LOYALTY PROGRAMS: THE KEY TO GROWTH IN TOP COMPANIES OF UZBEKISTAN

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INTRODUCTION

Today loyalty programs play a significant role in attracting and retaining more customers, and driving business growth which is reflected in the increased number of sales. Customer loyalty and long-term relationship with customers can be achieved by offering rewards and discounts for them (Chen, 2024). Most leading companies in Uzbekistan like Korzinka, one of the largest supermarket chains in the country, and Safia, a well-established chain of confectioneries offers loyalty programs for their customers which have brought numerous benefits for their growth. This article focuses on the ways how loyalty programs, especially loyalty cards have enabled Korzinka and Safia to attract more customers, achieve customer engagement, loyalty and satisfaction, and revenue growth in the competitive market of Uzbekistan.

Key words: *Loyalty program, Uzbekistan, customer retention, customer loyalty, Korzinka, Safia, business growth, consumer behavior, loyalty card.*

LITERATURE REVIEW

This literature review aims to explore the role and importance of loyalty programs and how companies can benefit by implementing loyalty programs to grow the business and achieve customer retention and loyalty.

Loyalty program, also referred to as a rewards program or points program is one of the most effective tools for businesses to not only develop customer loyalty and satisfaction, but also gather information about what products are mostly appealing to customers. There are different incentives within loyalty programs including rewards, discounts, bonuses, special service and etc. (Chen, 2024).

Advantages of loyalty programs for businesses include increase in customer retention rates, revenue growth, customer satisfaction and loyalty, and increase in word-of-mouth marketing (Indeed Career Guide, 2024). Starbucks, for example, is one of the most successful companies that implemented loyalty program and experienced substantial growth. It has implemented Starbucks Rewards program which gathers stars each time a customer buys a coffee, when those stars reach a specific point, they can be used to get free drinks or other rewards (Pearson, 2020). According to Yaqub (2024), 41% of Starbucks sales come from the members of the loyalty program. In addition, there is a higher customer retention rate in Starbucks which is 44%, which is twice more compared to the average percentages in the market.

According to Vignesh Wadarajan (2024), approximately 80% of American consumers have a membership of at least one loyalty program. It says that customers who use loyalty programs of a particular brand have more probability of choosing this brand instead of competitors. 3 out of 4 members of loyalty programs bring more value to the company. 50% of customers who use loyalty cards are more likely to recommend the brand to others while customers who are more likely to purchase from the business more frequently make up 64% of all customers (Mckinsey, 2022).

Although the importance and the role of loyalty programs have been analyzed thoroughly on an international level, there is a lack of data on this area in the context of Uzbekistan. This study seeks to examine the implementation and effectiveness of loyalty programs in Uzbekistan using the example of two of the top companies, Korzinka and Safia, which have successfully implemented their loyalty cards.

METHODOLODY

In order to analyze the role and importance of loyalty cards and the ways how they drive growth in top companies of Uzbekistan, both primary and secondary methods of research were applied in the article.

Primary Research

To research the opinions and perceptions about loyalty cards and experiences of customers in Korzinka and Safia who use loyalty programs of the brands, I conducted research among the students of Millat Umidi University. In total, 80 responses were gathered from the survey, including 7 questions which were aimed to analyze the frequency of usage, what benefits offered by loyalty cards do they enjoy most and the impact of loyalty programs on their behavior.

Secondary Research

In addition to the survey, a number of articles and websites were used to research international data on the influence and significance of loyalty programs on business growth and customer loyalty. Information found on the Internet enabled me to make comparisons and access reliable and accurate data.

RESULTS

This section demonstrates the results of the survey which was conducted among Millat Umidi university students to find out about their usage and how their decisions are impacted by loyalty programs. The results focus on the responses of 80 participants.

According to the survey, respondents who answered "Yes" to the question whether they use loyalty cards of Korzinka and Safia make up 63.7% which equals to 51 participants out of 80. At the same time, the survey reveals that 36.3% respondents reported that they don't use loyalty cards of any of these brands.

Do you currently have a loyalty card of brands like Korzinka or Safia?
80 ответов

Yes
No

36,3%
63,7%
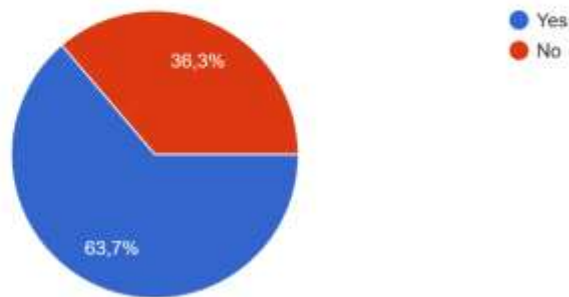
Frequency of usage

According to the results of those who own a loyalty card, 37.5% (30) participants reported that they use their loyalty cards every time they make a purchase in the shop whereas participants who use often amounted to 16.2%. On the other hand, 13.8% stated that they use their cards infrequently, while 32.5% indicated that they do not own loyalty cards. These statistics show that although there is a considerable number of users of loyalty cards, there are still opportunities to encourage more usage among the holders of loyalty cards.

How often do you use your loyalty card when shopping?
80 ответов

Every time I shop
Often
Rarely
I don't have one

32,5%
13,8%
16,2%
37,5%
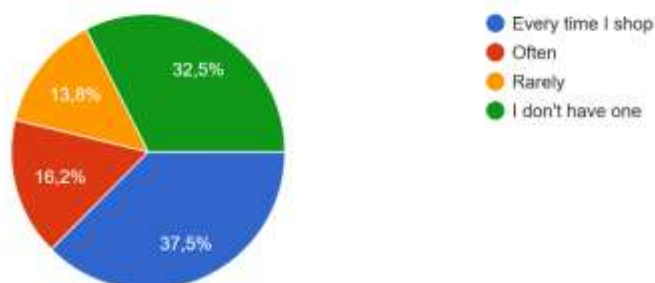
Benefits of loyalty cards

Of various benefits offered by loyalty cards to customers, 65%, to be more precise, 52 participants responded that **discounts on purchases** was the most valuable and preferred benefit for them, meaning that respondents are mostly motivated to use loyalty cards because of the fact that they can have immediate financial savings. Collecting points for rewards achieved the second highest percentage among the top preferences of customers, with 30 people choosing this option, which amounts to 37.5%. Other findings which are worthy to highlight include special offers and birthday discounts with 32.5% and 15% respondents choosing these benefits.

Purchase decisions

To the question whether loyalty programs influence the purchasing decisions of respondents, 31.3% of them reported that loyalty cards have a considerable impact on their decisions whereas 41.3% are affected slightly. However, those whose purchasing behaviors are not influenced by loyalty cards at all make up 27.5% of all respondents.

What benefits of loyalty cards are most important to you? (Choose one or more)
80 ответов
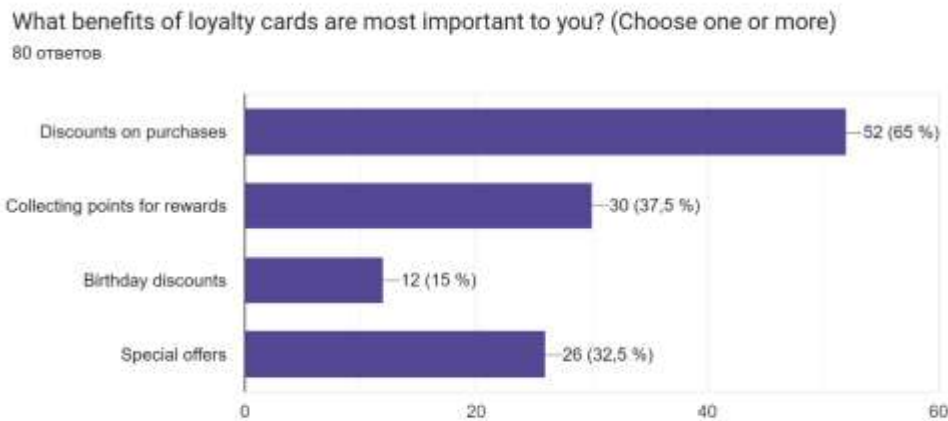
ANALYSIS

Although there is a vast amount of information on the importance of loyalty programs for both company growth and shopping experience of the customers on a global scale, there is a lack of available data in the context of Uzbekistan. Therefore, it was necessary for this article to conduct primary research, a survey, to analyze to what extent top companies like Korzinka and Safia in Uzbekistan are being influenced by loyalty programs, more precisely loyalty cards. This section of the article will analyze the findings from the local research and interpretations of the results.

The findings demonstrate that 63.7% of university students out of 80, report that they own loyalty cards of brands Korzinka and Safia, meaning that it is a positive trend in the usage among students. The positivity of this trend can be proven by the global research conducted by Statista (2023). The statistics show that in the research conducted in 2023, 7 out of 10 Americans reported that their loyalty towards their preferred brands increase with the loyalty programs they participate in. Another research shows that 79% consumers who use loyalty programs are more likely to make a repeat purchase with that brand (Morgan, 2020). Also, findings which indicate 36.3% respondents who do not own a loyalty card suggests that there is an area for improvement of the loyalty programs for those brands. According to Morgan (2020), 58% Americans would not join a loyalty program if it requires them to download an app on their phone.

When it comes to the frequency of usage among the participants of the survey, 37.5% of them reported that they use their loyalty cards every time they make a purchase in Korzinka or Safia, while 13.8% users of loyalty cards use their cards rarely, and 32.5% do not even have a loyalty card. These numbers show that lower engagement with loyalty programs may result from insufficient benefits for customers.

Loyalty program engagement can be enhanced and barriers can be eliminated using various tactics and strategies including training employees to promote loyalty programs, collaborating with influencers and so on. Taking these steps can help these brands to boost Customer Lifetime Value, enhance customer engagement, foster brand loyalty which in turn can generate more revenue for the business (Seshadri, 2024).

In addition, results demonstrate that among all the benefits offered by loyalty programs, 65% respondents chose discounts on purchases as the most preferable benefit they get. This finding corresponds well with the statistics which says 50% consumers say that discounts and rewards are the main factors for them to join loyalty programs (Morgan, 2020). Other benefits that are preferred and appreciated by customers include birthday discounts, special offers and reward points, meaning that companies should not only focus on financial offerings in their loyalty programs, but also personalized approach.

DISCUSSION

Analysis of the results of the primary research shows that loyalty programs offered by top companies of Uzbekistan, namely Korzinka and Safia, play a significant role in purchasing behavior of customers. As the survey suggests, customers who prefer tangible benefits of loyalty programs including discounts amounted to 65%, which equals to 52 respondents out of 80. This result highlights that both Korzinka and Safia should focus more on the strategies which can make loyalty programs more appealing and beneficial to customers and the company itself to achieve win-win situation. According to Weronika Masternak (2024), revenue can be increased by 15 to 25% a year by implementing a well-developed and best-performing loyalty program. This means that if Korzinka and Safia implement well-developed loyalty programs by including more appealing benefits like earning points for rewards or special offers, users of loyalty programs will increase considerably and the frequency will also rise.

If compared to international trends, local data may have a noticeable difference in terms of numbers. The research conducted by Vignesh Wadarajan (2024) highlights that 80% of Americans own at least one loyalty card of any brand while the results of Uzbekistan reveal that 63.7% answered "Yes" when asked whether they use loyalty cards of top brands like Korzinka and Safia. It is evident that although trends in Uzbekistan are not as high as international statistics, it is quite a positive result as it makes up around two-thirds of the customers.

Furthermore, local findings show that only 31.3% of the respondents are influenced a lot by loyalty programs wo make a repeat purchase from that brand again while 41.3% indicates that loyalty programs have a little impact on purchasing behavior of customers. However, this data does not align with the global finding which says that 59% of the users of loyalty programs are highly likely to purchase repeatedly from that brand again (Hure, 2024).

After analyzing and comparing both international and local trends, it is noticeable that there are still a number of opportunities for both brands to grow even better and enhance their loyalty programs to attract more customers and meet their needs. For example, personalization can be one of the best ways for Korzinka and Safia to enhance their loyalty programs. According to the purchasing habits of each individual, personalized rewards and other benefits should be offered to individual customers to make them feel more valued and enhance the value and appeal of the program itself. Apart from individual approach, those businesses can expand their benefits by adding non-financial benefits like special offers, invitations to events or birthday-related gifts or bonuses which may make customers more interested to the program.

Further Research

This research tested the hypothesis that loyalty programs drive growth which is reflected in customer retention, customer satisfaction and increased sales in top companies of Uzbekistan like Korzinka and Safia in Tashkent. The hypothesis was supported by both primary and secondary research and analysis, although it was limited to a specific are which is Tashkent and group of people who are the students of Millat Umidi university. Further study could be conducted among broader groups of customers and geographical areas to find out the customer behavior and preference in terms of loyalty programs which can contribute to considerable growth in top companies.

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