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INVESTIGATING THE EFFECT OF CUSTOMER LOYALTY ON PROFITABILITY OF A-C DRUGS, EMENE, ENUGU

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Abstract
The study was in investigating the effect of customer loyalty on the profitability of A-C Drugs Company, Enugu. The specific objectives include to: Find out how Customer purchase incentive plan has increased profitability in A-C Drugs Company, Enugu and evaluate the extent Consistency discount has increased the market share in A-C Drugs Company, Enugu. The study had a population of 60 employees drawn from Random sampling method was adopted for the study, and Sample size of forty-five (45) Staffs was used. A survey design was adopted for the study. The instrument used for data collection was the questionnaire. A total of 45 copies of the questionnaire were distributed and were returned. Four hypotheses were tested using Chi-Square (χ^2). The findings indicated that Customer purchase incentive plan has positive effect on the profitability in A-C Drugs Company, Enugu, hence χ^2(95, n = 45); = 368.164, , P < 0.05; Consistency discount has positive effect on the market share in A-C Drugs Company, Enugu, hence χ^2(95, n = 45) = 219.091, P < 0.05.; The study concluded that concluded that Customer purchase incentive plan, Consistency discount, Charge on upfront fee, Customer gift has a positive effect on the customer loyalty in A-C Drugs Company, Enugu. The study recommended that Customer purchase incentive plan should be equipped and motivated for optimum of sales and Organisations should be Consistency in a discount to enable customers to patronize the company.
***Keywords**: Customer, Loyalty, Profitability.*

1.1 Introduction

Many organizations are witnessing their Customer measures plateau and struggle to know what to do to move their Customer Experience to the next level. To address these new issues, new thinking is needed. You need to understand the intuitions that drive your Customer's Behavior at an emotional, subconscious and psychological level. Customer loyalty is the result of consistently positive emotional experience, physical attribute-based on the satisfaction and perceived value of an experience, which includes the product or services. Retaining customers is less expensive than acquiring new ones, and customer experience management is the most cost-effective way to drive customer satisfaction, customer retention and customer loyalty (Zikmund, 2015).

Not only do loyal customers ensure sales, but they are also more likely to buy ancillary, high-margin supplemental products and services. Loyal customers reduce costs associated with consumer education and marketing, especially when they become Net Promoters for your organization. Given the highly discommoded competitive landscape today, customer experience programs are the most effective way to differentiate your organization from the competition. Such differentiation effectively drives loyalty when customers are engaged on an emotional, intellectual, or even spiritual level, and when a customer cherishes a product or service before, during and after its use. A well-designed customer experience triggers emotions that have a positive effect on customer retention and customer loyalty. Effectively, a great experience transcends the rational/physical attributes of the natural product (quality, price, delivery, quantity) – or the "what" – and becomes part of the product itself. The irony is that right now your customers are feeling emotions with your customer experience; the issue is that you have no control over them and they are not deliberate. To retain customers and create loyalty you must design an emotionally engaging experience (Shaw and Hamilton 2016).

Regarding customer loyalty, customer experience management proves itself as a sustainable competitive advantage. Customer relationship management (CRM) is the basis on the idea that developing a relationship with customers is the most excellent way to find them to become loyal and that loyal customers are more profitable than non-loyal customers. The objectives of CRM are to enhance profitability, income, and customer satisfaction. To attain CRM, a companywide set of tools, technologies, and procedures support the connotation with the customer to enhance sales. Therefore, CRM is mainly a strategic business and process issue rather than a technical issue (Dowling, 2016). In a competitive marketplace, a business owner must learn to achieve a satisfactory level of profitability. Increasing profitability involves determining which areas of a financial strategy are working and which ones need improvement. Understanding the key factors determining profitability assists managers in developing an effective profitability strategy for their company (Janet, 2014).

The significance of customer satisfaction cannot be dismissed while happy customers are like free advertising. It is necessary to put the customer at the center of the business according to its strategies, events, and processes. It is more comfortable and more profitable to sell to presented customers than to find new ones. Organizations are ever more setting themselves strategies to determine and make sure customer retention, and charging their employees to be more customer-focused and service-oriented (Mohsan, 2013). Now, not only the organizations aim to satisfy the customers, but they attempt to do this more efficiently and effectively than the other rivals in a competitive marketplace to attain their goals (Kotler and Armstrong, 2017).

The most essential goal that companies follow up is to maintain customer loyal to the firm, so they more focus on customer-centric approach in their organizational and marketing strategies (Jain and Singh, 2016). Bowen and Chen (2013) said that having satisfied customers is not sufficient; there have to be delighted customers. This is because customer satisfaction has to direct to customer loyalty. Sivadas and Baker-Prewitt (2015) said: "there is a rising recognition that the last objective of customer satisfaction measurement should be customer loyalty." Many organizations merely categorize customer satisfaction measurement as a type of "marketing intelligence" instead of using it as a management tool to build the customer into their quality enhancement processes and increase profit. As a result, companies often know the cost of providing excellent service, but they seldom see the value of offering lousy service (Linnell, 2016).

Coming to the civilized world of the 21st century, we see Generals in the form of marketers struggling to defend or capture market share with the help of a loyal customer base. Customer loyalty has been universally recognized as a valuable asset in competitive markets (Srivastava, Shervani, & Fahey, 2014). Investments in loyalty management are especially crucial if consumers face low switching costs because they are not locked in by a contract (Shapiro & Vivian, 2016). The concept of customer loyalty has pervaded several industries in the past decade (Lewis, 2017). Membership in customer loyalty initiatives provides members with rewards and additional value, making it favorite among consumers (Liebermann, 2013). This has led to an increasingly competitive landscape with various companies within the same retailing industry vying with one another to woo the same set of customers.

Consequently, consumers often enroll in loyalty programs of multiple companies within the same industry. For example, it is commonplace to expect consumers to carry loyalty 'club cards' from numerous grocery stores. There is also a growing tendency amongst companies to launch a loyalty program as a defensive marketing strategy (Dawkins & Reichheld, 2013) rather than a great thought out CRM initiative. This may be the reason why there is a glut of similar-sounding loyalty programs. In the absence of any clear differentiation or unique value proposition, companies often squander valuable marketing resources attempting to build loyalty that may or may not result in a profitable outcome (Reinartz & Kumar, 2015).

1.2 Statement of the Problem

Organizations in Nigeria have not too long ago faced a turbulent period which arose from the global economic slowdown and the rot discovered in the sector. Customer loyalty and profitability management recognizes that improved business results occur as a result of understanding both drivers of revenue and drivers of the actual cost that create economic profit. Most of the times many brands seem to forget that there's been a shift in power from the boardroom to the customer, looking to see what other work best for them.

The days of customers staying loyal to companies for extended periods are numbered. The number of trust consumers put in brands is decreasing all the time, and a typical consumer will now switch brands without delay if they get a better offer. The famous rule of 20% of customers accounting for 80% of the turnover has turned into more like 60/40 rule (40% of the customers generate 60% of the turnover) and it is slowly evolving towards a 50/50 rule where loyal and disloyal customers make the same amount of income. This behavioral shift is putting some fundamental, established marketing tactics in doubt, this result in a low volume of sales and decreased earnings per share, most organizations have no loyalty program in place.

The reality of today's society, however, means that businesses need to do look into customer loyalty – if a company is going to survive, it will not only have to work more efficiently but also offer some unique to add value for their customers.

1.3 Objectives of the Study

The primary objective of the study was in investigating the effect of customer loyalty on the profitability of A-C Drugs Company, Enugu. The specific goals include to:

i. Find out how Customer purchase incentive plan has increased profitability in A-C Drugs Company, Enugu.

ii. Evaluate the extent Consistency discount has increased the market share in A-C Drugs Company, Enugu.

1.4 Research Question

i. How does Customer purchase incentive plan increase profitability in A-C Drugs Company, Enugu?

ii. To what extent has Consistency discount increased the market share in A-C Drugs Company, Enugu?

1.5 Research Hypotheses

The following hypotheses guided the study;

i. Customer purchase incentive plan has no positive effect on profitability in A-C Drugs Company, Enugu.

ii. Consistency discount has no positive effect on the market share in A-C Drugs Company, Enugu.

2.0 Review of Related Literature

2.1 Conceptual Framework

2.1.1 Concept of Customer Loyalty

Customer loyalty can be said to have occurred if people choose to use a particular shop or buy one specific product, rather than use other shops or buy products made by other companies. Customers exhibit customer loyalty when they consistently purchase a particular product or brand over an extended period. As an example, many customers stick to a specific operator of travel due to the positive experiences they have had with their goods and services. Customer loyalty is the critical objective of customer relationship management and describes the commitment which is established between a customer and companies, persons, products or brands. The personal market segments should be targeted regarding developing customer loyalty Zena, and Hadisumarto, 2013).

Many Apple customers show absolute loyalty to Apple and even dislike competing products. Apple fans identify with its famous brand and love its integrated and smart solutions, sleek design and excellent product quality. These customers seem to increasingly live in an "Apple-world," where they tightly integrate the use of several Apple products such as their MacBook, iPod, iPhone, and iPad). They constantly download and buy software, apps, songs, and e-books from Apple's Store and iTunes. These customers have a deeply held commitment to re-buy and re-patronize Apple products and services consistently in the future, and at all costs despite the intense marketing efforts of competitors (Oliver, 2017).

2.1.2 Concept of Profitability

Profitability means the ability to make a profit from all the business activities of an organization, company, firm, or an enterprise. It shows how efficiently the management can make a profit by using all the resources available in the market. Profitability is the 'the ability of a given investment to earn a return from its use (Harward & Upto, 2014). However, the term 'Profitability' is not synonymous with the term 'Efficiency.' Profitability is an index of efficiency and is regarded as a measure of ability and management guide to higher productivity. Though profitability is an essential yardstick for measuring the energy, the extent of profitability cannot be taken as a final proof of effectiveness. Sometimes satisfactory profits can mark inefficiency and conversely, an absence of benefit can accompany a proper degree of efficiency. The net profit figure reveals an adequate balance between the values receive and value given. The change in operational efficiency is merely one of the factors on which profitability of an enterprise largely depends. Moreover, there are many other factors besides ability, which affect the profitability. (Prasanna Chandra, 2016).

A successful organization is one that generates more money than it expands. Profitable organizations are businesses that use a variety of tactics to make a profit. Companies may use different managerial styles and leadership approaches to increase employee motivation and satisfaction, which has been shown to increase worker productivity. Calculating return on investment (ROI) will help businesses determine whether they are generating a profit. For-profit organizations are in operation to make capital and are specifically referred to as businesses. An organization might employ various strategies for creating an advantage. If a clothing business spends less money on stocking merchandise than it receives selling merchandise, this is considered profitable (Bradely, 2016).

2.1.3 Customer purchase incentive plan increases firm's profitability

Buchanan and Gilles (2013), asserts that the increased profitability associated with customer retention efforts occurs because The cost of acquisition occurs only at the beginning of a relationship: the longer the link, the lower the amortized cost; Account maintenance costs decline as a percentage of total costs (or as a percentage of revenue); Long-term customers tend to be less inclined to switch and also manage to be less price sensitive. This can result in stable unit sales volume and increases in sales volume; Long-term customers may initiate free word of mouth promotions and referrals. Long-term customers are likely to buy ancillary products and high-margin supplemental products. Long-term customers tend to be satisfied with their relationship with the company and are less likely to switch to competitors, making market entry or competitors' market share gains difficult. Regular customers tend to be less expensive to service because they are familiar with the processes involved, require less "education," and are consistent in their order placement. Increased customer retention and loyalty makes the employees' jobs more comfortable and more satisfying. In turn, happy employees feedback into higher customer satisfaction in a virtuous circle.

2.1.4 Consistent branding and the market share

Most businesses understand the significance of consistent branding. Sometimes, a branding method doesn't work and needs to be abandoned. Most branding strategies will be sufficient if used long-term. But the way you rate your products affects your brand a lot more than you would expect. One of the concerns about doing business in a recession is that companies feel they must change their marketing strategy to survive. They decide to compete on low prices rather than quality. These efforts rarely work long-term. Worse, after the recession is over, they may have permanently damaged their status (Carpenter, Rashi, and Kent, 2016). Businesses that lower their prices and change their marketing campaign create some problems for themselves, such as:

Lower profit margins. Reducing your price point will make it more challenging to meet your expenses. As competing companies engage in pricing wars, they may quickly find themselves unable to create a sustainable cash flow. Ultimately, they face stagnancy or bankruptcy.

Reputation for poor quality. Your success depends on your status. When you lower your prices, you give customers the believe that you offer an inferior product at a lower price. Psychologically, customers find a link between quality and price. Customers may be confused about what your new business model is and what you intend to offer them.

Long-term brand changes. Changing your marketing practices in the middle of a recession can permanently change the way your customers view your company. Most industries think they can drastically lower their prices during a recession and raise them again after the economy recovers. After the recession stopped, customers will have permanently changed their believe of your products. Once they are used to paying $10 for a product, they will have a hard time thinking it is worth $30 again. You can't just expect your customers to go back in paying the same price you charged them before the recession.

Lowering your prices during recession may seem like a good idea. However, it can be a dangerous practice to engage in. You are better off providing high-quality products and services. Throughout the economic downturn in 2008, customers consistently said they were still willing to pay fair prices for high-quality products (Brown, and Gregory 2013). A stable pricing strategy serves better in building customer loyalty, rather than occasional discounts (Wathieu, and Marco, 2017). Consistency in prices yearlong helps build customer confidence in a retailer's products, which strengthens its position in the market. On the flip side, inconsistency in prices causes friction between retailers and buyers, negatively impacting their loyalty towards a particular company. The market is highly saturated and competitive, and ultimately pricing becomes the primary differentiating factor between comparable companies. Apart from offering discounts, retailers try to push full-priced sales of better fashion inventory where ever possible. Hence, they are never really consistent in their pricing. The only means they can maintain consistency in prices is by targeting a whole other market segment with luxury products and premium prices (Abi, 2017).

2.1.5 Great services to the customers and its effect on the volume of sales

In a marketplace where there may be many other organizations offering broadly similar products and services, you can use the quality of your customer service to stand out. It doesn't just affect the way people feel; it changes the way people spend. Excellent customer service affects the bottom line in four main ways: through attraction, customers come to you because of your reputation; through retention, customers stay with you; through enrichment, customers buy more; and, through advocacy customers recommend you to others. It’s essential that you know what your customers think about the standards of service you provide (Goofin and Price 2016).

Customer service is one of the organizational processes which firms perform considering the growing competition and for attracting entrepreneurial opportunities for increasing profitability and better access to the market and improving the customer satisfaction and loyalty level (Calif, 2017). Customer service has importance because it ends in increasing product quality, gaining competitive advantage, gaining profitable opportunities, and as a result of increasing sales and income. As we can observe from the following figure, excellent quality of customer services is based upon not just the knowledge and skills of the individual but also upon the way that the organization as a whole, from upwards management downwards, pulls in the same direction and presents a clear, positive message to customers (Newby & McManus 2014).

The domain of the activities related to customer service is wide. Tour and Kumar (2013) have mentioned duties and functions of this section in the form of installation and startup services, training, maintain and repair, documentation, providing logistic and spare parts, improving products, software services, warranty and call center service. Recognition of profitable opportunities is considered to present electronic customer service in this industry with developing communicational infrastructure and development of utilization of technology in car manufacturing companies. Services which are offered by car manufacturing industry today are informational, training, communicational, leasing, repairing and maintenance services, and also by innovational services (considering data mining functions) (Khaksar 2015).

2.2 Theoretical Framework

The loyalty business theory guided the study;

2.2.1 The loyalty business theory

The loyalty business model is a business model used in strategic management in which company resources are employed to increase the loyalty of customers and other stakeholders in the expectation that corporate objectives will be met or surpassed. A typical example of this type of model is: quality of product and service leads to customer satisfaction, which leads to **customer loyalty**, which leads to profitability. The customer loyalty theory, based on the consideration of some shifting demographics, was developed over years of research studying the habits of consumers. The method attempts to define what drives loyalty in customers and can represent a useful tool for gaining and retaining your hard-won patrons. Business owners who witness repeat customers know on an intuitive level that customer loyalty is an invaluable commodity. Incorporating the precepts of the customer loyalty theory into daily dealings can influence the creation of more business. Customer loyalty is determined by three factors: relationship strength, perceived alternatives, and critical episodes. The relationship can terminate if: the customer moves away from the company's service area; the customer no longer has a need for the company's products or services; more suitable alternative providers become available; the relationship strength has weakened; the company handles a specific episode poorly, and unexplainable change of price of the service provided. The conclusive link in the model is the effect of customer loyalty on profitability. The fundamental assumption of all the loyalty models is that keeping existing customers is less expensive than acquiring fresh ones. It is claimed by Reichheld and Sasser (1990) that a 5% improvement in customer retention can cause an increase in profitability between 25% and 85% (regarding net present value) depending upon the industry.

2.3 **Empirical Review**

Akinyele, Adegbuyi, and Ogbari, (2013) examined service quality and customer satisfaction in the Nigerian banking sector. The purpose of the study is to show precisely how customer satisfaction can be enhanced through an efficient service quality delivery. The data required for this study was gathered through the instrument of the questionnaire, and personal interview. One hundred (100) copies of surveys were administered out of which ninety (90) copies were retrieved and collated for the analysis. To achieve the objectives of the study, four hypotheses were formulated from the structure of research questions. Correlation coefficient and regression were used for testing these hypotheses. The result shows a significant relationship between tangibility of service and better distribution practice. The study reveals that service quality has a decisive role to play in customer satisfaction. Based on these findings customer satisfaction is likely to come from improvements in service quality, service features, and customer complaint handling, there is a relationship between service delivery and customer satisfaction. The study recommends that: (i) the organization should embark on practical training and development skills that can help employees deliver prompt service to customer, (ii) many products should be designed to measure service quality and customer satisfaction, and also to improve good customer service (iii) bank should continue to use the means of maintaining customer loyalty and to increase its customer through various advertisement and promotion. (iv) Banks should have insight on how to offer prompt service, manage customers delay, also employs and manages new banking technologies.

Harley, Sampson, and Joseph, (2014), studied the impact of various elements of customer services adopted by some Nigerians banks to improve bank profitability in the Nigerian banking industry. It examines the low profit and how each of the customer service elements chosen by the banks in South East has impacted on the bank's profitability and the level of impact of each of them. The study applies a purely quantitative analysis using five big South East Nigerian banks as a case study within a framework called the Queuing technique. Queuing Analysis revealed that the average time a bank customer spends waiting in the queue to carry out banking transaction has a linear relationship with the bank profitability. After the 2004 Nigerian banks consolidation and the recent failure of banks, leads to the survey that examines the effectiveness of customer service on banks profitability. They found out that poor customer service management in banks may reduce banks profitability and thus may cause bank financial distress. However, the study also establishes that there is an inverse relationship between banks customer's services and profitability in Nigeria banks.

Sima, Elham, (2015) carried out a study on the impact of Customer Loyalty Programs on Customer Retention in Petra, Jordan. The aim of this study is to obtain a deep understanding of the effects of customer loyalty programs on customer retention. The study was applied to Jordanian customers. sTo achieve the objective of the study, a survey was conducted to collect information from the sample. In total (350) questionnaires were distributed randomly to Jordanian customers who could be reached by the researchers and were contacted by friends, relatives, students and local malls. The participants had different social, educational, and occupational backgrounds. The response rate was (81.14%) percent. The findings clearly show: there is significant evidence of the effect of all loyalty programs on building and maintaining customer retention. The considerable impact was for Tier system reward followed by Up-front charge fee for VIP benefits and then point system, the weakest result was for Non-monetary programs.

Asghar, Mohammad, Seyed, (2016) conducted a study on the Effects of Customer Service and Product Quality on Customer Satisfaction and Loyalty in Pune, India. In this research, the study sought to address the following questions that are becoming increasingly important to managers in automotive industries: is there a relationship between customer service and product quality with customer satisfaction and loyalty in the context of the Indian automotive sector? If yes, how is the relationship between these four variables? The automotive industry in India is one of the largest in the world and one of the fast growing globally. Customer satisfaction and loyalty are the most critical factors that affect the automotive industry.

On the other hand, Customer service can be considered as a natural element of industrial products. Customer service quality, product quality, customer satisfaction and loyalty can be measured at different stages, for example, at the beginning of the purchase, and one or two years after purchase. The population of the study is all of the Tata Indica car owners in Pune. Hypotheses of the study were analyzed using regression and ANOVA. Results of the study show that there is a high positive correlation between the constructs of customer service and product quality with customer satisfaction and loyalty.

Ajdanai and Dissatat, (2016) conducted a study on the effects of service quality and customer satisfaction on customer loyalty: a case of Thai Mobile Network Industry, Thailand. The study proposed a conceptual framework to examine the effects of service quality and customer satisfaction on customer loyalty. To test and prove the conceptual framework, field research was conducted. The questionnaire was designed based on existing constructs in the relevant literature. The research target sample consisted of 401 Bangkok-based customers of Thai primary mobile service providers, AIS, DTAC, and Truemove. Reliability tests and statistical analyses were performed to confirm the validity and reliability of the data. Besides, these tests and studies answered the questions concerning this research. The results of the research indicate that of all factors regarding service quality dimension, only the customer service factor is significant to customer satisfaction. The other factors are insignificant to the satisfaction of the customers.

Meanwhile, customer satisfaction is positively significant to customer loyalty. It is considered very essential for mobile service providers operating in a very competitive market such as in Thailand to learn and realize what the exact drivers of customer loyalty are. The research produced useful and beneficial findings which can be adapted by mobile service providers in an attempt to build up and develop successful and sustainable customer loyalty strategies and competitive advantages.

Ahmed, Ahmad, & Jan, (2017) researched to investigate the impact of service quality on customer satisfaction and customer loyalty: An empirical study on Islamic banks in Bahrain. Hence the objectives of this study were to examine the impact of service quality on customer satisfaction and customer loyalty. The present research acknowledged the achievement of customer satisfaction and customer loyalty through the measurement of service quality and to provide recommendations for developing a useful Islamic banking service quality. Therefore, any research effort undertaken to enhance the service quality of the Islamic Banks in Bahrain should be considered as an essential attempt to contribute to and support the Islamic banking institution significantly. A population of 101, a sample size of 85 was drawn from the community using Taro Yamane formula. The Chi-square (x^2) was used to analyze the data. The findings include: there is a positive influence of right listening ear to customers, there is a positive relationship between service of the highly skilled staff and generation of incomes, there is a positive relationship between keep service promises and providing courteous through added value. Their positive relationship between effective communication with clients and sales of the organization. The study recommends that there is need to need to continually research the taste of customers to develop corresponding products to suit these tastes.

3.0 Methodology

The study was investigating the effect of customer loyalty on the profitability of A-C Drugs Enugu, Enugu State, Nigeria. The survey method of co-relational design research was used. A total population of the study consists of 60 staff from the following Departments: security, Human Resources, FSED, accounting, production, and maintenance. The random sampling method was adopted for this study. A sample size of forty-five (45) Staff was used. The primary sources were a personal interview and the administration of a questionnaire to the management and staff of the banks. The data collected from the questionnaire were presented in, and the hypotheses were tested using an F-statistic tool (ANOVA).

4.0 Data presentation and Analysis

4.1 Data Presentation

Table 4. 1 .1 Response on the statement Customer purchase incentive plan has increased profitability

		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly agree	15	33.3	33.3	33.3
	Agree	9	20.0	20.0	53.3
	Neutral	9	20.0	20.0	73.3
	Disagree	5	11.1	11.1	84.4
	Strongly disagree	7	15.6	15.6	100.0
	Total	45	100.0	100.0	

From the table 4.2.1, it was observed that 15 respondents out of 45 representing 33.3 percent strongly agree and nine respondents (20.0 percent) agree that Customer purchase incentive plan increases the profitability of the company. 9 representing (20 percentages) were neutral; five respondents (11.1 percent) disagree while seven respondents (15.6 percent) strongly disagree

Table 4.1.2 Response on the statement the extent consistency discount has increased the market share.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	7	15.6	15.6	15.6
	Agree	18	40.0	40.0	55.6
	Neutral	7	15.6	15.6	71.1
	Disagree	7	15.6	15.6	86.7
	Strongly disagree	6	13.3	13.3	100.0
	Total	45	100.0	100.0	

From the table 4.3 1, it was observed that 7 respondents out of 45 representing 15.6 percent strongly agree and 18 respondents (40.0 percent) agree that the consistency discount increases the market share. 7 representing (15.5 percentages) were neutral, 7 respondents (15.6 percent) disagree while 6 respondents (13.3 percent) strongly disagree.

4.2 Test of Hypotheses

Hypothesis One

Customer purchase incentive plan has no positive effect on the profitability in Company.

Table 4.2.1

Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.987[a]	.974	.971	.21619

a. Predictors: (Constant), MOH, MOC, TIE, TIO.

Table 4.2.2

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	68.830	4	17.208	368.164	.000[b]
	Residual	1.870	40	.047		
	Total	70.700	44			

a. Dependent Variable: CPIP

b. Predictors: (Constant), MOH, MOC, TIE, TIO.

Table 4.2.3

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.216	.096		2.242	.031
	MOH	.302	.048	.345	6.281	.000
	MOC	.254	.052	.261	4.892	.000
	TIE	.408	.033	.501	12.542	.000
	TIO	-.013	.054	-.013	-.243	.809

a. Dependent Variable: CPIP

Where

CPIP **=** Customer purchase incentive plan has increased profitability**.**

MOH = My organisation, has a loyalty program which enhances its income

MOC = My organisation, has a coupon which increases the volume of sales

TIE = There is exchange reward for voluntary participation in loyalty program card.

TIO = There is an offering of participating customers something that is not available to non -participating customers.

Statistical criteria {first order test}

The coefficient of multiple determinants {r^2}

The R^2 {R-Squared} which measures the overall goodness of fit of the complete regression, shows the value as .974 and adjusted to .971. This means that R^2 accounts for 97.4 percent approximately 97 percent. This indicates that the independent variables account for about 97 percent of the variation in the dependent variable. Which shows the goodness of fit?

The student's t-test

The test is carried out, to check for the particular significance of the variables. Statistically, the t-statistics of the variables under consideration is interpreted based on the following statement of the hypothesis.

H_0: The individual parameters are not significant.

H_1: The individual parameters are significant.

Decision Rule

If t-calculated > t-tabulated, we reject the null hypothesis {H_0} and accept the alternative hypothesis {H_1}, and if otherwise, we select the null hypothesis {H_0} and reject the alternative hypothesis {H_1}.

Level of significance = α at 5percent = $\frac{0.05}{2}$ = 0.025

Degree of freedom: n-k
Where n: sample size.
K: Number of the parameter.
45-4 = 41 = 2.326

The calculated value for the t-test:

Table 4.2.4 The t-test is summarized in the table below

Variables	t-cal	t-tab	Remark
(Constant)	2.242	± 2.326	Significant
OSH	6.281	± 2.326	Significant
OMS	4.892	± 2.326	Significant
ITE	12.542	± 2.326	Significant
TIR	-.243	± 2.326	Insignificant

The t-statistics are used to test for personal significance of the estimated parameters. From the table above, we can infer that the following parameters were statistically significant, we now agree that the organisation has a loyalty program which enhances its income; the organisation has coupon which increases volume of sales, and there is exchange reward for voluntary participation in loyalty program card while there is offering of participating customers something that is not available to non-participating customers was insignificant.

F-statistics (ANOVA)

The F-statistics is used to test for simultaneous importance of all the estimated parameters.
The hypothesis is stated;
H_0: $\beta_1 = \beta_2 = \beta_3 = \beta_4$
H_1: $\beta_1 \neq \beta_2 \neq \beta 3 \neq \beta_4$
Level of significance: α at 5 percent
Degree of freedom: $\frac{N-1}{N-K} = \frac{4-1}{45-3} =$ (41, 3) = 2.7858

Decision Rule

If the f-calculated is greater than the f-tabulated {f-cal,> f-tab} reject the null hypothesis {H0} that the overall estimate is not significant and if otherwise conclude that the overall estimate is statistically significant.

Decision

From the result, f-calculated {368.164} is greater than the f-tabulated {2.7858}, that is, f-cal > f-tab. Hence, we reject the null hypothesis {H_0} and accept alternate hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that there is Customer purchase incentive plan has a positive effect on the profitability in A-C Drugs Company.

4.3 Hypothesis Two

Consistency discount has no positive effect on the market share in A-C Drugs Company.

Hypothesis Two

Table 4.3.1

Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.978[a]	.956	.952	.21803

a. Predictors: (Constant), MOP, MOT, MOL, DOV

Table 4.3.2

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	41.660	4	10.415	219.091	.000[b]
	Residual	1.901	40	.048		
	Total	43.561	44			

a. Dependent Variable: TXCD

b. Predictors: (Constant), MOP, MOT, MOL, DOV

Table 4.3.3

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.199	.118		1.680	.101
	MOP	.422	.032	.574	13.007	.000
	MOT	.215	.041	.265	5.191	.000
	MOL	.283	.040	.365	7.062	.000
	DOV	.015	.031	.422	4.476	.000

a. Dependent Variable: TXCD

Where:

TXCD = The extent consistency discount has increased the market share.

MOP = My organization has a product discount that encourages more customer to come.

MOT = My Organisation has points towards customers who purchase more.

MOL = My organization offer low free service if the number of purchase reaches a specific limit.

DOV = Discount overtime on volume of goods increases my organization market share.

Statistical criteria {first order test}

The coefficient of multiple determinants {r^2}

The R^2 {R-Squared} which measures the overall goodness of fit of the complete regression, shows the value as .956 and adjusted to .952. This means that R^2 accounts for 95.6 percent approximately 96 percent. This indicates that the independent variables account for about 99.8 percent of the variation in the dependent variable. Which shows the goodness of fit?

The student's t-test

The test is carried out, to check for the personal significance of the variables. Statistically, the t-statistics of the variables under consideration is interpreted based on the following statement of the hypothesis.

H_0: The individual parameters are not significant.

H_1: The individual parameters are significant.

Decision Rule

If t-calculated > t-tabulated, we reject the null hypothesis {H_0} and accept the alternative hypothesis {H_1}, and if otherwise, we select the null hypothesis {H_0} and reject the alternative hypothesis {H_1}.

Level of significance = α at 5percent = $\frac{0.05}{2}$ = 0.025

Degree of freedom: n-k
Where n: sample size.
K: Number of the parameter.
45 - 4 = 41 = 2.326

The calculated value for the t-test

Table 4.3.4 The t-test is summarized in the table below

Variables	**t-cal**	**t-tab**	**Remark**
(Constant)	1.680	± 2.326	Significant
MOP	13.007	± 2.326	Significant
MOT	5.191	± 2.326	Significant
MOL	7.062	± 2.326	Significant
DOV	4.476	± 2.326	Significant

The t-statistics are used to test for particular significance of the estimated parameters. From the table above, we can infer that the following parameters were statistically significant, we now agree that my organisation has product discount that encourages more customer to come; my Organisation has points towards customers who purchase more, and my organisation offer low free service if the number of purchase reaches a specific limit and Discount overtime on volume of goods increases my organisation market share.

F-statistics (ANOVA)

The F-statistics is used to test for simultaneous significance of all the estimated parameters.
The hypothesis is stated;
H_0: $\beta_1 = \beta_2 = \beta_3 = \beta_4$
H_1: $\beta_1 \neq \beta_2 \neq \beta_3 \neq \beta_4$
Level of significance: α at 5 percent
Degree of freedom: $\frac{N-1}{N-K} = \frac{4-1}{45-3} =$ (42, 3) = 2.7858

Decision Rule

If the f-calculated is greater than the f-tabulated {f-cal,> f-tab} reject the null hypothesis {H0} that the overall estimate is not significant and if otherwise conclude that the overall estimate is statistically significant.

Decision

From the result, f-calculated {219.091} is greater than the f-tabulated {2.7858}, that is, f-cal > f-tab. Hence, we reject the null hypothesis {H_0} and accept alternate hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that Consistency discount has no positive effect on the market share in A-C Drugs Company

4.4 Discussion of Findings

4.4.1 Customer purchase incentive plan has no positive effect on the profitability in A-C Drug Company

In hypothesis one, it was observed that from the result, f-calculated {368.164} is greater than the f-tabulated {2.7858}, that is, f-cal > f-tab. Hence, we reject the null hypothesis {H_0} and accept alternate hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that there is Customer purchase incentive plan has a positive effect on the profitability in A-C Drugs Company. Sima,(2015) supported the result from the literature review that a deep understanding of the impact of customer loyalty programs on customer retention and there is the significant effect that loyalty programs: point system, tier system reward, charge an upfront fee for VIP benefits and non-monetary programs, were factors for customer retention.

4.4.2 Consistency discount has no positive effect on the market share in A-C Drug Company

From the hypothesis two, it was observed that from the result, f-calculated {219.091} is greater than the f-tabulated {2.7858}, that is, f-cal > f-tab. Hence, we reject the null hypothesis {H_0} and accept alternate hypothesis which means that the overall estimate has a good fit which also implies that our independent variables are simultaneously significant. We now conclude from the analysis that Consistency discount has no positive effect on the market share in A-C Drugs Company. In support of the above result, the following assertion was made in the literature review, Consistency in prices yearlong helps build customer confidence in a retailer's products, which strengthens its position in the market. On the flip side, inconsistency in prices causes friction between retailers and buyers, negatively impacting their loyalty towards a particular company. The market is highly saturated and competitive, and ultimately pricing becomes the primary differentiating factor between comparable companies. Apart from offering discounts, retailers try to push full-priced sales of better fashion inventory where ever possible. Hence, they are never really consistent in their pricing. The only way they can maintain constancy in prices is by targeting a whole other market segment with luxury products and premium prices (Abi, 2017).

5.2 Conclusion

The study concluded that Customer purchase incentive plan, Consistency discount, Charge on upfront fee, Customer gift has a positive effect on the customer loyalty in A-C Drugs Company. Customer loyalty is the result of consistently positive emotional experience, physical attribute-based satisfaction and perceived value of an experience, which includes the product or services. Retaining customers is less expensive than acquiring new ones, and customer experience management is the most cost-effective way to drive customer satisfaction, customer retention, and customer loyalty.

5.3 Recommendations

Based on the findings of the study, the following recommendations are made of cost control and its effectiveness, on the course of study, we discovered it is essential.

i. Customer purchase incentive plan should be equipped and motivated for optimum of sales.

ii. Organizations should be Consistency in a discount to enable customers to patronize the company

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