

Impact of Determinant Attributes of Loyalty Programs on Consumer Emotional Loyalty in Emerging Retail Market in India: A Conceptual Framework

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Abstract

Store loyalty is a major challenge for modern food and grocery retailers in emerging economies. As a result, loyalty programs have attained a prominent position in the marketing mix of retailers to affect changes in customers' attitudinal and emotional loyalty. The purpose of this study is to provide a conceptual framework that how customers' affective and emotional responses associated with loyalty programs influence customers' emotional loyalty. The exploratory results indicated that perceived value, trust, commitment, inter-personal communication, experiences, satisfaction and switching barriers associated with loyalty programs have significant effect on customers' emotional loyalty. The findings can be used to design and evaluate the outcomes of loyalty programs aimed at changing customers' attitudinal and behavioural loyalty.

Keywords: *Loyalty programs; emotional loyalty; perceived value; trust; commitment; customer experiences; customer satisfaction; switching barriers; food and grocery, India.*

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I. Introduction

The Indian food and grocery sector is mostly (81.5 percent) in the hands of neighborhood kirana (mom - and - pop) stores, which are very close to the heart of customers due to various functional, psychological and sociological benefits extended to them (India retail report, 2022). Consequently, relationships and loyalties are strong between kirana stores and customers as they are formed on closeness, trust, commitment and satisfaction (Prasad & Aryasri, 2008). This poses a great challenge to the modern retail formats for acquisition and retention of loyal customers (Sinha & Banerjee, 2004). Furthermore, given the wide diversity of choice in retail formats, diverse products and brands available to today's consumers, consumers seldom shop exclusively at a single retail format or a single store within a format, preferring to spread their store visits and purchases across multiple store formats that, in combination, can satisfy their shopping needs (Ganesh, Reynolds & Lockett, 2007; Carpenter & Moore, 2006; Fox, Montgomery & Lodish, 2004; Schoenbacher & Gordon, 2002). This milieu makes customer loyalty as a critical issue for survival of retailers in the emerging retail market characterised by a growing heterogeneity of demand and proliferation of new retail formats (Vyas & Sinha, 2008; Prasad & Aryasri, 2008; Bustos-Reyes & González-Benito, 2008).

While the competition for store patronage and loyalty continue to intensify (Moore & Carpenter, 2006; Grace & Cass, 2005), creating a genuine structure of customer loyalty has become strategic challenge for retailers in protecting themselves from customers visiting another outlet at the next available opportunity (Weitz & Whitfield, 2005). Therefore, only customer with an emotional bond to their retailer are resistant to other infiltrating influences (Ahluwalia, Unnava & Burnkrant, 1999). Recent past research has also shown that developing affective bonds and connections between consumers and firms establishes committed relationships (Yim, Tse & Chan, 2008), which creates customer's emotional loyalty towards a firm (Majumdar, 2005). Moreover, today's retailers recognize that satisfying and retaining customers by using relationship-building

tactics is one of the sure forms of sustainable competitive advantage (Gomez, Arranz & Cillan, 2006; Noble & Phillips, 2004).

As marketing theory and practice has become more and more customer centered (Gupta, Donald & Stuart, 2004), grocery retail managers have increased their emphasis on developing long-term client relationships through customer loyalty programs (Magi, 2003; Reinartz, 2005) that offer economic, psychological, and sociological rewards to customers (Taylor & Neslin, 2005). Previous research also reports that customer loyalty programs not only build a closer bond between the store and current customers (Uncles, Dowling & Hammond, 2003) but also enhance customers' commitment to and trust in the organization (Morgan & Hunt, 1994) by providing immediate incentives that are effective in getting customers to switch away from competing stores (Zhang, Krishna & Dhar, 2000). In this scenario, loyalty programs are considered as explicit efforts by retailers to encourage the continued patronage of customers

However, some researchers (e.g., Rowley, 2000) reports that customer loyalty is simply not for sale or cannot be bought for ever by companies or deals (Divett, Crittenden & Henderson, 2003) unless loyalty becomes an emotional choice factor that could lead to high and irreversible switching costs (Bellizzi & Bristol, 2004). Furthermore, most customers hold several loyalty cards of competing retailers (Demoulin & Zidda, 2008). The multiple card members are less likely to stay loyal, because they obtain a superior level of usefulness from different loyalty programs. Growing incidence of multiple loyalty card usage has resulted in small customer lifecycle because life duration with a firm is not perpetual (Meyer-Waarden, 2007). Therefore, retail managers are increasingly looking at the psychological meaning, mostly attitudinal and emotional (Reichheld, 2003), of loyalty program so as to distinguish it from behavioural definitions, and tend to define loyalty as commitment to the relationship and overt loyalty behaviors (Keh & Lee, 2006).

Despite the pervasiveness of loyalty programs, research on the influence of loyalty programs on customers' emotional loyalty towards the retailer is scarce and show contradictory results (Gomez, Arranz & Cillan, 2006). Some practitioners have posited that grocery loyalty program, specifically, are ineffective (Grewal, Levy & Lehmann, 2004) are not well understood (Bolton, Kannan & Bramlett, 2000) in enhancing the emotional loyalty from customers (Lewis, 2004; Kivetz, Oleg & Zheng, 2006). Dowling (2002) suggests that loyalty programs do not necessarily foster loyalty and are not cost effective and that the proliferation of loyalty programs is hype or a "me-too" scheme. There is still much controversy over whether the loyalty program is an appealing marketing tool (Leenheer & Bijmolt, 2008; Shugan, 2005). Furthermore, the empirical results on the strength and direction of effects on customer behaviour remain limited and contradictory (Meyer-Waarden & Benavent, 2009). Conversely, a few studies show that loyalty programs have a positive impact on consumers' repatronage decisions and their share of wallet (Lewis, 2004; Verhoef, 2003).

The divergent views suggest a need to understand these programs better. There are still no clear indicators as to whether these initiatives are successful with some research supporting the value of loyalty programs to retailers (Lal & Bell, 2003; Lewis, 2004; Meyer-Waarden, 2007) while others are not as supportive of its value (Mauri, 2003; Ergin, Pariliti & Ozaçmacı, 2007). There is also the possibility that what loyalty schemes in one country may not work in another, and that there may be variation across countries and across different cultures (Steyn et al., 2010). In this connection, little research has investigated about the knowledge, perceptions, feelings, emotions and gratifications, and loyalty (both behavioural and attitudinal) associated with loyalty programs in emerging Indian food and grocery retail market. Therefore, this paper aimed to provide exploratory evidence that how consumers' attitudes namely cognitive and affective responses are associated with loyalty programs. The study further investigates the impact of consumer responses (associated with loyalty programs) on their emotional loyalty.

THEORETICAL FRAMEWORK

One common tactic to encourage customer loyalty at both the cognitive and the behavioural level is the use of so-called loyalty programs and/or loyalty cards (Tuner & Wilson, 2006; Noble & Philips, 2004). Loyalty programs are defined as formal marketing membership activities that offer incentives and rewards, and therefore encourage loyal behaviors (Long & Schiffman, 2002). Further, Gomez et al. (2006) described loyalty programs are marketing strategy based on offering incentives, and rewards related to the purchasing frequency with the aim of retaining customer loyalty to a retailer. Some researchers regarded them as new generation CRM tactics or tools (Uncles and Dowling, 2003) aiming at improving relationship with customers (Anderson, Fornell & Mazvancheryl, 2004). As a result, several studies mention that loyalty programs have attained a prominent position in the marketing mix of retailers, and also become an important component of firms' relationship management strategy (Lacey & Sneath, 2006). As an important component of customer relationship management, loyalty programs have become increasingly a popular toll for managers to build customer loyalty (Keh & Lee, 2006; Nunes & Dreze, 2006). In recent years, managers have increased their emphasis on long-term client relationships because the length of a customer's tenure is assumed to be related to long-run company revenues and profitability (Gupta, Donald & Stuart, 2004). Since companies anticipate an average 10 percent

increase in revenues attributable to relationship management programs (Mitchell, 2002), relationship marketing tactics, such as loyalty programs are widely believed to have increased sales revenues by increasing customer loyalty (Bolton, Kannan & Bramlett, 2000). Recent past research also confirmed that loyalty programs are aimed to increase customer loyalty by rewarding customers for doing business with the firm (Liu, 2007) and value contribution of customers.

In this connection, retailer Tesco in Britain is arguably the prime example (Tuner & Wilson, 2006). Tesco clearly has the edge in achieving the highest levels of emotional loyalty, bonding, where it enjoys a 27 percent to 18 percent lead over its rival retailer Sainsbury. This substantial difference in bonding is the key to Tesco's superior performance. The additional sales that Tesco gets from its bonded customers versus the sales that Sainsbury receives from its own bonded customers account for 68 percent of the difference in market share between the two brands (Hallberg, 2004). Considering the variety of loyalty programs aiming at differentiating one competitor from another in the retail market, in the recent past, Meyer-Waarden and Benavent (2009) defined loyalty program as an integrated system of individualized marketing actions that aims to increase customers' loyalty through personalised relationships stimulating their purchase behaviour.

In this scenario, loyalty becomes an emotional choice factor and could lead to high and irreversible switching costs. In the opinion of Uncles (1994, p.341) consumers' attraction to loyalty programmes concern a "sense of belonging", a feeling "that the retailer is prepared to listen, is willing to innovate on behalf of customers and is caring, concerned and considerate". This is supported by Henning-Thurau et al. (2002) who state that soft benefits of loyalty programs (e.g., customized communications, priority service, special retail events invitations, and expedite check-outs, etc.) hold greater potential for program distinction for many successful loyalty programs. Clearly, loyalty programs, which are designed to deepen the relationship between the customer and the store, should indeed increase emotional loyalty and value contribution of consumers. Here, emotional loyalty is considered as the desire on the part of the consumer to continue the relationship even if competitors lower prices, the willingness to recommend friends and intention to continue to patronise (Dick & Basu, 1994; Zeithaml, 2000; Chaudhuri & Holbrook, 2001).

Therefore, loyalty programs are the explicit efforts by retailers to encourage the continued patronage of customers (Moore & Sekhon, 2005; Meyer-Waarden, 2006; Kerr, 2009). Meyer-Waarden and Benavent(2009) also mention that customer's repeat purchase behaviour should persist or increase if the loyalty program provides an adequate level of utilities (e.g., financial advantages and relationships) and lower associated costs (e.g., providing personal data to the firm, effort required to collect points/rewards, switching costs). The role of loyalty programs in increasing customer's switching cost has long been recognised (Kim, Menzge, Srinivasan, 2001). Higher switching costs mean that loyalty program members are less likely to have extended experience with competitors, further reducing their ability to weigh competitor comparison in their decisions (Sharp & Sharp, 1997). Furthermore, Sharp and Sharp suggest that loyalty programs could reduce customer defection by raising switching barriers. In this regard, Morgan and Hunt (1994) mention different types of switching barriers, including economical, in which customers lose advantages (e.g., points) if they change product or service suppliers, and psychological, sociological and relational barriers that enhances customers' commitment to and trust in the organization. Consequently, consumers are expected to become more loyal after joining a loyalty program.

However, the effect of long-term rewarded behaviour may be transitory if behavioural changes are not sufficiently rewarded (because of either low value or competitive parity) or if customers strongly associate loyalty program with promotional devices (Meyer-Waarden, 2007). That is, satisfaction with purchases associated with a loyalty program and any consequential habit formation explain most of a customer's propensity to buy again in a store (Meyer-Waarden & Benavent, 2009). Previous research also mentioned that loyalty program members tend to overlook negative experiences with the firm and are less likely to compare the firm with competitors (Bolton, Kannan & Bramlett, 2000).

However, a few research mention that not all consumers respond to loyalty programs in the same way, because the appeal of a program can differ among consumers, depending on factors such as current usage levels and perception of effort advantage (Kim, Menzge & Srinivasan, 2001). These individual differences may have contributed to the mixed findings in the literature (Kivetz & Simonson, 2003). In this connection, Bellizzi and Bristol (2004) believe that although loyalty programs offer rewards to customers for their loyalty and repatronage, loyalty cannot be gained simply through these programs. Moreover, Rowley (2000, p. 391) mentions that "the customer loyalty is simply not for sale. It cannot be bought for ever by companies or deals but must be earned over time with good value for money, superior products or services, and overall integrity of the company." This is supported by Divett, Crittenden & Henderson (2003, p.120) who found that "we cannot buy loyalty (at least not directly)". Hence, loyalty should be evaluated with both behavioural and attitudinal criteria. Contemporary researchers consider and accent the psychological (mostly attitudinal and emotional) factor of loyalty (Oliver, 1999; Reichheld, 2003) than behavioural loyalty.

In this connection, there has been a long-standing controversy between behavioural proponents of loyalty (e.g., Tucker, 1964; Foxall, 1999) and cognitive proponents of loyalty (e.g., Jacoby & Kyner, 1973; Oliver, 1999b) concerning the nature of loyalty (Assael, 1998). Cognitive theorists suggested that repeat purchase alone could indicate spurious loyalty (low attitudinal but high behavioural loyalty) to some other factor, such as low price, and have advocated the use of both repurchase and attitudinal dimensions of loyalty to measure true loyalty (high attitudinal and high behavioural loyalty) where the emphasis is on the role of mental processing in building loyalty (Rundle-Thiele & Bennett, 2001). This state of mind or attitude; by assessing the extent to which customers indicate their positive attitude towards a brand; feel committed to it; likelihood of recommending to others; and have positive beliefs and feelings about it, relative to competing brands (Dick & Basu, 1994). Levy and Weitz (2007) also express that loyal customers have an emotional connection with the retailer. Their reasons for continuing to patronize a retailer go beyond the convenience of the retailer's store or the low prices and specific brands offered by the retailer.

Literature suggests that knowledge and understanding of emotion and attitude towards the act of buying the brand is important to design marketing programs to modify loyalty whether it is behavioural or attitudinal (Rundle-Thiele & Bennett, 2001). In studying the emotion, Bagozzi, Mahesh & Prashanth (1999, p.184) define emotion as "a mental state of readiness that arises from cognitive appraisals of events or thoughts; has a phenomenological tone; is accompanied by physiological processes; is often expressed physically; and may result in specific actions to affirm or cope with the emotion, depending on its nature and the person having it". Conversely, Batra and Ahtola (1990) view attitudes as consisting of a cognitive component and affective component. Considering the importance of emotions and attitudes in understanding loyalty, Bagozzi, Mahesh, and Prashanth (1999) report that the emotions are more strongly and directly associated with resulting behaviour than are attitudes.

Nevertheless, Ball, Coelho, and Machas (2004) explain the loyalty as integrity of brand/store satisfaction, company image, communication and trust, and emphasize that in both B2B and B2C markets. While Storbacka, Strandvik, and Gronroos (1994) mentioned that buyers who are interested in relationships perceive satisfaction with the store to be important, Gustafsson, Johnson, and Roos (2005) singled out three aspects (i.e. calculative commitment, affective commitment and brand satisfaction) of user loyalty that are essential to the development of the long-term relationship between the consumer and brand/store. Several marketing researchers have increasingly incorporated trust in empirical models of marketing relationships (Bloemer & Schroder-Odekerken, 2002) with a belief that trust leads to commitment and loyalty (Siguaw, Simpson & Baker, 1998).

Considerable conceptual and empirical evidence also supports the notion that commitment is the ultimate attitudinal outcome (loyalty) in relationships with causal precedence of satisfaction and trust (Morgan & Hunt, 1994). Several researchers have found that customer satisfaction is a primary determining factor of repeat shopping and purchasing behaviour (Burns & Neisner, 2006; Wong & Sohal, 2000). The general conclusion is that loyalty is both a cognitive construct (attitude) and a shopping behaviour (Dick & Basu, 1994; Mauri, 2003). In the light of preceding discussions and findings, it is hypothesized that consumers' perceived value, trust, commitment, inter-personal communication, customer experiences, satisfaction, switching barriers associated with loyalty programs will influence customers' emotional loyalty. The hypothesized conceptual model is shown in Figure 1.

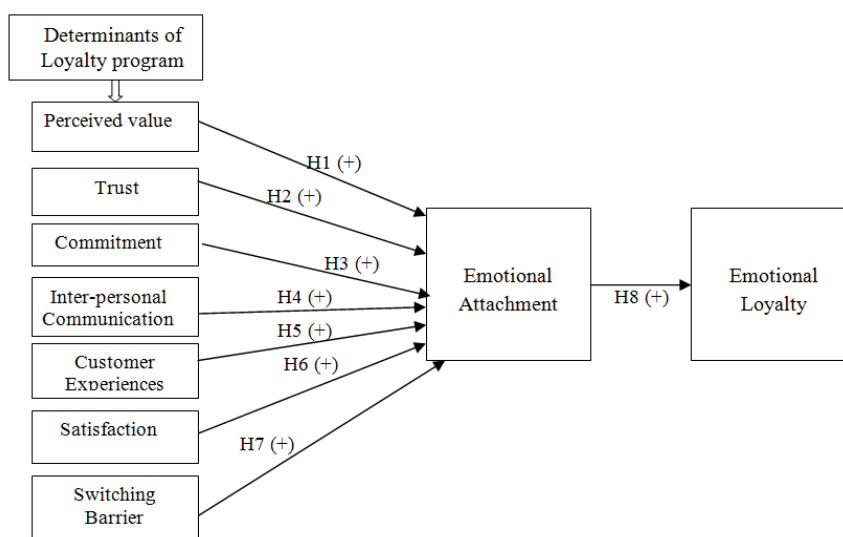


Figure1. Conceptual Framework for the influence of loyalty programs on emotional loyalty

HYPOTHESES DEVELOPMENT

Perceived value/ benefits

Marketers of customer relationship or loyalty programs explicitly promise benefits (e.g. lower prices, free products, gifts, cash back offer, etc.) to potential members. It is well known that brand or store loyalty is construed via the perceived value or benefits, which is the relation between the costs and benefits of a given behaviour. Zeithaml (1988, p.14) defines perceived value as “the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given. In other words, value is based on the extent of the ‘deal’ that the consumer is getting (Thaler, 1985). Conceptualizations like these adopt a quality-price, benefits versus costs, give-up versus get-back orientation to consumer value (Harris & Goode, 2004; Baker et al., 2002; Grewal, Manroe & Krishnan, 1998; Sirohi, McLaughlin & Wittink, 1998). Thus, the new value-oriented customer loyalty programs attempt to establish an emotional relationship between company and customer to create long-term loyalty (Butscher, 1999). Furthermore, Meyer-Waarden (2004) mentions that loyalty program’s success should therefore strongly depend on the value rewards offer as buyers adopt a program; change their behaviour, only if they judge the value as higher than costs. The value should be given in various ways according to the different shopping orientations and can be utilitarian, hedonic, and social-relational. Tietje (2002) focused on the role of rewards offered by loyalty programs, and concludes that obtaining certain rewards can generate positive feelings towards the retailer implementing the program. These feelings linked to the purchase experience involve a greater satisfaction leading to higher purchase intentions (Oliver, Rust & Varki, 1997). Recent past research of Anisimova (2007) found that functional consumer benefits are the most critical and consistent predictors of both attitudinal and behavioural loyalty. In contrast, the very recent study of Steyn et al. (2010) suggested that perceived benefits of loyalty programs have a weak direct effect on loyalty behaviors. However, their study suggests that perceived benefits have a strong effect on feelings, which in turn have impact on loyalty behaviors. As a result, the following hypothesis is proposed:

H1. Perceived value associated with a loyalty program will positively influence customers’ emotional loyalty.

Trust

The growing importance of relationship marketing has heightened interest in the role of trust in fostering strong relationships (Berry, 1995). Schurr and Ozanne (1985) defined the trust as the belief that a partner’s word or promise is reliable and party will fulfill his/her obligations in the relationship. Further, Sirdeshmukh, Singh & Saboo (2002) define consumer trust as the expectations held by the consumer that the service provider is dependable and can be relied on to deliver on its promises. Similarly, Calonius (1988) emphasizes that an integral element of the relationship marketing approach is the promise concept which maintains and enhances evolving relationship. Therefore, accomplishment of promises have been equally important as means of achieving customer satisfaction, retention of the customer base, and long-term profitability (Reicheld & Sasser, 1990), by inculcating a sense of trust. Reichheld and Schaefer (2000, p. 107) observe that “to gain the loyalty of customers, you must first gain their trust.” Evidence from previous research suggests that trustworthiness of a company not only has a strong impact on customers’ trust (Caldwell & Clapham, 2003; Ennew & Sekhon, 2007) but also leads to competitive advantage (Barney and Hansen, 1994) and shown to have impact on customer loyalty and cooperation (e.g., Prasad & Aryasri, 2008; Reichheld, 2006; Garbarino & Johnson, 1999; Tax, Brown & Chandrasekharan, 1998; Moorman, Zaltman & Deshpande, 1993). Related to loyalty programs, Macintosh and Lockshin (1997) suggest that a loyalty program allows a relationship between supplier and customer to be built, which favors the concept of trust and commitment. In the recent past, Chiou and Droge (2006) found that trust had a direct effect on attitudinal loyalty and an indirect one through satisfaction. However, Gomez et al. (2006) mentioned that there was not a great deal of research, which could provide insights on the possible relationship between participation in loyalty program and the creation of trust in retailer. From the above evidence, the following hypothesis is formulated:

H2. Customer trust associated with a loyalty program will positively influence customers’ emotional loyalty.

Commitment

Commitment is widely considered as a multidimensional construct in marketing research (Fullerton, 2005), and also one of the key elements for understanding the strength of marketing relationship and measuring the likelihood of customer loyalty (Morgan & Hunt, 1994). In the past decade, marketing scholars have conceptualised commitment to be an attachment between two parties that leads to a desire to maintain a valued relationship that is sometimes characterised as a “pledge of continuity” between customers and firms (Lee, Huang & Hsu, 2007). It strengthens bond between retailers and customers, and is a useful instrument for the measurement of likelihood of customer loyalty as well as for forecast the future purchase frequency (Leverin & Liljander, 2006). Therefore, gaining commitment from customers and involving them to the point where it is hard for them to walk away is a required condition to true loyalty (Oliver, 1997; Bloemer & Kasper, 1995). As such, commitment is psychological rather than behavioural and thus examines loyalty from an attitudinal

perspective (Reichheld, 1996). This implies a higher level of obligation to make a relationship succeed and to make it mutually satisfying and beneficial (Gundalch, Achrol & Mentzer, 1995). A high level of commitment appears when there is a rational bond (net profit) and an affective bond (emotional link) in the relationship (Mowdy, Porter & Steers, 1982). Further, the study by Evanschitzky et al. (2006) suggests that that emotional bond with customers provide a more enduring source of loyalty as compared to economic incentives and switching costs. In this connection, Venetis and Ghauri (2004) identify three general antecedents to commitment: relational bonds that are created between parties during the course of the relationship, the trust that has been established between partners, and the service quality. Several researchers support the notion that commitment motivates buyers to act (Liljander & Strandvik, 1997) and maintain strong personal relationship with sellers (Wilson, 1995). However, Evanschitzky et al. (2006) mention that while commitment is an important antecedent to customer retention; a broad consensus has yet to emerge on the impacts of constituent dimensions of commitment on loyalty in service relationships. Therefore, committed or emotionally loyal customers who use only the certain provider's services declare that they will use only this provider in the future and recommend this provider to others. In the light of above evidence, the following hypothesis is proposed:

H3. The commitment associated with a loyalty program will positively influence customers' emotional loyalty.

Inter-personal communication

Communication is not only an ability to provide timely and trustworthy information and it is also an interactive dialogue between the company and its customers that takes place during the pre-selling, selling, consuming and post-consuming stages (Anderson & Narus, 1984). Keeping in touch with valued customers, providing timely and trustworthy information, responding quickly when problem occurs through effective communication will build customer satisfaction and customer loyalty. Effective communication will lead to quality relationship, customer satisfaction and customer loyalty (Ball, Coelho & Machas, 2004). Lacey and Sneath (2006) mention that loyalty programs frequently engage in recognition and personalization through extensive communications with participating members. For some firms, loyalty program communications occur as one component of a more comprehensive communications effort (Roehm et al., 2002). For other firms, loyalty programs are the primary vehicles used to create a sense of community and establish meaningful dialogue with its best customers in order to develop customer relationships through regularly sent newsletters, direct mail, and e-mails (Lacey & Sneath, 2006). The increase in number of contacts between both parties coming from participation in loyalty programs leads to an improvement in the customer knowledge, which translates into an increase in customer trust and commitment to the retailer. While retail loyalty programs have many purposes, the greatest value that is created for retailers is the ability to identify individual customers and to measure and understand their individual behaviors (Pine, Peppers & Rogers, 1995; Mauri, 2003). Consequently, loyalty programs use targeted communications and customise the delivery of branded goods and services to build stronger bonds with the sponsoring brand/firm than would result without such programs (Maxham & Netemeyer, 2003). Berman & Evans (2006) suggest that communication, by phone, email, direct mail or, if need be, in person, can keep a customer on the verge of defection from leaving retailer. Hence, this research posits:

H4. The inter-personal communications associated with a loyalty program will positively influence customers' emotional loyalty.

Experiences

Given the continuous improvement of customer's living standards and their changing life styles, the customer's needs and wants have undergone phenomenal changes (Sinha & Banerjee, 2004). Consumers seek rich and full experiences, not products alone. In a recent study, Grewal, Levy & Kumar (2009) defined customer experience as every point of contact at which the customer interacts with the business, product, or service. According to Berry (2001), the best retailers create value for their customers in five interlocking ways that focus on total customer experience - superior solution to their needs, treat them with respect (store staffs courtesy and behavior), connect with them on emotional level; fair prices and ease of purchase (good layout, product placement, signage, fast checkout, etc.). Literature review also reports that customer behavioural loyalty is believed to be influenced by three common states of customer experience: mental imagery (cognitive), emotional responses (affective), and derived intentions (conation) (Richardson, 1984). In this connection, Li, Daugherty and Biocca (2001) mention that customer experience is more than simply the passive reception of external sensations or subjective mental interpretation of an event or situation. Rather, experience is the product of an ongoing transaction that gains in quality, intensity, meaning, and value integrating both psychological and emotional conditions (Mathur, 1971). Mano and Oliver (1997) believed that emotional experience would play a positive influence on satisfaction, which would be related to word of mouth, whereas experiences of enjoyment and practical perception would jointly impact the consumer satisfaction behavior. Similarly, Tietje (2002) finds that certain rewards from loyalty programs generate positive feelings towards the retailer implementing program. These feelings linked to the purchase experience, which are critical for customer satisfaction and

higher purchase intentions (Price, Arnould, Tierney, 1995). A few studies (e.g., Chang & Chen, 2008; Chiara, Spiller & Noci, 2007; Berry, Carbone & Haeckel, 2002; Oliver, 1999) found that experiential behavior had a significant explanatory power on the attitudinal loyalty. From the above evidence, the following hypothesis is proposed:

H5. Customer experiences associated with a loyalty program will positively influence customer's emotional loyalty.

Satisfaction

Satisfaction has often been perceived as the ultimate outcome of all activities carried out during the process of purchase and consumption. It has been found to be the most commonly used perceptual metric for understanding the multifaceted behaviour of consumers (Szymanski & Henard, 2001). Marketing literature consistently identifies customer satisfaction as a key antecedent to loyalty and repurchase (e.g., Fornell, Rust and Dekimpe, 2010; Leo & Homburg, 2007; Gupta & Zeithaml, 2006; Seiders et al., 2005). Oliver and Swan (1989) defined satisfaction as a total psychological state when there is an existed discrepancy between the emerging emotion and expectation, and such an expectation is a consumers' feeling anticipated and accumulated from their previous purchases. Furthermore, Giese and Cote's (2000) multi-method study defined customer satisfaction is a response (cognitive or affective) that pertains to a particular focus (i.e. a purchase experience and/or the associated product) and occurs at a certain time (i.e. post purchase, post-consumption). Literature reports two general conceptualisations of customer satisfaction exist in the literature: service encounter or transaction-specific satisfaction (Boshoff and Gray, 2004; Cronin & Taylor, 1992) and overall or cumulative satisfaction (Yi & La, 2004; Shankar, Smith & Rangaswamy, 2003; Cronin & Taylor, 1994). Therefore, both cognition (i.e. function of comparison between expectations and performance) and affect (i.e. feelings such as joy, happiness, arousal, pleasure, surprise, contentment, regret, disgust experience during the acquisition and consumption of product or service) significantly predict customer satisfaction (Homburg, Koschate & Hoyer, 2006; Soderlund & Rosengren, 2004; Smith & Bolton, 2002).

In loyalty programs, customers are given benefits-functional and non-functional in return for repeat business, which in turn serve as reinforcers that encourage customers to continue their behaviour (Steyn et al., 2010). Earlier, Dowling & Uncles (1997) classify reward programs into either direct reward (lower prices, free products, gifts, cash back offers that support the value proposition of the product/service) or indirect rewards (other types of reward that have no linkage with the product/service such as psychological, sociological and relational). Previous research suggested that timing (immediate versus delayed) and type (direct versus indirect) of incentives/rewards given to customers effected customer satisfaction with loyalty programs (e.g., Keh & Lee, 2006; Zhang, Krishna & Dhar, 2000; Soman, 1998; LeClerc, Schmidt & Dube, 1995). Dowling and Uncles (1997) argued that satisfied and dissatisfied customers perceive loyalty programs in different ways. In the recent past, Keh & Lee (2006) conducted the experiment in two service settings (bank and restaurant) and the results indicate that when customers are satisfied, they prefer delayed, direct rewards (of high values) to immediate, direct rewards. However, when customers are dissatisfied, they prefer immediate, direct rewards to delayed, direct rewards (of high values). It is contended that the effectiveness and relevance of loyalty programs become more apparent when a certain level satisfaction threshold is achieved.

Nevertheless, McEwen & Fleming (2003) have argued that customer satisfaction is not necessarily a good predictor of subsequent customer behaviors unless it is emotionally connected with customers. Bei and Chiao (2001) take a divergent view of satisfaction by stating that it reflects one's affective feeling state toward a product or service. Various studies reveal strong evidence that many customers who state that they are satisfied or very much satisfied with a service provider subsequently switch to a competitor for various reasons-possibly not affective connection (e.g., Chandrashekharan et al. 2007; Szymanski & Henard, 2001; Reichheld & Teal, 1996). Notwithstanding its importance, a few studies find that customer satisfaction and customer loyalty does not connect with the degree of relations (Magi, 2003), and linkage between them is also moderate to low (Seiders et al., 2005) or negligible (Allaway, Berkowitz & D'Souza, 2003). Against this background, it is posited that:

H6. Customer satisfaction associated with a loyalty program will positively influence customer's emotional loyalty.

Switching barriers

Previous research suggests that loyalty programs can create different types of switching barriers, including economical, psychological, sociological, and relational barriers that enhance customers' commitment to and trust in the organization (Morgan & Hunt, 1994). Further, Jones et al. (2000) has identified three types of switching barriers such as interpersonal relationships, perceived switching costs, and attractiveness of alternative that influence customers repurchase intentions. Interpersonal relationships refer to the existence and strength of the personal relationship between a customer and a service employee. Perceived switching costs are

the perceived cost of time, money, and effort from customers associated with changing providers. The attractiveness of an alternative is with regards to the acceptable competing alternative providers. Switching barriers to customers may encourage consolidation of purchases and buying new products (Nunes & Dreze, 2006). In the current competitive scenario, customer loyalty is difficult to maintain as the customers are offered a wide variety of products and services. Literature on the effectiveness of loyalty programs deepens in the research on the influence of these programs on switching costs creation (Duff, 1998). Switching costs lead the customer to visit a limited number of points of sale as they reduce the appeal of other choices. Further, Meyer-Waarden & Benavent (2002) supports that loyalty programs cause switching costs to consumers as a result of the rewards offered by them and also costs arising from the evolution of the relationship established with the retailer. As a result, switching costs create a leveled customer commitment to the retailer (Kim, Menzge & Srinivasan, 2001; Bolton, Kannan & Bramlett, 2000). Thus, loyalty programs can alleviate this lack of commitment and reduce customer defection by raising switching costs and modifying attitudinal behaviour (Meyer-Waarden, 2007). Hence, the following hypothesis is proposed:

H6. Switching barriers associated with a loyalty program will positively influence customers' emotional loyalty.

II. Conclusion

Based on an extensive review of literature from the last two decades, this study has enhanced the understanding of key drivers of grocery loyalty programs and its impact of customer's emotional loyalty in a developing country like India. It is among the few studies proposing a conceptual model to understand how Perceived value, trust, commitment, inter-personal communication, customer experiences, customer satisfaction, switching barriers influence the consumers emotional loyalty in emerging grocery retail market. As this study exploratory study identifies perceived value or benefit of loyalty program is the most critical factor perceived to be affecting emotional loyalty, retailers need to understand value-oriented customer loyalty programs. Past studies also highlighted that the new value-oriented customer loyalty programs attempt to establish an emotional relationship between retailer and customer to create long-term loyalty (Butscher, 1999). It is also worth recalling that customer loyalty cannot be bought but must be earned over time with good value for money, and superior products or services. This study makes useful contributions to both academic literature and managerial practices in emerging economy where the usage of loyalty programs is in nascent stage. This research will provide food and grocery retailers with specific knowledge of discerning consumer's attitudinal responses in relation to their customer loyalty programs that are considered strategic tool of effective CRM. Furthermore, it would be important to test the conceptual model in a future study to predict the influence of identified determinant attributes of loyalty programs on customers emotional loyalty in Indian food and grocery retail market.

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