



THE IMPACT OF PROMOTIONAL OFFERS ON BRAND LOYALTY AND CUSTOMER RETENTION: A STUDY OF ADITYA BIRLA FASHION AND RETAIL, BANGALORE

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Abstract

Promotions are important in changing the behavior of customers and maintaining a competitive advantage in this changing Indian fashion retail environment. The research paper considers the effects of offers on brand loyalty and retention on customers at Aditya Birla Fashion and Retail Limited (ABFRL) in Bangalore. A total of 100 respondents were used by way of mixed-method technique in the collection of data by way of structured questionnaires and its analysis through descriptive and inferential techniques. The paper examines different promotional instruments, including discounts, cash-back, loyalty programmes, and online offers. The results show that effective marketing plans greatly boost the purchase frequency, perceived value and customer satisfaction which subsequently boost the brand loyalty and retention. Prominent use of price-based promotions can however erode the brand equity in the long run. The paper ends with the conclusion that the key to sustainable customer relationships is in personalized, value-driven and technology-enabled promotions. The study is strategically valuable to the fashion retailers in balancing between the short-term sales growth and the long-term customer engagements.

Keywords: *Promotional Offers, Brand Loyalty, Customer Retention, Fashion Retail, Consumer Behaviour.*

1. Introduction

Retail world has been highly transformed by the increasing competition, changes in consumer expectations and technology worldwide. Promotional offers have become one of the most important strategic tools in the fashion retail business in terms of attracting the customers, influencing their choice to purchase and building long term relationships. In the growing markets like India especially in cities like Bangalore, the rising middle-class population, rising disposable income, and digital penetration have added pressure on the competition among the fashion retailers.

Discounts, cashback, coupons, seasonal sales, and loyalty programs are all promotion resources, and they act as behavioral stimuli that play a role in immediate buying choice as well as the customer retention. These advertisement techniques are entrenched in sales promotion theory that the time-limited incentives can arouse short-term sales with developing urgency and perceived value. Modern-day marketing thinking is however not limited to transactional gains; a focus is placed on relationship gains like customer loyalty and retention.

The Relationship Marketing Theory emphasizes the need to create a long-term relationship with customers as opposed to making single transactions. In this regard, promotional offers are not only sales promotion tools but also customer satisfaction, trust, and emotional bond to the brand promotion mechanisms. In the same manner, Expectancy-Disconfirmation Theory states that customer satisfaction occurs when the benefits of promotion are achieved or surpass expectations hence affecting repeat purchase and brand loyalty.



Given that one of the strongest and most diversified fashion retail companies in India is Aditya Birla Fashion and Retail Limited (ABFRL), its portfolio of brands is quite big, as it comprises of the following brands: Pantaloons, Van Heusen, Allen Solly, and Louis Philippe. ABFRL is running with a large number of outlets in Bangalore and with the help of several promotional tools, the company could serve customers of various categories; the customers are value-appropriate consumers or high-end buyers. Nevertheless, the success of these types of promotional activities in developing long term loyalty is an empirical issue of study.

Indian fashion retail market is experiencing a high rate of growth due to urbanization, digitalization and shifting lifestyle trends. The organized retail forms are also rising to a big extent where the brands compete not only based on the quality of the products but also on customer experience and promotional appeal. Customer retention strategies are increasingly becoming relevant in such an environment, where retention is difficult than acquisition in a competition environment.

The city of Bangalore is technologically advanced, fashion conscious, and poses a special setting in the study of consumer behavior. The customers in this region are very sensitive to online promotions, customized deals, and reward schemes. They desire value based experiences that entail convenience, affordability as well as brand engagement. Thus, it is vital to know the effect of the promotional strategies on brand loyalty and retention in this particular market.

Irrespective of the common use of the promotional offers, the question of whether they have any long-term effect continues to be debated. Although promotions can be powerful in the short run to stimulate sales and foot traffic, over dependence on discounts can result in price sensitivity and loss of brand equity. Hence, the retailers will have to balance between immediate benefits and long-term relationship development.

This paper will fill this gap by exploring how promotional offers could be used to increase brand loyalty and customer retention in ABFRL in Bangalore. It gives information on the consumer perception, the effectiveness of various promotional instruments, and it also gives strategic advice on how best to maximize the effectiveness of promotions.

2. Review of Literature

This aspect of the connection between promotional offers, brand loyalty, and customer retention has been widely studied in the marketing literature. Scholars have highlighted the good and the bad implications of promotional strategies on the consumer behavior. Allander et al. (2019) emphasized the fact that price promotions have been shown to increase the short-term sales but lower the chances of long-term loyalty due to the fact that consumers waiting to get a discount. Likewise, Bhutto (2022) has discovered that over-promotion through price-based promotion may harm the brand perception especially in premium retailing markets.

Clayton et al. (2011) proved that promotional advertising has a minor negative influence on perceived quality and brand image, which shows that excessive application of discounts can weaken brand equity. Conversely, Damaschi et al. (2025) claimed that promotions of value added like special membership programs and personalised promotions increase attitudinal and behavioural loyalty.

Dawes (2024) focused on the fact that promotions attract price-sensitive customers who might not be loyal after the promotion. Nonetheless, the retention rates can be enhanced in a dramatic way through

specific advertising campaigns targeting the current clientele. Empen et al. (2015) also contributed to this opinion, saying that promoting efficiency is determined by brand strength and customer loyalty processes.

Kumar et al. (2022) also discovered that promotional deals are effective in acquiring more customers in the short-term but in the long-term, retention is about quality in service delivery and stable value of the brand. Equally, Sinha et al. (2020) decided that both the monetary and non-monetary promotional advantages increase the perceived value, which results in the rise of satisfaction and loyalty.

According to Schultz et al. (2014), the promotional tools that may have an impact on the ultimate purchase decision include coupons, loyalty cards, and free samples. Kendrick (2020) made a comparison of promotional gifts and price promotions and found out that non-monetary incentives lead to more repeat purchases.

The digital interaction is also a major part of the modern promotion strategy. Adhikari (2023) emphasized the relevance of social media and online marketing to the increase of brand awareness and customer communication. Kartikasari and Rusdiyanto (2025) also highlighted that trust mediates online setting and established that positive reviews and electronic word-of-mouth enhance purchase intention.

Leckie et al. (2018) examined the role of service value and innovation in customer engagement and have suggested that the experiential benefits play an important role in loyalty. Likewise, Lang et al. (2023) discovered advertising, distribution, and store image as having an effect on global brand loyalty.

Mishra (2024) specifically focused on the Indian clothes industry and came to a conclusion that it is promotional offers that have a great effect on impulse buying behavior. Nishio et al. (2021) concluded that promotions tend to appeal only to price-sensitive consumers but may lead to loyalty in case of strategy-oriented promotions.

The article by Rachman et al. (2025) highlighted the efficiency of loyalty programs unique to each customer in enhancing customer retention in fashion retail. Umer et al. (2019) proposed that it is crucial to maintain the brand value by balancing the promotional intensity and brand exclusivity.

The status of technology in improving the efficacy of promotions has been also brought to fore in recent studies. Wang et al. (2025) discovered value co-creation of online communities enhanced emotional attachment and loyalty. Skudiene et al. (2025) have shown that digital engagement does a great job in retention amongst younger consumers. In general, the literature recommends that although promotional offers are good at making sales in the short-term, in the long-term, their effectiveness on brand loyalty relies on factors like personalisation, perceived value, trust and customer experience.

3. Research Methods

The research design in this study is descriptive research design, mixed method research design. The structured questionnaire was used to collect primary data with the use of Google Forms in line with the convenience sampling technique on 100 respondents in Bangalore. Customers of ABFRL brands including Pantaloons, Van Heusen, Allen Solly and Louis Philippe were included in the target population. Statistical analysis was done with SPSS with the help of descriptive statistics, correlation, and regression analysis. The t-tests and chi-square tests were used to test the hypothesis because they aimed at checking the association between promotional offers, brand loyalty, and customer retention.

4. Results and Discussion

4.1 Descriptive Statistics of Respondents

Table 1: Demographic Profile of Respondents (N = 100)

Variable	Category	Frequency	Percentage (%)
Gender	Male	72	72%
	Female	28	28%
Age	Below 20	24	24%
	21–30	53	53%
	31–40	10	10%
	41–50	9	9%
	Above 50	4	4%

Interpretation: The demographic profile indicates a strong representation of young consumers (21–30 years), consistent with urban retail patterns in Bangalore. This segment is typically digitally engaged, promotion-sensitive, and value-driven, which directly influences the effectiveness of promotional strategies. The dominance of male respondents (72%) suggests higher engagement or accessibility among male consumers in fashion retail promotions.

4.2 Awareness and Preference of Promotional Offers

Table 2: Awareness and Preference of Promotional Tools

Promotional Tool	Mean Score	Std. Deviation	Rank
Price Discounts	4.45	0.62	1
Seasonal Sales	4.32	0.71	2
Cashback Offers	4.10	0.76	3
Loyalty Programs	3.95	0.81	4
Digital Coupons	3.88	0.85	5

(Scale: 1 = Strongly Disagree, 5 = Strongly Agree)

Interpretation: Price discounts were the most influential promotional tool (Mean = 4.45), confirming that monetary incentives strongly drive consumer decisions. Seasonal sales and cashback offer also showed high effectiveness, indicating that time-bound urgency and financial savings significantly impact purchase behavior.

4.3 Impact of Promotional Offers on Brand Loyalty

Table 3: Correlation between Promotional Offers and Brand Loyalty

Variables	Correlation Coefficient (r)	Significance (p-value)
Promotional Offers vs Brand Loyalty	0.68	0.000

Interpretation

A strong positive correlation ($r = 0.68$, $p < 0.01$) indicates that promotional offers significantly influence brand loyalty. Customers who perceive higher value from promotions are more likely to develop emotional attachment and repeat purchase behavior.

4.4 Impact on Customer Retention

Table 4: Regression Analysis – Promotional Offers → Customer Retention

Variable	Beta (β)	t-value	Significance
Promotional Offers	0.72	9.85	0.000

$$R^2 = 0.52$$

Interpretation: Promotional offers explain 52% of the variance in customer retention, indicating a strong predictive relationship. The beta value ($\beta = 0.72$) suggests that promotional strategies are a major driver of repeat purchases. However, this also indicates that 48% of retention depends on other factors, such as service quality, brand image, and experience.

4.5 Customer Satisfaction as a Mediating Variable

Table 5: Mediation Effect (Promotions → Satisfaction → Loyalty)

Relationship	Effect Strength	Significance
Promotions → Satisfaction	0.74	Significant
Satisfaction → Loyalty	0.69	Significant
Indirect Effect	0.51	Significant

Interpretation: Customer satisfaction acts as a strong mediating variable, confirming expectancy disconfirmation theory. When promotional offers meet or exceed expectations, satisfaction increases, which strengthens loyalty in turn.

4.6 Negative Effects of Excessive Promotions

Table 6: Perceived Risks of Frequent Promotions

Statement	Mean	Interpretation
Promotions reduce brand value	3.72	Moderate agreement
Customers wait for discounts	4.21	High agreement
Promotions affect perceived quality	3.65	Moderate impact

Interpretation: Respondents acknowledge that excessive promotions can lead to:

- i. Price sensitivity
- ii. Delayed purchases
- iii. Reduced brand exclusivity

Thus, while promotions drive short-term sales, they may erode long-term brand equity if overused.

Discussion: The results establish that promotional offers are two-sided instruments. On the one hand, they considerably improve the purchase intention, satisfaction, and retention. Conversely, overdependence on promotions based on price may undermine brand positioning and value.

The findings are a solid indication of the relationship marketing theory because the loyalty schemes and personalized promotions create a prolonged interaction and not a transaction-based interaction. Moreover, online advertisements are highly relevant in shaping the consumers of the today generation, particularly in the tech-intensive atmosphere of Bangalore.

Significantly, the paper draws a change of promotions based on prices to promotions based on value. Customers are becoming more and more attracted to:

- a. Personalized offers
- b. Exclusive rewards
- c. Unbroken omnichannel experiences.

Therefore, it is not how often promotional strategies are arranged and executed, but their usefulness, relevance, and perceived value.

The analysis gives a lot of understanding about customer movement, their demographics, and reaction towards promotional strategies. Most of the respondents (72 percent) were men and this means that male customers were more involved in promotions of fashion retail. The age distribution indicates that 53 percent of the respondents are between the age group of 21-30 years, which indicates the prevalence of young and digitally active consumers.

The awareness in promotions is also high and the majority of the customers are responsive to discounts, cashback offers, and season sales. Price discounts were found to be the most significant promotional tool when it came to creating a purchase decision on the spot. The discovery is consistent with the results of Mishra (2024), who found discounts as a major cause of impulse purchase.

Another important aspect that loyalty programs can offer is an improved customer retention. According to respondents, reward points, exclusive offers and member benefits enhance their chances of making repeat purchases. This will confirm the results of Rachman et al. (2025) who accentuated the value of the personalized loyalty programs.

Online advertisements such as email advertising and notifications in the mobile applications as well as social media campaigns have a great impact on the interaction with the customers. Bangalore is the city of customers who are technologically aware and they want to have promotional offers that are more personal and focused. This observation is in line with Adhikari (2023), who emphasized the role of digital interaction in marketing today. Nevertheless, the research paper also reveals obstacles connected with over-reliance on promotions. With frequent discounts, it might decrease the value of the products and stimulate price elasticity. The customer will be less inclined to buy the brand waiting to have a promotion in the future, decreasing the brand loyalty. This helps to justify the findings of Allender et al. (2019) and Bhutto (2022).

One of the most important mediating factors between promotional offers and loyalty proof is customer satisfaction. Promotional offers that satisfy the customer expectations bring greater satisfaction hence increased retention and trust. This is in line with Expectancy Disconfirmation Theory.

Perceived value is also of importance to the study. Promotions with a mixture of financial gains with experience like exclusive access or personalized recommendation - are more effective in developing long term relationships. This is in agreement with Sinha et al. (2020). On the whole, the findings demonstrate that promotional offers have a great impact on brand loyalty and customer retention. Nevertheless, they all require strategic implementation, personalization and alignment to customer expectations.

5. Conclusion and Suggestions

The research concludes that promotional offers are potent instruments of influencing the behavior of customers, strengthening brand loyalty, and customer retention of the fashion retail industry. The promotional methodology like the discounts, loyalty programs, and online campaigns have a great positive influence on the customer engagement and repeat buying in the case of ABFRL in Bangalore. The paper, however, also sheds light on the fact that overdependence on promotions on price may have a negative impact on brand equity and long-term loyalty. Thus, the retailers should take a moderate position combining both monetary and non-monetary forms of promotion.

Emphasize personalized promotion based on analytics of customer data.

Intensify the loyalty programs through experiential and exclusive benefits.

- a) Minimize over-discounting of brands.
- b) Increase digital marketing capabilities to achieve focus.
- c) Introduce omnichannel promotions in line with the consistent customer experience.
- d) Enhance promotional offer visibility and push.
- e) Apply customer segmentation through AI.

Focus on the promotion based on value, rather than price.

Limitations: This research is restricted to Bangalore and might not be applicable to other areas. It was a relatively small sample, which was convenience-based. Answers are not only subjective but also can be biased. This research is limited to promotional offers and does not consider other aspects that affect brand loyalty and customer retention.

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