

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

This final chapter will conclude the research paper with an overview followed by a summary of the major findings, marketing implications, limitations of the study, and suggestions for further research. Finally, the chapter ends with the concluding remarks of the study.

5.1 Overview of the Study

This research studies consumers' perceptions of fashion retail loyalty programmes and their impact on consumer loyalty. The increased competition in the fashion retail market in Malaysia has led to the popularity of implementing loyalty programmes, thus, it is important for retailers to understand the factors that will affect consumer behaviour, especially in behavioural loyalty and attitudinal loyalty.

This study examined the loyalty programmes and the benefits offered by the fashion retailers in Malaysia. In addition, an evaluation of the relationship of these benefits (Utilitarian benefits, Hedonic benefits and Symbolic benefits) with consumer loyalty (attitudinal loyalty and behavioural loyalty) was also conducted. In addition, this research project also studies the impact of these benefits on consumer behavioural and attitudinal loyalty.

Two (2) focus groups (male and female) were conducted with the objective of understanding consumer perception of these loyalty programmes. Based on the findings of the focus groups, a self-administered questionnaire was

constructed. The questionnaire was circulated for pilot study. Ten (10) persons with at least one loyalty card from fashion retailers were selected for the pilot study. After the completion of the pilot study, self-administered questionnaires comprising three (3) pages were used to conduct this research. Convenience and non-probability sampling were utilised in this research. Of the 300 questionnaires distributed, 283 complete questionnaires were collected in Mid Valley Megamall in Kuala Lumpur on 17 and 18 of October 2009 (Saturday and Sunday).

In general, the 283 respondents were dominated by females (73.1 percent); Chinese (52.7 percent); Single (62.9 percent); respondents aged “twenty-six (26) to thirty (30) years old” (35.3 percent).

The education level of the respondents is distributed quite evenly among secondary school, diploma and bachelor degree, with 27.2 percent, 31.1 percent and 33.2 percent, respectively. Also, most of the respondents hold the position of executive/officer in their companies, comprising 40.3 percent of the total respondents.

5.2 Summary of the Research Results

This research found that the majority of the respondents hold loyalty cards from one to two fashion brands, while the loyalty programme offered by Padini (Padini Member Card) is the most popular fashion brand loyalty programme.

Based on the hypothesis tested in the research results, the loyalty programme benefits have a positive relationship with behavioural loyalty. Therefore, one can say that enhancing these loyalty benefits will lead to an increase in consumer behavioural loyalty. Consumer behavioural loyalty is very important to fashion retailers as it plays an important role in the profitability of their business. Among the loyalty programme benefits, utilitarian benefits have the most significant impact on behavioural loyalty. This is because, utilitarian benefits offer consumers member discounts that enable them to purchase the fashion brands at a lower price compared to non-members. These monetary savings will, thus, influence the purchase behaviour of the consumers and eventually lead to the development of the behavioural loyalty of the consumers.

In addition, the research also found that the loyalty programme benefits have a positive relationship with attitudinal loyalty. In other words, the enhancement of the loyalty programme benefits will also lead to the enhancement of the consumers' attitudinal loyalty. Attitudinal loyalty of consumers occurs when the consumers develop their preference, affect and trust towards the fashion brands. Attitudinal loyalty is important to fashion retailers as it will become the consumers first choice whenever the consumers intend to make a purchase. Furthermore, consumers who have developed an attitudinal loyalty are more committed to the fashion brand and are less costly to serve.

Among the three types of loyalty programme benefits, symbolic benefits are the most significant factor contributing to attitudinal loyalty. The data

management of the loyalty programme is able to enhance the loyalty programme's symbolic benefits. This is because the profile and spending behaviour of the consumers are recorded in the loyalty programme database, thus, through proper data management the symbolic benefits can be enhanced effectively.

The symbolic benefits that are offered by the loyalty programme enable the consumers to feel recognized and valued by the fashion retailers. These feelings will thus influence the feelings of trust and affect of the consumers and eventually lead to the development of attitudinal loyalty on the part of the consumers.

The research also indicates that the three most attractive benefits of loyalty programmes are the members' discount, redemption of vouchers and birthday treats. These results indirectly indicate the consumers' requirements for loyalty programmes.

5.3 Marketing Implications

This study suggests that fashion brand retailers can benefit from understanding the consumer requirements of loyalty programmes and the benefits that influence consumer behavioural and attitudinal loyalty. The results of this study have several implications as follows:

First, the study also found that loyalty programme benefits have a significant impact on consumer behavioural loyalty. These benefits (utilitarian benefits,

hedonic benefits and symbolic benefits) were found to have an impact on consumer behavioural loyalty. However, consumers weigh these benefits differently. Overall, utilitarian benefits are the most important benefits contributing to consumer behavioural loyalty. This can be easily explained as utilitarian benefits are the benefits that offer member discount/monetary savings to consumers. These discounts are different from the price cut promotions because they are only offered to a targeted group of customers i.e. loyalty programme members. Frequent price reduction will no doubt increase sales figures; however, this action will also have a negative impact on the fashion brand's image. Thus, fashion brands' retailers are recommended to offer utilitarian benefits to their loyalty programme members to enhance consumer behavioural loyalty, which at the same time protects the brand image from negative impact.

Second, besides behavioural loyalty, this study also examines the impact of the loyalty programme benefits on consumer attitudinal loyalty. Similarly, all these benefits (utilitarian benefits, hedonic benefits, and symbolic benefits) have a significant impact on consumer attitudinal loyalty and are weighted differently. For the fashion brand retailers who wish to develop attitudinal loyalty, it is recommended that they enhance the symbolic benefits of the loyalty programme. From the findings of the research, symbolic benefits contribute most to consumer attitudinal loyalty. Consumer attitudinal loyalty is important to fashion retailers, as this loyalty will develop consumer preference towards the brands. In other words, consumers will consider the respective fashion brands as their first choice whenever they intend to purchase any

fashion products. Furthermore, the attitudinal loyalty of the consumers will also assist the fashion brands in keeping their consumers away from their competitors. Symbolic benefits of the loyalty programmes can be easily enhanced by providing consumer recognition through personalized customer service and loyalty programme data management.

Therefore, careful consideration is needed when implementing or monitoring loyalty programmes, as the influence of these benefits are not as straightforward as they appear. It is important for fashion retailers to understand how these loyalty programme benefits influence their business and to develop the best way to enhance their consumer behavioural and attitudinal loyalty towards their fashion brands.

5.4 *Limitations of the Study*

The limitations of the study are listed as follows:

- I. The findings of this study are interpreted based on 283 respondents. A larger sample might be able to produce different results and findings. Furthermore, a larger sample will produce results that are more generalizable.

- II. The sample for this study was collected in the Mid Valley Megamall which is located in the Klang valley area, hence, the result of the surveys might not be generalizable to the overall population in Malaysia.

- III. The non-probabilistic convenience sampling method was used in this study due to limited resources and time constraints. Therefore, the samples collected might not reflect the race and gender ratio as portrayed by the current Malaysian population.

- IV. The interpretation of the current findings on fashion brands' loyalty programmes may not be generalizable to other loyalty programmes of other industries. This is because, in reality, the context and implementation of the loyalty programme varies between industries.

5.5 Suggestions for Further Research

In addition to the findings in this research, there are many areas in which further research can be conducted on loyalty programmes to gain a better understanding of their impact on the fashion retail industry.

First, this study was conducted based on 283 respondents from the Klang valley area in Malaysia. This study can be extended and expanded to a larger sample size located in a different geographical area as respondents from urban and suburban areas might have differing perceptions and behaviour. Thus, with a larger and more diverse sample size the study will be more representative and achieve generalization throughout Malaysia.

Second, this research only studied the impact of the loyalty programmes benefits on consumer loyalty. However, the reward timing as well as consumer involvement are not studied in this research. Further research

should test how these variables influence consumer behavioural and attitudinal loyalty. Thus, it would be useful to examine the relationship of the reward timing and consumer involvement of the loyalty programme in influencing consumer loyalty. This will help fashion retailers enhance their understanding of their loyalty programmes and their impact on consumer loyalty.

Lastly, it is also important to examine how loyalty programmes affect consumers in the decision making process. Further research can be conducted based on these variables so that retailers will be able to practice or implement their loyalty programme in a more efficient manner to achieve their ultimate business goal.

5.6 Conclusion

The implementations of loyalty programmes in the fashion retail industry have become common in recent years. Fashion retailers work very hard at maintaining and monitoring their loyalty programmes, but without a clear understanding of consumer perception and requirements, hence, their loyalty programmes, most of the time, are wasted and do not operate efficiently. The penetration of established and international players into the Malaysian market have resulted in increased competition in the industry, therefore, loyalty programmes are seen as one of the powerful tools to enhance consumer loyalty and keep them from switching to competitors. Thus, it is important for fashion retailers in Malaysia to understand how loyalty programmes influence consumer behaviour. The findings obtained from this study will be able to help

fashion retailers design their loyalty programme strategy to tackle the current fierce competition in the industry.