



International Journal of Recent Development in Engineering and Technology
Website: www.ijrdet.com (ISSN 2347-6435 (Online) Volume 15, Issue 06, June 2026)

Customer Loyalty towards Loyalty Programs and the Brand with Special Reference to the Apparel Industry

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Abstract - The present study aims to examine the loyalty behaviour of customers towards brands as well as the loyalty programs of the brands in the apparel industry under an ESG (Environmental, Social, and Governance) perspective. The descriptive and quantitative approach was followed, the data were collected from 414 apparel shopper of Karnataka by purposive sampling. Data were analysed with SPSS by correlation and regression analyses. The results indicate that trust and satisfaction are key influences on brand loyalty and program value and social benefits are key to loyalty towards the program. In addition, a positive relationship was identified between the two loyalty measures that was statistically significant. The study finds that there are meaningful relationships between ESG-aligned business practices and customer trust, satisfaction and engagement, suggesting that these practices can help build trust and satisfaction, and drive long-term engagement. This research provides a nuance to the existing marketing literature by allowing differentiation between brand loyalty and program loyalty and provides useful insights for apparel brands looking to establish a sustainable competitive advantage.

Keywords – Trust on Company, Customer Satisfaction, Program Value, Social Benefits, Brand Loyalty and Program Loyalty.

I. INTRODUCTION

When customers think that they share values with a firm, they will be loyal to the brand.

-Howard Schultz

Customer loyalty is a loyalty that is manifested in a person's continued preference for a specific brand, as evidenced by repeat purchases, positive word of mouth and reluctance to switch to a different brand. This loyalty is not to be achieved in the apparel industry in a single day. It's born from years of customer interactions, influenced by trust, satisfaction, perceived value and feelings formed over time. Loyalty is demonstrated through behaviour (repeat purchase), and attitude (emotional attachment) and is a natural tendency of the repeat customer, regardless of the availability of competitors.

It is not only a good business practice, but a necessity for apparel brands. With loyal customers, the revenue is predictable, costs of acquisition are easier to afford, customer lifetime value increases and brand advocacy happens organically. Loyalty programs have become an essential tool for customer retention in a competitive market with high customer retention value. In today's competitive landscape with low switching costs, loyalty programs have become an essential tool for retaining customers. They offer incentives, personalized benefits and special recognition to customers that adds to the value of being loyal.

A recent factor in this equation is customers' growing demands for responsible brands: in recent years, customers have come to expect brands to be responsible. ESG factors - sustainability principles, ethical sourcing, transparency, and social accountability - have emerged as significant factors in the apparel industry. These values, built into a loyalty program, serve more than just as a reward for purchases - they create a sense of trust and emotional connection that can lead to sustainable loyalty. It is, therefore, essential to grasp how each of these elements relate to each other, if loyalty strategies are to be designed that actually relate to the modern informed consumer.

II. REVIEW OF LITERATURE

For decades, it has been a key topic in marketing scholarship. One of the most basic frameworks was provided by Dick and Basu (1994) who view loyalty as an interplay between the attitudinal and behavioural aspects, with a positive attitude towards brand rather than just the repetition of purchase. This thinking was carried forward by Oliver (1999) who defined loyalty as a strong intention to purchase a preferred product under all circumstances consistently over time, despite situational pressures and place of competitors' marketing.

Trust and satisfaction are always the two key elements that represent the backbone of brand loyalty. Chaudhuri and Holbrook (2001) showed that brand trust directly and positively influences brand loyalty and Hellier et al. (2003) found satisfaction and perceived value to be strong determinants of repurchase intentions. But loyalty can be lost through continued inaction, as Dawes et al (2009) found.

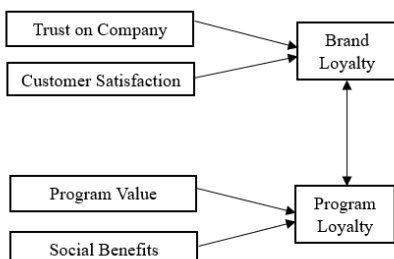
The authors Evanschitzky et al. (2012) made an important conceptual distinction between loyalty towards a loyalty program and loyalty towards the brand. They found that the utilitarian, material rewards more likely to foster program loyalty, while hedonic/experiential more closely linked with brand loyalty. This differentiation adds the theoretical framework for the present study in the focus of the apparel sector.

III. RESEARCH GAP

The vast body of literature on customer loyalty focuses on either repurchase frequency or brand preference, or it examines loyalty programs without considering other influences on customers' buying behaviour. There is limited literature that has explicitly focused on the differences between brand loyalty and program loyalty in the apparel industry, and even less literature that has examined the mediating or reinforcing role of ESG - based practices with regard to the brand and program loyalty. This study fills that void and provides insights that could be supportive for leading apparel brands to develop effective and ethical loyalty strategies.

IV. CONCEPTUAL FRAMEWORK

This study's framework places trust and customer satisfaction as the most important antecedents of brand loyalty - these relational factors provide a reinforcing positive disposition and motive for the customer to continually select the same brand, as illustrated in the framework. From the program perspective, perceived program value and social benefits are suggested as the most important factors that lead to loyalty to the loyalty program, both utilitarian and emotional. But, crucially the model also states that program loyalty translates into brand loyalty - meaning that effective loyalty programs can help foster stronger, more lasting brand loyalty.



V. RESEARCH DESIGN

5.1 Research Methodology

The type of quantitative research used in this study is a descriptive research. Structured closed-ended questionnaire was employed to gather the primary data for six constructs namely trust in the company, customer satisfaction, brand loyalty, program value, social benefits and program loyalty. The sampling frame consisted of those who had bought clothes from well-known brands and were selected using purposive sampling. The age range of 18-58 years was selected as this level of consumers are considered as the most active shoppers of apparel online and offline.

Total responses received were 414, which is adequate for achieving 95% confidence level with an estimated population of 15 to 20 lakh families in Karnataka, who are avid consumers of reputed brands in apparel. The selection of Karnataka was done mainly due to its accessibility and the familiarity of researchers with the region. The main statistical approach was multiple regression, Pearson's correlation was also used, but all these were conducted using SPSS software.

The study recognizes its limitations, such as being geographically limited to Karnataka, having a data collection window of just a month and using self-reports - which may affect generalizability of results.

5.2 Objectives

- To analyse the level and type of brand loyalty of the consumers of apparel in Karnataka.
- To test the impact of loyalty programs in promoting and maintaining customer loyalty in the clothing industry.
- To understand the design of loyalty programmes to reinforce customer attraction and retention through ESG.

5.3 Research Hypothesis

1) H₀₁: Trust in the company and customer satisfaction do not significantly influence brand loyalty.

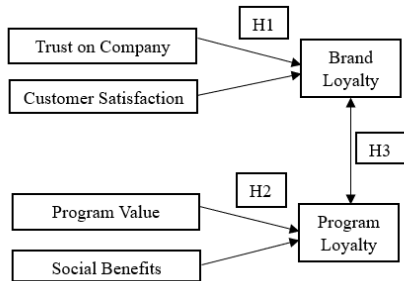
H₁₁: Trust in the company and customer satisfaction significantly influence brand loyalty.

2) H₀₂: Program value and social benefits do not significantly influence program loyalty.

H₁₂: Program value and social benefits significantly influence program loyalty.

3) H₀₃: There is no significant relationship between brand loyalty and program loyalty.

H₁₃: A significant relationship exists between brand loyalty and program loyalty.



VI. DATA ANALYSIS

6.1 Data Reliability

Reliability Statistics	
Cronbach's Alpha	N of Items
.894	12

The Cronbach's Alpha values for each construct was found to be above 0.7, indicating internal consistency and reliability of the instrument.

6.2 Demographic Profile And Descriptive Statistics

A total 60.1% of the respondents were male and 39.9% female, with male respondents contributing more to the survey. As far as age is concerned, the 18-28 age group represents the largest share at 56.3% followed by the 28-38 age group at 20.3% which clearly identifies younger consumers as the major consumers of apparel. The organised apparel retail sector was urbanised as 73.2% lived in urban areas, 14.3% in semi-urban areas and 12.6% in rural areas.

Overall, positive orientations were found for the descriptive statistics obtained for all six constructs. High mean scores were generated for trust in apparel brands, indicating customers trust major brands to be customer-oriented and reliable. Customer satisfaction was also high, indicating that the shopping experiences were generally satisfactory. There were strong tendencies to recommend preferred brands, but comparatively moderate resistance to switching, shown by brand loyalty scores. The program side included social benefits (specifically recognition and feeling like part of a community) with higher mean scores than program value, suggesting that emotional and social incentives may be more important than transactional rewards.

Program loyalty indicators validated that respondents are more likely to be loyal to loyalty programs and to actively preference brands that give loyalty programs.

6.3 Hypothesis Testing

Hypothesis 1 - Impact of Trust and Satisfaction on Brand Loyalty

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	3.636	.188		19.345	.000
Trust on Company	.169	.044	.185	3.817	.000
Customer Satisfaction	.160	.045	.173	3.571	.000

a. Dependent Variable: Brand Loyalty

Regression analysis produced significant values ($p < 0.05$) for both trust in the company and customer satisfaction as predictors of brand loyalty. The null hypothesis (H_{01}) is rejected and the alternate hypothesis (H_{11}) is accepted.

Hypothesis 2 - Impact of Program Value and Social Benefits on Program Loyalty

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	2.185	.117		18.694	.000
Program Value	.467	.033	.577	14.342	.000
Social Benefits	.470	.024	.688	19.225	.000

b. Dependent Variable: Program Loyalty

Again, regression analysis yielded significant results ($p < 0.05$) for both program value and social benefits as predictors of program loyalty. The null hypothesis (H_{02}) is rejected and the alternate hypothesis (H_{12}) is accepted.

Hypothesis 3 - Relationship between Brand Loyalty and Program Loyalty

Correlations

		Brand Loyalty	Program Loyalty
Brand Loyalty	Pearson Correlation	1	.277**
	Sig. (2-tailed)		.000
	N	414	414
Program Loyalty	Pearson Correlation	.277**	1
	Sig. (2-tailed)	.000	
	N	414	414

Pearson's correlation analysis revealed a positive and statistically significant association between brand loyalty and program loyalty ($r = 0.277$, $p < 0.05$). This moderate positive correlation indicates that customers who engage more strongly with loyalty programs also demonstrate greater loyalty to the underlying brand. The null hypothesis (H_0) is rejected and the alternate hypothesis (H_1) is accepted.

VII. RESULTS

The internal consistency of the overall measurement model was good, with a composite Cronbach's Alpha of 0.894. The regression results showed that both trust and customer satisfaction have positive and significant impacts on brand loyalty - customers who view a brand as trustworthy and as being truly customer oriented are more likely to sustain a long-term relationship with the brand. This attachment is reinforced by meeting a customer's expectations by providing a satisfying shopping experience.

Program value as well as social benefits were both found to be predictive of program loyalty for loyalty programs. Social benefits, in particular, had a relatively large impact, highlighting that recognition, exclusivity, and a sense of belonging contribute to maintaining program membership. The correlation analysis also confirmed the reinforcing relationship between program loyalty and brand loyalty: customers who actively engage with loyalty programs have an increased sense of brand loyalty.

VIII. DISCUSSION

The results strengthen the notion of multi-dimensionality of customer loyalty.

The results of this study are consistent with the theoretical frameworks of attitudinal commitment, which have been around for a long time, but the findings also indicate that trust and satisfaction can be important in a market where switching costs are low and the availability of other brands is high.

Perhaps most interesting, though, is the relatively high level of importance of social benefits, in addition to material benefits, for predicting program loyalty. It suggests that customers are looking for more than just economic rewards from loyalty programs - they are looking for to be valued, recognised and connected. This has practical implications in program design and moving away from the transactional focus on reward and toward a relational and experiential focus.

The empirical evidence of the confirmed positive relationship between program loyalty and brand loyalty supports the proposition that properly designed loyalty programs can not only retain customers, but can also foster stronger brand commitment. If these initiatives are also driven by ESG values, such as responsible consumption, transparent communication, and building a social impact with customers, a virtuous cycle can be created as customers' trust increases, leading to a further boost in loyalty.

IX. CONCLUSION

Relational and programmatic factors act together to create an apparel industry customer loyalty profile. Brand loyalty is driven by trust and satisfaction, and program value and social connection are the drivers of program loyalty. These two types of loyalty are not mutually exclusive; program loyalty helps reinforce brand loyalty and shows that good loyalty programs can be a structural mechanism that strengthens the relationship between the customer and the brand over time.

In the eyes of ESG, loyalty programs are a potential platform that lends itself to responsible business practices being incorporated into everyday consumer interaction. For apparel brands, incorporating sustainability, ethics, and social responsibility into customer loyalty programs is likely to pay off with tangible improvement in customer trust and loyalty. ESG is not just a ploy to win customers' affection anymore, it could well be a stepping stone to competitively remaining relevant in a customer world that increasingly values the brands they buy.



X. APPENDIX

10.1 Measurement Constructs

1. Trust in the Brand
2. Customer Satisfaction
3. Brand Loyalty
4. Program Value
5. Social Benefits
6. Program Loyalty

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