

## Chapter 5

# Management of Client Loyalty at the Retail Point of Sale

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### **ABSTRACT**

*The cornerstone for success in retailing is to establish a compelling retail shopping experience, and identifying the appropriate technologies to support that experience is pivotal for sustaining a competitive edge. The retail industry is undergoing an evolution as a function of the informed customer, demographic shifts, evolving consumer tastes and preferences, internet commerce, and innovative retail formats. Modern retailers with contemporary service techniques are rapidly entering the market to appeal to customers with diverse interests and preferences. Retailers need to innovate and differentiate themselves in today's red ocean market. Consumers have grown in importance; thus, stores have to be adept at maintaining their existing customers while also identifying potential ones. Hence, the issue of customer loyalty comes into the picture. The retail industry is a fast-moving one, and retailers are always exploring novel methods to enhance their offerings. Installing retail POS systems allows retailers to boost customer experience, culminating in customer loyalty.*

### **INTRODUCTION**

Customer loyalty is a function of the relationship between brand equity and customer satisfaction, which in the context of the retail industry is anticipated to be associated with customer experience. Customer loyalty is the “strength of the association between an individual’s relative attitude and repeated patronage (Alt and Agárdi, 2023; Sombultawee & Wattanatorn, 2022). Customer experience is “a holistic and subjective response coming from consumer contact with the service provider and may incorporate a customer’s cognition and affect” (Ali et al., 2014). In this regard, retaining customer loyalty and low-

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ering customer churn are issues that retailers frequently encounter (Alamgir & Uddin, 2017). Numerous reasons contribute to declining customer loyalty and heightened consumer switching behavior in the retail industry, such as erosion of customers' trust, altering customer expectations, the emergence of dependable alternative service providers, competitor attraction strategies, and unethical practices (Ernst and Young, 2017). A variety of management, administrative, and marketing skills are essential for running a retail store. These abilities are crucial for stores to run properly and encompass anything from monitoring whether there is enough inventory to generating monthly sales reports. An effective point of sale (POS) system goes a long way toward ensuring that all operations operate efficiently, and retailers who invest the resources and time to implement such systems in place before they need them will reap the benefits. Contemporary POS software enables retailers to integrate mobile POS features, contactless payment alternatives, e-commerce integration capabilities, and more in addition to credit card processing (Butt et al., 2023).

Every aspect of business, including the retail industry, is undergoing a technological transformation (Charinsarn et al., 2023). Systematic improvements and process enhancements are made in response to the ongoing necessity to increase performance to deliver services with greater speed and quality. The term "point of sale," or "POS," aid regulates business transactions between retailers and customers (Charinsarn et al., 2023). Here, one system governs all connected devices, including touchscreen displays, cash registers, and the online portion of the business, rather than separate systems for each. Retailers are investing more in loyalty programs as the significance of the notion of customer loyalty evolves to retain their existing clients and attract prospective ones (Mahadevan & Joshi, 2022). Whether a business sells goods or services online or in person, POS is an essential component. It assists with inventory management and data analysis in addition to simply ringing up sales. For retailers, the first step to success is to invest in retail point-of-sale systems (Butt et al., 2023).

## **BACKGROUND**

Retail is evolving rapidly, and new technology is emerging to effectively facilitate the inherent difficulties of operating a retail outlet. Retailers must devise clever strategies to develop long-lasting profitable client connections rather than one-off low-value transactions as today's consumers have more alternatives than ever. The most forward-thinking retailers are concentrating on maximizing lifetime value rather than seeking ways to constantly attract new customers (Ernst & Young, 2017). This entails taking a long-term perspective on a customer's value and realizing that some (and many) will spend more frequently, in larger amounts, and over a longer period if they believe a retailer provides superior value and is the best at understanding their needs.

Retail is a competitive industry, and as any owner would attest, it takes a lot of maneuvering to stay afloat when dealing with tight profit margins, intensifying competition, and managing all the multiple moving components (Ernst & Young, 2017). To increase efficiency and revenues in the face of unprecedented and severe market disruptions, forward-thinking retailers are implementing mobile POS systems. A POS is a location or time where a consumer transaction takes place. This is significant for retailers since it records transactions and aids in the prediction of sales patterns. POS has the potential to improve the experience of the retail business if implemented properly. For all business owners, point-of-sale systems can be an excellent tool for managing the voluminous tasks at hand. POS software aids

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