RESEARCH ARTICLE

THE EFFECTS OF LOYALTY CARD ACQUISITION AS A TOOL ON THE MARKETING STRATEGY OF BUSINESS ENTERPRISES IN LAGUNA: IMPROVED CUSTOMER RELATION MANAGEMENT

Carolyn I. Maghirang*, Benilda C. Jito*

*College of Business Administration and Accountancy, Laguna State Polytechnic University, Philippines.
*b Sacred Heart College of Lucena City, Inc, Philippines.
*Corresponding Author Email: carolyn.maghirang@lspu.edu.ph

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ABSTRACT

This study is to determine the effect of loyalty card acquisition as a tool on the marketing strategy of business enterprises in Laguna on improved customer relationship management. The appropriate customer relationship management of using loyalty cards by the loyalty customer can guarantee to have an effect on marketing strategy to increase the profit of business enterprises for future use. Descriptive research is to determine the customer relationship management between the holders of medical and retail loyalty cards, as well as the impact of card acquisition as a tool on the marketing strategy of commercial companies in Laguna, are the main goals of this research. The research instruments to gather facts and information include customer interviews, group discussions with the selected customer using the loyalty card, review of documents, and observation. As a result, a lot of people acquired this card because it can be used in many establishments to get discounts and points earned. Customer loves discounts because it can decrease the original price of the product. Giving them discounts is one of many ways to earn your customer loyalty. Thus, the customers are satisfied by having a loyalty card because it can give discounts every time they buy. In order for clients to use loyalty cards properly and efficiently, the study advises business owners to market them to them. The researcher advises students majoring in marketing to utilize this strategy as their preference if they are starting their own company.

KEYWORDS

Marketing Strategy, Loyalty card, Business enterprises and Customer relationship

1. INTRODUCTION

Marketing strategy is a must in every business. It is a business overall game plan for keeping loyal customers and turning consumers to become regular customers of a product or service. (Barone, 2019). According to Rankin, one of the most effective marketing strategies is having a loyalty program to a business (Rankin, 2019). Loyalty program is an incentive plan that allows a retail business to gather data about its customer. The use of loyalty programs can introduce benefits to both customers and companies by giving rewards to customers, the company retains the customers. Customer loyalty is an important issue for the success of any retail organization because it is known that having new customers is more expensive than keeping existing ones. Loyalty card allows customers to avail discounts, coupons and points earned that will be used to buy merchandise that is exclusive to customers who participated in a loyalty card. It is a strategy for customer relationships and provides a good way to identify the business product and services as well as maintain customers with greater value (Kraljevic et al., 2017). This study will focus on the effects of loyalty card acquisition as a tool for the marketing strategy of Laguna businesses in an order to improve customer relationship management.

2. LITERATURE REVIEW

2.1 Merchandise

According to Cascadia Motivation, the business can improve their relationship to their customers because this merchandise loyalty card program shows that the business value their customer (Cascadia Motivation, 2013). This program can also increase customer loyalty and customer retention because it encourages the customers to do stay in the business by rewarding them when they buy a certain product. As stated by National Business Research Institute, loyalty card program in merchandise gives discounts as well as points that can earn every time the customers buy a product (National Business Research Institute, 2020). When these points are saved it can be used as payment to the stores. Because of this reward customers are happy and satisfied that they can give a good review from the stores. This program uses technology that even when you forget your card you can still use it because the stores have your information. It provides an easy transaction for the customer and cashier. In addition, this reward program can increase the customer satisfaction and generates customer loyalty, repeat business and profitability. Loyalty program offers discount, credits and other benefits that would entice customers to avail products and services. Because of this reward customers are satisfied that they can advertise the products to their family and friends. This reward program can also show that they would want to repeat doing business in a certain store (Business Case Studies, 2018).

2.2 Medical

As stated by Rely Medical Supply Inc, reward program was design to make the customer happy and satisfied because this program rewards the customer by giving them points and discounts that they can redeem every...
time they avail product and services from the pharmaceutical stores or even hospitals (Rely Medical Supply Inc, 2018). Drugstores rewards program offers discount, coupons and points earned that can help you buy things in the pharmacy even when you do not have enough money. This program have points. When a customer earn a lot of points it can be converted into dollar or even products that the customer needed to buy. This program can also help the business owners because it can track the buying habits of the customer that can help them see what products are mostly needed of customers (GIL, 2018). According to Walker loyalty rewards program are common in the business industry that is why other hospitals try this program to encourage the patient to go in the hospitals for checkups (Walker, 2018). Through this reward program the patient can have special treatment like free parking, invitation to social gatherings, discounts, free seminars, etc. Through this the hospital can retain the customers because they give them rewards that persuade the customers to continue doing the business in a certain hospital as well as referred the hospitals to their colleagues.

2.3 Loyalty Card

According to Rouse loyalty card program is an incentive plan that allows the business to gather data about its customer (Rouse, 2009). They offer product discounts, coupons, points toward merchandise or some other rewards on the customer who own this card. Another goal of this program is to repeat their business by offering a product to the regular customer that is not available for the non-participating customer as a reward to their loyalty in the store. As stated by Beranzani a company must have a loyalty card program because it helps the business to generate more revenues as well as retained your customers (Beranzani, 2019). Sometimes customers who received incentivized product will make online reviews and referrals to other people that help the company to gain more customers. It is also cost-effective. Meaning, it is more cost-effective to maintain happy customers than to acquire new customers. Loyalty is an ultimate goal of every business because of competition in every company. Loyalty card is an active support of consumers in the product or services. It is an additional incentive to customers for doing business with the company wherein both the companies and customer benefits with each other (Sirala, 2010). According to the literature above, loyalty program is a must in the business. It helps the business to market its product or services especially competition is visible in every business. It also helps to keep the business loyal customers.

2.4 Discounts

Price discount can attract customer by giving them the incentives or extra value which encourage the customers to purchase more product and services to the store (Yin and Huang, 2014). According to Rampton one of the reasons why customers always come back to the business is because of the discounts (Rampton, 2015). Customer loves discounts because it can decrease the original price of the product. Giving them discounts is one of many ways to earn your customer loyalty. According to Heijmans discount is used to attract new customers and also a way to give gratitude to customers (Heijmans, 2016). Freebies, free shipping fee, percent off are examples of some ways to give a discount because customers are attracted from the items with cheap prices. Discounts also can encourage customers to buy more products to the store because they can buy more products because of the discount. As cited by the literature above, giving discounts to customer makes them satisfy because they can buy the product or services with a cheaper price that can help them to save their money or to buy another product they want.

2.5 Points Earned

According to McEachern earned points are important to clearly show to your customers the customer value of belonging to your reward program (McEachern, 2017). Earned points are the most common loyalty program. When customers buy a product, they earned points which are translated to discounts, gift or special customer treatment. The frequent the customers buy a product or service the higher they earned points (Magat and Tomaläh, 2015). As stated by Earned points that converted to rewards is the basic building blocks of a loyalty program (Leder, 2019). Through this point system you'll reward your customer at the same time you can collect a data from them. Based on the literature above, an earned point is one of the ways to reward the customer. The company can show the customer value by giving a chance to have a discount, gift or special treatment when they earned the right number of points, it can also help the business to gather data about its customer.

3. METHODS

This paper is a descriptive research design to gather information about the differences in customer relationship management of medical and merchandise loyalty card holders in selected Laguna municipalities. This study includes fifty (50) respondents who own a loyalty card. It must be one perks card or SM advantage card holder for merchandise loyalty card data and one Suki card or Watsons card holder for medical loyalty card data. The research makes certain that each respondent only has one loyalty card. Purposive sampling was used in this study. The purposeful sampling technique was used because the only people who own the loyalty card will be the study’s respondents. Purposive sampling, also known as judgmental, selective, or targeted sampling.

3.1 The Decision Tree Model

Machine learning has several applications in classification and prediction. As a machine learning method, the decision tree. The researchers prepared and used a questionnaire to measure the customer relation management for the loyalty card of medical and merchandise loyalty card holder in Laguna. Next procedure was to gathered data from the answers of the respondents, researcher gave it the statistician so that proper and right statistical treatment will apply. After, receiving the paper from the statistician the researchers interpreted the result of the data gathered.

3.2 The Logistic Regression Method

Data collected was analyzed and will be later presented using correlation, this enabled the researcher to establish the significance of the responses.

1. Finding the weighted mean:

\[
\text{Weighted Mean} = \frac{\sum_{i=1}^{n} (x_i \times w_i)}{\sum_{i=1}^{n} w_i}
\]

2. Mean: Deviation:

\[
\text{Mean} = \frac{\sum_{i=1}^{n} x_i}{n}
\]

\[
\text{Deviation} = \frac{\sqrt{\sum (x_i - \bar{x})^2}}{n-1}
\]

3. Pearson – r

\[
r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}
\]

4. T-test Formula

\[
t = \sqrt{\frac{N-2}{1-r^2}}
\]

3.3 The Data Analysis

| Table 1: The Percentage Using Medical and Merchandise Loyalty Card. |
| Loyalty Card Owners | Number of Respondents |
| Medical | 20 |
| Merchandise | 30 |
| Total | 50 |

Based on table 1 The percentage of people using medical and merchandise loyalty card. It had shown that out of fifty 50 respondents, 30 or 60% uses Merchandise Loyalty Card and 20 or 40% uses Medical Loyalty Card. Based on the presented data, it was shown that the highest percentage of loyalty cards used is the Merchandise Loyalty Card with 30 or 60% of the respondent and the Medical Loyalty Card with 20 or 40% is the least used loyalty card with of the respondents.

Figure 1 presents the percentage of people using medical and merchandise loyalty card. It had shown that out of fifty 50 respondents, 30 or 60% uses Merchandise Loyalty Card and 20 or 40% uses Medical Loyalty Card. Based on the presented data, it was shown that the highest percentage of loyalty card used is the Medical Loyalty Card with 20 or 40% of the respondent and Merchandise Loyalty Card is the least used loyalty card with 30 or 60% of the respondents.

Based on table 3 tabulated data, first statement and tenth statement "I use loyalty card to have a discount" got the mean of 4.25 with SD of 0.61 respectively. Followed by fifth statement "It is easier to avail discounts when I have my loyalty card" got the mean of 4.25 with SD of 0.97. Next is the third statement "I am satisfied with the discount I have" got the mean of 4.58 with SD of 0.73 respectively.
when I used my loyalty card” got the mean of 4.05 with SD of 0.98. Fourth statement “I am encouraged to buy more products because of the given discounts of the loyalty card.” got the mean of 3.87 with SD of 0.93. Sixth statement “I get discount in every product I buy using loyalty card” got the mean of 3.80 with SD of 0.97. Eighth statement “I enjoy buying product using loyalty card” got the mean of 3.78 with SD of 1.12. Ninth statement “I buy more products to have larger discount point.” got the mean of 3.73 with SD of 1.09. Finally, the seventh statement “I can buy a lot of products because of the discount from loyalty card” got the lowest mean of 3.50 with SD of 1.89. The weighted value of 4.12 with a standard deviation 0.56 indicates Level of the customer satisfaction in terms of discounts at Sta. Cruz, Laguna, has a verbal interpretation of “Satisfactory”.

**Figure 1:** Percentage of the People Using Medical and Merchandise Loyalty Card

**Table 2:** Average Level of Loyalty Card Acquisition

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>MEAN</th>
<th>STANDARD DEVIATION</th>
<th>REMARKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I use the loyalty card to have a discount.</td>
<td>4.53</td>
<td>0.77</td>
<td>ALWAYS</td>
</tr>
<tr>
<td>2. I have bigger discounts when I use loyalty card.</td>
<td>4.11</td>
<td>0.94</td>
<td>FREQUENTLY</td>
</tr>
<tr>
<td>3. I am satisfied with the discount I have when I use my loyalty card.</td>
<td>4.26</td>
<td>0.81</td>
<td>ALWAYS</td>
</tr>
<tr>
<td>4. I am encouraged to buy more products because of the given discounts of the loyalty card.</td>
<td>3.95</td>
<td>0.85</td>
<td>FREQUENTLY</td>
</tr>
<tr>
<td>5. It is easier to avail discounts when I have my loyalty card.</td>
<td>4.42</td>
<td>0.84</td>
<td>ALWAYS</td>
</tr>
<tr>
<td>6. I get a discount in every product I buy using loyalty card.</td>
<td>4.00</td>
<td>0.82</td>
<td>FREQUENTLY</td>
</tr>
<tr>
<td>7. I can buy a lot of products because of the discount from loyalty card.</td>
<td>3.84</td>
<td>1.01</td>
<td>FREQUENTLY</td>
</tr>
<tr>
<td>8. I enjoy buying product using loyalty card because of the discount.</td>
<td>3.95</td>
<td>0.91</td>
<td>FREQUENTLY</td>
</tr>
<tr>
<td>9. I buy more products to have larger discount points.</td>
<td>3.84</td>
<td>0.83</td>
<td>FREQUENTLY</td>
</tr>
<tr>
<td>10. I value my loyalty card because it gives me discount benefits.</td>
<td>4.47</td>
<td>0.70</td>
<td>ALWAYS</td>
</tr>
<tr>
<td>11. I earn points when using loyalty card.</td>
<td>4.58</td>
<td>0.61</td>
<td>ALWAYS</td>
</tr>
<tr>
<td>12. I am satisfied when I earn points.</td>
<td>4.42</td>
<td>0.84</td>
<td>ALWAYS</td>
</tr>
<tr>
<td>13. I use my earned discount points to lessen the price of a product.</td>
<td>4.26</td>
<td>0.81</td>
<td>ALWAYS</td>
</tr>
<tr>
<td>14. I buy products using my earned points if I do not have enough cash.</td>
<td>3.74</td>
<td>1.15</td>
<td>FREQUENTLY</td>
</tr>
<tr>
<td>15. I use my discount earned points to buy products.</td>
<td>3.79</td>
<td>1.23</td>
<td>FREQUENTLY</td>
</tr>
<tr>
<td>16. I gain more discount points when I buy more expensive product.</td>
<td>4.16</td>
<td>0.90</td>
<td>FREQUENTLY</td>
</tr>
<tr>
<td>17. I earn points faster when I purchase a lot of products.</td>
<td>4.16</td>
<td>0.83</td>
<td>FREQUENTLY</td>
</tr>
<tr>
<td>18. It is easier to use points earned from loyalty card.</td>
<td>4.00</td>
<td>0.94</td>
<td>FREQUENTLY</td>
</tr>
<tr>
<td>19. I enjoy spending my earn points to buy more products.</td>
<td>3.79</td>
<td>0.92</td>
<td>FREQUENTLY</td>
</tr>
<tr>
<td>20. I feel valued every time my loyalty card earns points from a certain store.</td>
<td>4.26</td>
<td>0.65</td>
<td>ALWAYS</td>
</tr>
</tbody>
</table>

**WEIGHTED MEAN** 4.12  
**STANDARD DEVIATION** 0.52  
**VERBAL INTERPRETATION** SATISFACTORY

**Table 3:** Significant Effect of Having a Loyalty Card on Customer Relation Management

<table>
<thead>
<tr>
<th>T Value</th>
<th>P Value</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>-1.48</td>
<td>0.158</td>
<td>Not Significant</td>
</tr>
</tbody>
</table>
Table 4 presents the Significant Effect of a Loyalty Card acquisition as a tool on the marketing strategy of business enterprises on the Customer relationship management at Selected municipalities of Laguna. In determining the effect between the loyalty card and the customer relationship management in terms of discounts and points earned, the data showed in table 5 were statistically treated using t-test using the T- value and P- value in determining its effect. There is a significant effect in the level of customer relationship management in terms of discounts has a computed T- value -1.177 and P- value of 0.000. This means that the null hypothesis, there is no significant effect of having a loyalty card on the customer relationship management at selected municipalities of Laguna is rejected. There is a significant effect in the level of customer relationship management in terms of points earned has a computed T-value of 70.23 and P-value of 0.000. This means that the null hypothesis, there is no significant effect of having a loyalty card on the customer relationship management at selected municipalities of Laguna is rejected.

6. CONCLUSION

Based on the study, there is a significant effect of loyalty card acquisition as a tool on the marketing strategy of business enterprises at selected municipalities of Laguna. Therefore, the hypothesis stating there is no significant effect of a loyalty card on the customer relationship management in Laguna was rejected. In this study the merchandise card is the most commonly used loyalty card. A loyalty card is an additional marketing tool that can assist a company in increasing profits. Loyalty programs can help your business grow exponentially. A strong loyalty program strengthens your customer relationship management, improving retention and lifetime value. To create a successful customer loyalty program, you must first understand what your customers value and what types of programs are most effective in your industry. This implies that when an individual member has a loyalty card, the customer relationship management will be affected, and thus the delivery of customer relationship management will be improved or enhanced.

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HX