







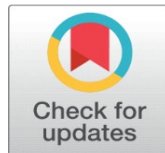
IMPULSE BUYING AND RETAILER LOYALTY PROGRAMS: ASSESS THE INFLUENCE OF LOYALTY PROGRAMS, REWARDS, AND CUSTOMER INCENTIVES ON IMPULSE BUYING

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ABSTRACT

Comprehending the link between impulse buying and retailer loyalty programs is crucial in retail marketing. These programs, designed to encourage repeat purchases and foster customer loyalty with personalized rewards, profoundly impact impulsive behaviors. This study uses a mixed methods approach to assess the effectiveness of loyalty strategies across diverse consumer demographics. Rewards such as discounts, points, or exclusive access cultivate a sense of belonging and exclusivity, influencing purchasing decisions by triggering immediate incentives and urgency through limited time offers. Emotional and psychological factors drive impulse buying. The expectation of rewards, the excitement of earning points, and the sense of exclusivity all play roles in impulsive purchases. Retailers can capitalize on these motivators by tailoring programs accordingly. Demographic variables such as age, income, and shopping habits influence program effectiveness, with younger consumers typically favoring digital rewards and older consumers showing a preference for traditional discounts. Qualitative research delves into motivations and perceptions, providing rich insights into how loyalty programs influence impulse buying behaviors. This holistic approach offers valuable insights for refining marketing strategies, increasing customer loyalty, and promoting impulse buying through personalized rewards, real-time offers, and gamification.

Keywords: Impulse Buying, Retailer Loyalty Programs, Customer Loyalty, Personalized Rewards

1. INTRODUCTION

Impulse buying, characterized by spontaneous and often emotionally driven purchasing behaviour without prior planning, holds significant relevance in the realm of retail. This behaviour manifests consumers' propensity to make unplanned purchases influenced by immediate desires, emotions, or situational cues encountered during their shopping experience. Understanding impulse buying is

crucial for retailers as it directly impacts sales unpredictably, contributing to revenue fluctuations and consumer engagement strategies. Concurrently, loyalty programs serve as strategic mechanisms for retailers to foster customer retention and bolster brand loyalty. These programs encompass diverse incentives such as personalized rewards, exclusive offers, and points-based systems designed to incentivize repeat purchases and cultivate deeper consumer relationships. By leveraging rewards such as discounts, loyalty points, or exclusive access, retailers aim not only to enhance customer lifetime value but also to differentiate themselves within a competitive market landscape.

This study explores the intricate interplay between impulse buying and retailer loyalty programs. It seeks to investigate how these loyalty strategies, rewards, and customer incentives influence consumers' tendencies towards impulse buying across diverse demographic segments. Through a comprehensive approach integrating qualitative insights and quantitative analysis, the study aims to uncover the efficacy of loyalty programs in stimulating impulsive purchasing behaviours. Furthermore, the research endeavours to provide actionable insights and strategic recommendations for retailers to optimize their loyalty strategies, harness impulse buying behaviours, and enhance overall sales performance and customer satisfaction.

This exploration not only advances scholarly understanding of consumer behaviour in retail contexts but also offers practical implications for businesses looking to tailor their marketing strategies adeptly amidst evolving consumer preferences and market dynamics. Understanding these dynamics empowers retailers to strategically position themselves to capitalize on impulse buying tendencies, thereby maximizing revenue opportunities and fostering long-term customer loyalty.

1.1. OBJECTIVES

- To analyze the impact of retailer loyalty programs on impulse buying
- To identify key factors driving impulse buying behavior
- To evaluate the effectiveness of different types of rewards and incentives
- To explore demographic variations in response to loyalty programs
- To understand the long-term impact of loyalty programs on customer retention and lifetime value

2. IMPACT OF LOYALTY PROGRAMS ON IMPULSE BUYING

Loyalty programs exert a substantial influence on impulse buying by fostering an environment conducive to spontaneous purchases. These initiatives, designed to reward customer fidelity through diverse mechanisms, adeptly engage the emotional and psychological stimuli underlying impulsive buying behaviour. Points-based programs, which enable customers to accumulate points for purchases redeemable for rewards, cultivate a sense of progress and achievement, prompting additional purchases to attain subsequent reward thresholds. Discount-based programs, offering immediate price reductions or special deals, deliver instant gratification that frequently circumvents rational decision-making processes, leading to impulsive purchasing. Exclusive offers and access to members-only sales or products heighten feelings of exclusivity and urgency, driving consumers to act swiftly to avoid missing out on unique opportunities.

Loyalty programs enhance the customer experience by fostering a sense of belonging and personal affiliation with the brand. This emotional engagement significantly drives impulse buying, as consumers are more likely to make spontaneous purchases when they feel valued and acknowledged by the retailer. The integration of digital and mobile loyalty platforms has amplified these effects by providing real-time updates and personalized notifications, ensuring continuous consumer engagement. Gamification of loyalty programs, through challenges and reward milestones, introduces an element of entertainment and excitement, further stimulating impulsive buying behaviour.

Retailers can leverage data analytics to tailor loyalty programs to individual consumer preferences, thereby making rewards more relevant and appealing. By analysing purchase histories and behavioural data, retailers can predict which incentives are likely to trigger impulse purchases within specific customer segments. This degree of personalization not only enhances the efficacy of the loyalty program but also increases customer satisfaction and loyalty. Ultimately, by strategically designing and implementing various types of loyalty programs, retailers can significantly influence impulse buying behaviour, driving higher sales and fostering deeper customer loyalty.

Figure 1

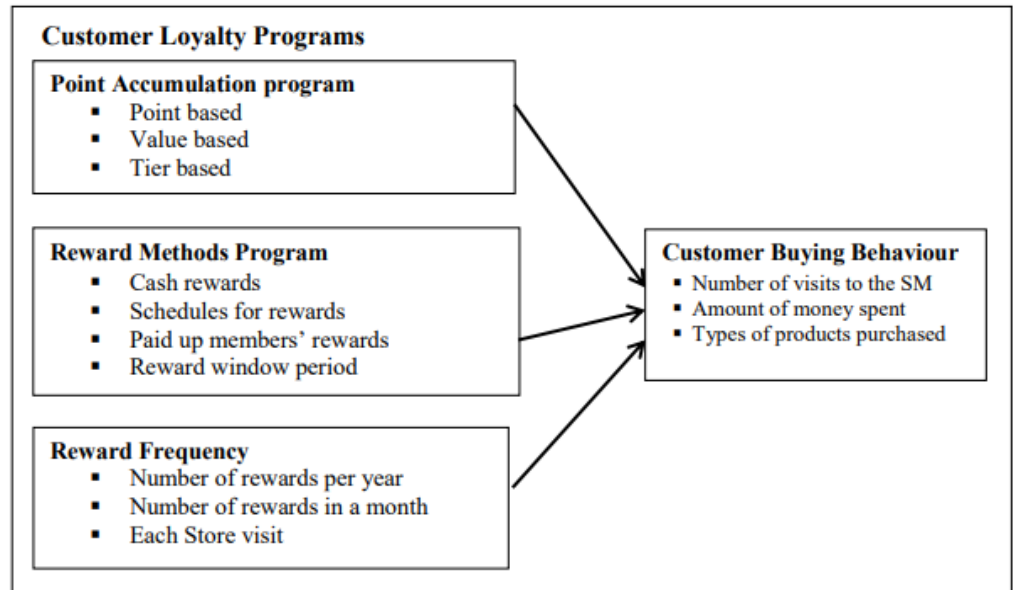


Figure 1 Impact of Customer Loyalty Programs on Buying Behavior

The diagram illustrates the connection between different aspects of customer loyalty programs (such as cumulative frequency points, reward methods, and reward frequency) and customer buying behavior. Both dependent and independent variables are represented in their respective sections within the diagram.

3. SEGMENTATION AND TARGETING

Segmentation and targeting strategies are pivotal in retailers' endeavours to optimize their loyalty programs across diverse consumer demographics. By segmenting their customer base based on variables such as age, income levels, shopping behaviours, and psychographic profiles, retailers can effectively prioritize

different consumer cohorts. This segmentation not only enhances retailers' comprehension of each segment's unique preferences and requirements but also facilitates the customization of loyalty programs to cater specifically to these preferences. Younger consumers, typically more proficient with technology and digital platforms, are often drawn to loyalty programs featuring mobile app rewards, social media integration, and gamification elements. Conversely, older consumers tend to value simplicity and reliability, favouring direct discounts, personalized offers based on past purchases, or enhanced customer service benefits.

The impact of targeted loyalty incentives on impulse buying behaviours within distinct customer segments is profound. Aligning rewards and incentives with the preferences and behaviours of each segment can significantly augment the likelihood of impulse purchases. For instance, introducing time-sensitive promotions or exclusive deals through loyalty programs can evoke a sense of urgency and immediacy among consumers, prompting spontaneous purchasing decisions. By evaluating how different demographic segments respond to these tailored loyalty incentives, retailers can refine their strategies to maximize consumer engagement and sales. This approach not only enhances customer satisfaction and loyalty but also strengthens the retailer's competitive stance in the market by fostering deeper connections with consumers through personalized and relevant loyalty offerings. This understanding empowers retailers to strategically position their loyalty programs to capitalize on impulse buying tendencies, thereby driving revenue growth and ensuring sustained customer retention over the long term.

4. BRAND LOYALTY VS. IMPULSE BUYING

In the realm of retail marketing, the interplay between brand loyalty programs and impulse buying behaviours constitutes a complex relationship that profoundly shapes consumer decision-making. Brand loyalty programs are strategically formulated to cultivate repeat purchases and deepen customer attachment through tailored rewards and incentives. These initiatives aim to foster a sense of commitment and exclusivity among consumers, encouraging consistent brand preference over competitors. Conversely, impulse buying involves spontaneous purchases driven by immediate desires or situational cues rather than deliberate brand loyalty.

The correlation between brand loyalty programs and impulse buying tendencies is intricate. While loyalty programs can bolster brand affinity and customer retention by rewarding frequent purchases and enhancing overall satisfaction, they can also inadvertently fuel impulsive spending. Rewards such as discounts, limited time offers, or exclusive access often spur consumers to make spontaneous purchases, enticed by perceived value or instant gratification. This research aims to evaluate whether brand loyalty programs mitigate or exacerbate impulse buying tendencies among consumers. By analysing the efficacy of loyalty strategies, rewards, and customer incentives across diverse demographic segments, the study seeks to uncover how these programs influence consumers' propensity for impulse buying. This understanding will provide retailers with essential insights to optimize their loyalty strategies effectively, striking a balance between enhancing brand loyalty and managing impulse buying behaviours in today's competitive retail environment. Brand loyalty positively moderates the relationship between perceived low prices, browsing behavior, time pressure, and online impulse buying behavior.

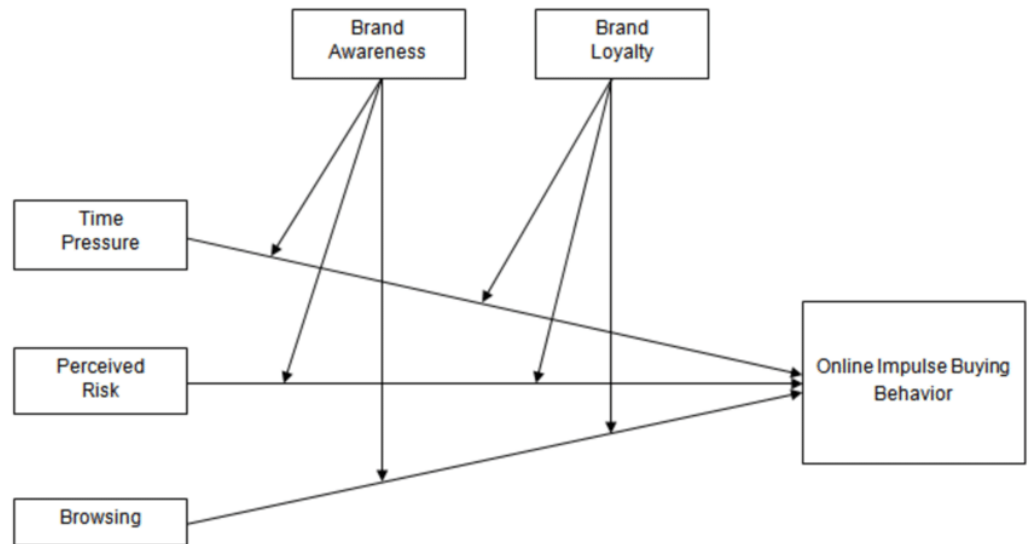
Figure 2

Figure 2 The Relationship between Brand Awareness, Brand Loyalty, Time Pressure, Perceived Risk, Browsing, and Online Impulse Buying Behavior

5. CONSUMER DECISION MAKING

Consumer decision-making processes are intricate and multifaceted, particularly in the realm of impulse buying influenced by retailer loyalty programs. Impulse purchases often arise from psychological triggers such as the quest for instant gratification, novelty-seeking behaviour, and emotional responses to marketing stimuli. These factors can override rational decision-making, prompting consumers to make spontaneous purchases without extensive deliberation. Loyalty programs play a pivotal role in shaping these decision processes by offering customized incentives that cater to consumers' immediate desires and needs. For example, discounts and exclusive offers create a sense of urgency and exclusivity, compelling consumers to act impulsively to secure perceived benefits. Additionally, loyalty points and rewards systems leverage the psychological principle of reciprocity, where consumers feel obliged to reciprocate the value received from the retailer.

The interaction between consumer decision-making and loyalty programs is dynamic, influenced by factors such as consumer demographics, shopping behaviours, and the perceived value of rewards offered. Younger consumers may be particularly responsive to digital rewards and gamification elements, while older demographics may favor straightforward discounts and tangible benefits. For retailers aiming to optimize their marketing strategies, comprehending these dynamics is essential. By aligning loyalty program incentives with consumer decision-making processes, retailers can effectively stimulate impulse buying behaviours and cultivate lasting customer loyalty. This approach not only enhances immediate sales but also fortifies brand affinity and customer retention in a fiercely competitive retail landscape.

Figure 3

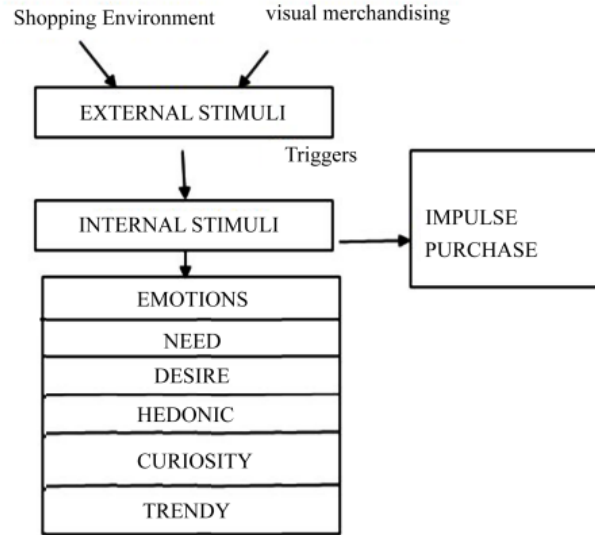


Figure 3 External and Internal Factors that Affect Impulse Buying

6. SOCIAL INFLUENCE AND PEER RECOMMENDATIONS

Social influence and peer recommendations play a pivotal role in shaping consumer behaviour, particularly in the context of impulse buying and retailer loyalty programs. These factors significantly influence how consumers make decisions and approach purchasing across different situations. Social influence, often conveyed through recommendations and interactions with peers, holds substantial sway over impulse buying behaviours. Positive feedback or endorsements from friends, family, or online communities can lead consumers to make spontaneous purchasing decisions, especially when influenced by loyalty programs. These programs leverage social influence by offering rewards and incentives for repeat purchases, not only enhancing customer retention but also amplifying the impact of social media and word-of-mouth recommendations. Consumers who participate in loyalty programs often share their experiences and rewards within their social circles, thereby increasing brand visibility and encouraging others to engage in impulse buying behaviours.

Social media platforms play a crucial role in magnifying the effectiveness of loyalty incentives as they serve as potent channels for disseminating information about rewards and incentives offered by loyalty programs. Consumers frequently share positive experiences with these programs on social media, bolstering brand credibility and generating interest among their peers. Moreover, word-of-mouth recommendations, both online and offline, create a ripple effect that significantly boosts impulse purchases among consumers. Furthermore, social media interactions and peer recommendations build trust and credibility around loyalty programs. Consumers tend to place more trust in recommendations from friends and peers than in traditional advertising methods, which in turn enhances engagement with loyalty incentives and positively influences impulse buying decisions.

Understanding the impact of social influence and peer endorsements is essential for retailers looking to optimize their loyalty strategies. By effectively leveraging these dynamics, retailers can enhance customer satisfaction, foster loyalty, and improve overall sales performance. This research underscores how

loyalty programs can harness social influence and peer recommendations to effectively drive consumer behaviour in retail settings, providing valuable insights into maximizing the impact of loyalty incentives on impulse buying behaviours.

7. PSYCHOLOGICAL AND BEHAVIOURAL ASPECTS

Impulse purchasing, characterized by spontaneous and unplanned buying triggered by psychological cues, is influenced by various factors. Emotions like excitement, the quest for immediate satisfaction, and the urgency for instant gratification drive such purchases, often overriding logical decision-making processes. Cognitive aspects significantly shape impulse buying behaviours. Factors such as perceived scarcity, the fear of missing out (FOMO), and the perception of favourable deals compel consumers to make rapid purchase choices without extensive consideration. These cognitive biases contribute significantly to the impulsive nature of buying decisions.

Social influences also play a pivotal role in driving impulse buying. Social proof, where individuals mimic others' behaviours to conform to perceived norms or trends, can prompt spur-of-the-moment purchases. Witnessing others engaging in loyalty programs or making impulsive purchases can encourage similar behaviours. Retailer loyalty programs effectively harness these psychological dynamics to boost sales and stimulate impulse buying. Through incentives like discounts, rewards, and exclusive offers, these programs instil a sense of value and urgency among customers. Immediate rewards gratify consumers' desires for incentives and strengthen their inclination toward impulse purchases.

Personalized marketing strategies within loyalty programs enhance consumer engagement and loyalty. Tailored promotions and recommendations tailored to individual preferences exploit psychological principles such as reciprocity and commitment, fostering repeat purchases and overall sales growth. Comprehending the intricate interplay of psychological and behavioural factors that drive impulse buying is essential for retailers seeking to craft effective loyalty programs. By strategically utilizing these factors, retailers can not only increase impulse purchases but also cultivate enduring customer loyalty, bolster brand equity, and sustain long-term business growth in competitive markets.

Figure 4

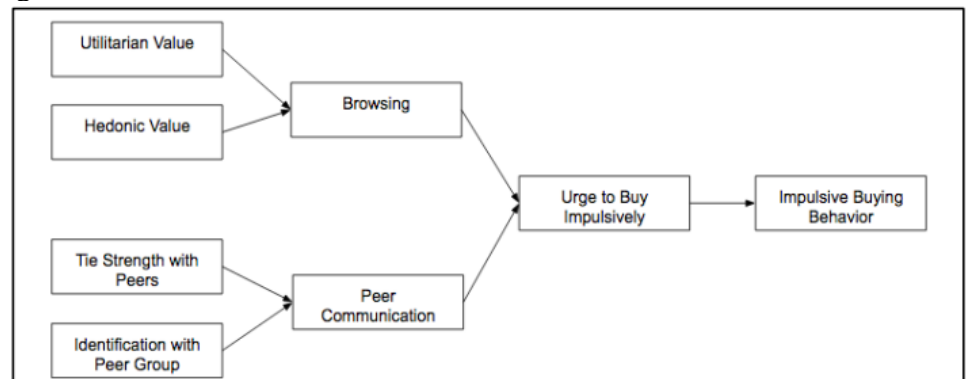


Figure 4 Social Influence and Online Impulse Buying Behavior

8. BEHAVIOURAL ECONOMICS PERSPECTIVE

Understanding the effect of loyalty programs on spontaneous purchasing within consumer behaviour involves integrating behavioural economics, which

combines psychological understanding with economic theory. Central principles such as aversion to loss and the effects of framing play crucial roles in shaping these interactions. Loss aversion posits that individuals have a strong preference for avoiding losses rather than acquiring equivalent gains. In the context of loyalty programs, consumers are often motivated more by the fear of missing out on rewards rather than the benefits themselves, prompting spontaneous purchases to maintain status or accrue points. Framing effects illustrate how the presentation of information influences decision-making. Highlighting potential losses (such as points expiring) creates a sense of urgency, while emphasizing gains (like immediate discounts) triggers impulsive buying behaviour.

To optimize consumer engagement and influence decisions on impulse purchases, effective strategies for loyalty should harness insights from behavioural economics. Present rewards in a way that underscores potential losses (such as expiring points) to encourage immediate purchases. Conversely, emphasize immediate gains (such as instant discounts) to leverage positive framing effects and stimulate impulsive buying. Tailor offers based on consumer preferences and purchasing history to increase relevance and decrease perceived risks, thereby facilitating impulsive purchases. Employ scarcity tactics (such as limited time offers) and social proof (highlighting the benefits others have enjoyed) as cues to enhance perceived value and provoke impulsive buying behaviours. By integrating principles from behavioural economics into the design of loyalty programs, retailers can gain deeper insights into consumer behaviour and exert greater influence. Strategically applying concepts like loss aversion, framing effects, and other behavioural biases enables the creation of loyalty strategies that not only drive impulse buying but also bolster customer retention and satisfaction, ultimately maximizing profitability.

Figure 5

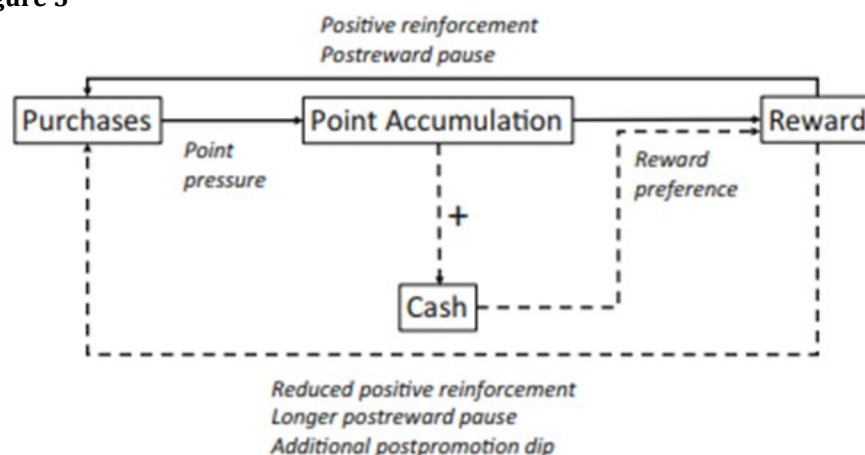


Figure 5 The Relationship between PPC Promotions, Rewards, and Purchasing Behavior

PPC promotions allow customers to use cash to buy points for rewards, unlike traditional reward programs that rely solely on points. This can reduce the perceived value of rewards, making them seem less "free" and more like price promotions. The research examines how this affects the balance between reward reinforcement and cash-based compensation.

9. LONG-TERM EFFECTS AND CUSTOMER LIFETIME VALUE

Loyalty programs are essential elements of modern retail strategies aimed at fostering enduring customer relationships through incentives and rewards for

repeat purchases. While these programs effectively encourage impulse buying in the short term, their primary benefit lies in cultivating customer loyalty and profitability by enhancing Customer Lifetime Value (CLV). This analysis explores how loyalty programs impact both immediate impulse buying and long-term customer retention and CLV. Initial findings suggest that loyalty programs significantly improve customer retention by offering concrete rewards and personalized incentives. Customers enrolled in such programs show higher levels of repeat buying, motivated not only by immediate rewards but also by an enhanced perception of value from continued engagement. Moreover, loyalty programs reduce customer turnover and increase CLV by fostering emotional connections and habitual purchasing behaviours among participants.

In retail settings, loyalty programs play a critical role in shaping customer lifetime value and influencing repeat purchasing patterns. Beyond stimulating impulse purchases, these programs establish lasting relationships that strengthen customer retention and profitability over time. Understanding the dynamics of loyalty programs is crucial for retailers aiming to maximize CLV and maintain a competitive advantage. Future research could further explore the specific mechanisms through which rewards and incentives impact customer behaviour and long-term loyalty. Additionally, investigating the integration of AI-driven personalization to optimize loyalty programs could provide valuable insights into enhancing customer lifetime value and retention strategies.

10. FINANCIAL IMPLICATIONS AND ROI

Implementing loyalty programs designed to increase impulse buying can have a profound impact on retailers' financial outcomes by strategically using psychological triggers to influence consumer behaviour. These initiatives are crafted to offer rewards, discounts, or special incentives that prompt spontaneous purchases, tapping into customers' desire for immediate satisfaction. Initial financial considerations involve significant upfront investments in infrastructure development, the creation of compelling rewards, and the management of complex customer data systems. These expenditures cover costs such as developing loyalty software platforms and executing targeted marketing campaigns aimed at promoting program adoption.

Despite these initial costs, loyalty programs offer considerable long-term advantages that often justify their implementation expenses. Beyond boosting immediate sales revenue through impulse buys, these programs play a vital role in improving customer retention. By incentivizing repeat purchases, loyalty initiatives effectively reduce customer turnover rates and enhance the lifetime value of each customer. Furthermore, they cultivate strong brand loyalty, transforming satisfied customers into advocates who contribute to sustained business growth through positive recommendations and referrals.

Measuring the return on investment (ROI) of loyalty programs requires sophisticated analysis of various metrics. Key indicators include evaluating the incremental sales revenue generated post-program launch, examining changes in average transaction values among program participants, and assessing overall engagement levels. Comparing the cost of acquiring new customers with the value derived from retained loyal customers, as analysed through cost per acquisition (CPA) versus customer lifetime value (CLV) analyses, further refines ROI assessments. This analytical framework enables retailers to gauge the program's effectiveness in driving continuous revenue growth and maximizing profitability over time. Effective implementation and ongoing optimization of loyalty programs

are crucial for retailers looking to maximize their financial impact and achieve strategic business goals. These initiatives not only serve as powerful tools for boosting short-term sales but also as catalysts for fostering long-term customer loyalty and advocacy, underscoring their pivotal role in shaping the dynamic landscape of retail marketing strategies.

11. LITERATURE REVIEW

According to Banks & Moorthy (1999), retailers experienced a sudden surge in sales as a result of consumers' price sensitivity triggered by sales promotions.

Arunmuhil & Arumugam (2013) argue that possessing a loyalty card from a store does not significantly influence consumers to make more purchases from that specific store. Instead, consumers tend to favor stores that offer better discount options, regardless of whether they hold a loyalty card.

Mutius & Huchzermeier (2021) examined whether the effectiveness of customized category-specific coupons should prioritize short-term performance indicators (e.g., redemption rates) or long-term indicators (e.g., customer lifetime value, CLV). They discovered that customers who increase their purchases in the short term due to category-specific coupons do not necessarily exhibit long-term loyalty to the brand.

According to research by Forrester, a vast majority of American consumers, approximately 89%, are enrolled in at least one customer loyalty program as of 2020. Companies in the United States are estimated to invest over \$1.2 billion annually in these programs, which collectively engage around 2.6 billion participants. On average, each American household subscribes to nearly 22 different loyalty programs Wang et al. (2007)

Despite their widespread adoption across various sectors, there have been persistent doubts about the effectiveness and financial outcomes of loyalty programs Daryanto et al. (2010), Henderson et al. (2011). There is also growing evidence suggesting that some consumers are becoming disillusioned with the rewards they receive for their loyalty points Danaher et al. (2016).

Research indicates that the type of reward offered in sales promotions, particularly monetary promotions, significantly influences consumer behavior, activating more deliberate decision-making processes Yang & Mattila (2020). This finding aligns with previous studies suggesting that consumers tend to engage in rational thinking when faced with price-based promotions.

Impulse buying constitutes a substantial portion of retail sales turnover. For instance, a recent survey of British consumers revealed that 76% admitted to impulse purchases for groceries, 57% for moderate-cost items like fashion, and 28% for high-cost items such as electronics or furniture Shoppercent. (2012). Similar trends are reported in the United States, where a survey showed that 67% of adults had made impulse purchases in the past month, and 80% had done so in the past year, with many expressing regrets afterward NEFE. (2010).

Wang et al. (2007) suggest that social cues on websites, such as online salesperson interactions, can enhance both the pleasure-driven and practical value for consumers, thereby increasing the likelihood of purchase.

Engel et al. (1982) propose a consumer decision-making model that simplifies intricate consumer behaviors through a conceptual representation of the decision process. This model, known as the EKB model, delineates six stages: recognizing needs, seeking information, evaluating alternatives before purchase, making a choice, completing the transaction, and receiving post-sale services.

According to Lacey (2009) and [Meyer-Waarden. \(2008\)](#), loyalty programs are crucial strategic tools for managing customer relationships. These programs are designed by companies to establish, foster, and sustain personalized and interactive relationships with their most valued customers, thereby promoting customer loyalty through various Relationship Marketing strategies.

The integration of new information technologies alongside customer-focused marketing strategies has compelled companies to adopt Relationship Marketing tools that cultivate loyalty. This evolution is exemplified by customer relationship management programs, commonly known as loyalty or rewards programs, as discussed by [Dorotic et al. \(2012\)](#), [Meyer-Waarden. \(2008\)](#), [Nguyen & Mutum \(2012\)](#).

12. CHALLENGES AND FUTURE RESEARCH DIRECTIONS

The effective implementation of retailer loyalty programs presents numerous challenges that impact their efficacy in influencing impulse buying behaviours. Key obstacles include customer engagement and personalization, wherein retailers face difficulties in consistently engaging customers across various channels while customizing offers to individual preferences. The complexity of loyalty programs and communication issues often confuses customers, diminishing the perceived value of loyalty rewards. Balancing costs with returns remains a significant hurdle, necessitating innovative and cost-effective reward mechanisms. Sustaining long-term customer engagement beyond initial sign-ups demands strategies such as gamification and community-building initiatives. Addressing data privacy and security concerns in an era of heightened reliance on customer data requires robust data management solutions. Furthermore, standing out in a competitive market, understanding generational preferences, adapting to evolving consumer behaviour, engaging frontline employees, and navigating complex legal and regulatory frameworks further complicate effective loyalty program implementation for retailers.

Looking ahead, future advancements in loyalty programs will focus on several strategic areas. AI and machine learning are set to revolutionize real-time data analysis, enabling retailers to predict impulse buying behaviours and deliver tailored rewards effectively. Blockchain technology offers the promise of transparent and traceable reward systems, enhancing privacy compliance and fostering trust among customers. Augmented reality integration seeks to redefine loyalty experiences by providing immersive shopping interactions that stimulate impulse purchases. Insights from behavioural economics and neuroscience will guide the development of emotionally resonant loyalty programs. Sustainability initiatives will play an increasingly pivotal role, with programs aligning closely with ethical consumerism and eco-friendly practices. Additionally, omni-channel integration will enhance accessibility, facilitating seamless participation and reward redemption across both physical and digital platforms.

13. FINDINGS

Loyalty programs boost impulse buying through rewards like points accumulation, immediate discounts, and exclusive offers, creating urgency and gratification for spontaneous purchases.

Impulse buying is driven by psychological triggers such as instant gratification, fear of missing out (FOMO), and emotional responses to incentives, which loyalty programs leverage through tailored rewards and time-sensitive promotions.

Points-based systems and discounts effectively drive impulse buying by motivating repeat purchases and encouraging spontaneous decision-making. Limited time offers also heighten consumer interest and drive impulse buying behaviors.

Demographic groups respond uniquely to loyalty programs: younger consumers prefer digital rewards and gamification, while older demographics favor discounts or personalized offers. Targeting these preferences enhances program effectiveness across diverse consumer segments.

While loyalty programs initially boost sales through impulse buying, their sustained impact lies in enhancing Customer Lifetime Value (CLV) by fostering emotional connections and habitual purchasing behaviors. Personalized rewards and ongoing engagement strategies are critical for long-term customer loyalty.

14. CONCLUSION

Loyalty programs use rewards like points, immediate discounts, and exclusive offers to trigger psychological impulses such as instant gratification, FOMO, and emotional responses. These tactics create urgency and exclusivity, driving impulse purchases. Customizing loyalty programs to demographic preferences boosts effectiveness. Younger consumers favor digital rewards and gamification, while older demographics prefer straightforward discounts or personalized offers. Segmenting programs enhances engagement across diverse consumer groups. While initially boosting impulse sales, the enduring value of loyalty programs lies in fostering long-term customer loyalty and increasing Customer Lifetime Value (CLV). Personalized rewards, ongoing engagement through notifications, and data-driven insights are crucial for sustained satisfaction and retention. Despite upfront costs, loyalty programs yield returns by boosting sales revenue, reducing turnover, and promoting brand advocacy. Metrics like incremental sales and CLV help gauge program effectiveness and guide strategy refinement. Retailers should continually refine offerings based on feedback and trends. Integration of analytics and AI can enhance program relevance and effectiveness, influencing consumer behavior. Future research could explore trends like sustainability-focused initiatives and blockchain integration, promising new ways to differentiate offerings and deepen customer relationships in retail.

CONFLICT OF INTERESTS

None.

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