The Effectiveness of Loyalty Programs in Enhancing Customer Retention at Megasaver Cabanatuan City: Basis for Marketing Plan

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STATISTICIAN'S CERTIFICATION

This to certify that the research study entitled, **"THE EFFECTIVENESS OF LOYALTY PROGRAMS IN ENHANCING CUSTOMER RETENTION AT MEGASAVER CABANATUAN CITY: BASIS FOR MARKETING PLAN"** prepared by AGUSTIN, NOEL B., BAUAT, JHOSALYN V., ESBIETO, MARK GENESIS D., AND SALAC, MARI-LEN Q, as partial fulfillment of the requirements for the Humanities and Social Sciences strand, has been subjected to statistical review by the undersigned.

ENGR. MARWELL CABALLERO
Statistician

CERTIFICATION OF ENGLISH CRITIC

I hereby declare that this research paper titled **"The Effectiveness of Loyalty Programs in Enhancing Customer Retention at Megasaver Cabanatuan City: A Basis for Marketing Plan"** has been written in accordance with academic writing standards. The language used is clear, appropriate, and relevant to the topic, ensuring that the content is easy to understand.

I confirm that I have carefully reviewed the manuscript and attest to its quality and readiness for academic publication.

MS. JOCELYN V. SANTOS

Holy Cross College**,** Teacher/ English Critic

AKCNOWLEDGEMENT

ABSTRACT

This study explores the effectiveness of the loyalty program implemented by Megasaver Cabanatuan City in strengthening customer retention. It aimed to determine how the program influences customer satisfaction, encourages repeat purchases, enhances perceived value, and builds brand loyalty. The research also sought to identify the factors that influence customer retention, including the types of rewards offered, the simplicity of earning and redeeming points, the effectiveness of communication strategies, and the level of customer trust in the brand. A quantitative method was used, involving a researcher-made questionnaire administered to 250 active loyalty program members. The data were analyzed using frequency, percentage, weighted mean, and correlation analysis. Findings revealed that the loyalty program is generally effective, especially in influencing purchase decisions and satisfaction. However, it also showed that communication strategies and the reward redemption process need improvement. Based on these insights, the researchers proposed a marketing plan focused on improving customer engagement, reward relevance, and the overall ease of using the program. The results confirm that customer loyalty programs, when properly managed and improved based on user feedback, can significantly support long-term customer relationships and business success.

Keywords: *Loyalty Program, Customer Retention, Satisfaction, Rewards, Megasaver, Marketing Plan.*

CHAPTER ONE
INTRODUCTION

> *The Problem and its Backrgound*

In today's highly competitive retail landscape, customer retention has become a fundamental priority for businesses aiming to achieve long-term sustainability and success. Retaining existing customers is significantly more cost-effective than acquiring new ones, as loyal customers contribute to a steady revenue stream and serve as brand advocates (Kotler & Keller, 2016). One of the most widely adopted strategies to foster customer loyalty and encourage repeat purchases is the implementation of loyalty programs. These programs offer various incentives, such as discounts, points-based rewards, exclusive promotions, and personalized offers, which create a sense of value and engagement for customers (Melnyk & Bijmolt, 2015). Recent studies indicate that loyalty programs not only strengthen brand commitment but also influence consumer decision-making and purchasing behavior (Dorotic et al., 2015).

Loyalty programs have evolved from traditional reward systems into more sophisticated models that leverage data-driven insights and behavioral analytics. Businesses now use customer data to develop personalized rewards, optimize incentives, and enhance user experiences (Steinhoff & Palmatier, 2016). Furthermore, research highlights that consumers tend to prefer brands that offer meaningful and well-structured rewards programs (Hollenbeck & Taylor, 2021). The effectiveness of these programs is not solely based on the incentives themselves but also on how they align with consumer needs and expectations (Lemon & Verhoef, 2016). When properly designed, loyalty programs can create emotional and rational engagement, increasing the likelihood of repeat purchases and long-term brand affiliation (Klein & Melnyk, 2016).

As a prominent retail business in Cabanatuan City, Megasaver faces intense competition from both local and national retail chains. With consumers having multiple shopping options, customer retention has become a pressing challenge. A competitive retail sector demands that businesses continuously refine their marketing strategies and customer engagement efforts to maintain a loyal customer base (Kumar & Shah, 2015). Megasaver Cabanatuan City has implemented various loyalty initiatives aimed at increasing customer retention, but their effectiveness remains an area for further assessment. A report by Nielsen (2021) suggests that consumers are more likely to engage with brands that offer loyalty programs, reinforcing the need for businesses to continuously adapt and improve their loyalty initiatives.

The growing reliance on digital technology and personalized marketing has further transformed customer expectations. Loyalty programs that offer customized rewards, digital convenience, and seamless omnichannel experiences tend to perform better than generic, one-size-fits-all models (Henderson et al., 2017). Businesses that fail to optimize their loyalty programs based on customer insights risk losing their market share to competitors that provide more appealing and data-driven incentives (Meili, 2022). Therefore, assessing how Megasaver's loyalty programs influence customer behavior, satisfaction, and purchasing patterns is crucial for developing a strategic and competitive advantage.

This study aims to evaluate the effectiveness of loyalty programs on customer retention at Megasaver Cabanatuan City. Specifically, it will investigate whether these initiatives successfully encourage repeat purchases by offering attractive and meaningful rewards, increase customer satisfaction by providing a positive shopping experience, and strengthen brand loyalty by fostering long-term customer relationships. By utilizing customer feedback, transactional data, and behavioral analysis, this research will offer valuable insights into the effectiveness of loyalty programs at Megasaver. Prior research suggests that well-structured loyalty programs enhance customer relationships, increase lifetime value, and reduce churn rates (Steinhoff & Palmatier, 2016). The study will help identify strengths and areas for improvement within the existing loyalty programs, providing actionable recommendations for refining customer engagement strategies.

The findings from this research will serve as a foundation for developing a comprehensive marketing plan for Megasaver Cabanatuan City. By optimizing its loyalty initiatives based on data-driven insights and consumer behavior analysis, the company can enhance customer relationships through targeted rewards and engagement strategies, improve retention rates by addressing customer pain points and preferences, and maintain a competitive edge by aligning loyalty programs with industry best practices. As the retail landscape continues to evolve, businesses that effectively leverage customer loyalty programs as a strategic tool will be better positioned to drive long-term growth and profitability (Henderson et al., 2017; Meili, 2022). The study's findings will not only benefit Megasaver but also provide valuable insights for other retail businesses looking to optimize their customer retention strategies

CHAPTER TWO
REVIEW OF RELATED LITERATURE

➢ *The Role of Loyalty Programs in Customer Relations*

Increased competition and the availability of ample alternative options for customers to select their superior service or product provider is a great challenge to most organizations in retaining existing customers for an extended period (Feliz & Maggi, 2019; Fritsch & Changoluisa, 2017; Winer, 2001). Loyalty programs are part of marketing strategies concerned with maintaining long-term relationships with customers to increase profitability (Ali & Ali, 2018; Kamau, 2017; Khalil et al., 2018; Rahimi, 2007), and they are widely used by both small and large organizations to help predict future improvement activities. These programs are designed to foster customer loyalty, increase customer retention, and drive repeat purchases (Schuhmann & Kwortnik, 2019). The impact of loyalty card programs on customer behavior has been extensively studied across different markets, providing valuable insights for both practitioners and researchers (Smith & Johnson, 2019).

Smith and Johnson (2021) assert that loyalty card programs generally offer customers a wide range of benefits, including discounts, the ability to accumulate points, access to exclusive promotions, personalized recommendations, and an expedited checkout process. These incentives often take the form of reward points, price reductions, special deals, or invitations to exclusive events, all strategically designed to encourage repeat business and strengthen customer retention. Furthermore, research conducted by Blazevic et al. (2016b) and Panda and Swain (2019) indicates that personalized benefits and tailored offers play a crucial role in enhancing customer satisfaction. By providing rewards that align with individual preferences, businesses can significantly increase the perceived value of their loyalty programs, fostering a stronger connection between the brand and its customers.

Jones et al. (2017) emphasize that these benefits serve as key motivators, encouraging customers to actively engage with the program, develop a deeper sense of brand loyalty, and ultimately make repeat purchases. Similarly, Yi and Jeon (2003) describe loyalty programs as structured initiatives designed to reward customers who frequently purchase from the same organization, with the primary objective of increasing overall customer satisfaction. Kivetz and Simonson (2019) further elaborate on the psychological foundations of loyalty programs, explaining that they operate on the principle of reciprocity. In this model, businesses offer valuable rewards in return for customers' continued patronage, fostering an emotional bond between the consumer and the brand. This reciprocal relationship not only enhances customer satisfaction but also strengthens long-term loyalty, ensuring sustained engagement and repeat business.

➢ *Customer Retention and Satisfaction*

A significant body of literature highlights the importance of well-structured loyalty programs in enhancing customer retention rates. Research by Ping-Lung et al. (2017) found that customers who actively engaged in a loyalty card program demonstrated significantly higher levels of satisfaction and brand loyalty compared to those who did not participate. Similarly, Bendapudi and Berry (2019) argue that fostering customer loyalty reduces the costs associated with customer acquisition while simultaneously driving long-term profitability, making loyalty programs a strategic investment for businesses. Beyond financial advantages, loyalty programs also play a crucial role in elevating customer satisfaction by providing tangible rewards, which contribute to an enhanced overall customer experience.

Smith and Sparks (2020) found a direct correlation between customer satisfaction with rewards programs and the perceived value customers assign to a brand, highlighting the impact of loyalty initiatives on brand perception. Ranabhat (2018) suggests that loyal clients are the primary source of higher revenue generation, thus enhancing business performance and focusing on building a secure connection between consumers and providers while attracting more clients to the market. Establishing a strong connection between consumers and providers fosters trust and long-term engagement, contributing to sustainable business growth. Moreover, satisfied customers are more inclined to remain loyal, thereby reducing churn rates and improving the overall quality of customer relations.

According to research conducted by Dastane and Fazlin (2017) and Jallow and Dastane (2016), various dimensions of customer satisfaction are directly linked to individual repurchase intentions. These intentions, in turn, influence critical business metrics such as cost management, revenue generation, and overall profitability. Fook and Dastane (2021) stated that formulating various loyalty programs is essential as it will have a substantial impact on customer retention. This activity will not only increase customers' success rate but will further enhance the brand image, with the company's image and reputation being essential because they contribute to the perceived value of customers.

➢ *Psychological Drivers of Loyalty*

The psychological benefits associated with loyalty programs have been extensively studied, highlighting their role in shaping consumer behavior and brand perception. Poudel (2019) suggests that brand associations play a crucial role in differentiating a company's competitive advantage within the marketplace. These associations influence consumers' attitudes, emotions, and purchasing decisions, ultimately contributing to brand loyalty. Similarly, Oliver (2020) emphasizes emotional satisfaction as a fundamental driver of customer loyalty, reinforcing the idea that consumers develop stronger brand connections when they experience positive emotions.

Additionally, Gensler et al. (2018) argue that customers perceive discounts and special offers as tangible value additions, which in turn encourage repeat purchases. The financial incentive of cost savings motivates customers to remain engaged with a brand, strengthening their long-term commitment. Beyond monetary benefits, loyalty programs often foster a sense of exclusivity and belonging among customers. This sense of inclusion enhances the emotional connection consumers feel toward a brand, increasing their likelihood of continued patronage.

Furthermore, the concept of "gamification" has emerged as a compelling mechanism within loyalty programs to enhance customer engagement. By integrating game-like elements such as earning rewards for completing specific actions or achieving milestones, companies can make the loyalty experience more interactive and enjoyable. Dube, Hitsch, and Chintagunta (2021) illustrated that incorporating gamified features into loyalty programs not only makes the process more engaging but also personalizes the consumer experience, reinforcing the emotional aspect of brand relationships. Kumar et al. (2016) further highlight the motivational aspect of point accumulation, noting that customers often view loyalty points as a pathway to obtaining valuable rewards or future discounts. The prospect of earning benefits over time serves as a psychological incentive, encouraging continued interaction with the brand. In this way, loyalty programs leverage both emotional and financial motivators to strengthen customer retention and deepen brand loyalty.

➢ *Challenges in Implementing Loyalty Programs*
Despite the numerous advantages associated with loyalty programs, research suggests that their effectiveness is not always guaranteed. Several studies highlight that, if not strategically designed and implemented, these programs can be ineffective or even counterproductive. Sharp and Sharp (2019) caution that many loyalty programs struggle with low participation rates and often fail to generate a significant impact on customer behavior. One key reason for this is that if the rewards offered are not perceived as valuable or relevant, customers may not see a compelling reason to participate.

➢ *Best Practices for Effective Loyalty Programs*
Research suggests that successful loyalty programs must be strategically designed to offer value and foster a deeper connection with customers. Chaudhuri and Holbrook (2021) emphasized the importance of personalization as a key factor in ensuring the effectiveness of loyalty programs. Personalized rewards, tailored to customers' preferences and purchasing behaviors, are more likely to resonate with individuals and increase engagement. When customers receive offers that align with their specific needs and shopping habits, they perceive the program as more relevant and beneficial, thereby strengthening their connection to the brand.
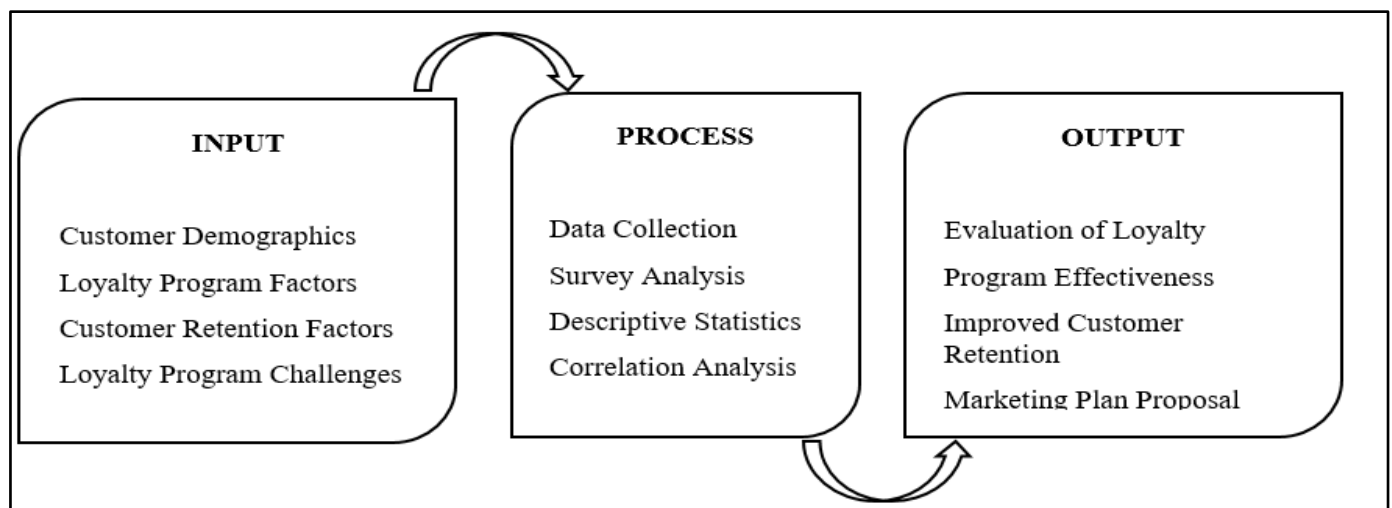
➢ *Conceptual Framework*

Fig 1 Research Paradigm

The purpose of this conceptual framework is to illustrate how various factors—such as customer demographics, loyalty program effectiveness, and customer retention drivers—impact the overall effectiveness of Megasaver Cabanatuan City's loyalty program in enhancing customer retention. This study will employ a descriptive quantitative approach using structured surveys to gather measurable data. Through statistical analysis, the findings will provide insights into customer satisfaction, purchase behavior, and brand loyalty. Ultimately, the study aims to develop a marketing plan that strengthens customer engagement, improves loyalty program strategies, and enhances retention efforts, ensuring long-term business sustainability.

➢ *Statement of the Problem*
This study aims to evaluate the effectiveness of loyalty programs in enhancing customer retention at Megasaver Cabanatuan City and determine how these programs influence customer behavior, satisfaction, and long-term engagement. The findings will serve as the basis for a marketing plan to improve customer loyalty strategies.

- *Specifically, this Study Seeks to Answer the Following Questions:*

✓ *Identify the Demographic Profile of Customers Enrolled in Megasaver's Loyalty Program in Terms of:*

- Age
- Sex
- Income Level
- Shopping Frequency
- Purchase Behavior

✓ *Assess the Effectiveness of Megasaver's Loyalty Programs in Terms of:*

- Customer Satisfaction with Rewards and Benefits
- Influence on Repeat Purchases
- Perceived Value of the Loyalty Program
- Impact on Brand Loyalty

✓ *Determine the Factors Influencing Customer Retention Through Loyalty Programs, Specifically:*

- Types of Rewards (e.g., discounts, cashback, exclusive deals)
- Ease of Earning and Redeeming Points
- Communication and Engagement Strategies
- Trust and Relationship with the Brand

✓ *Identify the Challenges and Areas for Improvement in Megasaver's Current Loyalty Program.*

✓ *Propose a Marketing Plan Based on the Study's Findings to Enhance Customer Retention through Improved Loyalty Program Strategies.*

➢ *Scope and Delimitations*
This study focuses on assessing the effectiveness of the loyalty program of Megasaver in Cabanatuan City, particularly its impact on customer retention, satisfaction, and shopping behavior. It aims to determine how loyalty rewards, exclusive promotions, and customer engagement influence customers' purchasing decisions and their continued patronage of Megasaver.

The study is limited to customers who are active members of Megasaver's loyalty program. A total of 250 respondents will be selected, ensuring that only customers who have participated in the program and have experience with its benefits and rewards are included. Non-members or shoppers who are not enrolled in the loyalty program, as well as customers who are employees of Megasaver, are excluded from the study to avoid biased responses.

Additionally, the research will only cover the Megasaver branch in Cabanatuan City and will not include other locations. The results of the study will be based on the responses of the participants at the time of data collection. Factors such as economic conditions, marketing strategies of competitors, and seasonal changes in customer behavior are beyond the scope of this study.

This research is focused on customer perceptions and experiences. It does not analyze the financial performance of Megasaver or compare its loyalty program with those of other businesses. The findings will be based on survey responses to provide insights into customer satisfaction and loyalty.

➢ *Significance of the Study*
This study is essential as it provides meaningful insights into the effectiveness of loyalty programs in enhancing customer retention, particularly in the competitive retail industry. The findings will be beneficial to various stakeholders, including business owners, marketing professionals, consumers, and future researchers.

- *For Megasaver Cabanatuan City.*
The results of this study will help Megasaver assess how well its loyalty programs are working in encouraging repeat purchases and strengthening customer relationships. By understanding customer behavior and satisfaction, the company can make data-driven decisions to improve its marketing strategies, enhance customer engagement, and increase retention rates. Ultimately, this can lead to higher customer loyalty and long-term business success.

- *For Business Owners and Marketers.*
The study will serve as a valuable resource for other retailers and marketing professionals who are looking to improve their customer loyalty initiatives. By analyzing key factors that influence customer retention, business owners can create more effective

rewards programs tailored to their customers' needs. This can help businesses gain a competitive advantage by fostering stronger relationships with their customers.

- *For Consumers.*
    Loyalty programs are designed to enhance the shopping experience by providing rewards, discounts, and other incentives. Through this study, consumers will gain a better understanding of how loyalty programs work and how they can maximize the benefits offered by retailers. Additionally, the study's findings may encourage businesses to improve their loyalty programs, ensuring that consumers receive more meaningful and valuable rewards.

- *For Future Researchers.*
    This study will contribute to the existing body of research on customer retention and loyalty programs. It can serve as a reference for future studies, particularly those exploring customer behavior, marketing strategies, and business sustainability in the retail sector. The insights gained from this study may also encourage further research on how digital advancements and consumer preferences influence the effectiveness of loyalty programs.

    By evaluating the impact of loyalty programs at Megasaver Cabanatuan City, this research aims to provide practical recommendations that can help businesses enhance their customer retention strategies. The findings will not only benefit Megasaver but also offer insights to other retailers striving to build long-term customer relationships in today's highly competitive market.

➢ *Definition of Terms*

- *Loyalty Programs*
    These are structured marketing strategies implemented by Megasaver Cabanatuan City to encourage repeat purchases by offering incentives such as discounts, reward points, and exclusive promotions.

- *Customer Retention*
    This refers to Megasaver's ability to maintain its existing customers and encourage them to continue shopping at its stores through effective loyalty programs and customer engagement strategies.

- *Customer Satisfaction*
    The level of satisfaction customers experience with Megasaver's loyalty program, based on factors such as ease of use, value of rewards, and overall shopping experience.

- *Reward Points*
    A system in which customers earn points for every purchase they make, which can later be redeemed for discounts or special offers at Megasaver.

- *Exclusive Promotions*
    Special deals or discounts that are only available to customers enrolled in Megasaver's loyalty program, aimed at encouraging continued patronage.

- *Brand Loyalty*
    The tendency of customers to prefer and repeatedly choose Megasaver over other competitors due to positive experiences with its loyalty program.

- *Marketing Strategy*
    The specific approaches used by Megasaver, including loyalty rewards and personalized offers, to attract and retain customers.

- *Transactional Data*
    The recorded purchase history and spending patterns of customers enrolled in Megasaver's loyalty program, which will be analyzed to assess its effectiveness.

- *Shopping Behavior*
    The purchasing habits and decision-making processes of customers as influenced by loyalty program incentives at Megasaver.

- *Customer Engagement*
    The level of participation and interaction of customers with Megasaver's loyalty program, including their involvement in rewards redemption and promotional activities.

CHAPTER THREE
METHODOLOGIES

➢ *Research Design*

This research will employ a quantitative research method, focusing on the collection and analysis of numerical data for the purpose of determining patterns and relationships as well as trends (Rana et al., 2021).

Descriptive-correlational research design will be employed in this research to assess the effectiveness of the loyalty program of Megasaver in Cabanatuan City. A descriptive correlational design is a research study where the researcher seeks to describe a relationship among variables, without attempting to infer causal relationship (Devi et. al. 2022).

The study will utilize a survey questionnaire as the primary data-gathering instrument. These are measured using a Likert scale to evaluate the level of customer satisfaction with various aspects of Megasaver's loyalty program. The weighted average will be used as the statistical treatment to determine the central tendency of responses, providing a more precise measure of customer perceptions and experiences. A weighted average is a type of mean that gives differing importance to the values in a dataset, (Frost, 2022).

➢ *Research Locale*

This study will be conducted at Megasaver Cabanatuan City, a well-known retail establishment that has implemented a loyalty program to enhance customer retention and satisfaction. Megasaver is a major player in the grocery and retail industry in Cabanatuan City, serving a diverse customer base with its wide range of products, competitive pricing, and promotional offers.

Cabanatuan City, known as the "Gateway to the North," is a highly urbanized city in Nueva Ecija and a major commercial hub in Central Luzon. With a growing population and a thriving economy, it has become a competitive marketplace for retail businesses. Given the increasing number of retail establishments in the area, Megasaver has introduced its loyalty program as a marketing strategy to retain customers and encourage repeat purchases.

The study focuses on Megasaver customers who are enrolled in its loyalty program, as they are the primary respondents who can provide insights into the program's effectiveness.

➢ *Respondents*

The current population consists of 709 customers of Megasaver Cabanatuan City who are enrolled in its loyalty program. From this population, a sample of 250 respondents will be selected using Simple Random Sampling, ensuring that every customer has an equal chance of being chosen. This method provides an unbiased selection process, allowing the study to gather reliable insights into how the loyalty program influences customer retention and satisfaction while minimizing potential biases in data collection. By randomly selecting participants, the study ensures that the responses accurately represent the experiences and perceptions of the entire customer base. Additionally, this approach enhances the reliability and generalizability of the findings, making them applicable to similar retail settings that implement loyalty programs.

The inclusion criteria for respondents are as follows: participants must be currently enrolled in the Megasaver loyalty program, must have made at least two purchases within the last three months, and must be non-employees of Megasaver to avoid potential biases and to ensure the validity and objectivity of the responses.

➢ *Research Instruments*

The primary instrument used in this study was survey questionnaire designed to gather data on customer demographics, perceptions of Megasaver's loyalty program, and factors influencing customer retention. The questionnaire is divided into three parts. Part I covers the respondents' demographic profile, including age, sex, income level, shopping frequency, and purchase behavior. Part II measures the effectiveness of the loyalty program in terms of customer satisfaction with rewards and benefits, influence on repeat purchases, perceived value of the program, and impact on brand loyalty. Part III assesses the factors influencing customer retention through loyalty programs, including types of rewards, ease of earning and redeeming points, communication and engagement strategies, and trust and relationship with the brand. Each sub-variable in Parts II and III contains five items rated using a four-point Likert scale.

To ensure content validity, the questionnaire was reviewed by a group of educational experts from the researcher's organization. Their recommendations were incorporated to improve the clarity, relevance, and alignment of the items with the research objectives.

To determine reliability, the Cronbach's Alpha coefficient was computed for Parts II and III of the questionnaire, resulting in a value of 0.87, indicating high internal consistency and reliability of the instrument.

➢ *Data Gathering Procedure*
Permission to conduct the study was formally requested from the management of Megasaver Cabanatuan City. Upon approval, the researcher coordinated with store personnel to distribute printed questionnaires to randomly selected loyalty members during their visit to the store.

Respondents were briefed about the purpose of the study, their voluntary participation, and the confidentiality of their responses. A brief orientation was also given to clarify any questions about the survey.

Data collection took place over a two-week period, with questionnaires administered both in-store and through google form provided to registered members. Collected data were checked for completeness before encoding for analysis.

➢ *Data Analysis Techniques*

The data collected in this study were encoded, tallied, and analyzed using appropriate statistical tools to address the research objectives. A four-point Likert scale was used to interpret the data related to customer satisfaction and the effectiveness of the loyalty program in enhancing customer retention.

Table 1 presents the scale used to interpret the responses regarding the effectiveness of Megasaver's loyalty program.

Table 1 Scale on Data Interpretation for Loyalty Program Effectiveness and Customer Retention

Scale	Mean Range	Verbal Interpretation (VI)	Verbal Description
1	1.00 - 1.75	Strongly Disagree	Not Effective
2	1.76 - 2.50	Disagree	Partially Effective
3	2.51 - 3.25	Agree	Mostly Effective
4	3.26 - 4.00	Strongly Agree	Fully Effective

➢ *Statistical Tools Used*
Frequency and Percentage. These were used to describe the demographic profile of the respondents, including age, sex, income level, shopping frequency, and purchase behavior.

Weighted Mean. This was applied to analyze the data on customer satisfaction, perceived value of the loyalty program, and brand loyalty.

Correlation Analysis. To determine the relationship between the effectiveness of the loyalty program and customer retention, correlation analysis was employee

➢ *Ethical Considerations*
The researcher strictly adhered to ethical research standards throughout the conduct of the study. A letter of consent was included in the survey form, ensuring that all participants were aware of their voluntary participation and the purpose of the research.

Confidentiality and anonymity were guaranteed. Data were used exclusively for academic purposes. Participants were given the option to withdraw from the study at any time without consequences.

Additionally, the study was conducted with respect to the privacy policy and operational guidelines of Megasaver Cabanatuan City, with no disruption to normal store activities.

CHAPTER FOUR
RESULTS AND DISCUSSION

This section presents the findings based on the data gathered from selected Megasaver customers enrolled in the loyalty program. The results are organized according to the study's research questions, highlighting customer satisfaction, retention factors, and areas for improvement. The analysis provides insights that support the development of a marketing plan to enhance customer loyalty.

➢ *Effectiveness of Loyalty Program*

To assess the effectiveness of the loyalty program, four dimensions were measured: customer satisfaction with rewards and benefits, influence on repeat purchases, perceived value of the loyalty program, and impact on brand loyalty.

Table 2 Effectiveness of Loyalty Program Regarding Customer Satisfaction with Rewards and Benefits

Indicators	Mean	Verbal Description
1. I am satisfied with the variety of rewards offered.	3.54	Strongly Agree
2. The rewards meet my shopping needs.	3.28	Strongly Agree
3. The benefits I receive are worth joining the program.	3.14	Agree
4. I am happy with the quality of the rewards.	3.32	Strongly Agree
5. The rewards encourage me to keep using the loyalty card.	3.31	Strongly Agree
Grand Mean	**3.32**	**Strongly Agree**

As shown in Table 2, the respondents were generally satisfied with the loyalty rewards, with a grand mean of 3.32, interpreted as Strongly Agree. The highest-rated indicator was satisfaction with the variety of rewards (M=3.54), indicating that customers appreciate having multiple options. The lowest was perceived value (M=3.14), though still interpreted as "Agree."

Table 3 Effectiveness of Loyalty Program Regarding Influence on Repeat Purchases

Indicators	Mean	Verbal Description
1. The loyalty program encourages me to shop more frequently.	3.34	Strongly Agree
2. I prefer shopping at Megasaver because of the loyalty program.	3.20	Agree
3. I tend to choose Megasaver over other stores due to the rewards.	3.34	Strongly Agree
4. The loyalty program affects my decision to return to the store.	3.46	Strongly Agree
5. I shop more to earn points or rewards.	3.20	Agree
Grand Mean	**3.31**	**Strongly Agree**

In Table 3, the loyalty program was found to strongly influence repeat purchases, with a grand mean of 3.31 (Strongly agree). The highest rating was for "The loyalty program affects my decision to return to the store" (M=3.46). This suggests the program plays a significant role in customer retention.

Table 4 Effectiveness of Loyalty Program Regarding Perceived Value of the Loyalty Program

Indicators	Mean	Verbal Description
1. The program adds value to my overall shopping experience.	3.24	Agree
2. I find the program beneficial to me as a regular shopper.	3.24	Agree
3. The loyalty card is a good return for my loyalty.	3.29	Strongly Agree
4. The terms of the program are clear and understandable.	3.21	Agree
5. I feel that I am saving more by being a member.	3.23	Agree
Grand Mean	**3.24**	**Agree**

Table 4 indicates that the perceived value of the loyalty program received a grand mean of 3.24, interpreted as Agree. While respondents recognize its usefulness, some see room for improvement, especially in clarifying the terms and enhancing the overall value perception.

Table 5 Effectiveness of Loyalty Program Regarding Impact on Brand Loyalty

Indicators	Mean	Verbal Description
1. I trust the Megasaver brand more because of the program.	3.10	Strongly Agree
2. I recommend Megasaver to friends because of the loyalty card.	3.27	Strongly Agree
3. I feel more connected to the brand.	3.04	Agree
4. I remain loyal to Megasaver because of its benefits.	3.17	Agree
5. I rarely consider switching to other stores.	3.23	Agree
Grand Mean	**3.16**	**Agree**

As shown in Table 5, the program's impact on brand loyalty received a grand mean of 3.16 (Agree). Although customers trust the brand and feel more connected because of the loyalty program, the results suggest a moderate level of brand attachment, indicating potential to further deepen loyalty through engagement.

Table 6 Effectiveness of Loyalty Program

Dimensions	Mean	Verbal Description
Customer Satisfaction with Rewards and Benefits	3.32	Strongly Agree
Influence on Repeat Purchases	3.31	Strongly Agree
Perceived Value of the Loyalty Program	3.24	Agree
Impact on Brand Loyalty	3.16	Strongly Agree
Overall Mean	**3.26**	Strongly Agree

Table 6 summarizes the four dimensions, with an overall mean of 3.26, interpreted as Strongly Agree, indicating that Megasaver's loyalty program is generally effective in achieving its purpose, particularly in encouraging repeat purchases and customer satisfaction.

➤ *Factors Influencing Customer Retention*
Four key factors were examined: types of rewards, ease of earning and redeeming points, communication and engagement strategies, and trust and relationship with the brand.

Table 7 Factors Influencing Customer Retention Regarding Types of Rewards

Indicators	Mean	Verbal Description
1. I prefer discounts over other types of rewards.	3.19	Agree
2. Cashback options are useful for my budget.	3.04	Agree
3. Exclusive deals make me feel valued.	3.14	Agree
4. Variety in reward types increases my satisfaction.	3.19	Agree
5. I am motivated to shop based on the kind of reward offered.	3.27	Strongly Agree
Grand Mean	**3.16**	Agree

As shown in Table 7, the types of rewards received a grand mean of 3.16 (Agree). Respondents showed a strong preference for meaningful rewards, such as discounts and exclusive deals, which motivates continued patronage.

Table 8 Factors Influencing Customer Retention Regarding Ease of Earning and Redeeming Points

Indicators	Mean	Verbal Description
1. Earning points is fast and convenient.	3.14	Agree
2. It's easy to redeem the points I've earned.	3.19	Agree
3. The system for earning points is fair.	3.10	Agree
4. The steps to redeem rewards are simple to follow.	3.13	Agree
5. I do not face problems in using the rewards.	2.95	Agree
Grand Mean	**3.10**	Agree

Table 8 indicates a grand mean of 3.10 (Agree), suggesting that while customers generally find the process manageable, there may be opportunities to simplify or make the point system more accessible.

Table 9 Factors Influencing Customer Retention Regarding Communication and Engagement Strategies

Indicators	Mean	Verbal Description
1. I am regularly informed about the loyalty program.	3.10	Agree
2. Promotions and updates are communicated clearly.	2.97	Agree
3. I receive reminders or notifications about my points or rewards.	3	Agree
4. I feel engaged through the store's campaigns and activities.	3.08	Agree
5. The program keeps me connected with the store.	3.15	Agree
Grand Mean	**3.06**	Agree

Table 9 presents a grand mean of 3.06 (Agree), revealing that communication is consistent but could be more engaging and personalized to strengthen customer connection.

Table 10 Factors Influencing Customer Retention Regarding Trust and Relationship with the Brand

Indicators	Mean	Verbal Description
1. I trust the fairness of the loyalty system.	3.16	Agree
2. Megasaver values me as a loyal customer.	3.02	Agree
3. I believe the store is transparent about its rewards.	3.04	Agree
4. The staff assist me well regarding the loyalty program.	3.27	Strongly Agree
My overall relationship with the store improved because of the program.	3.37	Strongly Agree
Grand Mean	**3.17**	Agree

According to Table 10, this dimension received the highest grand mean of 3.17 (Agree), showing that customers feel valued and supported, especially through staff assistance and the program's positive influence on their relationship with the store.

Table 11 Overall Factors Influencing Retention

Dimensions	Mean	Verbal Description
Types of Rewards	3.16	Agree
Ease of Earning and Redeeming Points	3.10	Agree
Communication and Engagement Strategies	3.06	Agree
Trust and Relationship with the Brand	3.17	Agree
Overall Mean	**3.12**	**Agree**

As summarized in Table 11, all dimensions received ratings within the "Agree" range, with an overall mean of 3.12. This indicates that these factors are influential in retaining customers, but enhancements—especially in communication and reward relevance—could boost the program's impact further.

CHAPTER FIVE
CONCLUSION

Based on the findings of this study, it can be concluded that Megasaver Cabanatuan City's loyalty program is generally effective in promoting customer satisfaction and encouraging repeat purchases. Respondents expressed favorable perceptions of the rewards and benefits offered, as well as the value they receive as loyalty members. However, the study also revealed specific areas that require improvement. Notably, the aspects of communication and engagement strategies, as well as the ease of redeeming rewards, received relatively lower ratings compared to other dimensions. These suggest that while the foundation of the program is strong, there are operational and strategic gaps that need to be addressed to sustain and improve customer loyalty. In response to these findings, a marketing plan focused on enhancing communication efforts, simplifying the point system, offering more relevant and personalized rewards, and strengthening customer-brand relationships is necessary. These improvements will not only address the current challenges but will also help Megasaver remain competitive in a growing and dynamic retail market.

Table 12 Proposed Marketing Plan to Enhance Customer Retention through Loyalty Program Strategies at Megasaver Cabanatuan City

Findings	Strategies	Key Measures
Customers are moderately satisfied with the loyalty program but show a need for improved engagement and clearer benefits.	**Enhance Communication and Awareness** – Send regular updates via SMS and email about point balances, rewards, and promotions. – Display clear in-store signage detailing loyalty program mechanics. – Train frontline staff to promote and explain loyalty benefits.	✓ Increase in customer awareness and participation rates. ✓ Improved customer understanding of point earning and redemption. ✓ Consistent promotional messaging across touchpoints.
Reward system lacks variety and higher-value options to encourage frequent purchases.	**Improve Reward Structure** – Introduce tier-based rewards (e.g., Bronze, Silver, Gold). – Offer seasonal promotions (e.g., double points month). – Collaborate with local businesses for exclusive member perks.	✓ Higher redemption rates and program engagement. ✓ More frequent customer visits during promotional periods. ✓ Increased perceived value of the loyalty program.
Customers find the point system useful but want more transparency and convenience in tracking and redemption.	**Simplify Point System** – Use visual guides explaining the process. – Enable automatic redemption options. – Provide real-time point balance visibility on receipts or customer portal.	✓ Reduced confusion about points. ✓ More redemptions at checkout. ✓ Enhanced overall customer satisfaction.
Personalized promotions and emotional connection to the brand are limited.	**Personalize Customer Experience** – Use purchase history to offer tailored discounts. – Implement birthday and milestone offers. – Collect regular feedback through surveys to enhance the program.	✓ Improved customer loyalty and retention. ✓ Higher satisfaction among long-term customers. ✓ Greater emotional attachment to the brand.
Current promotion tools are underutilized, and monitoring mechanisms are limited.	**Strengthen Promotion and Evaluation Tools** – Utilize SMS, email, and social media for campaign rollouts. – Launch loyalty app or webpage if feasible. – Track program metrics monthly and assess quarterly retention improvements.	✓ Increased reach and response to promotional campaigns. ✓ Data-driven marketing adjustments based on tracking and feedback. ✓ Continuous improvement in retention performance.

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