strategies and form loyalty programs that their top clients are likely to appreciate. Examining responses from customers across these industries with a focus on fast food chain (Burger King) and grocery/supermarket (Tesco) the research aims to give concrete, fact-based suggestions on how loyalty programs can align with what consumers want and retain them as customers (Gao *et al.* 2023). This study is grounded in Social Exchange Theory and Relationship Marketing Theory. These frameworks posit that consumers engage in loyalty schemes when perceived benefits outweigh the effort, and repeated interactions nurture emotional

commitment. The concept of Customer Lifetime Value further justifies loyalty initiatives by forecasting the profitability of retaining customers over time.

1.3 Problem statement

Businesses are investing more money into customer loyalty schemes because they feel these programs encourage customers to return and stay connected in the long run. Still, new proofs highlight that loyalty programs do not always result in customers staying loyal (Alonge *et al.* 2023). Few customers participate, rewards are seldom claimed, and many feel tired of the schemes, all pointing to many programs missing their desired outcomes. Some initiatives draw customers in, such as Amazon Prime and Starbucks Rewards, but others fail to engage them because of not personalized enough, have complicated steps, or lack good communication. It is also hard to evaluate how well loyalty programs work across many industries. A method of managing retail well might not work equally well for hospitality or e-commerce due to the differing customer behaviour and what they expect (Nyangoma *et al.*, 2024). Many loyalty programs are not able to consider emotional and psychological factors related to customers' liking or identifying with others who shop at the company. Researchers in the field usually concentrate on single-company research or analysis of particular sectors. Because of limited comparison, businesses cannot use knowledge from across different industries. This research will therefore concentrate on fast food chain (Burger King) and grocery/supermarket (Tesco) as representative examples (Popoola *et al.* 2024). Through customer surveys on satisfaction, thoughts, and use, this research will discover what leads customers to stick with a loyalty program. It will let companies understand how to shape their loyalty programs to engage and keep customers for longer.

1.4 Research aim and objective

Aim

This research aims to test the utility of loyalty programs in their ability to retain customers using customer perception, satisfaction, and actual engagement in surveys conducted across various sectors with a specific focus on fast food chain (Burger King) and grocery/supermarket (Tesco).

Objectives

- To assess the customers' reactions and satisfaction with regards to the loyalty programs under several business sectors.
- To establish why loyalty programs are effective in customer retention.

● To be able to give sound advice to companies based on survey results on how loyalty programs can be made more effective.

1.5 Research questions

To what extent do loyalty programs at Tesco and Burger King Influence customer retention, satisfaction, and purchase behaviour in the Irish market?

1.6 Scope of the research

The focus of this research is to look at loyalty programs provided by companies in the retail, hotel, and e-commerce sectors. The purpose is to observe customer behaviour with these programs and learn what keeps them loyal to a particular company. Primary data for the research will come from surveys of customers who are in loyalty programs based in Ireland and the UK. The research is confined to organizations that directly affect customers by having loyalty programs running. B2B programs and employee rewards within the company are not taken into account (Kita *et al.* 2024). Also, it emphasizes only what customer's think, ignoring the company's business practices and profit calculations. Those who take part will be picked by stratified random sampling to represent a range of demographic groups and various business sectors. With SPSS, the collected data will be analysed to notice patterns, relationships, and possible causes that link to customer satisfaction, perception, and retention habits. The project is also limited by how much time can be spent, the resources that are available, and the ability to reach the respondents. The study will focus specifically on loyalty programs used in the fast food chain (Burger King) and grocery/supermarket (Tesco). Surveys are suitable due to their capacity to collect large-scale quantitative data reflecting customer attitudes and behaviours (Kita *et al.* 2024). This aligns with the research's goal to analyse perception and satisfaction metrics across different sectors. Furthermore, surveys provide comparative insights into how various demographic groups engage with loyalty programs, supporting the study's cross-industry scope.

1.7 Research Rationale

Building long-term business durability relies on keeping loyal customers, but it's tough for businesses to achieve this even with loyalty schemes. The research is crucial since it looks into whether the programs help and, more importantly, why. Since the competition has grown to include digital changes, companies must pay more to acquire customers, which means retention is now more important (Kim *et al.* 2021). These programs play a key role by giving shoppers incentives. Alternatively, effective marketing programs can encourage emotional ties, increase

how satisfied customer are, and encourage repeat customers. Many previous studies have only examined loyalty programs within one sector, so the conclusions cannot apply easily to all industries. By surveying across different industries, with the scope narrowed to fast food chain (Burger King) and grocery/supermarket (Tesco), this study can better understand what customers appreciate the most, which are ease of use, personalization, and seeing clear benefits (Nyangoma *et al.*, 2024). Using cases from actual consumers, this research gives practical advice. The purpose is to make sure that the program design delivers what customers are looking for. This research will show businesses how to create loyalty programs that modern consumers relate to (Belli *et al.* 2022).

1.8 Summary

In this chapter, the authors explained the research topic, which is studying how loyalty programs keep customers coming back. Introduced insights on the spread of such software industry-wide and its performance flaws. Many companies try out loyalty programs, but it is not always clear if these strategies affect customer actions. The background discussed important updates and issues in building loyalty programs, which revealed a research gap. The problem was identified that a few sectors understood the effectiveness of loyalty programs. The aim, objectives, questions, and scope of the study were defined in this chapter as well. This research intends to give actionable recommendations for improving customer loyalty by offering better-designed loyalty programs. The study will specifically consider loyalty programs in the fast food chain (Burger King) and grocery/supermarket (Tesco).

Chapter 2: Literature Review

2.1 Introduction

Loyalty programs are now used to improve how much a business's customers continue to shop and remain connected. There are traditional and digital ways of creating customer loyalty programs that encourage returning purchases, grow customer relationships, and offer valuable information. Because the competition is strong and customers have higher expectations, businesses depend on loyalty initiatives to distinguish themselves and stay with clients in the long run. The purpose of this literature review is to study loyalty programs in depth by reviewing their development, types of structures, how customers see them, how they are adapted to users, emotional involvement, and technology. It studies how these elements affect the performance of programs and how much they help keep customers loyal.

Several theoretical approaches including the social exchange theory and relationship marketing have been critical in explaining customer behaviour and loyalty in the past couple of years. The Social exchange theory would help to highlight the mutualism of relations between the brands and consumers and would imply that long-term relations are built on trust and mutual value. Relationship marketing also facilitates the same because it emphasizes on the development of long-term emotional and functional relationships as opposed to transactional exchanges (Nyangoma *et al.*, 2024). Also, the idea of Customer Lifetime Value (CLV) indicates the financial essence of the development of loyal customers over the years. The inclusion of these theories provides a more insights with the help of which the success of loyalty programs and customer retention strategies may be measured.

Attention is paid to how a particular industry works, what makes customers expect specific things from a company, and how it all has an effect on the success of loyalty plans. While previous studies show that loyalty programs are good for businesses, the research still does not give a clear picture of whether they work well everywhere, how much users like them, and how well they can keep users engaged. The point of the review is to set up the current study by bringing together existing knowledge, noting any weaknesses, and indicating practical areas to study further. So, the next step is to analyse loyalty programs with a survey approach, considering several industry sectors (Nyangoma *et al.*, 2024).

2.2 Historical Development of Loyalty Programs

Loyalty schemes have moved on beyond straightforward transactional schemes, like stamp cards, into sophisticated relationship-based systems based on technology, psychology and corporate strategy. The initial models focused on repeated purchase with instant rewards, but with the increasing intensity of competition, companies started inscribing personalization and the experience into the loyalty program. Mliha Touati (2023), points at how in modern times loyalty programs, such as the one of the Leroy Merlin, have turned to customer journey and now view a union of real rewards, on the one hand, and emotional experiences along the lines of personal servicing, professional advice, and comfort of a convenience, on the other hand.

Nevertheless, the discrepancies between internal perceptions and customer experiences are a sign that implementation has a continuous gap, in particular when there are poor levels of interactions with frontline employees. Faramarzi and Bhattacharya (2021), goes further and focuses on the fiscal consequences of the announcement of the loyalty programs and discovers that such programs when judicially aligned with complementary assets and low-risk market environment can have a significant effect on the increases in the firm value. However, the research warns against assuming that the financial gains of loyalty initiatives are always universal, at least when it comes to changeable markets.

Fourie *et al.* (2022), emphasize the increasing importance of psychological and social aspects in the case of financial services. As documented in their research, non-monetary rewards seem to have a stronger effect on loyalty than conventional transaction-based rewards, especially when the timing of rewards and the reward type is optimized. New specifics can be added with the regional perspective as Pham and Nguyen (2025), have determined that genuine CSR action where motivation is a transformation in the perceptions of trust-building has a positive influence on loyalty, making loyalty programs more than incentives and turning them into ethical and relationship-based tools.

All these results question the universality of older paradigms of loyalty and underline the importance of industry, culture, and emotional involvement as factors that should be central in the continued development of those paradigms.

2.3 Types of Loyalty Programs

Figure 2.3.1: Customer loyalty program types

(Source: Qatestlab.com, 2025)

Loyalty programs are divided into types depending on how they give rewards, engage with customers, and apply technology. One payment method suits one business better than another, and it decides how many customers stay. Point-based programs have been around the longest and are used the most. Shoppers get points every time they make a purchase, which they can later use for special discounts, products, or services. These programs make people feel they are making progress, yet they are less useful if the rewards are seen as unfair or given too slowly. Customers are put into different groups called tiers according to how much they spend or how active they are. Climbing to higher tiers gives the perks such as receiving products ahead of others or improved customer service (Gao *et al.* 2023). This model attracts people concerned with status and inspires them to spend more to stay or become high status. Some customers who shop less often could be put off by its reputation as exclusive.

To get rewards like no-cost shipping, special access, or better service, customers pay upfront for subscription memberships. The logic of sunk costs here keeps people committed, which often leads to using the brand again. For the business to work, people need to keep finding the company's products or services valuable enough for their price. They provide more direct and quick benefits because they associate with different companies to expand their value. They focus on benefits, yet

they might not form a strong connection with a brand's emotional side. Bringing in challenges, badges, or leader boards is a way that ramified loyalty programs boost users' involvement (Guliyev and Yerdelen Tatoğlu, 2021). They are particularly successful when users are on the Internet or in app-based settings. Every type of program offers particular advantages and disadvantages. Businesses ought to arrange the program structure in line with what customers need and what the operation can perform.

Theoretical Foundations of Loyalty Programs

Many theoretical principles that support the use of loyalty programs are interconnected with each other to form several basic concepts of customer motivation, relational attachment, and long-term profitability. The Social Exchange Theory (SET) proposes that customer weighs the quality of what they get against the amount of effort or the cost entailed in the participation. Customer engagement goes up when the perceived benefits eclipse costs when such participation results in monetary awards, proprietary benefits, or rewards (recognition). On the other hand, the low participation alongside high churn can be caused by the imbalance. Good initiatives that cut across various sectors, be it in fast food (examples- Burger King), or retail sector (examples- Tesco), must serve customers with sustained value (Sriram, 2023).

Nevertheless, there is more than criterion evaluation in determining behaviour loyalty. Relationship Marketing Theory goes further by underlining trust, emotional pledge and long-term interchanges instead of transactional motivators. When a loyalty program implies some personalized details like milestone celebration or understanding communication, it turns into a relationship-building tool, as it makes systems of rewards emotionally appealing. Such relational tactics develop stronger customer satisfaction and brand affinity with time.

It is financially advantageous because Customer Lifetime Value (CLV) has a framework that can be used in measuring long-term profitability. Loyalty programs that rely on CLV aim to keep the best customers and provide them with tailored deliverables that would ensure further engagement and decrease customer churn (Reddy, 2024). An example is Tesco, which uses the CLV information to help target and develop the profitable customer segments.

Although all of the theories provide significant information, adhering to one style can be somewhat restrictive. SET-only based programs may overlook loyal customers out of emotional attachment, whereas CLV based programs might overlook low-value but potential loyal customers. As such, a multidimensional approach, which incorporates economic, emotional, and relational views, offers

a broader basis. The triangulation reinforces program design and improves the results of customer retention (Adekunle *et al*. 2023). Collectively, with these theoretical underpinnings, it is possible to provide a critical platform through which loyalty programmes could be assessed beyond transactional systems, as strategic mechanisms through which to better develop long-term customer relations and long term business value.

2.4 Customer Perception and Experience

The concept of customer perception is dynamic, and it is affected by the functional as well as the emotional aspects of loyalty programs. Concerning fashion e-commerce, it is noted by Arora and Chaudhary (2024), that customer satisfaction, user-friendly interface, and participation in loyalty programs are the key results driving e-loyalty. The fact that they rely on the SPSS-based correlation analysis indicates that digital consumers are particularly tied to seamless experiences and personalized interactions, in which the necessity to design loyalty to the data grows increasingly. In the same regard, Wahyuni *et al.* (2024), indicate that brand trust, being the strongest metric having a formative effect on brand retention, is highly influenced by perceived value and service quality. These results refute the overstatement of the benefits of transactions in that they have shown the relevance of lasting value in relation to the perception of loyalty. Udaigiri and Saleh (2025), continue the discussion on mobile wallets, where it will be seen that ease of functioning, secure wallets, and immediate deals provide impulse shoppers as well as boost their loyalty. Surprisingly, embedded loyalty programs in online payment systems contribute towards habitual consumer spending and expanding brand attachment, which implies that rather than reward condition, the experience construct is what contributes to consumer perceptions and retention in the present digital economy.

Additionally, though businesses have specific goals for their loyalty plans, it is the way people experience them that increases engagement and keeps them coming back. Programs that people believe are useful, fair, and easy to use tend to attract consistent involvement by their customers. How smoothly people can move around on the site helps them enjoy their experience (Shahid *et al.* 2022). Problems like complex rules, uncertain benefits, or restricted redemption choices make users quit these programs. When programs are easy to use and clearly explained, users trust them more and are more satisfied. How quickly it can use the system, how personal it is, and how easy it is to track results all boost the mood. How valuable something is in the eyes of the customer is

also very important (Sriram, 2023). People have to feel that what they gain from using the service is greater than what they have to do to use it.

Having an emotional bond makes perception more involved. When a loyalty rewards program matches what people care about, they are more likely to remain loyal. Programs aimed at sustainability, helping the community, or helping people develop often appeal to more than just making sales. Telling stories about rewards and using emotional branding help make the programs more interesting. Consistency is another aspect that can change the way people perceive things. Fast changes to the workplace rules or compensation can cause people to no longer trust or stay loyal. Dedicated customers want it to be simple and clear how they earn and redeem rewards (Albarq, 2023). Customer perception covers what people think, feel, and go through. All these elements should be taken into account when making a loyalty program, so that it leads to lasting commitment.

2.5 Impact of Loyalty Programs on Customer Retention

Figure 2.5.1: Benefits of offering a loyalty program for customer retention and acquisition

(Source: Fastercapital.com, 2025)

It is designed to remind customers to keep coming back, buy frequently, and connect with the brand. Using such programs properly can cut down customer churn and increase how much they contribute over their lifespan. The key reason for their influence is giving consumers good reasons

to keep visiting. Earning rewards with each repeat purchase in a loyalty program brings a sense of satisfaction and encourages people to come back. Clients are encouraged to come back to collect more perks, which creates a habitual behaviour. After a while, such consistent exposure to the brand makes people less likely to try another. As well as direct benefits, loyalty programs help to form a lasting bond with customers. For example, providing members-only content or private events can make customers feel very special (Agu *et al.* 2024). Having an emotional relationship makes individuals feel like they are part of the brand. A strong connection with the brand's loyalty system can lead customers to stay loyal even if they are drawn by better deals from rival brands. Although there has been consistent support in different studies regarding loyalty schemes being associated with habitual buying and attachment, new research has shown more intricacies of such schemes as far as their effectiveness is concerned. Chopra *et al.* (2022), explain that a one-size-fits-all program is often static and lacks the attention of users. Their research suggests an integrated AI system that includes both reinforcement learning and collaborative filtering, which personalizes rewards in real-time through the behaviour of the user. The presented results indicate that customization and flexibility, not the clear segregation of rewards, are the key to maintaining long-term retention in the future, which implies the transition to AI-based engagement in loyalty ecosystems.

Conversely, Chen (2021), analysed 81 independent samples through a meta-analysis, and noted that although the overall impact of membership in loyalty programs as associated with customer response tends to be positive the level of influence is not that high (r < 0.30) and considerably depends on the context. Moderator analysis of Chen reveals that many conditions including national culture, product type, and firm size significantly determine effectiveness, which means that loyalty programs are not universal and absolutely beneficial, but should be implemented in particular contexts.

Davies et al. (2023), present another empirical result in the banking sector in Bangladesh, according to which the loyalty is greatly related to the increase of digital services, i.e. the diversity of services and the user experience. These results emphasize the importance of technological incorporation as opposed to the earlier systems of points that have dominated the loyalty characteristics.

The same is true in the Pakistani banking experience, where Zaman et al. (2025), discover that digital engagement and customer trust, not abstract quality of service, profitability, and retention.

The application of UTAUT and SERVQUAL models shows that they have discovered a cultural and behavioural change that AI, predictive analytics, and ethical practices are becoming the core components of loyalty strategies. Collectively, these researches break the conventional wisdom and strengthen the necessity to use dynamic and data-based frameworks of loyalty.

They frequently work as ways to strengthen existing gun laws. Giving regular feedback, like progress details or rewards for reaching milestones, improves how motivated someone is. Adding game-like features to a service makes daily transactions more engaging, giving people more than what they pay for. But, only having a loyalty program doesn't ensure customers will stay. Key factors determining effectiveness are ease of use, how well rewards match goals, and clear communication. The ability to keep information varies depending on the industry (Kim and Han, 2022). Incentivizing a repeat purchase is simpler for retail than it is for high-investment industries like real estate and the car business.

2.6 Industry-Specific Effectiveness

Individual industries have very different levels of loyalty program performance since customer expectations and perceived value change. Although a number of sectors gain a lot from these programs, there are sectors that still struggle with successful participation over time. Because items are bought frequently and pricing is competitive, loyalty programs are very effective in retail. Point systems and tiered rewards are regularly used in supermarkets and fashion stores to make shoppers return again and again. Regular shopping by customers helps them accumulate points faster, which makes the program more beneficial and makes them happier (Alzoubi, 2023). There are strong results in hospitality due to successful loyalty campaigns. Many hotel chains give members of their loyalty programs upgraded rooms, lower rates, or free nights, depending on their level. Because hospitality experiences are valued and emotional, these programs manage to build long-term relationships.

Loyalty programs are used by e-commerce businesses that sell via subscriptions to offer more comfort and exclusivity to their customers. Through Amazon Prime, customers can combine various services at a discount, which motivates them to buy more from one place (Othman *et al.* 2021). By contrast, many insurance or healthcare services are not highly effective. Since customers buy services less frequently and the offerings are often complex, it is hard to reward loyalty practically. Instead of offering points, here it receives value-added services like priority help or more personal messages. In addition, the kind of consumers in an industry affects the category.

Many younger people like using digital features, playful approaches, and individual choices, while older people may look for straightforward, dependable services (Othman *et al.* 2021). It is important for businesses building loyalty programs to understand how the sector works. When the program is adjusted for the way each industry purchases, handles emotions, and behaves, the results are better, and the process helps retain customers from a variety of markets.

2.7 Challenges in Loyalty Program Implementation
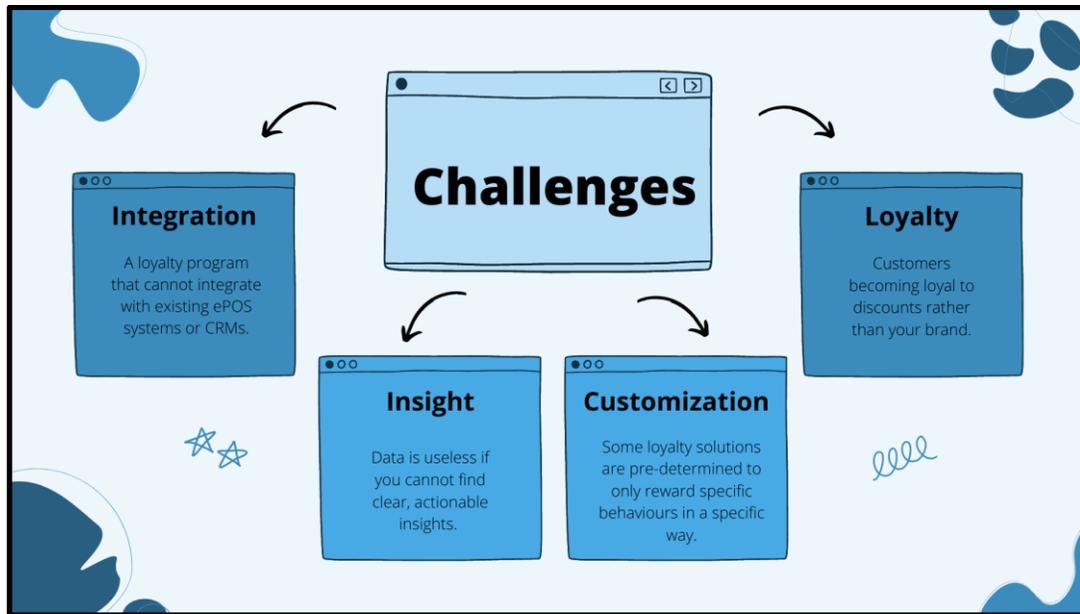
Figure 2.7.1: Common Challenges of Loyalty Programs

(Source: Whitelabel-loyalty.com, 2025)

Despite looking appealing to the strategy, loyalty programs struggle with many difficulties that stop them from being very effective. Some companies have problems turning those who sign up into steady users, and others struggle to make sure customers stick with them for a long period. Deals can be complex, which makes them challenging. Programs that are hard to figure out, do not make it clear how to redeem points, or have long terms and conditions usually discourage users. If the way to get or use rewards is hard for customers to understand, they often lose interest. Making things simple and transparent is very important for users to be happy. Being engaged with followers poses a big challenge. Customers might sign up for the program, but drop out if they don't get value right away (Fam *et al.* 2023). If there are not many or important connections between the company and its customers, the program can be quickly forgotten. To solve this, companies have to give customers experiences that are designed to encourage them to return again.

Discounting things a customer doesn't buy regularly can make them seem less valuable. If a program neglects user data or does not update based on feedback, it usually stays the same. Having a limited budget makes it difficult to carry out projects. Firms in this category may struggle to afford benefits their employees will appreciate and advanced trackers. Investing too little can stop the program from reaching its goals. People are becoming tired of feeling a need to show loyalty (Hajar *et al.* 2022). Nearly every business now has its loyalty program, which makes the already overwhelmed customers more careful when choosing one. Usually, they opt for programs that stand out in terms of convenience, emotional impact, or actual value rather than plain generic offerings. Concerns around data privacy stop some people from using crypto currencies. Any trusted relationship between companies and customers can break easily if there is a data breach. To handle these challenges, design should be thoughtful, innovations must keep coming, and there must be a strong focus on customers (Nuseir, M.T., 2021). A strong loyalty program is based on providing rewards, as well as on how practical, relevant, and trustworthy it is.

2.8 Role of Technology in Enhancing Loyalty Programs

Loyalty programs have been reshaped and their effects have been transformed by technology. Because of digital platforms, mobile applications, data analytics, and automation, loyalty initiatives are now more interesting, interactive, and tailored for each person. Data analytics is just as important as building the software (Matsuoka, 2022). Using information on how people behave, what they purchase, and how often they use the business, companies make sure their goods fit customers' choices. Predictive analytics allows a company to identify when customers might stop using the service and take early action, for example, by offering a prize for staying with the service. It is certainly true that technology has increased the elasticity and responsiveness of loyalty programs but this benefit is not evenly spread out. As Sudirjo *et al.* (2024), demonstrate, both e-satisfaction and e-trust serve as the important factors of e-loyalty, which rely, in their turn, less on the glam movements of websites than on actual delivery performance and online privacy. This is contrary to the popular belief that the interface beauty is enough to induce consumer interest, and underlines the importance of practical stability and data safety in loyalty technology systems.

Al-Dmour *et al.* (2021), in the study of telecoms discovered that customer satisfaction mediates the association between the strategies of service recovery and online customer engagement, especially in cases of a service failure. This point of finding is highlighted by the fact that

technology-supported loyalty programs should consider post-service conflict resolution as one of the many areas that may not be addressed in digital loyalty design.

Moreover, Gazi *et al.* (2024) emphasize the mediated effect of such CRM variables as knowledge management and organizational commitment on customer loyalty through satisfaction and brand image. Their moderated-mediation theory emphasizes that technology cannot work in isolation without matching the organization and showing emotional consistency. It supports the idea that there will be an increase in long-term digital loyalty plans that need to combine CRM, brand placement, and the loop of satisfaction rather than systems to distribute rewards.

Collectively, the studies demonstrate that the loyalty-enhancing technology cannot stop at the point accrual and reward monitoring. Rather, it ought to facilitate trust-generation, appreciable involvement, and tactical healing such as in digitally glutted or service-based markets.

2.9 Emotional Engagement and Brand Affinity

In addition to providing rewards, loyalty programs encourage customers to feel connected and loyal, which helps a business keep customer over the years. If a brand builds a strong connection with its customers, those customers often stay loyal to it, regardless of other competitive offers. Customers with emotional loyalty feel connected because of many consistent, enjoyable experiences and shared values. Designing rewards actively engages people emotionally. These little surprises let customers understand that they are more important to the business than just a figure. Exclusive groups, first looks at new products or events related to the brand, encourage a feeling of belonging (Tran, 2022). Anyone who is involved in the brand's journey is usually more emotionally connected and is likely to defend the brand.

Such personal stories help to build closer relationships within a program. Making it possible for customers to track what they have bought, see their achievements, or leave a review makes them feel valued (Saha *et al.* 2021). If a loyalty program helps social or environmental goals, it encourages customers to make a difference. Being involved in giving to charity or supporting sustainability makes customers emotionally bond with a brand. Importantly, loyalty based on intention helps the relationship grow strong. People who feel a bond with a brand ignore price increases and minor issues with their service. They can work through setbacks and often come back after a bad experience. Hence, loyalty programs need to care about more than practical perks and also consider the feelings behind them (Alzaydi, 2023). If a business works on trust,

recognition, and personal bonds between staff and customers, it can use loyalty programs to create lasting devotion in its customer base.

Recent studies enhance the knowledge of emotional loyalty by presenting the elusive relationship between identity, gasification, and digital innovation. Hossain and Magar (2025), reveal that value-evocative reward schemes, and especially those that blend gamified and monetary elements, foster long-term attachment and routine usage of digital service ecosystems. The positive sensations are not only one of the features of emotional loyalty, as their conclusions confirm that such loyalty involves repetition, relevance, and perception of value.

Ahuvia *et al.* (2022), change the gears to social belonging and state that brand love tends to be a result of people having a communal identity. Transactional loyalty turns into personal when consumers regard themselves as a part of the social ecosystem of a brand. It is this psychological ownership that not only leads to retention but goes a step further to produce advocacy, thus creating emotional attachments that surpass the reward system.

These observations are complemented with some ideas of Treiblmaier and Petrozhitskaya (2023), who suggest the superiority of block chain-based loyalty systems as both emotionally and practically better. Similar attributes as transparency of accruals, portability, and applicability that build confidence, suppress annoyance, and accentuate customer control, are paramount in the sense of perceived equity and interest. Put together, these suggestions point out that emotional loyalty in the modern environment of the probable mode of engagement will have to be technologically enabled, community-inspired, and be psychologically relevant as opposed to tangential incentives.

2.10 Literature Gap

Although the topic of loyalty programs has been extensively covered in the literature, current sources provide an imbalanced account paying inordinate attention to big brands and retail and hospitality industries. Such programs as Amazon Prime or Starbucks Rewards are often analysed, but they are not good examples of loyalty programs in small and medium-sized businesses (SMEs) or digital-first companies, where the behaviour, expectation, and use of technology are vastly different (Etumnua and Volpeb, 2024). The limited generalizability and applicability of findings into other sectors are caused by this narrow industrial focus.

As much as has been said about monetary compensations and monetary benefits, little attention is paid to psychological and emotional incentives of loyalty. In spite of personalization, user-friendliness, and emotional connection, these concepts are accepted, and few studies can be offered

with empirical measures or interindustry facts on the justification of these factors (Sunarya et al. 2024). Furthermore, the contributions of human resource approaches, i.e., the front line of employee engagement and compassion, to customer experience building of loyalty are also poorly studied.

Customer disengagement is another important loophole that has not been addressed that extensively. Numerous researches do not pay much attention to such knowledge as why users quit using loyalty programs soon after enrolment or which elements of the program cause adherence or discouragement in the longer term (Shahzad et al. 2024). The metrics that reflect whether the user is not using it or using it partially are seldom given, distorting the interpretation of effectiveness. There are also few case comparisons of different industries based on standardised criteria that are used in evaluating them. This prevents organisations to benchmark their loyalty strategies against other organisations or to learn about best practices in other areas. In absence of these comparisons, businesses exist in silos, and are not put in a strategic direction to be optimised.

To fill these gaps, this paper will conduct a survey-based multi-industry analysis. It will address the functional aspects of loyalty programs, customer perception, customer passion and the dimension of their involvement, thus giving a deeper and situational insight into what loyalty means in the contemporary context.

2.11 Conclusion

Regardless of how casual or sophisticated they are, such programs play a role in marketing and developing relationships. Based on the review, the main factors for program success are perceived value, easy use, engagement, custom experiences, and technology, but there are obstacles from complexity, low interest, and problems with loyalty. While many industries use loyalty programs, there is not a lot of research comparing their effectiveness in each one. A lot of the research so far looks at particular companies or just certain types of programs, not paying enough attention to how customers perceive sales. Theories often recognize emotional and behavioural aspects, but research about them is quite limited. Also, researchers have not widely explored issues of customer disengagement, program drop-off, or the continuous changes in customer satisfaction. The lack of such information proves that a comparison study should measure data and ask users for their opinions. It points out the need to frequently rethink loyalty strategies using a customer-centric approach. Using research to understand both strengths and weaknesses, along with the reasons

behind them, the study aims to supply insights that enable organizations to build programs to keep customers long-term.

Chapter 3: Methodology

3.1 Introduction

This chapter discuss the methodology behind the study on establishing how effective loyalty programmes are concerning customer retention. It contains notes on the selected research philosophy and approach, design, data collection method, sampling methods, and data analysis methods. The chapter justifies positivist philosophy and deductive reasoning that will use a quantitative and survey-based methodology. Using systematic methodology and statistical analysis, the study will offer objective pieces of information based on data to the knowledge base about the relationship between loyalty programs and customer satisfaction and retention.

3.2 Research Philosophy

The philosophy of research informs knowledge development and its interpretation in the course of a study. It informs how researchers perceive reality, choose procedures and defend their results. The selection of a clear research philosophy would guarantee that the approach is consistent with the research questions and aims. It influences the information gathering, studies and interpretation (Pangani and Mwanza, 2024). In this study of loyalty programs, a clear philosophy underpins consistency and clarity, and an attempt is made to explain the perceptions and satisfaction of the customers. The study is credible and methodologically substantial because it is anchored in a philosophical position, which makes it capable of drawing valid conclusions in the context of the sector and applying them to the development of loyalty strategies.
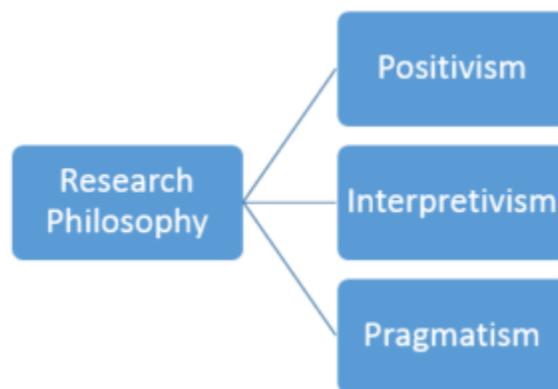
Figure 3.2.1: Various Types of Research Philosophy

(Source: helpinproject.com, 2025)

The philosophy suitable to undertake this research would be positivism. Positivism presupposes that reality is objective and can be measured in terms of observable data, which concurs with the nature of the study being survey-based and quantitative in design. The objective is to collect customer feedback from Burger King and Tesco and statistically analyse patterns with the help of such tools as SPSS. This philosophy allows the testing of hypotheses and generalizable findings, which are essential in measuring the effectiveness of loyalty programs in the retention of employees in different fields (Shemshaki *et al.* 2024). Positivism guarantees a bias-free, empirical method, and it takes a minimal troublesome measure of abstractions of the researcher. It allows clear cause-effect interpretation of loyalty program features and customer satisfaction or engagement, and the findings can be used in practice for day-to-day applications by companies willing to get data-driven enhancements to their loyalty programs.

3.3 Research Approach

The approach of the research is critical since it describes the general plan to make a connection between the issue of the research and the data collection and analysis. It assists in the determination that the adopted methods are consistent with the objectives of the research and philosophical position. The research approach also plays a role in making conclusions through its definition of whether the study to be conducted is going to add meaning to the theory (inductive) or verify the available pre-existing theory (deductive) (Wait, 2022). An evident method leads to greater transparency, the support of methodological choices, and greater validity of the findings. It also makes the study focused and structured and aids the researchers in generating reliable results that would be applicable to the real world being studied.
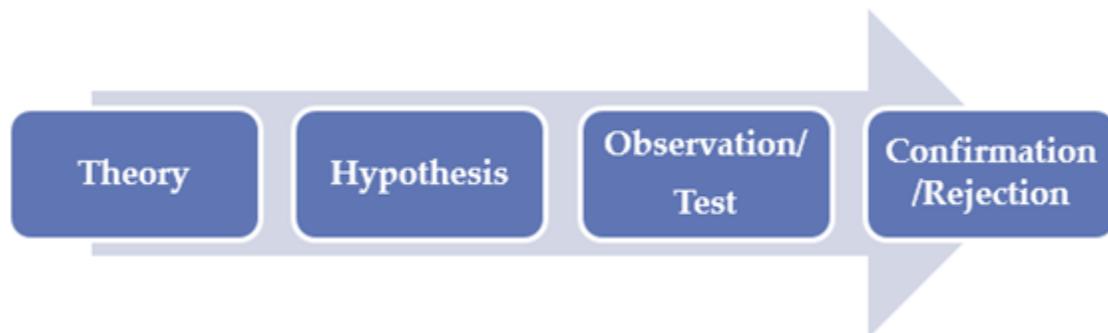
Figure 3.3.1: Visualization of the Deductive Approach

(Source: Bwalya, 2022)

Justification

The research is explained as deductive, which denotes an act of applying or proving the already existing theories to the data that was observed. The research seeks to examine the impact of loyalty programs on customer retention and starts by assuming some guiding theories in the field, such as Social Exchange and Relationship Marketing and then proves the theory by utilizing the empirical survey data obtained (Bwalya, 2022). The deductive method supports analytical studies based on hypotheses operating within the scheme of questionnaire-based inquiries alongside statistical arguments to check assumptions. The design corresponds to the positivism school of thought and the quantitative design, where the researcher will look at patterns, relationships and outcomes objectively. It helps make evidence-based conclusions as well as the findings, which would be consistent with theoretical predictions, to help in the practical implications of loyalty strategies (Carlsson and Olofsson, 2023).

3.4 Research Design

The data collection, analysis and reporting will be done according to a suggested project schedule so that this process is carried out during the academic timeframe. It is estimated that the distribution of the surveys and collection of the responses will take four weeks, cleaning and analysing of data two weeks. Possible difficulties that may arise are small replies, particularly among certain categories of customers or businesses, and surveys rollout may be shelved by pilot testing. Reminder emails, sharing on social media, etc. are the strategies to be employed to increase the rate of participation and the diversity of the responses. Solving these issues during the development stage leads to more fluid implementation and to an increase in the soundness of the information obtained (Suresh and Bhavadharani, 2021).

Justification

The research design applied in the study is a "descriptive research design", whose root lies in the systematic description of the characteristics, attitudes and behaviours of the customers involved in the loyalty programs. As the study will examine the satisfaction of customers, their perception and retention towards loyalty programs in Burger King and Tesco, descriptive design will be most appropriate. It allows obtaining complex quantitative data due to systematized survey collection to discover patterns and trends (Elgarhy, 2023). This method is non-experimental and is very

compatible with the deductive method, therefore, customer opinions could be analysed accurately. It contributes to having a clear picture of the loyalty program's effectiveness in various sectors that shall be used to make actionable and evidence-based recommendations.

3.5 Data collection method

In this research work, the approach to primary data collection consists in the implementation of structured surveys online. Target customers will be clients who subscribe to loyalty programs in various businesses including food (e.g. fast-food chain stores), retail and e-commerce. Stratified random sampling shall be used, aiming at covering the highest possible ground, being representative yet, and the respondents shall be drawn solely in Ireland. To increase the outreach and involvement of minimum 120 individuals, the survey will be shared through social media, emailing, and professional networks (Panjaitan, 2021).
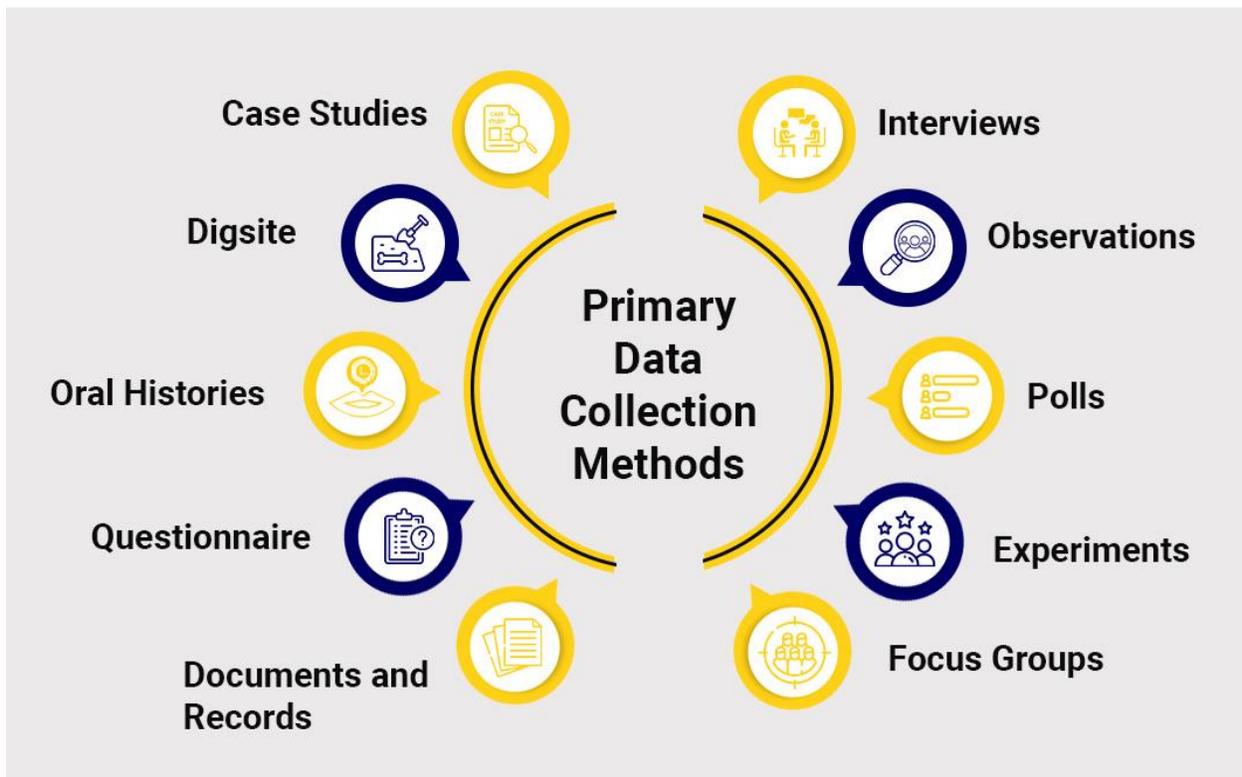
Figure 3.5.1: Visualization of the various types of Primary data collection methods

(Source: Abid *et al*. 2023)

There will be a pilot of about 5 members running the technology prior to full scale deployment. This process is essential in determining the usage of ambiguous words, technical problems or a poorly structured questionnaire. On the basis of the response, they will be modified to enhance

clarity, reliability as well as internal consistency of the final instrument (Abid *et al*. 2023). Another advantage of having pilot testing is that it will allow to incorporate methodological rigor mentioned in literature as well as make the methodology chapter findings more credible. Questionnaires will comprise closed-ended and a few open-ended questions to gather quantifiable and qualitative opinions. It is still concentrated on the satisfaction of the customers, behaviour patterns, perceived value, and the emotional appeal of the loyalty programs. The methodology of survey is preferably structured because it is reliable, standardized, and can be statistically assessed with SPSS.

3.6 Pilot Test

Before rolling out the actual survey, it was pilot tested among five of the survey participants to test the clarity, relevance, and reliability of the survey instrument. The aim was to obtain any ambiguities or weaknesses in the questionnaire and improve it as per the final form of data collection (Wadood et al. 2021). The respondents represented the target audience, who are digitally literate consumers aged between 25 and 34 years and who had relatively fresh experience with brands using loyalty programmes, including Tesco Club card and Burger King. The demographic sample of pilot respondents (students, self-employed people, and individuals, low and mid-income earners) guaranteed their relevance to the demographic focus of the broader research.

There were some valuable conclusions discovered by the pilot responses: (*refer to appendix 1*)

- The majority of the respondents were using Tesco Club card, and they were acquainted with Burger King's loyalty program.
- The chief incentive among the participants shows that they were easily affected by economic terms through the factor of discounts and offers.
- In general, the program designed by Tesco received high ratings as something that can be easily used, but satisfaction rates differed depending on how frequently one can receive rewards and how highly they felt the value of the reward was.
- The participants indicated that they would like Rewards more frequently and partner discounts, which is an opportunity to improve the program.
- Most of them stated that they would turn to other loyalty programs in case their favourable ones were cancelled, which proves the significance of the perceived further value.

Design-wise, the pilot allowed clarifying that there were no serious concerns on question interpretation and survey logic, with the questionnaire design being fairly understandable. Nevertheless, slight modifications were done such as the necessity of rephrasing some prompts to

make them clearer and enhancing response choices in multi-selection questions (Khanal and Chhetri, 2024). In short, the pilot test acted as an important quality control measure which made the effectiveness of the instrument questionnaire a reality and at the same time provide slight but viable points to build a strong instrument in the final survey setting.

3.7 Sample Size

The research will aim at a minimum sample group of 120 respondents. This number has been selected due to the necessity of being statistically reliable, to represent a cross-industry sample, and to facilitate comparison by sub-groups (e.g., age, gender, usage frequency). A larger number of samples will make it possible to conduct strong inferential statistical tests and generalizable findings, particularly when implementing such statistical tools as correlation, regression, and ANOVA. Stratified random sampling will be applied to select the respondents, with equal numbers of respondents in all the industries (e.g., fast food, retail) and consumer demographics. Such approach will be useful in capturing variety of behavioural tendencies and perceptions to loyalty programs. The size of the sample is reasonable to assume according to previous literature on the topic of survey-wide research in customer retention and generates sufficient division without exaggerating its conclusions (Ifekanandu *et al.,* 2023).

3.8 Data Analysis Technique

Quantitative data analysis methods are being used to analyse the data obtained with the aid of structured surveys, and the "Statistical Package" for the "Social Sciences (SPSS)" is the main analytical method employed. In addition, "descriptive statistics (frequencies, percentages, means, standard deviations)" have been used to summarize the answers of the customers and identify the general trends of the satisfaction, perception, and interest in the loyalty programs (Fook and Dastane, 2021).

In order to investigate the results of correlations among variables, correlation analysis will be employed to investigate the degree of association as well as directionality among customer retention and other characteristics of loyalty programs, including ease of use, reward value, and customizability (Hammond, 2025). Minimal linear regression has been used in predicting the effects of particular factors on customer retention in order to determine which characteristics significantly affect customer loyalty.

The chosen statistical instruments are corresponding to the character of the hypotheses and the character of the data gathered. In one of the examples, the Likert scale questions will be examined

through mean comparisons, cross-tabulations and, in that way, the descriptive and the inferential interpretations will be supported. This research with 120 sample size guarantees that the statistics power of correlation and regression is upheld with minimal chances of type I and type II error. The choice of using SPSS has been based on the fact that they are flexible in running various statistical procedures whilst ensuring accuracy and integrity of data (Ntahontuye, 2024).

3.9 Research Limitation

This study has various limitations, even though it is structured. To begin with, the sample group of people is not too large (at least 120 respondents), and this factor narrows the range of applicability of the results to wider population groups or other countries (Redjeki *et al.* 2024). One of the issues faced was that only 120 responses were recorded effectively, although the initial aim was 150. This is a loss that can restrict the representativeness of the results and their statistical power. Second, a study based exclusively on self-reporting via Web questionnaires is unreliable, says the study, since it is subject to expectancy bias, memory effects, or a need to give socially desirable responses. Moreover, since the data collection is cross-sectional, the perceptions of the customers are captured only at a given moment, and not at length to determine how their behavioural patterns or loyalty are over a given period. The research is moreover limited to particular industries (retail, hospitality and e-commerce) and geographic areas (UK and Ireland), which do not necessarily correspond to those in other areas or in other locations (Li *et al.* 2024). Moreover, reliance solely on a quantitative form of method would fail to perceive subtle emotional or psychological reasons behind the loyalty and further qualitative data, such as interviews or focus groups, could be more effective in understanding it.

3.10 Ethical Consideration

This study is conducted according to ethical considerations so that the research is pure and there is justice. The survey is completely optional, and it will be made clear to the respondents about the aim, extent and application of the data before their agreement. The informed consent form will be presented at the start of the questionnaire, where the participants will be informed that they can withdraw at any point without any repercussions (Hussain *et al.* 2024). To maintain anonymity and confidentiality, the study research will not collect any information that may identify the participant personally, and the information provided will only be used across academic undertakings. The researcher will have access to stored data securely. Participants would not be harmed, made uncomfortable or manipulated in the course of the study. The study will also be

carried out in compliance with information protection laws like the General Data Protection Regulation (GDPR) in force in the United Kingdom and Ireland (Buckley *et al.* 2024). These are done with a view to maintaining ethics and safeguarding the rights of the participants during the research process.

3.11 Summary

Overall, the current chapter described the methodological framework of the research, entailing the use of the positivist philosophy, the deductive research design, and approach, and the descriptive research design. Structured online surveys were important to acquire primary data, and a stratified random sample was used to maintain a diverse range of participation. A descriptive statistical analysis of data was performed, as well as a correlation analysis, regression analysis, and ANOVA test, with the help of SPSS. Research limitations, ethics and data protection measures were also outlined with the view to promoting the integrity, reliability and compliance of the research with academic and professional principles.

Chapter 4: Data Analysis and Findings

4.1 Introduction

This chapter provides an in-depth critical analysis of the survey data to determine the effectiveness of loyalty programs in improving customer retention, whereby a particular focus on *"Tesco Clubcard and the Burger King Rewards program"*. The chapter uses *SPSS* to statistically analyses such data as *"customer frequency, customer satisfaction, perceived value and change in their behaviour"* to determine the pattern of customer engagement. The descriptive statistics, modalities of correlation and regression analysis are used to identify significant correlations between program usage and purchase-dependent variables. Demographic awareness is also evaluated to determine the effects it plays in age, income and gender as perceived in terms of loyalty. Through the presentation of both frequency and inferential data, this chapter aims to check the gap between the theoretical expectations and actual customer behaviour, thus providing an answer to the research objective of conducting an evaluation of the real effects of loyalty programmes in several retail as well as food service industries.

4.2 Critical Analysis and Findings

Q.1 Which loyalty program(s) do you currently use or have used in the past 6 months?				
		Frequency	Percent	Valid Percent	Cumulative Percent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Burger King	15	11.9	11.9	11.9
	Burger King, Lidl Plus	1	.8	.8	12.7
	Burger King, McDonald's Rewards	4	3.2	3.2	15.9
	Burger King, McDonald's Rewards, Other	1	.8	.8	16.7
	Burger King, McDonald's Rewards, Starbucks Rewards	4	3.2	3.2	19.8
	Burger King, Other	1	.8	.8	20.6
	Burger King, Starbucks Rewards	2	1.6	1.6	22.2
	Lidl Plus	10	7.9	7.9	30.2
	McDonald's Rewards	10	7.9	7.9	38.1
	McDonald's Rewards, Other	2	1.6	1.6	39.7
	McDonald's Rewards, Starbucks Rewards	2	1.6	1.6	41.3
	McDonald's Rewards, Starbucks Rewards, Lidl Plus	1	.8	.8	42.1
	Other	6	4.8	4.8	46.8
	Starbucks Rewards	6	4.8	4.8	51.6

Figure 4.2.1: Frequency table for the Loyalty program use

(Source: Implemented in SPSS)

The frequency table for Q.1 illustrates that *"Tesco Clubcard"* is the most popular loyalty program (28.6%), followed by *"Burger King and then McDonald's rewards"*. This is in line with the purpose of the research to harness the effectiveness of loyalty programs in the retention of their customers based on patterns of user engagement. The diverse combinations of program usage suggest multi-brand loyalty behaviour, which can be critically analyzed to understand program overlap and customer preference. The findings help in evaluating how specific programs like Tesco Clubcard influence retention, supporting the study's objective to measure loyalty impact through customer engagement and satisfaction across sectors.

Q.3 How often do you shop at Tesco?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Monthly	31	24.6	24.6	24.6
	More than once a week	20	15.9	15.9	40.5
	Never	26	20.6	20.6	61.1
	Rarely	24	19.0	19.0	80.2
	Weekly	25	19.8	19.8	100.0
	Total	126	100.0	100.0	

Q.4 How often do you eat at Burger King?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Monthly	32	25.4	25.4	25.4
	More than once a week	4	3.2	3.2	28.6
	Never	17	13.5	13.5	42.1
	Rarely	60	47.6	47.6	89.7
	Weekly	13	10.3	10.3	100.0
	Total	126	100.0	100.0	

Figure 4.2.2: Frequency table for Tesco and Burger King

(Source: Implemented in SPSS)

The responses to *"Q.3 (Tesco) and Q.4 (Burger King)"* indicate customer shopping and dining frequency, which directly reflects *"engagement levels"* with each brand. At Tesco, 60.3% of respondents shop monthly, weekly, or more than once a week, suggesting strong customer interaction. Conversely, Burger King sees significantly lower engagement, with *"47.6% of participants rarely visiting and only 13.5% visiting weekly or more"*. These figures support the critical analysis of loyalty program effectiveness; frequent interaction may indicate better loyalty influence. When compared, Tesco appears to benefit more from habitual customer behaviour, aligning to evaluate how loyalty programs affect *"retention and purchase frequency"* across sectors.

Q.23 Age Group

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24	37	29.4	29.4	29.4
	25–34	68	54.0	54.0	83.3
	35–44	15	11.9	11.9	95.2
	45–54	3	2.4	2.4	97.6
	55+	3	2.4	2.4	100.0
	Total	126	100.0	100.0	

Q.24 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	53	42.1	42.1	42.1
	Male	65	51.6	51.6	93.7
	Non-binary	6	4.8	4.8	98.4
	Prefer not to say	2	1.6	1.6	100.0
	Total	126	100.0	100.0	

Figure 4.2.3: Age and Gender frequency

(Source: Implemented in SPSS)

The results for *"Q.23 (Age Group) and Q.24 (Gender)"* provide insights into the *"demographic profile"* of respondents. A majority (54%) fall within the *"25–34 age group"*, followed by **29.4%** in the 18–24 range, indicating that younger adults are the primary users or evaluators of loyalty programs. This suggests that loyalty strategies should target tech-savvy, younger customers who are more likely to engage digitally. Gender-wise, the sample is fairly balanced, with *"51.6% male and 42.1% female"*, along with a small representation from non-binary and privacy-conscious individuals. These findings are useful for segmenting loyalty program strategies based on age and gender preferences. They also support theoretical frameworks around demographic influence on consumer behavior, helping to critically analyze whether certain age or gender groups perceive or respond to loyalty benefits differently.

Q.13 If you use the Tesco Clubcard, does it encourage you to shop at Tesco more frequently?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		12	9.5	9.5	9.5
	3	2	1.6	1.6	11.1
	4	1	.8	.8	11.9
	5	2	1.6	1.6	13.5
	Agree	36	28.6	28.6	42.1
	Disagree	12	9.5	9.5	51.6
	Neutral	32	25.4	25.4	77.0
	Strongly Agree	26	20.6	20.6	97.6
	Strongly Disagree	3	2.4	2.4	100.0
	Total	126	100.0	100.0	

Figure 4.2.4: Frequency table for Qn 13

(Source: Implemented in SPSS)

The analysis of **Q.13** reveals that a significant portion of respondents believe the *"Tesco Clubcard encourages more frequent shopping"*. A combined **49.2%** of participants chose *"Agree (28.6%) or Strongly Agree (20.6%)"*, indicating a *"positive influence"* of the loyalty program on shopping frequency. Nevertheless, the dominant sentiment supports the *"theoretical premise"* that well-designed loyalty programs drive repeat behavior. This finding aligns with customer retention models, affirming that reward systems like **Tesco's Clubcard** can effectively increase engagement and encourage habitual shopping.

Q.14 If you use the Burger King loyalty program, does it encourage you to visit Burger King more frequently?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		28	22.2	22.2	22.2
	1	1	.8	.8	23.0
	4	1	.8	.8	23.8
	5	1	.8	.8	24.6
	Agree	33	26.2	26.2	50.8
	Disagree	9	7.1	7.1	57.9
	Neutral	31	24.6	24.6	82.5
	Strongly Agree	17	13.5	13.5	96.0
	Strongly Disagree	5	4.0	4.0	100.0
	Total	126	100.0	100.0	

Q.25 Monthly Income (Optional)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		20	15.9	15.9	15.9
	€25,000-€30,000	16	12.7	12.7	28.6
	€30,000-€40,000	8	6.3	6.3	34.9
	€40,000-€50,000	11	8.7	8.7	43.7
	Less than €25,000	59	46.8	46.8	90.5
	More than €50,000	12	9.5	9.5	100.0
	Total	126	100.0	100.0	

Figure 4.2.5: Frequency table for Qn 14 and 25

(Source: Implemented in SPSS)

The analysis of *"Q.14"* shows that **39.7%** of respondents ("Agree" and "Strongly Agree") feel the Burger King loyalty program encourages them to visit more frequently; however, *"24.6% remain Neutral"*. Compared to **Tesco's loyalty program (Q.13), Burger King's program** appears moderately effective but with less impact on customer behaviour.

"Q.25 (Monthly Income)" reveals that *"46.8% of respondents earn less than €25,000"*, making cost-saving incentives especially appealing. These users are likely to be more responsive to loyalty rewards, supporting the theory that *"financial incentives influence low-income consumer*

behavior". This demographic insight complements the study's aim by showing that *"income level may moderate how loyalty programs affect retention"*, especially in the fast-food sector. The combined data from Q.14 and Q.25 support a critical understanding of "how loyalty strategies may yield varying impacts based on sector and customer income", aligning with the research goal to evaluate effectiveness across segments.

Q.3 How often do you shop at Tesco?

Monthly = 1

More than once a week = 2

Never = 3

Rarely = 4

Weekly = 5

Q.4 How often do you eat at Burger King?

Monthly = 1

More than once a week = 2

Never = 3

Rarely = 4

Weekly = 5

Q.5 How did you first become aware of these loyalty programs?

I'm not aware = 1

In-Store Promotion = 2

Mobile App/Website = 3

Social media = 4

Word of Mouth = 5

Q.6 How frequently do you use the Tesco loyalty programs?

Every visit = 1

Never = 2

Occasionally = 3

Rarely = 4

Q.7 How frequently do you use the Burger King loyalty programs?

Every visit = 1

Never = 2

Occasionally = 3

Rarely = 4

Q.11 How easy is it to earn and redeem rewards?

Difficult = 1

Easy = 2

Neutral = 3

Very Difficult = 4

Very Easy = 5

Q.13 If you use the Tesco Clubcard, does it encourage you to shop at Tesco more frequently?

Agree = 1

Disagree = 2

Neutral = 3

Strongly Agree = 4

Strongly Disagree = 5

Q.14 If you use the Burger King loyalty program, does it encourage you to visit Burger King more frequently?

Agree = 1

Disagree = 2

Neutral = 3

Strongly Agree = 4

Strongly Disagree = 5

Q.16 Has your spending increased due to these programs?

Yes = 1

May be = 2

No= 3

Q.18 If the loyalty program were discontinued, how would it affect your behaviour?

I would find alternates = 1

I would reduce my visits = 2

No change — I'd continue shopping/eating as usual = 3

Not sure = 4

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Q.5 How did you first become aware of these loyalty programs?	126	1	5	3.43	1.268
Q.6 How frequently do you use the Tesco loyalty programs?	126	1	4	2.08	1.157
Q.7 How frequently do you use the Burger King loyalty programs?	126	1	4	2.60	1.037
Q.15 Do loyalty programs positively affect your purchase decisions?	126	1	5	2.40	1.279
Q.8 If you have used the Tesco Clubcard loyalty program, how satisfied are you with the rewards offered?	109	1	5	3.88	1.043
Q.9 If you have used the Burger King loyalty program, how satisfied are you with the rewards offered?	95	1	5	3.63	1.221
Valid N (listwise)	82				

Figure 4.2.6: Descriptive Statistics model

(Source: Implemented in SPSS)

The *"Descriptive Statistics"* provide key insights into usage frequency, satisfaction, and behavioral influence related to loyalty programs. The mean values show that *"satisfaction is relatively high"* for both Tesco (Mean = 3.88) and Burger King (Mean = 3.63), indicating that users generally value the rewards offered. However, the *"frequency of usage"* is moderate (Tesco = 2.08, Burger King = 2.60), and the *"impact on purchase decisions"* is modest (Mean = 2.40), suggesting that loyalty programs are not yet a dominant factor in altering consumer behavior. These findings align with the study's aim of assessing the *"effectiveness of loyalty programs in retaining customers"*, revealing a gap between satisfaction and actual behavioral change. The results support the objective of exploring whether *"customer perception and satisfaction"* truly translate into increased engagement or retention.

		Correlations									
		Q.6 How frequently do you use the Tesco loyalty programs?	Q.7 How frequently do you use the Burger King loyalty programs?	Q.8 If you have used the Tesco Clubcard loyalty program, how satisfied are you with the rewards offered?	Q.9 If you have used the Burger King loyalty program, how satisfied are you with the rewards offered?	Q.10 Rate the value you receive from your loyalty program(s):	Q.11 How easy is it to earn and redeem rewards?	Q.13 If you use the Tesco Clubcard, does it encourage you to shop at Tesco more frequently?	Q.14 If you use the Burger King loyalty program, does it encourage you to visit Burger King more frequently?	Q.15 Do loyalty programs positively affect your purchase decisions?	Q.16 Has your spending increased due to these programs?	Q.17 you recor d a prog oth
Q.6 How frequently do you use the Tesco loyalty programs?	Pearson Correlation	1	.361**	-.210*	.104	-.126	-.105	-.068	-.054	.157	-.103	
	Sig. (2-tailed)		<.001	.029	.316	.161	.243	.474	.597	.080	.252	
	N	126	126	109	95	126	126	114	98	126	126	
Q.7 How frequently do you use the Burger King loyalty programs?	Pearson Correlation	.361**	1	-.216*	-.111	-.231**	-.065	-.084	-.099	.070	-.092	
	Sig. (2-tailed)	<.001		.024	.285	.009	.468	.377	.331	.434	.308	
	N	126	126	109	95	126	126	114	98	126	126	
Q.8 If you have used the Tesco Clubcard loyalty program, how satisfied are you with the rewards offered?	Pearson Correlation	-.210*	-.216*	1	.499**	.628**	.202*	-.084	-.152	.058	-.020	
	Sig. (2-tailed)	.029	.024		<.001	<.001	.035	.384	.166	.551	.836	
	N	109	109	109	82	109	109	109	85	109	109	
Q.9 If you have used the Burger King loyalty program, how satisfied are you with the rewards offered?	Pearson Correlation	.104	-.111	.499**	1	.529**	.040	-.105	-.106	.124	-.037	
	Sig. (2-tailed)	.316	.285	<.001		<.001	.704	.334	.309	.231	.724	
	N	95	95	82	95	95	95	87	94	95	95	
Q.10 Rate the value you receive from your loyalty program(s):	Pearson Correlation	-.126	-.231**	.628**	.529**	1	.252**	-.119	-.101	.074	-.086	
	Sig. (2-tailed)	.161	.009	<.001	<.001		.004	.206	.321	.413	.337	
	N	126	126	109	95	126	126	114	98	126	126	
Q.11 How easy is it to	Pearson Correlation	-.105	-.065	.202*	.040	.252**	1	-.009	.020	.074	-.175	

Figure 4.2.7: Continuation

(Source: Implemented in SPSS)

The *"correlation matrix"* reveals significant relationships among loyalty program usage, satisfaction, perceived value, and behavioral outcomes, aligning well with the study's objectives. Notably, there is a *"moderate positive correlation"* between usage frequency of the Tesco and Burger King loyalty programs ($r = .361$, $p < 0.01$), suggesting that customers who engage with one program are likely to engage with others, possibly due to general reward-seeking behavior. Satisfaction with loyalty rewards (Q.8 and Q.9) strongly correlates with perceived value (**Q.8 with Q.10: r = .628, Q.9 with Q.10: r = .529**), reinforcing the theoretical notion that perceived reward value is central to satisfaction.

Q.11 How easy is it to earn and redeem rewards?	Pearson Correlation	-.105	-.065	.202*	.040	.252**	1	-.009	.020	.074	-.175
	Sig. (2-tailed)	.243	.468	.035	.704	.004		.921	.848	.413	.050
	N	126	126	109	95	126	126	114	98	126	126
Q.13 If you use the Tesco Clubcard, does it encourage you to shop at Tesco more frequently?	Pearson Correlation	-.068	-.084	-.084	-.105	-.119	-.009	1	.455**	.418**	-.071
	Sig. (2-tailed)	.474	.377	.384	.334	.206	.921		<.001	<.001	.451
	N	114	114	109	87	114	114	114	90	114	114
Q.14 If you use the Burger King loyalty program, does it encourage you to visit Burger King more frequently?	Pearson Correlation	-.054	-.099	-.152	-.106	-.101	.020	.455**	1	.435**	-.076
	Sig. (2-tailed)	.597	.331	.166	.309	.321	.848	<.001		<.001	.456
	N	98	98	85	94	98	98	90	98	98	98
Q.15 Do loyalty programs positively affect your purchase decisions?	Pearson Correlation	.157	.070	.058	.124	.074	.074	.418**	.435**	1	-.115
	Sig. (2-tailed)	.080	.434	.551	.231	.413	.413	<.001	<.001		.198
	N	126	126	109	95	126	126	114	98	126	126
Q.16 Has your spending increased due to these programs?	Pearson Correlation	-.103	-.092	-.020	-.037	-.086	-.175	-.071	-.076	-.115	1
	Sig. (2-tailed)	.252	.308	.836	.724	.337	.050	.451	.456	.198	
	N	126	126	109	95	126	126	114	98	126	126
Q.17 Have you ever recommended a loyalty program to others?	Pearson Correlation	.184*	.178*	-.152	.041	-.148	-.311**	-.013	-.039	.020	.364**
	Sig. (2-tailed)	.039	.046	.116	.694	.099	<.001	.891	.702	.821	<.001
	N	126	126	109	95	126	126	114	98	126	126
Q.18 If the loyalty program were discontinued, how would it affect your behaviour?	Pearson Correlation	.135	.133	-.109	-.056	-.138	-.038	-.209*	-.063	-.133	.201*
	Sig. (2-tailed)	.130	.137	.258	.593	.124	.671	.026	.538	.137	.024
	N	126	126	109	95	126	126	114	98	126	126
Q. 22 On a scale of 1 to 5, how easy is it to use the loyalty apps for collecting or redeeming rewards?	Pearson Correlation	-.073	-.137	.466**	.437**	.525**	.182*	-.060	-.084	.012	-.095
	Sig. (2-tailed)	.414	.126	<.001	<.001	<.001	.041	.528	.411	.892	.291
	N	126	126	109	95	126	126	114	98	126	126

Figure 4.2.8: Correlation model implementation

(Source: Implemented in SPSS)

Furthermore, satisfaction with loyalty apps (Q.22) is significantly correlated with satisfaction scores and perceived value (Q.22 with Q.8: r = .466, Q.22 with Q.10: r = .525), indicating that usability of technology enhances the overall experience. Behavioral outcomes such as recommending programs (Q.17) and purchase decisions (Q.15) are positively correlated with usage and satisfaction. For instance, Q.13 (Tesco program increases frequency) shows a strong correlation with Q.15 (r = .418, p < 0.01), confirming that loyalty programs influence customer behavior. These findings support the study's aim to critically assess the effectiveness of loyalty programs in driving engagement and retention.
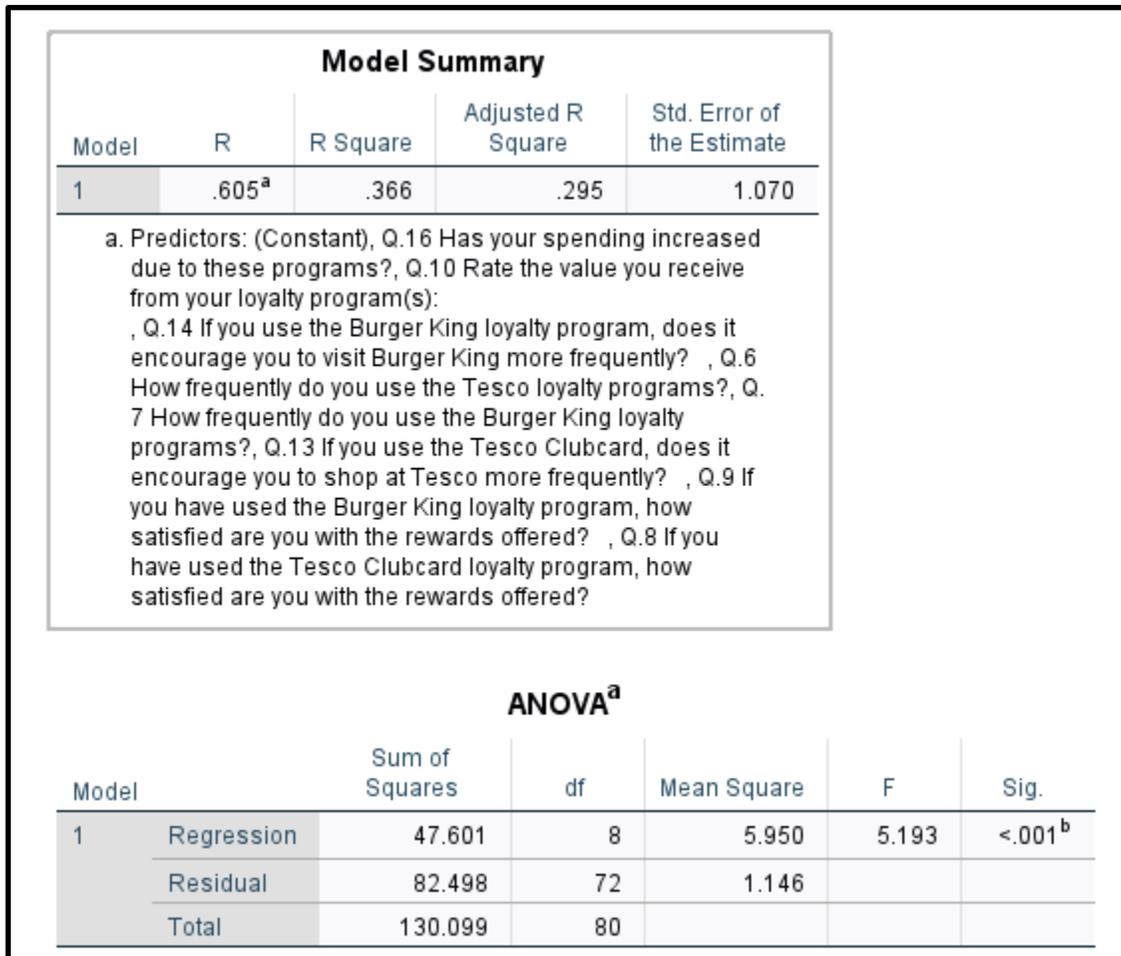
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.605[a]	.366	.295	1.070

a. Predictors: (Constant), Q.16 Has your spending increased due to these programs?, Q.10 Rate the value you receive from your loyalty program(s):
, Q.14 If you use the Burger King loyalty program, does it encourage you to visit Burger King more frequently? , Q.6 How frequently do you use the Tesco loyalty programs?, Q. 7 How frequently do you use the Burger King loyalty programs?, Q.13 If you use the Tesco Clubcard, does it encourage you to shop at Tesco more frequently? , Q.9 If you have used the Burger King loyalty program, how satisfied are you with the rewards offered? , Q.8 If you have used the Tesco Clubcard loyalty program, how satisfied are you with the rewards offered?

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.601	8	5.950	5.193	<.001[b]
	Residual	82.498	72	1.146		
	Total	130.099	80			

Figure 4.2.9: Linear regression and ANOVA model

(Source: Implemented in SPSS)

The linear regression model indicates a *"moderate relationship"* between the selected independent variables and the dependent variable, "Q.15 (Do loyalty programs positively affect your purchase decisions?)". The *"R value of 0.605"* suggests a moderate positive correlation, and *"R^2 = 0.366"* shows that approximately *"36.6% of the variation"* in purchase decisions can be explained by the model, which includes variables like program satisfaction, frequency of use, perceived value, and behaviour change.

The *"ANOVA results"* show that the model is statistically significant (**F = 5.193, p < 0.001**), meaning the independent variables together reliably predict purchase decision behavior. This supports the study's objective to identify key drivers behind loyalty program effectiveness, confirming that satisfaction and engagement influence retention-related decisions.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.296	.934		-1.387	.170
	Q.6 How frequently do you use the Tesco loyalty programs?	.186	.112	.178	1.656	.102
	Q.7 How frequently do you use the Burger King loyalty programs?	.112	.120	.101	.933	.354
	Q.8 If you have used the Tesco Clubcard loyalty program, how satisfied are you with the rewards offered?	-.005	.159	-.004	-.031	.976
	Q.9 If you have used the Burger King loyalty program, how satisfied are you with the rewards offered?	.079	.127	.076	.624	.535
	Q.10 Rate the value you receive from your loyalty program(s):	.219	.162	.178	1.347	.182
	Q.13 If you use the Tesco Clubcard, does it encourage you to shop at Tesco more frequently?	.350	.108	.361	3.254	.002
	Q.14 If you use the Burger King loyalty program, does it encourage you to visit Burger King more	.326	.104	.343	3.148	.002

Figure 4.2.10: Coefficient model

(Source: Implemented in SPSS)

The regression "coefficients table" provides insight into which variables significantly influence the dependent variable, *"Q.15-purchase decisions"*. Among the predictors, two variables stand out as statistically significant:

Q.13 (Tesco Clubcard encourages more frequent shopping) with B = 0.350, p = 0.002

Q.14 (Burger King Loyalty program encourages more frequent visits) with B = 0.326, p = 0.002

These strong, positive, and statistically significant coefficients indicate that the behavioral impact of loyalty programs is a key driver of purchase decisions. In contrast, other predictors such as frequency of use (Q.6, Q.7), satisfaction (Q.8, Q.9), and spending changes (Q.16) show non-significant effects ($p > 0.05$), suggesting they are less influential in isolation. This analysis supports the study's aim by critically identifying behavioral encouragement (rather than mere satisfaction or frequency) as the most important factor influencing loyalty program effectiveness in driving customer retention and purchasing behavior.

4.3 Theoretical Implications of Customer Retention via Loyalty Programs

Loyalty programs have evolved from basic transactional tools to comprehensive strategies that integrate psychological, technological, and emotional elements aimed at long-term customer retention. The theoretical underpinnings that guide these strategies primarily the *"Social Exchange Theory (SET), Relationship Marketing Theory (RMT), and Customer Lifetime Value (CLV)"* offer a structured lens through which to evaluate the implications of loyalty programs on customer behaviour. This section critically analyses these theories in the context of empirical findings from the current study, while drawing broader insights from the literature.

Social Exchange Theory (SET): Cost-Benefit Rationality

SET argues that customer loyalty is a product of calculations of cost, and if the customer feels the benefit. Customers determine whether they are satisfied with the rewards and incentives that come with purchasing a loyalty program, whether through discounts, convenience, or exceptional deals (Farhana, 2021). The customers will then decide on whether it is worth their time continuing such programs and remaining loyal to their respective programs. This utilitarian way of thinking agrees with the survey results that the variables, such as satisfaction with rewards (Q.8, Q.9), the ease of redemption (Q.11), and the value received (Q.10) were positively correlated with the behavioural indicators of loyalty, i.e. spending more (Q.16) and recommending the programme (Q.17).

Nonetheless, the correlation model showed that even though satisfaction and ease of redemption are important, their impact provides moderate results. As an example, Pearson correlations between satisfaction and higher frequency or spending were positive yet not always significant ($r < 0.5$ most of the time). This implies that although economic incentives exist, they are not single-handedly motivating customer loyalty, hence the weakness of SET when utilized as an indication (Luo *et al.* 2025). Programs emphasizing purely transactional value are likely to be hard to

maintain users in a modern competitive economic environment, where one can easily duplicate his/her economic reimbursement.

Relationship Marketing Theory: Emotional and Relational Bonds

The weakness of SET is overcome with *"Relationship Marketing Theory"* that focuses on the emphasis of trust, emotional involvement, and long-term association instead of a short-term advantage (MAMUSUNG *et al.* 2021). The results of the *"Tesco and Burger King loyalty"* programs confirm this point of view. Coefficients of perceived encouragement to shop more regularly (Q.13 and Q.14) were found to be statistically significant in the regression analysis of predicting the attitude whether loyalty programs had any positive impact on purchase decision (Q.15). It means that as soon as customers are emotionally active or motivated, and do not receive rewards only, there is more chance that they will be loyal.

Sustainability or individual experiences support the notion that relational over transactional loyalty is the driver when it comes to customer retention. This is theoretically supportive of the commitment-trust model of relationship marketing in that the mediating role of trust and commitment in the relationship between customer satisfaction of the customers and the behaviour of the customer towards loyalty (Khan *et al.* 2022). The tendency of our customers to be encouraged to come back and show relatively average rates of satisfaction proves the quality of affective loyalty, which RMT is trying to justify.

Customer Lifetime Value (CLV): Strategic Profitability over Time

CLV develops these theories further by adding the economic aspect and the relational perspective to a profitable relationship over the long term (Ebrahimi *et al.* 2024). Although high-value customers are relatively costly to retain, they provide higher returns as time goes by (AOUAD and BOUATERIA, 2024). Tesco's use of data-driven strategies to segment and retain such customers is a prime example. Our data showed that the frequency of use (Q.6 and Q.7) and satisfaction with rewards (Q.8 and Q.9) were both moderately associated with positive purchase behaviour and recommendations. This suggests that customers who are frequently engaged and moderately satisfied have a higher probability of remaining loyal, thereby enhancing CLV. However, a critical analysis of the regression model ($R^2 = 0.366$) shows that only around 36.6% of the variation in purchase behaviour (Q.15) could be explained by factors such as satisfaction, value perception, frequency of use, and increased spending. While this indicates a meaningful relationship, it also

signals the presence of unexplored factors, such as emotional connection, brand identity, and competitor influence elements that pure CLV models may not fully capture.

Integrating Theories: Toward a Multidimensional Approach

Individually, none of the theoretical models SET, RMT, or CLV fully account for the complexity of customer loyalty. Loyalty is not a static construct; rather, it evolves based on situational, emotional, and contextual factors. Our study reinforces the growing consensus in academic literature that an integrated, multidimensional framework is required. Programs that combine economic incentives (SET), emotional engagement (RMT), and long-term strategy (CLV) tend to outperform one-dimensional models. For instance, the lower satisfaction levels, the program run by Burger King resulted in users with a level of willingness and frequency to use the program again being high, indicating the potential application of emotional branding. On the other hand, the fact that Tesco has quite high satisfaction levels and moderate correlations with behavioural variables requires strengthening the emotion and experience aspect of the program.

Implications for Practice and Future Research

In practical terms, the theoretical implications identify that it is important to balance tangible and intangible value when it comes to loyalty programs. Businesses cannot stop at any point scoring formula but also have to focus on ensuring that emotional and experiential ties are developed through custom forms of communication, open organizational frameworks and brand identity. In future studies, moderating factors including ***"age, income, and culture"*** should be included in order to better narrow down theoretical expectations and to specifically design the programs. Besides, due to the advent of AI and data analytics, future loyalty interactions should combine predictive modelling and relational analytics to target customers dynamically along the customer lifecycle. These tactics will justify CLV even more and keep the relational trust of RMT and the cost-benefit ratio of SET.

4.4 Summary

This chapter critically analysed the findings of the survey conducted among the customers of Tesco and Burger King using the loyalty programmes, to extract some of the major insights in regard to customer behaviour, satisfaction and effectiveness of the programmes. The frequency tables revealed that the rate of engagement with Tesco customers and frequency of visits to the company is higher in comparison with Burger King, with a large percentage of users reporting increased shopping experiences because of the Clubcard. Age and income statistics proved that younger and

low-income customers are more likely to use and be affected by means of loyalty programs, which is consistent with theoretical models such as the *"Social Exchange Theory and the Customer Lifetime Value"*. Descriptive statistics indicated generally high satisfaction, though only moderate behavioural change, while correlation analysis confirmed positive relationships between satisfaction, perceived value, and loyalty-driven behaviors. Regression results showed that perceived encouragement from programs (Q.13 and Q.14) significantly predicted purchase decisions, while other factors like satisfaction and frequency were not statistically significant alone. These findings support the multidimensional nature of loyalty, reinforcing that emotional engagement and perceived behavioural encouragement are more influential than transactional benefits alone. The findings have relevantly answered the question of whether rewards are the only means through which a loyalty program should be efficient by stating that it is not, and it also relies on customer perception, usage context and strategic program design, hence the core aim of the study of analyzing loyalty as a retention tool across sectors.

Chapter 5: Discussion

5.1 Introduction

In this chapter, the author critically discusses the findings of the study by making reference to the research problem and the questions. It seeks to look at how the Tesco and Burger King loyalty programs work towards enhancing customer retention, satisfaction, and purchasing behavior, adequacy of sample and bias of response, and interpret the findings based on theoretical frameworks to come up with feasible recommendations that would improve the program.

5.2 Linking Findings to the Research Question

Analysis of the results obtained in this research indicates that loyalty programs among Tesco and Burger King only have a moderate, albeit quantifiable, impact on customer retention, satisfaction, and buying behavior in the Irish market. Although both programs have high-satisfaction scores, the ability to convert satisfaction into sustained behavior change varies vastly, with the Clubcard giving better results in promoting retention at Tesco.

Customer Retention

The frequency results highlight the more frequent habitual behavior of Tesco, as 60.3% of respondents shop at least once a month. Burger King, on the other hand, produces a lower retention profile with almost the same proportion of respondents (47.6%) visiting rarely. Such a difference is indicative of the necessity of the structure, the perceived usefulness, and the embedding of the loyalty program into daily visits to a shopping routine in maintaining retention. Regression analysis supports this by pointing to behavioral encouragement, as opposed to transactional satisfaction, as the key predictor in this purchase decision of both brands (Gomes, 2024). It corresponds to Relationship Marketing Theory (RMT), which states that the appeal to emotion and emotional appeal are more effective in long-term maintenance of loyalty as opposed to solely economic incentives. The routine reinforcement aspect naturally favors the program in Tesco, since quite a common activity regarding grocery shopping, unlike the program in Burger King, where the promotion activities may hardly feature as a part of habitual encounters between consumers within the fast-food industry (Zikienė *et al.* 2024).

Customer Satisfaction

Both programs had a higher average in the level of satisfaction (Tesco = 3.88; Burger King = 3.63) and were significantly related to perceived value (r > 0.52). Nonetheless, through regressions, it is revealed that satisfaction in isolation does not predict purchase behaviors with significant results.

This observation contradicts the perception of the Social Exchange Theory (SET) that perceived value is completely adequate in terms of retention. Practically, customers can enjoy presents, but will not show commitment in case they lack emotional triggering or convenience. This indicates that dependence on programs that only cash in on discounts or points are not likely to succeed in converting satisfaction into loyalty without any supplementary strategy of relations (Grigoryeva, 2023).

Although the level of satisfaction with both programs is above average, the evidence shows that satisfaction is only a required condition, but not a sufficient condition, to encourage loyalty-related behaviors. This indicates an inherent divide in the cognitions of the customers in terms of their evaluating the worth of a program (e.g. liking its rewards, ease of use, or perceived fairness), and their behavioral commitment to engage in repetitive behavior towards that program (Liu and Zhao, 2024). Practically, not all program ratings will show a high perception of the program, as some customers may have a high perception of the program due to its deliverable benefits, but this might not translate to constant engagement and increased spending.

One reason is the current consumer behavior of seeking specific values like convenience and a connection at the emotional level, as well as lifestyle suitability, which is in the present rapidly becoming more important than the mere economic motive alone (Xu and Hu, 2022). An example is an instance where a customer can hold the merits of a service program and still utilize competing commodities because of brand advantages, geographical preferences or some marketing bargains elsewhere. In addition, the statistics show that satisfaction is very situational- the customers might react well towards a particular promotion or discounts, but not become loyal. This implies that program designers should consider the experiential and social aspects of customer experience, which include personalization, gamification and community-building, to enhance the psychological attachment (Klouvidaki *et al.* 2025). In the absence of these aspects, loyalty programs might turn into transactional ones with a less than expected impact of real customer retention.

Purchase Behavior

Regression ($R^2 = 0.366$) suggests that although use of loyalty programs has a significant role in influencing behavior, there is still a significant 63.4% of behavior variance that could not be accounted using loyalty programs. This shows the role of external factors (IBRAND IDENTITY, other promotions of rivals or even situational ones like convenient location). The difference in

performance could also be attributed to the fact that Tesco is a necessary retail brand, and customer loyalty incentives are inherent because of the regularity of the customer's needs. On the other hand, Burger King has a milder impact that, although it is not as stable, can be more applicable to an economic segment with lower earnings rates, i.e., incentives using financial means could prove more efficient in giving returns in more particular demographics.

The evidence in general supports the idea that loyalty schemes can be used positively in retention, satisfaction, and behavior, provided that they are integrated into behavioral encouragement along with emotionally and experientially useful dimensions, instead of being based on only transactional advantages (Cachón-Rodríguez *et al.* 2022).

5.3 Adequacy of Sample Size and Response Bias

The sample size of the study of 120 respondents is enough to carry out correlation and regression analysis, and the sample is more than the conventional minimum needed of 120, since the study is quantitative, thus providing an impressive level of quantitative reliability. The use of stratified random sampling increased the aspect of representativeness since it captured the spectrum of demographic variables, such as age, gender, and the level of earnings. However, this sample is sufficient to be used in both exploratory and inferential purposes, but it restricts the distribution of the results to the Irish populace in relation to retail and fast-food consumers (Ghazanfari *et al.* 2024). The size and diversity of the sample can be increased to enhance the strength of the sector-specific conclusions, specifically those not represented well, including non-binary individuals and high-income earners who may not agree with the majority in terms of outlook on the loyalty programs.

Possible response biases are also to be taken into account; social desirability bias is also a threat because participants might tend to overestimate their loyalty or satisfaction to comply with the positive behavior they perceive. Similarly, there may be a chance of production of errors on the frequency of visits or program utilization due to recall bias (Suhag *et al.* 2025). Also, it is possible that an online survey format disproportionately engaged consumers who were tech-savvy and aware/conscious of loyalty programs, which biased the results in favor of app-based reward systems and electronic interactions. This gives rise to the risk that the program effectiveness calculated is that of a digitally inclined group and not the complete market.

On that note, even though the sample and the approach used yield quality results on the research question, the limitations demand careful interpretation (Chang *et al.* 2024). The recommendation

to generalize findings beyond identical demographic and behavioral systems merits a cautious outlook, and in future research, the attempt should focus on increasing diversity, bigger sample sizes and mixed data gathering strategies.

5.4 Achievement of Research Objectives

Objective 1 – Customer Reactions and Satisfaction

The descriptive results showed that the score of satisfaction was high (Tesco = 3.88; Burger King = 3.63) and there was a positive correlation between satisfaction and perception of value (r > 0.52). In regressions, however, satisfaction alone was not a powerful predictor of purchase. This indicates a gap in perception and action, and that rewards and usability must complement each other in order to complete a procedure of moving satisfaction into loyalty via emotional engagement (Rane et al., 2023). This observation correlates with Pez *et al.* (2017), who concluded that the satisfaction of the loyalty programme does not always accompany the subsequent transfer into real purchase behavior unless some emotional and experience elements are integrated. On the other hand, it is against the initial claims of Social Exchange Theory (SET), which supposes that pleasure-value combination is enough to retain (AHSAN, 2022). The findings indicate that there is a necessity to revise the practical interpretation of SET in loyalty situations with the consideration that nowadays consumers demand the conveniences, emotional appeal and personalization in addition to the economic rewards..

Objective 2 – Effectiveness in Retention

The regression analysis depicted that the most significant factor that predicted purchases responses was behavioral encouragement, or the consumer being urged on to buy or visit more regularly. The coefficients B = 0.350 and p = 0.002 in the case of Q.13 ended up significant in Tesco, and B = 0.326 and p = 0.002 in Q.14 ended up significant in the case of Burger King. This confirms the postulations of the Relationship Marketing Theory (RMT), which focuses more on the use of emotional and motivation triggers as opposed to purely transactional payoff (Berry, 1995). Zikienė *et al*. (2024) obtained similar findings; as in their research, after implementing habitual reinforcement strategies in grocery retail, the retention rates were much higher compared to the implementation of the same practices in fast-food programs. Yet, the weaker retention rate of Burger King, backed by the studies of Yi and Jeon (2003), suggests that occasional purchase categories cannot sustain engagement without offering limited-time, high-value offers to trigger urgency.

Objective 3 – Actionable Advice

The fact that Tesco experienced a moderate change of behavior, despite being highly satisfied, means that there are still unexplored opportunities in the sense of emotional branding and individual offers. The higher popularity of the Burger King program among lower-income individuals (< spaces betwixt euro 25,000/year, 46.8%) is consistent with the study by Jin *et al.* (2024), as the researchers found that financially restrained clientele react more directly to direct financial motivation. Predictive analytics may help to fill that gap of 36.6% in the behavioral model explained by satisfaction, perceived value and behavioral encouragement, which recent modifications of AI-assisted loyalty research agree with (Cachon-Rodriguez *et al.*, 2022). These findings partly defy the formulation of purely transaction-based loyalty models, in that the best solution would be a hybrid of the three approaches in terms of behavioral science, data analytics, and emotional branding processes to achieve maximum efficiency.

5.5 Summary

The discussion will affirm the fact that the loyalty programs have a moderate impact on customer behavior, with Tesco being effective in the aspect of customer retention as compared to Burger King. The strongest predictor of purchasing decisions was the behavioral encouragement. Whereas the satisfaction levels were high, they did not by themselves bring about loyalty. Generalizability is subject to limitations of sample size and the possibility of response bias. It would be a very important aspect to ensure long-term customer retention through strategic program design on an emotional level.

Chapter 6: Conclusion

6.1 Conclusion

In this research paper, the author presents a review of the effectiveness of loyalty programs in maintaining customers in two different retail markets: the grocery business of Tesco and the fast-food market of Burger King. It studied the impact of these loyalty schemes, focusing on customer satisfaction, buying behavior and retention using a survey-based approach in the Irish market. The results indicate that loyalty programs are quite effective, but have a limited degree of success in creating sustained customer loyalty and change in behaviors.

One of the main identifications is that the loyalty program offered by Tesco performs better than that of Burger King to enable customer retention. The reason behind this difference is mostly explained by the fact that grocery shopping is a habitual activity and makes use of the Clubcard program of Tesco more fitted into the consumer's routine. By contrast, the program of Burger King had considered lower levels of retention, although this may be explained by the more disposable nature of fast-food consumption. The research supports the applicability of the Relationship Marketing Theory (RMT) by foremost emphasizing behavioral encouragement as the best determinant of customer retention, as opposed to the use of transactional incentives.

Both programs are highly rated in terms of customer satisfaction, though Tesco has a slightly higher rating compared to Burger King. Nonetheless, satisfaction by itself is not the most reliable indicator of subsequent purchasing behavior or loyalty because it goes against the hypothesis of Social Exchange Theory (SET) that perceived value per se is enough to retain. This reveals an essential detail: loyalty programs should not be reduced only to the discounting process or points accumulation process, and include emotional involvement and convenience in order to cultivate actual customer loyalty.

The external factors that are shown to also affect purchasing behavior and ultimately have a large share in it that are beyond the loyalty programs realm include brand identity, competitive offerings with promotions and situational conveniences. The fact means that an intricate approach that combines loyalty schemes and broader marketing through the collection and analysis of customer information is needed to maximize customer retention.

Although the study sample and stratified random samples make the study quite reliable in terms of quantitative validity, given the versatility of the sample size and vagaries of mitigating response

bias, there can be some limitations in terms of generalizability, especially when it comes to online survey implementation.

Loyalty programs should only become effective to promote retention and satisfaction, and careful planning that focuses on the emotional attachment, reinforcement of habits, and personalization of value propositions is necessary. The obsession of Tesco with putting loyalty into daily consumer behavior leads to this success, and Burger King teaches us about the chances to place particular incentives on a specific cohort of the population. Further studies ought to increase demographic bands and examine the multidimensional course of action of loyalty to maximize customer loyalty across sectors.

After a critical reading of the findings, the conclusion can be made that both Tesco and Burger King loyalty programs exhibit calculable advantages, yet it is the extent to which these schemes effectively combine behavioral reinforcement with emotionally engaging interactions that defines the actual success of the program in the long run. The modest success of the Burger King program is not just a factor of the lower purchasing frequency of the fast-food industry, but also a result of a very low level of application of engagement tactics utilized. The program is also deeply dependent on transactional discounting, which can give pockets of visit growth but not instill perpetuated loyalty. Conversely, Tesco encompasses the habitual basis of grocery shopping to its Clubcard advantage, but in this case, it still shows in the data that there is no automatic correlation between high satisfaction and changed behavior. This supports the idea that the program design is not as crucial as the structural and contextual factors of design that shape results.

Strategically, the intuitive value of this study is that being overly dependent on satisfaction measures as an indicator of loyalty may be hazardous. Most organizations treat high scores of satisfaction as evidence of the effectiveness of the programs, but in this case, the perception-action gap is evident. Customers can have the advantages but are still vulnerable to other offers of a competitor, the aspect of convenience or personal preferences. This conforms to the wider literature on marketing that places importance on behavioral economics, that is habits, emotional stimulus, and perceived switching costs allow behavior to become a stronger influence than cold calculations about value. The assessment of the loyalty programme should focus more on the long-term behavioral data as opposed to a single snapshot of the attitudes measure.

The second important side that has developed in the study is the factor of market positioning and brand identity in mediating program success. The fact that Tesco is a leader in the market and that

it is a household name in itself strengthens its mechanisms of loyalty, but the nature of the industry in which Burger King competes lends itself to short-lived loyalty. This implies that the design of the program cannot be isolated from the brand strategy, because loyalty programs should supplement and reinforce the extended value position of the brand. This is to say, to give an example, Burger King could build on its youthful and playful brand personality and integrate gamified elements of reward upon it or other forms of limited-edition experiential incentive with which its target demographic might associate itself in its approach to life. The marketing approach also needs to be more coordinated due to the impact of external forces as it was observed in the results. The impact of the location convenience, rival promotion, as well as situational purchasing behavior can decrease in case of neglecting the loyalty programme. Loyalty plans must thus be coupled with pro-competitive positioning techniques or steps as the allocation of in-location offers or exclusive neighborhood-community interaction activities or cross-brand partnerships, to extend the perceived value.

Moreover, methodological limitations of this research identify a wider-ranging issue in researching the evaluation of the loyalty program. Although the sample size of 120 respondents passes the statistical standards of the analyzed statistical operations, its demographical setup and the online input of the surveying tool bring about biases that could tend to over represent digitally advanced consumers. This casts doubt on the inclusiveness of the loyalty programs themselves, as optimization of program benefits toward tech-savvy clients risks isolating less digitally savvy audiences. Further studies are needed in future that would consider mixed-methodology, where qualitative interviewing of the customer groups can provide a more rounded idea of loyalty drivers among various customer groups.

This research ultimately comes to the conclusion that the future of loyalty systems should move beyond transactional rewards to a loyalty relationship ecosystem. This entails the application of predictive analytics to provide hyper-personalized offers, entwining emotion branding that leads to the creation of identity-based loyalty, and the incorporation of programs into the lives of customers. This way, brands may shrink the disparity between gratification and behavioural loyalty, thus attaining the lasting and shielded retention effects.

6.2 Recommendation

Considering the findings of the paper about the usefulness of the loyalty programs at Tesco and Burger King, it is possible to formulate several practical proposals aimed at improving customer retention and satisfaction using the loyalty program.

Alternatively, they ought to shift the focus of loyalty movements to emotional appeal and behavioral reinforcements as the primary motivators of loyalty, instead of depending on transactional, simple motivators such as discounts or points systems. Having proven to work, Tesco's success further shows that retention is enhanced through the practice of the program as a habitual part of shopping. Therefore, strategies that establish regular and emotionally pleasant contact, through personal offers, experiences, and community-building initiatives, should be considered by Burger King and other related fast-food brands to establish repeat visits (Ahmad and Dirbawanto, 2024).

Second, more personalization and targeted communication have to be increased. Predictive analytics and customer data segmentation enable brands to personalize rewards to individual segments and customer groups. To give an example, Burger King can target low-income consumers with certain financial offers, and Tesco can further work on emotional branding tailored to better connect with its existing and loyal customers (Farooq, 2025). This strategy will tend to eliminate the discrepancy between satisfaction and actual loyalty behavior.

Thirdly, programs must look into the convenience aspect by introducing a loyalty initiative to the digital platform and mobile applications to satisfy tech-savvy consumers. Nonetheless, it must be put in care to balance digital outreach and the needs of all customers, not to be biased against and exclude some customer groups.

Finally, future program needs to have the state of mind of holistic marketing approach by taking into consideration the external influences on the purchase behavior, which include brand identity, competitor promotion and locally induced conveniences. The combination of the loyalty programs and the greater marketing campaigns can work optimally (Sharma *et al.* 2022). In conclusion, loyalty programs should go beyond a transactional focus and convert into multidimensional and emotionally connected programs or data-driven programs to ensure the maximum retention of customers in the long run.

6.3 Limitation

Although this research provides great insights into the question of the effectiveness of a loyalty program, there are a number of limitations associated with the study. First, with the sample size of 120 respondents, the findings cannot be generalized across to a larger population of Irish retail and fast-food consumers since the population of 120 respondents was sufficient to carry out the statistical test. The stratified random sampling enhanced the level of representativeness, although some demographic categories, in this case, including the high-income earners, non-binary, and less digitally interested customers, did not represent well. Second, it is possible that the online survey form (hence the survey participants were likely more tech-savvy than the general population) produced selection bias, favoring those who are better equipped to redeem their rewards using the app-based rewards system and therefore could create over-reporting of digital program success rates. Third, the recall bias and social desirability bias may exist in self-reports, since satisfaction, frequency, and use measures can tend to overestimate the loyalty level. Finally, due to the cross-sectional nature of the study, it is not possible to determine the long-term behavioral shifts; hence, one cannot differentiate between short-term surges toward participation and the underlying patterns of loyalty. These gaps should be filled in future research involving more diverse and larger data in a longitudinal manner.

Additionally, the study did not account for seasonal variations or promotional cycles, which could have influenced customer behavior during the survey period. The exclusion of qualitative insights also limits understanding of the deeper emotional and psychological motivations behind loyalty program engagement. Furthermore, the focus on only two brands restricts cross-sectorial comparisons, potentially overlooking industry-specific factors that could alter program effectiveness. Broader geographic coverage and inclusion of mixed-method approaches would enhance the depth, applicability, and contextual richness of future findings.

6.3 Future Scope

The future of the loyalty program is its evolution into context less cross-channel experiences that are facilitated by innovative technologies, including artificial intelligence (AI) and predictive analytics. The technologies will make it possible to offer in real time and hyper-personalized, finely tuned to each customer journey, to create more emotional connections, not limited to traditional transactional rewards. Rewards based on gameification and experience are likely to be

included in loyalty programs, and the rewards change will not be based on a simple use of points or discounts, but a memorable and engaging interaction between the customer and the company.

The dimension of sustainability will become more significant, and the brands will make eco-friendly rewards an essential part of their brand, encouraging the consumers to engage in environmentally friendly behavior, appealing to the values of contemporary customers. Real-time customer insights and personalized communications on a large scale will be facilitated by the AI-driven tools such as natural language processing, chatbots and micro-segmentation. Although the digital service and mobile app will cover the delivery of loyalty programs, it is necessary to make them more inclusion-friendly to prevent possible discrimination or even bias.

Besides, there will be more loyalty strategies in terms of partnering in marketing, delivering cross-brand advantage, which increases value and the span of customers. The dynamic environment will also mean that a delicate balance between personalization and data privacy will be mandated, given the increasing regulatory interest in this matter.

Overall, loyalty programs should transform into data-driven ecosystems that emotionally connect, integrate behavioral science, technology, and sustainability. This trend has the potential to further cultivate habitual behavior, develop custom emotional equity and maximize the efficiency of the loyalty programs in retail, as well as fast food.

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Appendices

Appendix 1: Survey Question

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Section A: Demographic Profile

1. **Age Group**

   ☐ Under 18

   ☐ 18–24

   ☐ 25–34

   ☐ 35–44

   ☐ 45–54

   ☐ 55+

2. **Gender**

   ☐ Male

   ☐ Female

   ☐ Non-binary

   ☐ Prefer not to say

3. **Occupation**

   ☐ Student

   ☐ Employed

   ☐ Self-employed

   ☐ Unemployed

   ☐ Retired

4. **Monthly Income (Optional)**

   ☐ Less than €1,000

   ☐ €1,000–€2,499

   ☐ €2,500–€4,999

   ☐ €5,000 and above

   ☐ Prefer not to say

Section B: Brand Interaction & Loyalty Membership

5. **Which loyalty program(s) do you currently use or have used in the past 6 months?**

   ☐ Tesco Clubcard

☐ Burger King Rewards

☐ Both

☐ Neither

6. **How often do you shop at Tesco or eat at Burger King?**

☐ More than once a week

☐ Weekly

☐ Monthly

☐ Rarely

☐ Never

7. **How did you first become aware of these loyalty programs?**

☐ In-store promotion

☐ Social media

☐ Word of mouth

☐ Mobile app/website

☐ I am not aware of either

Section C: Usage & Experience

8. **How frequently do you use the following loyalty programs?**

Tesco Clubcard:

☐ Every visit

☐ Occasionally

☐ Rarely

☐ Never

Burger King Rewards:

☐ Every visit

☐ Occasionally

☐ Rarely

☐ Never

9. **Rate your satisfaction with the rewards offered:**

☐ Very satisfied

☐ Satisfied

☐ Neutral

☐ Dissatisfied

☐ Very dissatisfied

10. **Rate the value you receive from your loyalty program(s):**

☐ Excellent

☐ Good

☐ Average

☐ Poor

☐ Very poor

11. **How easy is it to earn and redeem rewards?**

☐ Very easy

☐ Easy

☐ Neutral

☐ Difficult

☐ Very difficult

12. **What motivates your continued use of the loyalty program?** (Select all that apply)

☐ Discounts and offers

☐ Free products or upgrades

☐ Personalized offers

☐ Status or tier benefits

☐ Ease of use or habit

Section D: Perception & Influence

13. **Please indicate your level of agreement with the following statements (1 = Strongly Disagree, 5 = Strongly Agree):**

a) The Tesco Clubcard encourages me to shop at Tesco more often.

b) Burger King Rewards influences me to choose it over competitors.

c) Loyalty programs offer good value for the money spent.

d) I feel more appreciated as a customer when using loyalty programs.

e) These programs positively affect my purchase decisions.

14. **Has your spending increased due to these programs?**

☐ Yes, significantly

☐ Yes, slightly

☐ No change

☐ Spending decreased

☐ Not sure

15. **Have you ever recommended a loyalty program to others?**

☐ Yes

☐ No

☐ Not yet, but I would

Section E: Behavioral Impact & Suggestions

16. **If the loyalty program were discontinued, how would it affect your behaviour?**

☐ No change — I'd continue shopping/eating as usual

☐ I would reduce my visits

☐ I would stop using Tesco or Burger King

☐ Not sure

17. **Have you ever stopped using either Tesco Clubcard or Burger King Rewards?**

☐ Yes

☐ No

☐ I was never a member

If Yes, please state the reason briefly: _____

18. **Which brand's loyalty program do you find more rewarding overall?**

☐ Tesco Clubcard

☐ Burger King Rewards

☐ Both equally

☐ Neither

19. **In your opinion, what is the weakest part of the loyalty program(s)?**

(Open-ended)

What additional features would make the loyalty program more attractive to you?

☐ More frequent rewards

☐ Tier-based privileges

☐ Partner discounts (e.g., fuel, groceries)

☐ Surprise gifts

☐ Gamified elements (e.g., challenges, badges)

20. **On a scale of 1 to 5, how easy is it to use the loyalty apps for collecting or redeeming rewards?**

☐ 1 - Very Difficult

☐ 2 - Difficult

☐ 3 - Neutral

☐ 4 - Easy

☐ 5 - Very Easy

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Appendix 2: Pilot test Response

Pilot Test
Responses.xlsx