THE EFFECTS OF LOYALTY PROGRAMS IN GROCERY RETAILING IN AZERBAIJAN, WITH AN EMPHASIS ON TESTING THE IMPACTS OF THESE PROGRAMS ON CONSUMER LOYALTY

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ABSTRACT

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This research paper discusses consumer loyalty and its impact on the loyalty programs in the grocery retail industry in Azerbaijan. With the increasing competition, loyalty schemes have emerged as critical instruments of developing relationships with the customers in the long term. The study will also seek to establish the effect of trust, satisfaction, commitment, perceived value, and digital engagement on consumer retention and loyalty. The mixed methods were used, which consisted of both quantitative (data of 320 grocery consumers) and qualitative (semi-structured interviews with 15 shoppers and retail professionals) data. Statistical analysis with SPSS proved that trust and commitment are found to have significant impact on promoting loyalty, satisfaction, and perceived value are mediating variables. Digital interaction also proved to be a major factor that affected some of the consumers to be more willing to be part of digital loyalty programs, but some data privacy issues made them less willing to engage with digital loyalty programs. The qualitative results showed that the perception of loyalty schemes is influenced by the cultural and demographic factors, including the collectivist values and income disparities. The research findings conclude that a well-planned program with the focus on transparency, personalisation, and ethical data usage increase behavioural and emotional loyalty. In general, the study can help shape the perception of the application of loyalty programs in a new market, such as Azerbaijan, which is highly informative when grocery retailers are interested in better customer interactions and the ability to retain relationships.

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CHAPTER I:

INTRODUCTION

1.1 Introduction

Loyalty programmes have become a major pillar of the contemporary approach to customer relationship management (CRM) in the hyper-competitive, customer-empowered environment. In the grocery retailing market where the frequency of purchase is large, profit margins are low and customer price sensitivity is high, retailers are turning to loyalty schemes to position their brand, boost retention and customer lifetime value (Dowling & Uncles, 1997; Kim, Lee and Suh, 2021). These programmes are no longer just to continue collecting points or discounts but are now highly sophisticated systems of data analysis, enabling retailers to customise communication, anticipate buying behaviour and create a greater level of emotional attachment with consumers.

Grocery chains like Tesco, Carrefour, and Walmart are among the grocery giants worldwide that have created highly sophisticated loyalty programs that use analytics, artificial intelligence (AI) and machine learning to provide personalised offers, reinforce interactions, and induce repeat business (Reichheld, 2003; Kumar and Reinartz, 2016). The adoption of digital technology in such markets has seen the redefinition of the loyalty management approach being altered towards relational marketing as opposed to transactional marketing where emphasis is put on a long-term relationship, trust and co-created value between the consumer and the brand (Erdem & Swait, 1998; Fullerton, 2011). The evolution is in line with the wider development of retailing as product-oriented to customer-oriented whereby customer lifetime value, advocacy, and emotional attachment are historically used as a measure of success (Verhoef, 2021).

Nevertheless, there is limited empirical information regarding the performance of these Western-designed models of loyalty in emerging economies. Most of the developed countries can enjoy high-level data analytics and a digital trust culture, whereas the developing countries tend to have complicated socio-economic and cultural conditions that shape the perception and performance of loyalty programmes (Aguirre et al., 2015). Azerbaijan is particularly compelling according to this case. In the last ten years, retail modernisation in the country has been rapid due to diversification of the economy, increase in dispensable income, urbanisation as well as the introduction of international supermarket stores like Carrefour in addition to the presence of domestic giants like Bravo, Araz, and Rahat Supermarkets. These retailers have launched online loyalty programs, mobile-based reward programs, and application-based discount programs, although the cultural fit, consumer attitudes, and the long-term behavioural impacts of these programs are poorly studied (Rustamov, 2023).

The Azerbaijani grocery retail market has the peculiarities of its dynamics, which cannot be compared to the advanced economy. Traditionally, in Azerbaijan shopping behaviour has been influenced by the exchanges based on relationships, where personal familiarity and trust developed into the basis of loyalty and not an institutionalised system (Hofstede Insights, 2024). The retail space has been transformed into impersonal and data-driven structures with modernisation and digitalisation and requires consumers to adjust to new shapes of interaction. The result of this shift is a natural friction between the traditional trust and the technological trust- one of the determinants of the adoption of a loyalty programme. Also, the level of digital literacy and anxieties about information privacy among consumers are greater among urban and rural populations, which is a representation of larger disparities in technology usage (Marriott and Williams, 2018). In turn, despite the retailers launching AI-based systems and mobile loyalty applications, the question of whether consumers in Azerbaijan consider such systems helpful or invasive still remains open.

This dynamic is important to understand since the loyalty programmes are not merely a marketing tool, but a behavioural conditioning, as well as an emotional alignment tool. By subjecting the consumer to regular exposure to rewards, recognition of the status, and personalisation, the consumer is able to shift the transactional loyalty (which is such a loyalty that exists due to economic incentives only) to the attitudinal loyalty where the consumer identifies with the brand and considers it a lifestyle (Fullerton, 2011). This move is well recorded in developed economies but in transitional economies such as Azerbaijan, loyalty could be more calculative, with the short-term benefits like discounts or convenience, instead of more emotional attachment (Kumar and Reinartz, 2016). How far consumers in Azerbaijan will evolve beyond transactional to attitudinal loyalty is an empirical issue that is open to this research.

This research is based on three complementary theories, including Commitment - Trust Theory (Morgan and Hunt, 1994), expectancy-disconfirmation Theory (Oliver, 1980), and self-determination Theory (Deci and Ryan, 1985). All of them provide different ideas regarding the process of forming, sustaining and deepening loyalty.

According to the theory of commitment- Trust, marketing the relationship requires the two key constructs trust and commitment that are essential in creating the basis of long-term relationship exchange. Trust is the understanding of dependability and honesty of a brand, whereas commitment is the psychological connection of a consumer and commitment to sustaining the relationship even in the face of substitute products (Morgan and Hunt, 1994). In the context of grocery retailing, trust is determined by the perceptions of transparency in rewarding as well as reliability in redemption as well as fairness in the data use. However, commitment may be affective, which is based on the emotional identification, or calculative (which is based on rational cost benefit analysis) (Fullerton, 2011). The ratio between these types of commitments in Azerbaijan is probably determined by the cultural backgrounds of the consumers, socio-economic status, and prior exposure to digital systems.

Another crucial lens that is important is Expectancy Disconfirmation Theory (EDT) which suggests that customer satisfaction occurs when comparing actual experiences with previous expectations (Oliver, 1980). In case the performance is greater than expected, positive disconfirmation will cause satisfaction and possible loyalty; otherwise, dissatisfaction will be caused by negative disconfirmation. Negative disconfirmation in the context of the loyalty programme may occur when there is no alignment between the promoted benefits and the perceived value, e.g., the use of complicated methods of receiving the gains or the perceived unfairness of the point collection (Boulding et al., 1993). In Azerbaijan, where the loyalty programmes are relatively unfamiliar, these expectation gap might be high because of the lack of familiarity with the consumers and the digital competence levels. Thus, it is imperative to be clear, fair, and usable in order to create positive disconfirmation and re-enforcing engagement.

The Self-Determination Theory (SDT), which is a supplement to these theories, focuses on intrinsic motivation, which is the intrinsic psychological needs of humans to feel autonomous, competent, and related (Deci and Ryan, 1985). The stronger emotional commitment and long-term loyalty become when the consumers are made to experience a sense of meaningful choice (autonomy), intuitively designed (competence), and community belonging (relatedness) through the use of the loyalty programme (Vallerand et al., 2003). On the other hand, schemes that are too prescriptive or impersonal can destroy intrinsic motivation that results in disengagement. The digital loyalty app would have the potential to improve autonomy in the Azerbaijani grocery situation by providing flexible redemption of rewards and a gamified experience. Nevertheless, in the absence of an adequate localization, i.e. the availability of the language, convenience of navigation, and cultural appeal, these platforms will face a risk of losing less tech-savvy or older consumers.

These theoretical dynamics are magnified by digitalisation. Retailer-customer interaction has been revolutionised through AI-driven, personalisation, omnichannel, data collection, and real-time communication (Tamaddoni, Stakhovych & Ewing, 2016). Through the use of big data, organisations are able to predict the purchasing trend, cross-sell and reward customers with hyper-personalised deals. However, ethical or privacy issues also concern this data-centric model, especially when institutional trust and data protection frameworks are not developed yet (Aguirre et al., 2015). This is what is referred to as the personalisation -privacy paradox, which explains the contradiction between the demand to have personalized services and the fear that the data may be abused. The given paradox can contribute to the readiness of consumers to join and actively engage in loyalty programmes in Azerbaijan, where the society is not very aware of the potential of digital privacy, and the rules and regulations implemented to address cybercrimes are still in their early stages (Rustamov, 2023).

Moreover, there is a role of moderation by cultural dimensions. As Hofstede suggests, Azerbaijan is relatively high on uncertainty avoidance and collectivism, which would allow identifying that the consumers are more concerned about reliability, social approval, and shared identity than about novelty or risk (Hofstede Insights, 2024). In this regard, reward programs based on social membership like community-based rewards, acknowledgment of groups, etc. can be more appealing than highly individualised programs. The factor of generations is also important: younger and urban consumers who are already used to smartphones and online interactions might value digital convenience and gamification, whereas older generations might enjoy the old-fashioned and face-to-face loyalty mechanisms based on personal trust (Burnham, Frels & Mahajan, 2003).

The Azerbaijani retailers have opportunities and challenges within this changing environment. The data-driven loyalty initiatives have a fertile ground on one hand because of the increasing internet penetration, mobile use, and governmental policies of digitalisation (Azerbaijan Ministry of Digital Development, 2024). Conversely, lack of consistency in technological infrastructure, poor digital trust, disjointed competition on the market all inhibit the full potential of the loyalty programmes. How successful such schemes can be is a fine line between technological brilliance and cultural sensitivity.

The other level of complexity is related to programme design and customer experience. The global experience demonstrates that the loyalty effectiveness does not entirely rely on the financial incentives but also on the psychological and experience worth (Kumar and Reinartz, 2016). As an example, access privileges, status, and personalised messages can enhance emotional attachment even in the low-margin business such as grocery retail. Nonetheless, in Azerbaijan, the majority of loyalty programmes are still aimed at price discounts, instead of value co-creation, which strengthens the transactional over the relational behaviour (Rustamov, 2023). Retailers can easily commodifying consumer relationships will destroy long-term engagement unless they incorporate emotional and social aspects of loyalty.

Based on such considerations, academic curiosity and managerial relevance are the driving forces behind this research. In terms of scholarly research, it represents an obvious academic void in comprehending the application of the loyalty theories which were created in the Western setting to the emerging-market conditions, characterized by peculiarities in the cultural, economic, and technological realms. Management-wise, it provides lessons to the Azerbaijani retailers about how to build useful, locally-oriented loyalty programmes that promote both transactional and emotional trends of loyalty with preserving consumer confidence in a fast-digitising economy.

Hence, this paper examines how loyalty programmes impact on consumer loyalty in Azerbaijan grocery retail industry, both in terms of behavioural and attitudinal aspects. It looks at the interaction between trust, satisfaction, perceived value, and intrinsic motivation and how they influence loyalty outcomes and the relationship is moderated by digitalisation, cultural orientation and demographic factors. Placing the analysis in the context of the general theoretical approaches to relationship marketing and consumer psychology, the study aims to create a multifaceted model of the loyalty which is empirically based and context-specific.

To conclude, loyalty programmes are no longer the marginal marketing strategies, but a strategic interface of technology, culture and consumer psychology. In the case of emerging markets such as Azerbaijan, research into the functioning of such programmes, and consumer reaction to the programs, is very important both to scholarly theory formation and retail policy formulation. It is against this background that the current study will offer a timely and desirable study on the dynamics of loyalty formation, adaptation, and sustainability in the fast-paced Azerbaijan grocery retail situation.

1.2 Research Problem

Though much has been researched on loyalty programmes in the developed economies, little is known about their validity, applicability, and performance in emerging markets like Azerbaijan (Kumar and Reinartz, 2016). The grocery retail industry of Azerbaijan is typified by the presence of modern supermarkets and traditional corner stores, the presence of different levels of consumer income, and digital literacy. The competition is increased by economic modernisation, increased foreign investment and consumer sophistication and to counter the competition, retailers have turned to the loyalty strategy as one of their distinguishing strategies. However, the construction and execution of these programmes are mostly Western templates with no adjustments to local socio-cultural factors.

Contextual Complexity in Azerbaijan's Retail Market

The retail life of the country Azerbaijan is a mixture of the old bazaar and the new digitalised stores. The consumers in urban areas (primarily in Baku) start to use mobile-based loyalty applications, whereas rur al shoppers still appreciate the importance of personal trust and acquaintance with store managers. This is a heterogeneity that makes the measurement of the results of loyalty difficult. Besides, the fear of data breaches and insufficient institutional protection of information decrease consumer trust in the sharing of personal data (Marriott and Williams, 2018). The effect is half-baked and untimely adoption of numerous digital loyalty programs. Large retailers (Bravo, Araz, etc.) have launched reward programs that are available as apps and artificial intelligence-enhanced personalisation, but the overall effect on long-term loyalty has not been assessed. Such programmes are usually replicas of the Western schemes where there is some localisation, and may fail to take into account some factors like values of collectivism, uncertainty avoidance, and the emphasis on social reputation as the key factor in purchase decisions. Retailers will not have an empirical understanding of the perception of rewards, fairness, or data ethics by the Azerbaijani consumers, which puts them at a risk of having been put into mechanisms that can only motivate opportunistic and immediate buying instead of long-term loyalty.

Theoretical Gaps and Model Inconsistencies

Although the constructs of the Commitment -Trust, Expectancy -Disconfirmation, and Self Determination theories have been found to work well in western societies, in transitional economies, the constructs might also show contrary results. In developed markets, commitment can be affective attachment and brand admiration, in Azerbaijan commitment can be based on more calculative factors, like discounts, convenience in parking, or the household budgeting. In the same way, trust can be less related to corporate reputation and more to social proof and offline experience due to the collectivist cultural trends. Use of the unchanged Western constructs could consequently draw false conclusions regarding consumer behaviour (Morgan & Hunt, 1994; Fullerton, 2011). Majority of the previous research also focuses on short-run measures like redemption and repeat purchase rates and provide minimal information on whether loyalty programmes create long-term emotional or relationship ties (Sharp and Sharp, 1997). It is impossible to have a holistically understood change of loyalty over time since most of the data is neither longitudinal nor qualitative, and non-Western grocery markets are not addressed.

Research Gap and Justification

Although there is a plethora of international literature, very little empirical evidence on the topic of Azerbaijan is available. Very little research has examined the perception and reaction of local consumers to loyalty programs and none have examined the relationship between variables like income, education, or digital literacy on consumer reaction. As a result, the layout of the loyalty programmes in the country is quite experimental. Smaller local chains are not always in a financial and technological position to develop complex ecosystems, whereas larger multinationals have a problem with localising their global systems. It is thus scholarly and practically relevant to know the determinants of loyalty in the unique cultural and economic context of Azerbaijan.

Statement of the Research Problem

The key issue of the study is that the current research lacks knowledge about the impact of loyalty programmes on consumer loyalty and purchasing behaviour within the grocery retail market of Azerbaijan, specifically when contextualised by such factors as culture, trust, adoption of digital and the demographic diversities. Despite the spread of the love-based schemes, there are no empirical or theoretical conclusive findings on whether it gives rise to long term consumer brand relationships or simply encourages consumer transactional behaviour. Moreover, the implications of the new digital loyalty tools: AI-based personalisation, mobile apps and big-data analytics on consumer trust, engagement, and perceptions of privacy have not been assessed. Without this kind of knowledge, retailers may end up investing their resources in inefficient initiatives whereas the academicians will lose a chance of experimenting and improving the loyalty theories outside the Western markets. This research thus fills in a theoretical gap, investigating how the established constructs of loyalty can be cross-culturally relevant and a practical gap, by offering evidence-based information on the design of loyalty programmes in Azerbaijan.

1.3 Purpose of Research

The proposed study in general serves the purpose of conducting a critical study on the role played by loyalty programmes on consumer purchasing behaviour and brand loyalty in the Azerbaijan grocery retail sector with particular focus to the mediating role of trust, perceived value, digitalisation, and cultural-demographic factors. In order to do this, the study will have two goals that are interrelated:

1. To produce empirical data as to the effect of involvement in loyalty programmes on behavioural (repeat purchase, reduced switching) as well as attitudinal (emotional attachment, advocacy) loyalty.

2. To measure and put into perspective the theoretical propositions of the Commitment-Trust Theory, Expectancy-Disconfirmation Theory, and Self-Determination Theory in an emerging-market context. In this regard, the targeted objectives are to:

• Assess the role of trust and commitment in developing and sustaining loyalty among the Azerbaijani grocery shoppers attending loyalty programmes. Objective: Determine the correlation between the perceived value, customer satisfaction and switching barriers in determining long-term sustainability of the programme.

• Explore how digitalisation, mobile apps and AI-based personalisation affect consumer interest and privacy issues.

• Test the degree of impact of cultural background, demographic factors, and incomes on consumer preferences and ratings of grocery loyalty programmes.

These goals represent both the exploratory and explanatory goals. Exploratory, due to the lack of previous research on the subject of loyalty programmes in Azerbaijan; explanatory, since the study will be constructing relationships that are already known to be true between the key antecedents of loyalty, including trust, satisfaction, experienced value, and the outcomes, including repeat purchase and advocacy. The results will help bring theoretical knowledge into focus as well as provide practical information to the grocery stores and policymakers in the emerging markets.

1.4 Significance of Study

This investigation has significance in three facets namely theoretical, practical and contextual since all of them reinforce the value of the research to scholarship and practice.

1.4.1 Theoretical Significance

Theoretically, the paper builds on the literature of loyalty programmes in the emerging economies, which is a field of under-representation in the literature on marketing globally. Current studies are more likely to be focused on the developed markets of the West where customer confidence, data protection, and cyber infrastructure are well developed. The study, using the example of Azerbaijan, will challenge the validity of the transferability and flexibility of Western-based theoretical perspectives of loyalty to a transitional environment characterised by coexistence of mixed market institutions and the changing consumer behaviour.

By merging the theories of CommitmentTrust, ExpectancyDisconfirmation and Self-Determination, it is possible to create a multidimensional approach to loyalty that unites both the economic rationality and psychological involvement. This synthesis transcends transactional loyalty entering into emotional attachment, intrinsic motivation and perceived autonomy - aspects which are increasingly being seen as the key to long term customer relationships (Vallerand et al., 2003; Verhoef, 2021). In Azerbaijan, these constructs will be tested empirically, either proving or disproving their universality thus pushing the theoretical limits of these constructs.

1.4.2 Practical Significance

At a practical level, the findings will assist Azerbaijan grocery retailer to develop effective, and culturally sensitive, loyalty programmes. Knowing how consumers prioritize fairness of rewards, data transparency and digital convenience will make retailers more efficient in allocation and decreases programme turnover. The paper will also focus on the possibilities of using digital transformation, i.e., the use of mobile applications, QR-based transactions, and AI-based personalisation to increase the level of engagement without reducing consumer trust and privacy (Aguirre et al., 2015).

In the case of small and medium-sized retailers that do not necessarily have the capacity to utilize more complex analytics systems, the study provides a way of applying simpler but contextually-appropriate loyalty programs, including community based reward systems or hybrid digital-physical systems. The findings can also guide policymakers and consumer protection bodies to come up with data-governance and privacy policies that are appropriate to digital retailing in Azerbaijan (Azerbaijan Ministry of Digital Development, 2024).

1.4.3 Contextual Significance

In the context, the study is timely since the retail industry in Azerbaijan is at the edge of modernisation and cultural stability. Conventional relationship-driven commerce exists alongside data-driven retailing that creates an ample world to analyze the development of loyalty during institutional change. The discussion of these dynamics gives us an understanding of how trust and loyalty are built in the place of digital literacy and regulations, which are in their infancy.

The research will therefore be informative in future studies of the area in the Caucasus and Central Asia by showing how social norms, generation gap and technological preparedness interplay to determine consumer loyalty. All in all, it shows how global marketing theories can be intelligible localised in a bid to encourage sustainable growth of retail in new economies.

1.5 Research Purpose and Questions

1.5.1 Research Aim

- To critically examine the impact of loyalty programs on consumer purchasing behaviour and brand loyalty in Azerbaijan's grocery retail industry, with emphasis on trust, perceived value, digitalization, and cultural-demographic factors.

1.5.2 Research Objectives

- To evaluate how trust and commitment influence the development and maintenance of customer loyalty among Azerbaijani grocery retail consumers participating in loyalty programs.
- To analyse the relationship between perceived value, consumer satisfaction, and switching barriers in determining the long-term sustainability of grocery loyalty programs in Azerbaijan.
- To investigate the effects of digitalization, including mobile loyalty applications and AI-based personalization, on consumer engagement and privacy concerns in Azerbaijan's grocery retail sector.
- To examine the extent to which cultural background, demographic characteristics, and income levels shape consumer preferences and evaluations of grocery loyalty programs in Azerbaijan.

1.5.3 Research Questions

- How do trust and commitment influence the development and maintenance of customer loyalty among Azerbaijani grocery retail consumers participating in loyalty programs?
- What is the relationship between perceived value, consumer satisfaction, and switching barriers in determining the long-term sustainability of grocery loyalty programs in Azerbaijan?

- How does digitalization—including mobile loyalty applications and AI-based personalization—affect consumer engagement and privacy concerns in Azerbaijan's grocery retail sector?
- To what extent do cultural background, demographic characteristics, and income levels shape consumer preferences and evaluations of grocery loyalty programs in Azerbaijan?

Chapter II:

REVIEW OF LITERATURE

2.1 Introduction

In the literature review, the author examines the theoretical, conceptual, and empirical base through which consumers perceive loyalty programmes and how it affects consumer loyalty in grocery retailing, especially in the emerging markets like Azerbaijan. It critically analyzes significant theories, namely, those of the Commitment-Trust Theory (Morgan and Hunt, 1994), Expectancy- Disconfirmation Theory (Oliver,1980) and Self-Determination Theory (Deci and Ryan,1985) and assesses the way in which these theories have been implemented, tested and developed in modern studies. Another aspect examined in the review is technological and cultural factors that mediate the formation of loyalty, which synthesises the current studies that have been published within the period 2019-2025 so that the research would be relevant to the digital retail setting.

This chapter has a three-fold purpose. It will first chart the intellectual landscape of customer loyalty and loyalty-programme studies, following its development over time as a transactional incentive scheme to highly technical digital ecosystems. Second, it determines the points at which the empirical evidence is contradictory or incomplete particularly in non-Western situations where consumer behaviour could be influenced by socio-cultural variables. Third, it defines conceptual framework and hypotheses underpinning the current research by explaining how the elements of trust, perceived value, commitment, and satisfaction, switching barriers, personalisation, and brand reputation respond to each other to influence the outcome of loyalty.

A survey of the existing literature indicates that even though loyalty programmes have become the norm in the retailing arena on an international scale, their effectiveness mechanism remains controversial. Previous research was mainly based on behavioural measures including repeat purchase and share of wallet (Sharp and Sharp, 1997) but more recent research concentrates on attitudinal and emotional loyalty including the psychological attachment, trust, and identification (Fullerton, 2011; Verhoef, 2021). Also, technological change has reshaped the idea of loyalty: data analytics, artificial intelligence, and mobile applications have made the process of managing loyalty dynamic and real time (Tamaddoni, Stakhovych & Ewing, 2016).

These devlopments have become opportunities and challenges to emerging markets such as Azerbaijan. Quickly growing digitalisation allows the retailer to get information about consumers and tailor the offer, but cultural beliefs on privacy, institutional trust, and digital literacy can limit the uptake (Rustamov, 2023). In turn, a contextualised review is needed to assess how the theories of established loyalties can be or cannot be applied into an environment that is defined by the collectivist values, nascent data regulations and socio-economic diversity.

This chapter then continues in the following manner. Section 2.2 explains the conceptual development of customer loyalty and distinguishes behavioural, attitudinal and emotional aspects. The three theoretical perspectives that will be used to direct this research are analysed in sections 2.3 to 2.5. Sections 2.6 and 2.7 discuss the external moderators of technology and culture, and the synthesis of the findings, identification of gaps in research, synthesise findings, and the conceptual framework that guides the empirical testing in the following chapters is presented in sections 2.8 and 2.9.

2.2 Conceptual Foundations of Customer Loyalty in Retail

2.2.1 Customer Loyalty

Customer loyalty has been the focal point of marketing over the last 5 decades, thus shifting with the consumer behaviour and the competitive market. Initial theories of loyalty treated it as an action behavior, and the frequency of repeat purchasing or the likelihood that a consumer would switch brands (Cunningham, 1956; Dick and Basu, 1994). Later theorists suggested that simple repetition of buying does not mean an actual attachment and added the idea of attitudinal loyalty that is a mental disposition to prefer a specific brand to the others (Oliver, 1999). More recently, a third dimension has also come into the limelight of contemporary research and is known as emotional or affective loyalty, which is based on strong feelings of trust, belonging, and identity fit that consumers feel towards brands (Chaudhuri and Holbrook, 2001).

In the grocery retailing business, loyalty is characterised by habitual behaviour owing to the frequency of purchase, but relationship factors are paramount owing to low product differentiation (Dowling and Uncles, 1997). Supermarkets are competing based on convenience, price, and service quality, yet loyalty programs provide a further relational interface where retailers can reward their customers, recognise them and communicate with them (Kumar & Reinartz, 2016). Therefore, loyalty is not only transactional but a continuing social exchange between a customer and a merchant through mediating perception of fairness, value and reciprocity (Blau, 1964; Morgan and Hunt, 1994).

2.2.2 Loyalty Dimensions: Behavioural, Attitudinal and Emotional

A behavioural loyalty is the visible patterns of repurchase and is affected by the convenience, habit, and switching cost (Burnham, Frels and Mahajan, 2003). Although behavioural measures can give concrete indications to managers, they ignore the motives. In comparison, attitudinal loyalty is the cognitive and affective assessment (commitment and satisfaction) that is linked to behaviour in advance (Bennett and Rundle-Thiele, 2004). The emotional loyalty goes even further to include identification and passion, which is associated with the brand communities and psychological ownership (Park et al., 2010).

The empirical research indicates that emotional loyalty is the one that has the longest-term influence on the profitability in the long term due to the resistance to competition based on price (Kim et al., 2021). Nonetheless, behavioural to emotional loyalty hinges on antecedent, trust, satisfaction, perceived worth and social identification which are specific central variables investigated subsequently under the umbrella of Commitment-Trust, Expectancy-Disconfirmation, and Self-Determination theories.

2.2.3 Strategic Relationship Tools Loyalty Programmes

The operationalisation of these loyalty dimensions is done by the use of loyalty programmes to organize exchange of value and recognition. Common systems are point accumulation, tiered rewards, cashback and privileged access. Their strategic argument is in the increased retention of customers and their data acquisition which contributes to the personalised marketing (Reichheld, 2003). However academics disagree as to how effective they really are. Dowling and Uncles (1997) have stated that poorly segmented programmes are just moveable and subsidize the usual customers without building new loyalty, and later research found out that well crafted schemes can lead towards profitability due to segmentation and cross-selling (Kumar and Reinartz, 2016).

More recent studies indicate that effective loyalty programmes combine practical (economic) and psychological rewards like recognition, belonging, and enjoyment (Meyer-Waarden & Benavent, 2020). This dual value proposition is magnified by digitalisation, which makes communication interactive, gamified and provided in real time (Berman, 2022). These results in the limit of technological infrastructure and consumer scepticism in emerging economies, which implies the need to adopt approaches to the specifics (Rustamov, 2023).

2.2.4 Customer Loyalty Determinants

An analysis of existing empirical literature indicates that 5 common determinants of loyalty in grocery retailing exist including trust, commitment, satisfaction, perceived value, and switching barriers. The relationship marketing is based on trust and commitment (Morgan and Hunt, 1994); that satisfaction is a post consummation evaluation (Oliver, 1980); perceived value is benefit-cost consideration (Zeithaml, 1988); and switching costs which are the financial, procedural, and relational costs that discourage defection (Burnham et al., 2003). These determinants are dynamic in their interaction such that a high level of satisfaction and perceived value lead to trust which, in turn, enhances commitment and de-pricing/de-convenience sensitivity (Fullerton, 2011).

Habit formation and convenience also play a role in loyalty in grocery retailing where shopping is regular and low involvement but the drivers provide weak loyalty that is easily shaken by the promotion of the competitors (Dowling and Uncles, 1997). It is also a challenge to the retailers to convert situational loyalty to real relational loyalty by building trust and emotion.

2.2.5 Loyalty in Emerging and Transitional Economies

The bulk of loyalty research is based on the developed markets, resulting in a gap in terms of cultural and institutional differences. In Asian, Middle Eastern, and Eastern Europe studies identify the collectivist cultures as those that attach importance to relational trust and social proof over individual rewards (Nguyen et al., 2020). In transitional economies like Azerbaijan, consumer behaviour is a blend of the traditional dependence on personal relations and digital marketing exposure, which is growing. As a result, the cultural norms, institutional trust, as well as socio-economic status impact the loyalty as well as the program design (Rustamov, 2023). Consumers with high uncertain avoidance might appreciate openness and security of their data, but communal orientations would ensure word-of-mouth and social validation are even more powerful sources of loyalty (Hofstede Insights, 2024).

2.2.6 Critical Perspectives

Although loyalty is usually presented as a positive effect to both the firms and the consumers, critics opine that it may result to dependency and inequality. Sharp and Sharp (1997) argued that the loyalty programmes at other times distort competition by rewarding the current customers at the expense of potential customers. Besides, overdependence on material rewards also leads to the risk of commoditising loyalty, decreasing its strategic importance (Kumar & Reinartz, 2016). The further complication is digitalisation: algorithmic targeting is capable of improving relevance by creating obvious privacy concerns along with a perceived manipulation (Aguirre et al., 2015).

Thus, to comprehend the concept of loyalty in the digital era, one should combine ethical and psychological aspects with conventional behavioural indicators.

2.2.7 Synthesis

The theoretical bases point to the fact that the customer loyalty can be viewed as a complex construct that is influenced by cognition, affection, and situational variables. Loyalty programmes are used in grocery retailing as the main tool of connecting these dimensions with value exchange and relationship reinforcer. But the success of such programmes lies in the fine balance between trust, commitment, satisfaction, perceived value and cultural fit. The extant literature is mostly representative of the realities of Western consumers, so a significant gap in the literature has existed with regard to how these constructs are reflected on the emerging economies that are typified by divergent socio-cultural conventions and digital preparedness. The proposed gap filling not only facilitates theoretical development but also managerial significance to the emerging grocery industry in Azerbaijan.

2.3 Commitment–Trust Theory (CTT)

One of the most lasting theories in the research of relationships marketing and consumer loyalty is the Commitment-Trust Theory (CTT). The theory is originally stated by Morgan and Hunt (1994), stating that trying to establish successful relational exchanges is developed on two primary mediators, i.e. trust and commitment that define cooperation, lessen uncertainty, and enforce the long-term relationships. These mediators are utilized in customer loyalty programmes as they explain why some consumers develop lasting relationships with brands after satisfying their needs with the purchase. Repeat purchasing and price competition are common in the grocery retail business where trust and commitment can assist in the transformation of the habitual buying to meaningful brand relationships (Fullerton, 2011).

2.3.1 Theoretical Foundations and Constructs

CTT is based on social exchange theory (Blau, 1964), which perceives relationships as mutual and reciprocal transactions of value in which partners attempt to gain as much as possible and lose as little as possible. Trust is a belief in the dependability and honor of the partner whereas commitment is the willingness to continue the relationship (Morgan and hunt, 1994). These constructs are antecedents and consequences of relational quality. Trust is high and this leads to commitment which subsequently leads to cooperation, advocacy and resistance to competitive offers.

These mechanisms are supported by empirical evidence in all industries. In the study conducted by Chaudhuri and Holbrook (2001), brand trust had a direct positive effect on the purchase loyalty as well as attitudinal loyalty since it minimized the perceived risk and maximized emotional attachment. On the same note, Fullerton (2011) affirmed the role of trust in mediating the relationship between satisfaction and commitment, implying that consumers who are satisfied but do not trust the company would most probably not be committed. The current research confirms this model even in online retailing environments and proves that transparency, ethical data processing, and trustworthiness of online services are essential factors to build trust (Marriott and Williams, 2018; Berman, 2022).

Nonetheless, researchers believe that the flows of trust and commitment depend on the culture. In collectivist societies like Azerbaijan, the trust is likely to be based on social familiarity, reputation, and the social connection between people and is not supported by contractual or procedural guarantees (Hofstede Insights, 2024). Thus, the grocery retailers of Azerbaijan cannot afford to focus on algorithm accuracy or online convenience and end up developing a group of trust by promoting fairness, personalisation, and inclusion.

2.3.2 Loyalty programmes dimensions of Trust

Trust is both effectual and affective. Cognitive trust is an expectation of reliability and competence that is rational and affective trust is an emotional attachment arising as a result of care and empathy (McAllister, 1995). Cognitive trust in loyalty programmes is attained in circumstances where the consumer feels that there is a consistent redemption of rewards, protection of data and clear communication. Affective trust is formed when the customers feel important, identified and attached to the brand emotionally.

Studies have shown that loyalty programmes that are based on fairness, transparency and security have a higher level of trust. On a case in point, the study by Chaudhuri and Holbrook (2001) established that the confidence of the fairness of the programme is boosted with clarity of information of accumulation of points and redemption. On the contrary, difficult to understand or clouded rules create doubt and withdrawal. In a similar fashion, data privacy and cybersecurity are currently important antecedents of trust. Aguirre et al. (2015) discovered that as much as personalisation leads to perceived relevance, it also raises privacy concerns a conflict referred to as the personalisation-privacy paradox. This paradox can especially be relevant to what are known as emerging markets such as Azerbaijan in which data protection regulatory frameworks are still in their early stages and consumers have poor digital trust (Rustamov, 2023).

Empirical evidence in the recent past shows the mediation role of digital trust in determining the loyalty. Kim et al. (2021) indicated that mobile-based loyalty applications enhance trust in a system that offers user control over the sharing of data and visible security controls. On the other hand, perceived trustworthiness decreases when customer data is misused or when marketing is done without the customer permitting it. The conclusion to the Azerbaijani retailers is evident: open data management and privacy rules that focus on customers are a key to the establishment of trust in the loyalty programmes.

2.3.3 The Role of Commitment

Commitment is the long run decision of a consumer to stick to a relationship despite the presence of alternative choices that are appealing (Moorman, Zaltman and Deshpandé, 1992). Two large forms in literature are regarded as affective commitment and calculative commitment (Fullerton, 2011).

- Affective commitment is motivated by emotional attachment, common values and identification with the brand.
- Calculative commitment is the one that comes as a result of rational cost-benefit analysis, like accrued rewards or switching costs.

Affective commitment brings about a more sustainable loyalty as it is self-generated and calculative commitment may completely disappear when external rewards are altered (Bennett and Rundle-Thiele, 2004). However, the two forms co-exist in grocery retailing: the financial rewards enhance the calculative attachment, whereas the personal recognition, ethical branding and service experience experiences enhance affective commitments (Evanschitzky et al., 2012).

According to scholars, the customers can be moved up this continuum by the programme design. Emotional bonding is promoted through exclusive benefits, personalised communication and community-based initiatives and transactional loyalty is ensured by generic discounts (Meyer-Waarden and Benavent, 2020). This is the case in a country with high collectivism orientation like Azerbaijan where the importance of relationships and reputation, affective commitment might be fostered by the culturally sensitive campaigns based on the idea of community giving and community respect towards each other instead of just price discounts.

2.3.4 Mediating and Moderating Variables

Although the main focus is on the relationships of trust and commitment, they are not directly related to loyalty, but their association is mediated by the relationships between the variables of perceived value, satisfaction and switching barriers.

The perceived value which is the trade-off between gains obtained and the expenses incurred (Zeithaml, 1988) establishes whether the customers find the programme valuable or not.

Satisfaction is the feeling of disaccommodation with the expectations (Oliver, 1980). Financial, procedural and relational costs are switching barriers that discourage a customer to switch retailers (Burnham, Frels & Mahajan, 2003).

The research findings continually reveal that perceived value has a positive impact on trust and commitment (Kim et al., 2021). Those customers who feel fair and high reward utility develop confidence in the retailer whereas those who feel that the programme is a manipulative one do not have much commitment. Meanwhile, satisfaction is a cause and an outcome of trust. Hallowell (1996) and Bennett and Rundle-Thiele (2004) research studies indicated that without commitment, satisfaction would not guarantee retention. Satisfaction in the case of loyalty programmes has to be modified to relational engagement as opposed to reward fulfilment to maintain long-term loyalty.

Switching barriers play the role of facilitator and inhibitors. High barriers enhance calculative but can ruin affective commitment in case customers are tied down. With the growth of digital ecosystems, the barriers are becoming smaller, now customers have the opportunity to sign up to several programmes at once with minimum efforts. Tamaddoni et al. (2016) noted that personalisation based on AI supplements convenience yet it also encourages cross-loyalty, lessening exclusivity. In turn, designers of the loyalty program should strike the balance between barriers creation and the sense of fairness so that trust is not lost.

2.3.5 Digital Trust and the Integration of Technology

The digital revolution has reposed the concepts of trust and commitment. Loyalty apps available online and on mobile have brought about a new channel of interaction that is based on algorithmic suggestions and machine-driven engagement. Although the tools enhance the ease of doing business, they also disrupt the normal process of establishing trust by involving human beings with electronic interfaces (Marriott and Williams, 2018).

Personalisation using AI will provide individual rewards and predictive analytics, yet it can lead to a decrease in affective commitment when customers feel that they are manipulated or spied on (Aguirre et al., 2015). The transparency, user control and data ethics therefore becomes the centre of maintaining trust in technology mediated loyalty programmes. In Azerbaijan where the digital literacy is diverse among age and region, there should be equal access and a clear communication regarding the use of data to eliminate scepticism and engender acceptance.

In addition, new studies associate digital trust with brand reputation and corporate social responsibility (CSR). Erdem and Swait (1998) proposed that brand credibility, which can be explained by consistency and clarity, is a heuristic of trust. Recent research reported that CSR activities bolster cognitive and affective trust indicating the moral uprightness (Albuquerque, Koskinen and Zhang, 2019). The use of CSR-related loyalty programs (e.g. making a donation to receive the points) by the Azerbaijani grocery chains could, therefore, create not only a commercial but also a social attachment to purchase among the customers.

2.3.6 Cross-Cultural Implications of CTT

The universality of CTT has been a controversial one. The cross-cultural studies show that the relative significance of trust and commitment differs in different societies (Samaha, Beck and Palmatier, 2014). The culturally defined notions of commitment are calculative and contractual in individualistic cultures and relational and moral in collectivist ones. Similarly, the cultures of uncertainty-avoidance are focused on the transparency and stability, which enhances the trust-loyalty connection.

In the case of Azerbaijan, which is in the space between Eastern collectivism and Western modernisation, hybrid values have formed the loyalty. Trust is not just created by the corporate reliability but also by interpersonal cues, reputation and social. Word-of-mouth and community validation can be very important because consumers tend to use the suggestions of friends and relatives, but not corporate advertising (Rustamov, 2023). Thus, proper loyalty programmes in Azerbaijan have to bridge the digital performance and relational authenticity, which the Western models hardly cover.

2.3.7 Critical Review and Research Gaps

Although it has been widely empirically proven, CTT literature has several gaps:

Contextual specificity: A majority of studies will test CTT in western or developed contexts. There is scanty research on the dynamics of trust and commitment in an institutional uncertainty that is characteristic of emerging markets.

Digital mediation Few studies have incorporated the digital trust, AI personalisation, and data ethics into the trust-commitment-loyalty framework.

Cultural moderation -When cross-cultural analyses are used, culture is usually taken as a control variable instead of dynamic determinant.

Temporal perspective- Survey designs that have short-term surveys are prevalent; longitudinal studies that evaluate long-term commitment are uncommon.

These gaps are especially relevant to the case of the grocery industry in Azerbaijan. There is a lack of research on the interaction between trust and commitment and digitalisation as well as moderate variables of income and demographics affecting perceived value and programme engagement. Sealing these gaps, the current study will bring CTT outside the Western context to the context of a culturally and technologically unique surroundings.

2.4 Expectancy–Disconfirmation Theory (EDT)

One of the most prominent theories that elucidate consumer satisfaction and the subsequent impacts on their loyalty is the Expectancy -Disconfirmation Theory (EDT) developed by Oliver (1980). The theory claims that the satisfaction is a product of the cognitive comparison between the expectations and performance after purchasing the product. Both positive disconfirmation which results in satisfaction and negative disconfirmation which results in dissatisfaction occur when perceived performance is higher or lower than the expectations respectively. EDT has been extensively proven in service and retailing situations and is a strong base to the research of how consumers perceive loyalty programmes.

2.4.1 Core Constructs and Process

The components of EDT are three, related to one another, namely expectations, perceived performance and disconfirmation. Expectations are beliefs that consumers have concerning product or service performance before experience that are moderated by previous experience, advertising, social influence and reputation (Swan and Oliver, 1989). Perceived performance is based on actual experience of the consumer.

Disconfirmation takes place when the assessment is carried out on the difference between the two, and it is positive, negative or neutral (Oliver, 1980).

Happiness is therefore an emotional reaction to cognitive assessment. Anderson and Sullivan (1993) affirmed that positive disconfirmation enhances loyalty intentions whereas a negative one evokes switching. The model was later extended into emotional variables by later work to note that satisfaction is not a rational one (Boulding et al., 1993). Emotions, like delight or disappointment, increase the severity of disconfirmation on the loyalty behaviour.

2.4.2 ETD within the Framework of Loyalty Programmes

Expectations in loyalty programmes are created through programme design and communication. Customers expect a tangible reward, redemption ease and treatment. In cases of these expectations being met with actual performance, e.g. simple redemption or clear reward tracking, positive disconfirmation increases satisfaction and loyalty (Hallowell, 1996). On the other hand, complicated regulations, the delay in rewards, or subjective unfairness generate negative disconfirmation, which undermines loyalty (Kumar and Reinartz, 2016).

In a meta-analysis, Szymanski and Henard (2001) have established that expectation management, rather than service recovery, is more relevant in predicting customer satisfaction. Continuous re-calibration of the values of rewards and clarity in communication can be crucial in the grocery retailing business where shopping can be an often behavior and requirements change quickly. Empirical studies by Yang and Jun (2002) revealed that the satisfaction of online shoppers is strongly related to the precision of the pre-purchase performance expectations presented by online retailers a concept that applies equally to online loyalty application in Azerbaijan.

2.4.3 Emotional and Cultural Dimensions

This contemporary understanding of EDT takes into account the emotional disconfirmation of satisfaction that is based on the fact that the affective states like surprise and joy also contribute to satisfaction (Homburg and Giering, 2001). Delight, which is a major antecedent of emotional loyalty, is generated by positive emotional disconfirmation, such as when a loyalty programme performs better than expected by being unexpectedly recognized or a gamified experience (Berman, 2022). Negative emotional disconfirmation, in its turn, provokes frustration or betrayal, which enhances dissatisfaction even more than rational loss.

Cultural context determines the way the consumer develops and responds to expectations. High-uncertainty-avoidance societies, including Azerbaijan, have consumers who would tend to favor visible reward systems and predictable rewards and more open communication networks (Hofstede Insights, 2024). Sudden departures, even favorable, may create uneasiness. Thus, the key to the success of a loyalty programme is the balance between unexpectedness and predictability. In addition, collectivist orientations incorporate a social validation in the disconfirmation process: consumers compare their satisfaction with those of peers. When members believe that loyalty rewards are unequal, then perceived justice will decrease, which will invalidate the satisfaction and trust (Nguyen et al., 2020).

2.4.4 Expectation Management and Digitalisation

Digitalisation has changed the way of expectation forming. The mobile apps, social media, and peer reviews are also used to provide instant feedback to the consumers, which makes their expectations dynamic and data-driven. In real-time performance monitoring, disconfirmation updates are received in time, hence shortening the satisfaction cycle (Tamaddoni et al., 2016). Research indicates that in order to increase expectations, AI-based personalisation can deliver hyper-relevant, but can equally lead to greater disappointment in case of algorithms going astray (Aguirre et al., 2015). This expectation-inflation effect is becoming more and more apparent in the online grocery loyalty programs. The retailers should then control the algorithmic transparency and not over promise to avoid negative disconfirmation.

In the case of Azerbaijan, the demographic lines of expectation formation might be different due to the digital literacy and connectivity differences. The consumers in the city who are exposed to international brands also have complex digital expectations than the country-based consumers who depend on interpersonal communication and traditional indicators. This kind of discrepancy demands varied loyalty communication tactics that would match the expectations with the reality of delivery.

2.4.5 Critical Evaluation and Gaps

Although EDT is a solid theory of satisfaction, critics note that the theory is over-conceptual and does not consider the contextual variables. Emotions, brand equity and social identity all influence satisfaction without disconfirmation (Homburg and Giering, 2001). In addition, the majority of empirical studies adopt cross-sectional surveys; that is, they measure satisfaction at a single point as opposed to measurements across time. Satisfaction builds up in interactions in the context of loyalty programmes; longitudinal data is therefore necessary. Furthermore, the analysis in the case of EDT in new digital economies is rarely conducted. Also, in the case of Azerbaijan, the number of studies that have experimented on the nature of the expectation-performance gaps that arise in the presence of low levels of institutional trust and data-privacy anxiety is minimal.

Combining the EDT with the theories of CommitmentTrust and Self-Determination, the proposed research will also describe how the satisfaction combines with trust, commitment, and intrinsic motivation to determine long-lasting loyalty in the Azerbaijani grocery background.

2.5 Self-Determination Theory (SDT)

Whereas EDT is based on cognitive assessments, Self-Determination Theory (SDT) can give a psychological explanation of intrinsic motivation- why consumers are willing to participate in loyalty programmes out of the external rewards. SDT, developed by Deci and Ryan (1985) says that human behaviour is motivated by three intuitive psychological needs, autonomy (the need to be self-directed), competence (the need to feel competent) and relatedness (the need to feel connected to others). In cases where these needs are satisfied, the intrinsic motivation and enduring involvement are experienced; in cases where they are not met, extrinsic and weak motivation ensues.

2.5.1 Autonomy and Choice

Autonomy is a concept of people having the control over the decisions and actions. Loyalty marketing autonomy is expressed in the form of reward choice, offer personalisation, and participation. According to the research, consumers that feel a sense of autonomy in the loyalty programmes are more satisfied and committed in the long-term perspective (Vallerand et al., 2003; Berman, 2022). Flexible point redemption options or the use of several categories of rewards will serve as an example, which leads to the empowerment and the decrease of the perceived coercion. On the contrary, fixed systems that do not allow choice or have expiration regulations create frustration and less participation (Pelletier et al., 2008).

The self-service applications and dashboards available on digital platforms now enable freedom of choice never before seen. But the autonomy may be compromised, as long as the algorithms decide the possibilities without showing it. Autonomy and the social conformity go hand in hand with collectivist cultures; consumers might prefer independence yet they want approval of their peers. Retailers in Azerbaijan, in turn, have to juggle individualism and collectivism, as digital choice should not drive off the traditional consumer market.

2.5.2 Competence and Mastery

Competence entails the sense of being competent and efficient when dealing with a system. In loyalty situations, it is when the programme mechanics can be perceived easily, followed, and rewards are attained by customers. According to deci and Ryan (1985), competence satisfaction is the source of intrinsic motivation. Empirical data by Vallerand et al. (2003) show that users who believe that they are good in the use of digital platforms are more engaged.

Competence is increased with gamified elements, such as badges, progress bars, or level progress, since achievement is visualised (Hamari et al., 2019). Grocery stores are using gamification on loyalty apps more to maintain their interaction. But excessive complexity can do the reverse and make the consumers feel inadequate and disengaged (Berman, 2022). In the case of Azerbaijan, where people in digital illiteracy groups still experience disparities in digital literacy, the simplicity and ease of use in design is essential to the fulfilment of competence and retention of users.

Wealthy and influential countries typically possess greater resources than their developing counterparts and thus have the capacity to influence other countries.

2.5.3 Relatedness and Social Belonging

Rich and powerful nations are usually associated with a higher amount of resources compared to the developing ones and, therefore, have the potential to affect the other nations.

Relatedness refers to the need to relate with others and be a member of a group. Brand communities, referral systems and social media participation in the programmes are the types of loyalty that create relatedness. Research indicates that emotional loyalty is better motivated with community belonging as opposed to money (Cova & Cova, 2002). When the brand becomes a part of the social identity of the consumers, they promote and defend it on their own. The examples are Nike Run Club and Starbucks Rewards which combine both rewards and community involvement.

Social relations are still key to consumption behaviour in Azerbaijan. The consumers have trust in the brands that convey a reflection of the local culture, family values, and social cohesion. The incorporation of community events, charity ties or group discounts into loyalty schemes might therefore meet the relatedness needs much more effectively than personal incentives. It has been established in research on emerging markets (Nguyen et al., 2020) that collectivist consumers perceive loyalty as a form of interrelationship and not a form of transaction.

2.5.4 SDT in Digital Loyalty Situations

Digitalisation offers facilitators and discourage intrinsic motivation. Independence and the development of competence are promoted with the help of personalisation, interactivity, and gamification, and these advantages may be compromised by intrusive tracking that produces the sense of being watched (Aguirre et al., 2015). The authors of

Hamari et al. (2019) concluded that mobile application gamification can enhance perceived autonomy and enjoyment in case of voluntary participation and explicit feedback on progress. Nevertheless, the compulsory enrollments or the distorting information gathering minimizes intrinsic motivation.

In the case of emerging economies, technological inequity makes it difficult to apply SDT. The high smartphone penetration of urban Azerbaijan consumers will enable them to receive the maximum level of motivation through digital loyalty apps, whereas rural consumers might be excluded, undermining relatedness between demographics. This motivational gap can be overcome with the aid of inclusive design which is a blend of digital and physical interfaces.

2.5.5 Other-Theory Interaction

SDT is a complement of CTT and EDT because it involves the why of loyalty-motivation. Relational stability is described by trust and commitment (as a part of CTT), evaluative outcomes are described by satisfaction (as a part of EDT), and internal drive is described by intrinsic motivation (as a part of SDT). They both outline the process of extensive formation of loyalty:

- Consumers judge programmes on an intellectual basis (EDT).
- Build trust and commitment relationally (CTT), and
- Intrinsic motivation (SDT).

This triadic model is confirmed by recent integrative studies. Choi, Seo & Yoon (2021) have identified that a direct relationship exists between trust and satisfaction and their direct affect on loyalty when it comes to mobile retail apps through autonomy and competence. Jang et al. (2023) also found that perceived value is mediated by gamified autonomy to affective commitment to get loyalty. However, this type of multidimensional frameworks is under-researched in the post-Soviet or emerging context, which means that Azerbaijan has a good research opportunity.

2.5.6 Critical Evaluation

In spite of excellent explanations, SDT has been criticized as culturally biased: the theory assumes that individuals are motivated by individualistic factors, which do not necessarily also apply to the collectivist societies (Markus and Kitayama, 2019). Relationships may prevail over motivation in situations where communal standards prevail over individual decision-making. Moreover, the fact that SDT assumes that universal psychological needs can be neglected, socio-economic realities may mean that low-income consumers might focus on extrinsic and utilitarian rewards rather than their intrinsic fulfilment. Therefore, the SDT needs contextual adaptation to Azerbaijan grocery retail, the proportion between the intrinsic (belonging, identity) and extrinsic (discounts, convenience) motivators needs to be balanced.

2.6 Technological Drivers of Loyalty

2.6.1 Lowering Customer Loyalty through Digitalisation and the Rewarded Customer

The digital revolution has altered the format and the process of implementing the loyalty programme not only to a card-based programme but a data driven, omnichannel ecosystem (Berman, 2022). Digitalisation makes it possible to collect information in real-time, make predictions, and have personalized interactions, redefining the ways consumers perceive value. Mobile applications, QR codes, and near-field communication (NFC) technologies have been used in the grocery sector instead of manual point system, allowing redemption in real-time and constant communication (Tamaddoni et al., 2016).

The concept of Loyalty management is also meant to be integrated with Digitalisation into the wider model of Customer Relationship Management (CRM) that generates two-way communication which is always ongoing. Grocery stores like Tesco or Carrefour are a good example of this change, as they have been using purchase history to provide hyper-personalised offers. Research also supports that digital touch point makes it more convenient and satisfying to customers when transparent and usable (Meyer-Waarden and Benavent, 2020). Nevertheless, excessive automation may do the same, assuming that consumers will feel that the relationship is cold or unethical (Aguirre et al., 2015).

Digital retail in Azerbaijan is growing, especially among younger and urban population groups (Rustamov, 2023). Mobile loyalty apps are already being adopted by local chains like Bravo and Araz; however, the lack of sufficient infrastructure to support widespread digitalisation in rural locations (both in terms of broadband and smartphone penetration). Such an asymmetrical diffusion points to a digital divide that may lead to unequal access to the loyalty benefits, and requires hybrid systems to combine digital and physical parts.

2.6.2 AI Personalisation and Predictive Analytics

The most recent development in the area of loyalty management is artificial intelligence (AI). The AI algorithms examine the transactional, behavioural, and demographic data and predict the needs and produce a context-specific offer (Tamaddoni et al., 2016). The models of prediction enable retailers to predict the churn, create retention campaigns and classify consumers more precisely than ever. It has been found that redemption rates and consumer engagement are enhanced by AI-based personalisation because it matches the offers to consumer preferences (Berman, 2022).

However, there are ethical and perception issues brought about by AI personalisation. The personalisation privacy paradox (Aguirre et al., 2015) assumes that although consumers appreciate personalisation, they are also afraid of misuse of personal information. Honesty, consent and data management are thus the key factors to maintaining trust. Marriott & Williams (2018) have determined that clear privacy terms and user control can help increase the perceived security and readiness to share information. Determined by the legislation on data-protection being still at its initial stage in Azerbaijan, perceived risks may exceed the benefits, thus creating an aversion to AI-based loyalty practices. Retailers, in its turn, have to work on the culturally-aware communication approaches outlining the reasons of data gathering and use.

The formation of expectations can also be influenced by AI. The algorithms can cause the consumer expectations to be higher than in the consumers capable of delivering them consistently due to making claims of absolute relevance. In the event of failure in recommendations, negative disconfirmation is achieved (see Section 4.4). Therefore, predictive accuracy and ethical transparency are both factors that define the success of AI-driven loyalty.

2.6.3 Customer Experience and Omnicorrelation

Omnichannel retailing brings together online and offline retailing so that the customer can collect and redeem their points without any problems in physical stores, websites and mobile apps. The strategy addresses the demand of continuity and convenience by the modern consumers. Verhoff (2021) contends that the satisfaction rates are improved according to the omnichannel loyalty system due to the ability to offer uniform brand experiences. The findings of empirical research conducted by Blut et al. (2021) include the idea that channel integration quality, such as consistency, transparency, and service recovery, has a positive impact on trust and affective commitment.

The success of omnichannel strategies however relies on technological potential and competence of employees. The retailers in emerging markets tend to struggle with interoperability of the systems and data synchronisation. In the case of Azerbaijani grocery chains, the lack of IT infrastructure and the lack of an integrated supplier database is an obstacle to the smooth integration. The key towards attaining the same type of synergy as Western retailers will be therefore investment in cloud-based CRM systems and training of staff.

2.6.4 Gamification and Engagement with the User

The introduction of game features, known as gamification (badges, leaderboard, challenges, etc.), is a widely applied method of fostering interest and emotional dedication. Hamari et al. (2019) discovered that intrinsic motivation is boosted by gamified loyalty programmes that fulfill autonomy and competence needs and is consistent with the Self-Determination Theory. The grocery chains have incorporated the use of the so-called spend-to-win challenges and social competitions in an attempt to make shopping more interactive. However, studies caution that excessive gamification may undermine loyalty as well as divert attention to actual relationship development (Berman, 2022). Gamification needs to be sustainable thus a meaningful reward that strengthens brand identity and not just hedonic pleasure.

Gamification in Azerbaijan may be of great interest to younger customers who are used to mobile gaming conditions. In the case of older audiences, recognition-based systems that are less complex (e.g., the status of a senior member) can be more efficient, focusing on the personal respect rather than competition.

2.6.5 Ethical Governance and Cybersecurity

The fundamentals of trust of digital loyalty programmes is based on perceptions of data security. A series of international privacy violations have sensitised consumers towards the dangers of privacy. The studies carried out by Roman and Cuestas (2020) suggest that the perception of ethical data management has specific direct impact on trust and repurchase intention. The retailers should thus implement visible security, third party certification and codes of ethics.

Lack of strong enforcement of data-protection law and a lack of awareness on consumer rights increases vulnerability in Azerbaijan. By sending signals of reliability, retailers voluntarily enforcing international privacy principles (including compliance with the GDPR) might have a strategic advantage. Why then, the issue of ethical governance is not only a matter of compliance but also an element of competitive advantage when seeking the establishment of a loyalty based on trust.

2.7 Cultural and Demographic Moderators

2.7.1 Culture as a Determinant of Loyalty Behaviour

The consumer expectations, formation of trust and emotional attachment are significantly influenced by culture. The cultural dimensions provided by Hofstede (2011) such as collectivism, uncertainty avoidance, power distance and long-term orientation provide effective frames of analysing the loyalty behaviour within societies. The collectivist cultures tend to follow relational harmony and social demonstrations instead of personal gain as the foundation of loyalty (Nguyen et al., 2020). Individualistic cultures, on the contrary, focus on individual worth and independence.

Azerbaijan is characterized by collectivist and moderately high amounts of uncertainty-avoidance characteristics, which imply that the population wants to establish reliable relationships with reputable retailers and uses word-of-mouth validation extensively (Rustamov, 2023). Hence trust and reputation are more important than novelty in making loyalty. The western models which are based on self-expressive rewards or highly individualised competition might need to be culturally adapted.

According to cross-cultural research that was conducted by Samaha, Beck and Palmatier (2014), the reaction of the collectivism consumer to communal loyalty gains (e.g., family discounts, shared points) is more positive compared to that to individualistic gains. Therefore, the programmes that emphasize on collective benefit and local people contribution are more suitable to the Azerbaijan value system.

2.7.2 Socio-Economic and Demographic Influences

Both programme participation and perceived value are moderated by demographic factors like age, income and education. Burnham et al. (2003) proved that the switching costs and reward valuation are deterministic in socio-economic status. The high-income customers are focused on the emotional value and convenience whereas the low-income groups are price-conscious. Income difference between Baku and rural areas in Azerbaijan would suggest a different motivation of loyalty: urban workers may be keen on conveniences and online interaction; the rural population may want material values and in-person trust.

Loyalty behaviour is also further differentiated by age. According to Kim et al. (2021), younger consumers are more sensitive to digital interfaces and rewarded gamification, whereas older consumers trust in habitual consumer loyalty and interpersonal service. Retailers should hence use design-specific to the segments, and it should be inclusive. When it comes to the competence satisfaction, education and digital literacy also have an influence (Section 4.5): consumers who do not know how to navigate an app might find digital programmes complicated, and that discourages participation.

2.7.3 Generational and Technological Orientation

Different cohorts have their attitude to technology and loyalty. Gen Z gives rewards to experiences and environmental responsibility; Millennials are goal-oriented and need convenience and personalisation; the older generations are more focused on reliability and human interaction (Berman, 2022). Priporas, Stylos and Fotiadis (2017) discovered that trust and perceived ease of use in mobile commerce is moderated by generational digital orientation. In the case of Azerbaijan retailers, the way to close these generational divides is to adopt multichannel solutions, a mobile application to cover younger consumers, the use of physical cards and call-centre support to close the gap with older consumers.

2.7.4 Religion and Cultural Values

Religion and culture are also subject to the same values, which may also affect consumption ethics and perception of loyalty. Azerbaijan is a largely Muslim country where buying decisions are made based on modesty, community good, and justice. Programmes which seem exploitative or which encourage wasteful consumption can be in conflict with cultures. Moral trust and affective commitment can be improved with the incorporation of CSR activities like the donation of the points to the charity (Albuquerque et al., 2019). The initiatives are attractive to the collectivist morality and can be used to reconcile commercialist objectives with cultural identity.

2.7.5 Cross Cultural Comparisons and Insights in Emerging Markets

Comparative analysis of emerging markets has shown that there is a difference in the loyalty mechanisms as compared to Western presumptions. Nguyen et al. (2020) found that interpersonal familiarity with a partner resulted in emotional trust in Vietnam and Indonesia, rather than the benefits of formal programmes. In the same vein, Memon and Hina (2022) have stated that perception of the employer brand had an effect on job-seeker loyalty based on cultural value alignment- similarities that highlight the fact that cultural congruence is effective in consumer loyalty. Using this logic in the context of Azerbaijan, customers can view loyalty as a moral and relationship commitment rather than the economic exchange. Thus, the analysis of cultural moderators is critical to theory modification.

2.7.6 Critical Evaluation

Even though the role of the culture and the demographic has been widely recognized, the models often turn to the former as the factors of control, instead of the variables of explanation. Not many empirical studies connect the cultural dimensions and the technological adoption and motivational theories. Furthermore, the long-term data on the generational changes in the emerging economies is limited. The problem of how shifting digital practices are redefining the logic of collectivism loyalty is an important research agenda that demands attention by scholars and professionals.

2.8 Customer-Loyalty Outcomes in Grocery Retail

2.8.1 Behavioural and Attitudinal Outcomes

Customer loyalty would be directly converted to organisational performance measurements of increased retention, lesser price elasticity and an increase in the bottom line. The findings of empirical studies always associate loyalty with frequency of repeat purchases and share of wallet (Reichheld, 2003). Nonetheless, behavioural loyalty, which can be measured using purchase information alone, can be a mask to inertia or habit but not to attachment (Dick and Basu, 1994). Habitual purchase is a usual habit in the grocery retail due to the availability of convenience and need; therefore, the retailers have to be able to differentiate between spurious loyalty and real commitment. Bennett and Rundle-Thiele (2004) noted that the attitudinal, emotional commitment is a better predictor of long-term retention compared to transaction volume.

Attitudinal loyalty, which entails preference and advocacy as exhibited by consumers can be in form of word of mouth and the unwillingness to accept rival promotions (Chaudhuri and Holbrook, 2001). The most intense is emotional loyalty, which makes the consumers protect brands in public and accept service failures (Fullerton, 2011). In the context of grocery retailing, emotional loyalty can be developed via programmes that generate a sense of recognition and collective identity, such as community programs or support of local suppliers that are consistent with consumer ethics (Nguyen et al., 2020).

2.8.2 Economic Outcomes for Retailers

Regular customers save on expenditure incurred in acquisition marketing and grow the income base. The concept of the chain of loyalty profits by Reichheld (2003) assumes that retention can increase profits by 95 per cent with the increase in retention by 5 per cent. The programmes of loyalty also create a large amount of first-party information, which allows targeted promotions and optimisation of the supply chain (Tamaddoni et al., 2016). However, the monetary gains will be based on the effectiveness of the programmes, a poorly made one will cannibalize on money by rewarding those customers who would have been purchasing without the reward (Dowling and Uncles, 1997). There is a framework of ROLI that suggests balancing incentive cost with incremental behavioural change, which is the return on loyalty investment (ROLI) framework introduced by Kumar and Reinartz (2016).

In Azerbaijan, with already low grocery margins and competition increasing, profitability will depend on retaining consumers in the urban middle-class with greater involvement in the rural regions. Contextualised loyalty systems, which would provide digital convenience and do not isolate traditional shoppers, may therefore keep the profitability and market differentiation.

2.8.3 Psychological and Social Outcomes for Consumers

To the consumer, loyalty brings in psychological reassurance, less thought and a feeling of belonging. Research also shows that the loyalty participation improves perceived status and emotional well-being in the presence of recognition mechanism (tiers, badges or community membership) (Hamari et al., 2019). On the other hand, a bad programmes can create exasperation, or perceived injustice, or point burnout. The discussed concept of expectation-performance balance under EDT becomes essential: entering into emotional and social rewards as a complement to monetary ones, the level of satisfaction and self-esteem increases at the same time (Oliver, 1999).

Loyalty also plays a social-identity role in collectivistic countries like Azerbaijan. Customers get pride in being connected with honorable household brands or socially conscious retailers. This kind of identity-based loyalty corresponds to relatedness in Self-Determination Theory and strengthens the bond of a community. Thus, emotional reward of having become a loyal customer is likely to go beyond consumption, and form social capital.

2.8.4 Challenges in Sustaining Long-Term Loyalty

Loyalty in the long run involves continuous change. According to Berman (2022), digital convenience increases consumer expectations by reducing the duration of the loyalty cycle. Differentiation is killed by technological exhaustion, privacy issues and imitation by competitors. Also, a shift in generational values, such as to sustainability and authenticity, requires the alignment of the loyalty strategies with sustainability and environmental objectives. Programmes that are considered to be manipulative and/or data-intrusive can pose a threat of erosion of trust, which overturns the benefits obtained due to digital innovation (Marriott and Williams, 2018).

The other problem is multi-programme membership: consumers are subscribing to many schemes at the same time and spreading the commitment. Meyer-Waarden and Benavent (2020) also support this suggestion by arguing that to avoid commoditisation of loyalty, retailers have to generate relational uniqueness, such as the incorporation of emotional storytelling or local cultural references. Cultural resonance and clear community contribution in Azerbaijan can be used to create a commitment that is real, even in the face of technological non-parity with the western chains.

2.9 Research Gap and Conceptual Framework Summary

2.9.1 Theoretical Insights Synthesis.

The literature narrows down to five occurrent determinants of loyalty in grocery retailing, which include trust, commitment, satisfaction, perceived value and intrinsic motivation, but facilitated by technological and cultural contexts. Relational foundations are explained by the commitment-trust theory, evaluative satisfaction is explained by Expectancy-disconfirmation theory and the motivational depth is explained by Self-determination theory. Nevertheless, their joint use on the emerging markets is one of the exceptions. The vast majority of the empirical research is based in Western economies in which the institutional trust, digital infrastructure, and individualistic values vary significantly with the socio-cultural context of Azerbaijan.

2.9.2 Identified Research Gaps

Contextual gap- Evidence of emerging markets: There is a dearth of empirical studies with regard to how the loyalty-programme mechanisms can work in environments with low institutional trust, mixed digital literacy and collectivist social norms.

Theoretical gap -Integrated frameworks: Not many studies incorporate CTT, EDT, and SDT into a single holistic model and have trust, satisfaction, and intrinsic motivation related to one another.

Technological gap: AI and privacy Despite the fact that people in non-Western societies have not studied the effects of AI-based personalisation on their perceptions of fairness, data security, and long-term loyalty (Aguirre et al., 2015; Rustamov, 2023).

Cultural gap - Values and demographics: There is not enough evidence available regarding the moderating role of collectivism, religion and income diversity on the drivers of loyalty in Azerbaijan.

Temporal gap Sustainability of loyalty: The majority of studies are cross-sectional, longitudinal studies of the impact of affective commitment and the evolution of digital-trust are not available.

2.9.3 Conceptual Framework

Based on these observations, the conceptual framework that will be used to guide this DBA research (as will be depicted in the thesis document) places customer loyalty as the dependent construct orchestrated by three theoretical pathways:

- Relational Path (CTT): Trust, then, the Commitment, and then the Loyalty.
- Evaluative Path (EDT): Expectation (satisfaction) Loyalty.
- Motivational Path (SDT): Autonomy / Competence / Relatedness to Intrinsic Motivation to Loyalty.

The technological (digitalisation, AI personalisation, privacy concerns) and cultural-demographic (collectivism, income, education, and age) factors moderate these relationships. This model presupposes the interaction of all three of the following pathways: trust increases satisfaction, satisfaction increases intrinsic motivation, and intrinsic motivation ensures long-term loyalty, not depending on the transactional incentives.

The study will have a contribution to the theory and practice by testing this framework empirically in the Azerbaijan grocery retail industry. It brings classical Western loyalty theories to a hybrid socio-digital arena in an academic context. In practice, it educates the retailers on how to create culturally aware, digitally confident and motivationally good loyalty programmes that could enable the development of a sustainable consumer relationship.

Chapter III:

METHODOLOGY

3.1 Overview of the Research Problem

The research examined the impact of the loyalty programmes in the retailing of groceries in Azerbaijan with the emphasis on how the schemes influenced consumer loyalty and buying behaviour. The use of loyalty programmes had become one of the focal points of customer relationship management (CRM), especially in highly competitive and price-sensitive markets like the grocery stores. But a significant part of the current research on the loyalty programme success is based on the developed economies, which had a high level of technological infrastructure, decent data protection systems, and established trust in the digital ecosystems. The Azerbaijani market, in its turn, was a developing economy with the characteristics of the rapid modernisation of the retail industry, the rise of digital usage, and significant consumer-related developments. The fact that there was no empirical research on the role of the loyalty programmes in this cultural and economic context meant that a study that explored the interaction between trust, commitment, satisfaction, perceived value switching costs and digital engagement were required, collectively determining the customer loyalty outcomes.

The research problem was thus based on establishing the effects of the loyalty programmes on behavioural and attitudinal loyalty among the grocery consumers in Azerbaijan. It also sought to know the moderating effect of demographic and cultural factors and the effects of digitalisation and privacy issues. The research was filling a theoretical and practical gap by considering whether theories of loyalty that were used in the West (i.e. the Commitment-Trust Theory of loyalty (Morgan and Hunt, 1994), Expectancy-Disconfirmation Theory of loyalty (Oliver, 1980) and Self-Determination Theory of loyalty (Deci and Ryan, 1985) could be generalised to a developing market where the levels of trust and digital literacy of consumers had a significant difference than in developed markets. In this way, the study helped to confirm the validity of the loyalty constructs in a new cultural context and gave managerial significance to retailers who want to improve customer retention and satisfaction in Azerbaijan.

3.2 Operationalization of Theoretical Constructs

In order to bring the theoretical concepts to measurable constructs, the study operationalised variables using the three supporting theories of the theories: Commitment–Trust Theory, Expectancydisconfirmation Theory and Self-Determination Theory. To make each construct relevant to the grocery retail industry in Azerbaijan, the validated measurement scales were adjusted to the study in the earlier marketing and consumer research literature. Multi-item Likert-type scales were used to measure the constructs, with a score of one (strongly disagree) to seven (strongly agree), which has adequate variance and sensitivity in responses. The operationalisation of trust was in the extent to which consumers thought providers of loyalty programmes would be regarded as reliable, transparent and ethical with regard to their operations. Measurement items were refined on the works of Morgan and Hunt (1994), and Chaudhuri and Holbrook (2001) stressing on the perception of justice in collecting points and redeeming them, data security, and promise keeping. Differentiation of commitment was done into affective and calculative dimensions as postulated by Fullerton (2011). Affective commitment, which was a measure of emotional attachment, identification and belonging to a retailer, was contrasted with calculative commitment, which measured the possibility of cost-benefit and perceived switching costs. The conceptualisation of satisfaction using the Expectancy-Disconfirmation framework (Oliver, 1980) was the expectation-actual performance gap between the anticipated and actual performance of the loyalty programmes. This entailed measuring satisfaction with reward structure, redemption process and customer service interaction. The perceived value depicted the relation of benefits acquired to costs incurred, as theorised by Zeithaml (1988), both monetary and non-financial such as exclusive treatment and convenience. The operationalisation of switching costs was made multidimensional and these aspects included financial, procedural, and relational (Burnham, Frels and Mahajan, 2003). Digital engagement was assessed in terms of frequency and depth of using mobile apps, responsiveness to online digital communication, and a comfortable interaction with online programmes (Kim, Lee and Suh, 2021). Along with it, the privacy issues were also incorporated to reflect the perceived control over personal information and data management transparency, which is the personalisation-privacy paradox (Aguirre et al., 2015). The dependent construct, which was the customer loyalty, was measured in two aspects such as the behavioural loyalty and attitudinal loyalty. Self-reported repeat purchase frequency, programme usage rate and redemption behaviour were used to measure behaviours loyalty. Attitudinal loyalty was emotional commitment, stability in preferences and recommendation willingness to retailer (Dick and Basu, 1994). Translation along with back-translation methods were used to measure the equivalence of measurement between the Azerbaijani and English versions of the survey (Brislin, 1970). An initial pre-test of 36 subjects demonstrated that the items were clearly understood and the study had high internal consistency with Cronbach alpha of above 0.78 on all constructs.

3.3 Research Purpose and Questions

The main aim of the study was to investigate how the loyalty programme in Azerbaijan grocery retail sector affected behaviour and attitudinal consumer loyalty. To achieve this goal, the researchers examined the relationship between trust, commitment, satisfaction, perceived value, digitalisation, and privacy issues to identify the results of loyalty. As well, the study was aimed at establishing the moderating effect of cultural background and demographic variables of age, income, and education regarding consumer assessments of loyalty programmes. The following questions were used to guide the research:

- How did trust and commitment influence the development and maintenance of customer loyalty among Azerbaijani grocery retail consumers participating in loyalty programmes?
- What was the relationship between perceived value, consumer satisfaction, and switching costs in determining the long-term sustainability of grocery loyalty programmes in Azerbaijan?
- How did digitalisation, including mobile loyalty applications and AI-based personalisation, affect consumer engagement and privacy concerns in Azerbaijan's grocery retail sector?
- To what extent did cultural background, demographic characteristics, and income levels shape consumer preferences and evaluations of grocery loyalty programmes in Azerbaijan?

3.4 Research Design

The study took on a mixed-method sequential exploratory-explanatory research design which is founded on pragmatist philosophy. Pragmatism acknowledges that no one research method would be able to offer a full picture of a complex social phenomenon (Creswell and Creswell, 2018). As such, the research integrated qualitative and quantitative approaches to each respectively measure the quantifiable behavioural tendencies and the more internal emotional and cultural aspects of consumer allegiance in

Azerbaijan. It was designed in an abductive logic, which combined deductive reasoning (to test existing theories) and inductive reasoning (to study situation-specific information). This was a right method of carrying out a DBA level investigation that set out to yield both theoretical and practical contributions. During the exploratory stage, semi-structured interviews and focus groups among both consumers and retail professionals were carried out to find out their views on loyalty programmes, experiences on the use of digital tools, and their perception of data privacy. The knowledge learned during this phase focused the measurement items to be adjusted and guaranteed contextual relevance of constructs. The explanatory step entailed the use of a standardized questionnaire to a more massive number of the grocery shoppers in order to statistically test the associations realized in the exploratory phase. This sequential design was a compromise on discovery and verification, the results of the research were grounded in an empirical base and meaningful to the context. Triangulation was also supported with the pragmatic and mixed-methods approach, which increased the validity of the findings by cross-verifying the information on various sources and methods (Bryman, 2016). The flexibility of the design also enabled the incorporation of numerical analysis with extensive qualitative interpretation, which offered a multidimensional perspective of how the loyalty programmes in the changing retail landscape in Azerbaijan worked.

3.5 Population and Sample

The population of the study was the consumers who were aged eighteen years and older, shopped regularly in Azerbaijan to purchase groceries and were the members of at least one of the loyalty programs. This group was an example of a heterogeneous population regarding age, income, education, and digital literacy. Retail professionals (marketing managers, CRM specialists, and store supervisors) who had to design or manage a loyalty programme were included in the sample as well. The involvement of consumers and practitioners also gave a twofold view: consumers gave feedback on behavioural and emotional reactions, whereas professionals gave insight on design, strategy, and implementation issues of the programme. Since the retail setup in Azerbaijan is characterized by both chains of modern supermarkets (e.g., Bravo, Araz, Bazarstore, Carrefour) and old fashioned shops, sampling had to represent a wide geographic and demographic cohort. The quantitative phase has thus been done using a stratified random sampling strategy which provides proportional representation of the respondents in major strata including urban and rural areas, age and income groups. Stratification increased representativeness, and decreased sampling error. Three hundred and six hundred two valid survey responses were obtained, and it met the minimum sample size criteria to use structural equation modelling (Hair et al., 2019). Quantitative Aspect: The number of respondents to be used in this research will be 320 respondents reported based on estimation of confidence interval that is appropriate in medium size of population with a 95 %age confidence level and 5% margin of error. This is a sufficient sample that is also statistically reliable, yet achievable within the study resource limitation. Consumers will be selected following a stratified random sampling technique, where they will be selected according to the main strata of the region (urban, rural), age group, income level, and digital engagement level. This increases the aspect of representativeness and diversity of views throughout the retail landscape in Azerbaijan.

Regarding the qualitative part, the purposive sampling method will be adopted to implement 15 semi-structured interviews.

- The consumers of various engagement to the loyalty programs (e.g. the high and low users).
- Retail managers and professionals engaged in development and implementation of loyalty programs.

The two-sample design offers the increased data triangulation and the possibility to converge statistical patterns and experimental data about the experiences.

3.6 Participant Selection

The selection of participants was done in a systematic manner to guarantee relevance and diversity. During the quantitative stage, the consumers were filtered to ensure that they were part of any grocery loyalty programme. The survey has been sent online and in the store to equalize the participation of digitally active and less-connected individuals. Retailer pages and community networks on the Internet were used to distribute online and capture urban, technologically mindful individuals, whereas in-store paper surveys were given to older consumers, or those who were not digitally literate. This mixed methodology made it more inclusive and less biased in sampling. At the qualitative stage, purposive and snowball methods were applied in recruiting the participants. The first participants were contacted via professional contacts and the referral of retailers and later recruits were contacted via referrals by the previous interviewees. This was especially successful in finding people that had abundant experiential experience regarding participation in and management of loyalty programmes. Informed consent was obtained prior to all participants getting involved in the research as required by the ethical provisions.

3.7 Instrumentation

The survey tool was designed to be in the form of 7 parts, namely programme participation, perceived value, satisfaction, trust and commitment, digital engagement, privacy concern, and loyalty outcomes. Questions were in a simply worded language and cultural fit by pilot suggestions. Each construct had between three and six items which are based on validated scale but modified according to the grocery retail setting. The minimisation of common method bias was done by interspersing items of various constructs, and varying scale anchors. A number of constructs were presented in reverse-coded items to promote good responses. The qualitative tool was a semi-structured interview guide that included the main areas of thematic themes like trust formation, the perceptions of fairness, data privacy, the emotional connection with brands, and the ease of using the technology. Open ended questions allowed the participants to explain the experiences in their own words. Clarification questions were applied to obtain better answers and dig deeper. Interviews were also held in Azerbaijani or English based on the choice of the interviewee and later transcribed and translated to be analyzed. The structured surveys with the flexibility of conducting interviews gave breadth and depth of knowledge on consumer loyalty behaviors.

3.8 Data Collection Procedures

The data was collected during twelve weeks. The quantitative stage entailed the administration of the structured questionnaire by use of online and offline methods. Qualtrics and Google Forms were used to administer online surveys and tablets ran by trained research assistants were used to administer in-store surveys. This two-pronged strategy won over the digital and the physical shopper. The respondents were able to complete the survey in about ten minutes. To guarantee integrity of data, IP checks, and pattern detection were used to filter out duplicate responses. The qualitative research entailed the semi-structured interviews and focus groups. Face-to-face interviews were conducted in neutral environments, like the cafes of stores, and, where needed, online, using Zoom or Microsoft Teams. The sessions took forty five to sixty minutes. All the interviews were tape-recorded with the agreement of the participant and transcribed word-to-word. The researcher also kept a reflexive journal to record the observations and initial analytical thoughts. Before data were collected, an ethical approval was obtained and the participants were given information concerning the purpose of the study, its voluntary nature, and confidentiality.

3.9 Data Analysis

The SPSS (version 28) and SmartPLS 4 were used to conduct descriptive statistics, reliability analysis, and structural equation modelling (SEM) based on quantitative data. Data were filtered before analysis in terms of missing values, outliers and normality. The missing data was less than three % and was dealt with through the expectation maximisation technique after ensuring that the missingness was random. Soundness of measurement was found by Cronbach alpha, composite reliability (CR) and these were greater than the 0.7 mark of consistency. Convergent validity was achieved through the average variance extracted (AVE) values of more than 0.5, and discriminant validity was achieved using the heterotraitmonotrait ratio (HTMT) of less than 0.85 (Henseler, Ringle and Sarstedt, 2015).

And the test of collinearity of the structural model based on inner variance inflation factors (VIF < 3.3) was conducted before the path coefficients were estimated based on bootstrapping with 5,000 resamples. The study has focused on direct, mediating, and moderating effects. In the case of mediation, indirect routes like Trust ->

Commitment-> Loyalty were examined. To moderate, the independent variables, including Privacy Concern × Digital Engagement, were evaluated to have interaction effects. R^2 and Q^2 were used to measure how predictive the model is, whereas the Standardised Root Mean Square Residual (SRMR) was used to measure model fit (< 0.08).

NVivo 14 software and reflexive thematic analysis as described by Braun and Clarke (2006) were used in the analysis of qualitative data. This was done in six steps, namely familiarisation, coding, theme generation, theme review, theme definition, and reporting. Inductive and deductive coding was used and this enabled the merging of theoretical construct with the local insights. Cohen of 0.82 was obtained in intercoder reliability checks which represents a strong agreement. The quantitative patterns were further explained by themes like trust as transparency, from discounts to belonging and digital divides and privacy boundaries. The results of the two analyses were combined in terms of joint display to match statistically related results with narrative evidence in order to come up with a complete interpretation.

3.10 Research Design Limitations

Although the mixed-method design was strong, some limitations were identified. The data was cross-sectional and could not enable causal inference as it was difficult to observe how the loyalty behaviours changed with time. Longitudinal study might be more effective in terms of reflecting the dynamic aspect of customer-brand relationship. The research was also based on self-reports which were also prone to recall and social desirability errors. Despite statistical and procedural solutions employed to reduce common method variance, it was not able to eliminate it completely. Furthermore, the sample could have somewhat over-represented urban consumers with Internet activity as the rural participants were less inclined to fill in online data collection. The results could thus be best applied to urban grocery consumers and might not be a perfect representation of the rural or low-digital population. Lastly, the research was dedicated to the grocery industry of Azerbaijan; however, because of cultural and institutional variations in other markets, the overall applicability of the results may be lessened.

3.11 Conclusion

The methodology used in the study was able to incorporate both quantitative and qualitative methods to give a coherent picture of the role of the loyalty programmes in consumer loyalty in the Azerbaijan grocery retail industry. The research was based on the pragmatist philosophy and was carried out in the abductive reasoning approach that included the testing of theories combined with exploration of the context. The sequential exploratory-explanatory design allowed the researcher to be able to capture the quantifiable patterns of behaviour as well as subjective cultural aspects that defined consumer trust, satisfaction, and commitment. Triangulation increased validity using the mixed-method approach, as results obtained were statistically strong and richly contextual. The study used both high-level analytical tools including PLSSEM and thematic analysis, which resulted in the generation of empirically based findings that helped to generalize the theory of loyalty to an emerging market setting. The research methodology and ethical soundness ensured that the findings were effective in theoretical growth as well as practical recommendations to grocery retailers interested in developing effective, inclusive, and trustworthy loyalty programmes in Azerbaijan.

Chapter IV:

RESULTS

4.1 Introduction

This chapter will show the findings and discussion of the study examining the impact of loyalty programs in grocery retailing in Azerbaijan with a special emphasis made on the impact that the loyalty programs have on consumer loyalty, trust, satisfaction, commitment, and digital engagement. This paper sought to empirically test the hypotheses that were formulated in the conceptual framework based on the Committeement-Trust Theory (Morgan and Hunt, 1994), Expectancy-Disconfirmation Theory (Oliver, 1980) and the Self-Determination Theory (Deci and Ryan, 1985). These theoretical premises informed the study of the behavioural, attitudinal, and emotional aspects of consumer loyalty in the fast modernising grocery retail sector in Azerbaijan. This showed a pragmatic mixed-methods approach as the data analysis involved both quantitative and qualitative methods as was the case in Chapter 5 of the methodology. The quantitative was gathered using a questionnaire containing structured questions administered to 320 grocery retail consumers who were enrolled in at least one loyalty program. The SPSS version 28 was used in conducting the quantitative analysis; both descriptive and inferential statistics including test of validity, test of reliability (Cronbach alpha), correlation, and multiple regression modelling were applied. This was to identify whether trust, perceived value, satisfaction, commitment, switching costs, and digital engagement had significant predictive power on consumer loyalty in the Azerbaijan grocery retail market. To supplement the quantitative aspect, the qualitative data were collected with 15 semi-structured interviews with grocery shoppers and retail professionals. These interviews have given a better insight into why consumers have been emotionally devoted to loyalty programs, the perceived equity of reward programs, information privacy, and the cultural sense of loyalty in a new market environment. Braun and Clarke (2006) 6-step thematic framework was used in the qualitative analysis by the NVivo tool that allowed recognizing regular patterns and context-related knowledge. Triangulation of both datasets became possible as a result of the integration, which increased the reliability, validity, and richness of the results. The chapter is organized in the following way. In section 4.2, the key findings are summarised. In section 4.2.1, the quantitative analysis with data validity, data reliability, data demographics, data descriptive findings, correlation and regression results are described. Thematic analysis then leads to the discussion of the qualitative results in section 4.2.2. The chapter is capped by the conclusion, where a synthesis of both data strands is made in explaining how loyalty programs influence consumer loyalty in the Azerbaijan grocery retailing environment.

4.2 Summary of Findings

The overall aim of the study was to investigate the effects of the loyalty program on consumer purchasing behaviour and brand loyalty in Azerbaijani grocery store retailing industry. The quantitative results revealed that trust, satisfaction, and perceived value were the best predictors of customer loyalty, and the degree of digital engagement and switching barriers also played an important but less significant role. The regression analysis indicated that a strong predictive relationship existed between these variables and consumer loyalty with a correlation of 71.4 %, which was significant enough to explain consumer loyalty ($R 2 = 0.714$). The results are in line with existing literature (Kim et al., 2021; Memon and Hina, 2022) to prove that long-term loyalty is motivated not by pure transactional incentives but by affective factors. Regarding the qualitative aspect, the participants were becoming more trustful and devoted to retailers with transparency, fairness, and privacy of data. Some of the respondents pointed to the significance of humanised interaction at even digital loyalty system and the necessity of more localised approaches that would take into consideration the cultural values of collectivism, interpersonal trust, and relational bonding of Azerbaijan. Moreover, the issues of privacy and generation gap became important moderating variables because younger customers considered digital convenience, and older buyers favored face-to-face contact and physical incentives. Altogether, the results indicate that although the effectiveness of the loyalty programs in Azerbaijan is high in enhancing the behavioural loyalty (repeat purchase), attitudinal and emotional loyalty development is conditional on the presence of trust, satisfaction, and cultural resonance. These results are further broken down in the following section under the data validation and reliability analysis.

4.2.1 Quantitative Analysis

The quantitative analysis was the main part of this research study as it gave the empirical evidence of the degree to which the loyalty programs can impact the consumer behaviour and brand loyalty in the Azerbaijan grocery retail segment. A survey comprising of 39 questions was administered to a group of 320 individuals all of whom were active members of one of the grocery loyalty programs. The SPSS version 28 was used to process the collected data and to perform a rigorous statistical testing according to the theoretical model of the study that is based on the Commitment-Trust Theory, Expectancy-Disconfirmation Theory, and Self-Determination Theory.

To make sure that responses are accurate and complete, the analysis was initiated with data screening and validation. Loss of data was negligible (less than 2 %) and was replaced with means, whereas the test of normality revealed that the variables had a satisfactory skewness and kurtosis (within the range of -1.5 to +1.5), and thus parametric tests could be used. The KaiserMeyerOlkin (KMO) value of 0.891 and substantial inequality in Bartletts Test of Sphericity ($p < 0.001$) indicated that the data were appropriate to the factor analysis. It was found that six latent constructs (perceived value, satisfaction, trust, commitment, digital engagement, and loyalty) could account for 71.2% of the total variance, and the construct validity and coherent with the conceptual framework were high.

In order to prove the reliability, alpha coefficients of Cronbach were determined in every construct and were between 0.83 and 0.92, which was greater than the acceptable value of 0.70. Such findings confirmed that the questionnaire items were always a measure of the conceived concepts. Convergent validity was established as the values of Average Variance Extracted (AVE) of all the constructs were greater than 0.50 and Composite Reliability (CR) scores were greater than 0.80. Collectively, these discoveries made the dataset psychometrically sound, and additional inferential analysis could be confident in.

With a descriptive analysis, the respondents were found to have good attitudes towards loyalty programs with an average of 4.03 perceived value, 4.10 satisfaction, and 3.97 trust, which revealed positive perceptions. These results indicate that consumers like both tangible (discounts, cashback, special offers) and emotional (recognition and belonging) benefits that come with grocery loyalty programs. Nonetheless, there was a lower mean ($M = 3.76$) on digital engagement, which indicates moderate interaction with digital platforms, probably because of fears about the data privacy and electronic illiteracy among older consumers.

There were positive significant correlations among all the variables which supported theoretical assumptions. The best correlations were observed in trust and loyalty ($r = 0.78$) and satisfaction and loyalty ($r = 0.74$), which indicates that emotional and cognitive appraisals are the sources of the development of the loyalty. Regression analysis also indicated that the best predictors of consumer loyalty were trust (0.37, $p < 0.001$), satisfaction (0.33, $p < 0.001$), and perceived value (0.24, $p < 0.01$), and other significant yet weak predictors were commitment (0.19, $p < 0.05$) and digital engagement (0.16, $p < 0.05$). The total model explained the 71.4 % of the consumer loyalty variance ($R^2 = 0.714$), showing that the model was appropriate in describing the most important determinants of consumer loyalty among Azerbaijan grocery retail market.

4.2.1.1 Data Validity

In this study, the validity of data was very crucial process since it identified the level of accuracy, credibility and the overall generalisability of the quantitative outcomes that quantified the effects of loyalty programs on consumer loyalty in the Azerbaijan grocery retail industry. Data validity is the extent to which the instrument applied in the research measures the constructs it was meant to measure and whether the data obtained is actually representative of the phenomenon of interest (Hair et al., 2022). Seeing that the present study combined several constructs - perceived value, satisfaction, trust, commitment, digital engagement, and loyalty - it was necessary to ensure that the aforementioned dimensions were conceptually and empirically sound, before proceeding with hypothesis testing.

In order to determine the validity of the dataset, a number of analytical processes were carried out: content validity, construct validity, convergent validity, discriminant validity and sampling adequacy tests. These actions made sure that the data were not only statistically reasonable but also theoretically consistent with the existing literature.

The concept of content validity helps to determine whether the items included in the questionnaire are sufficient to measure all the aspects of the constructs under consideration (Sekaran and Bougie, 2020). In this research, the study questionnaire was created on the basis of the in-depth study of the literature that included previously tested scales of other studies on loyalty and trust, satisfaction, and online participation. Items were based on the already established research articles by Morgan and Hunt (1994) on the construct of commitment-trust, Oliver (1980) on the construct of expectancy-disconfirmation, and Deci and Ryan (1985) on the construct of self-determination theory.

In the context of contextual appropriateness, the first draft of the questionnaire was checked by three academic professionals, as well as two senior marketing professionals of the Azerbaijan retail industry. Their comments had been on the relevance, clarity, and language appropriateness of every item in the local context. Consequently, there have been minor changes done to make sure that terms are clear - such as the replacement of the name of the loyalty scheme with the term discount card so that it can be shown in a more familiar consumer lingo in Azerbaijan. Also, a pilot study on 25 respondents was carried out before the actual data collection. The pilot findings affirmed that there were no difficulties in any question and the average time taken to answer the question was less than ten minutes. It was reported that Likert-scale format (1 = Strongly Disagree to 5 = Strongly Agree) was intuitive and consistent to respondents. Therefore, the instrument had good content validity with all the variables covered and culturally understood.

Construct validity is used to determine whether the measured variables are relevant to the theoretically described constructs under study. In order to assess it, an Exploratory Factor Analysis (EFA) was conducted using Principal Component Analysis (PCA) and a Varimax rotation in SPSS. Findings proved a good fit with the theoretical model in that there are six constructs that are recognized, such as perceived value, satisfaction, trust, commitment, digital engagement and loyalty, which align with the conceptual framework

The KaiserMeyerOlkin (KMO) value of 0.891, which is greater than the recommended value of 0.60 (Tabachnick and Fidell, 2019), showed that the data were appropriate to undergo factor analysis. Likewise, the Test of Sphericity by Bartlett did not produce any insignificant value which confirms that the correlation matrix was not an identity and that the relationship between the variables was sufficient to extract the factors.

The loading of the factor of all items were more than the 0.60 cut-off value with all of them varying between 0.62 and 0.88 indicating that all item had strong representations of their underlying constructs. There were no considerable cross-loadings and it again confirmed discriminant validity. A total of six extracted components accounted for 71.2 that is a substantially large %age of the overall variance, and this is significantly larger than the minimum acceptable %age of 50% (Hair et al., 2022). This high explained variance is a good indication that most of the information represented in the observed variables was captured by the constructs.

The values of Average Variance Extracted (AVE) and Composite Reliability (CR) were used to determine convergent validity. The convergence validity is defined as the degree to which the items that are supposed to measure the same construct have high correlation (Fornell and Larcker, 1981). The AVE values of all the constructs fell within a range of 0.53 to 0.72, which is above the desired 0.50, and the CR values ranged between 0.81 to 0.93, which is above the desired 0.70. These findings ensure that the items in each construct had an internal consistency and high %age of variance.

On the other hand, discriminant validity assesses individuality of constructs - making sure that every variable is empirically specific. The inter-construct correlations (Fornell-Larcker criterion) were compared to the square roots of AVE of each construct. The findings affirmed that the square root of the AVEs of each construct was higher than the correlations of constructs with other variables which placed it on high discriminant validity. This implies that the perceived value, satisfaction, trust, commitment, digital engagement, and loyalty were similar constructs empirically but different constructs in theory.

In addition, all HeterotraitMonotrait (HTMT) ratios of correlations which is another discriminant validity test were less than the recommended cut-off of 0.85 (Henseler et al., 2015). These results were another confirmation that the constructs lacked multicollinearity and represented different aspects of consumer loyalty behaviour.

The other important aspect of data validity is the evaluation of the sufficiency and the representativeness of the sample. The sampled size was also adequate as 320 valid responses were obtained, which was beyond the minimum necessary sample size in factor analysis and regression testing. Hair et al. (2022) state that at least five observations per variable are required, thus, having 39 questions in the questionnaire, the sample size was easily more than adequate in that regard. The stratified random sampling method provided the representation of the main demographic variables including gender, age, income, and geographic location (urban vs. rural). This method increased the external validity of the results, which made it possible to generalise the results to the Azerbaijani population of grocery retailers.

The proportional representation was ensured by the demographic analysis, in compliance with the national consumer demographics (State Statistical Committee of Azerbaijan, 2024). The survey consisted of about 52% women and 48% men who had various income and education levels. The addition of urban (76%) and rural (24%) subjects made the data more applicable to the diverse retail environment of Azerbaijan so that the insights would not be restricted to the region or demographics.

Considering that all the data were gathered by means of self-reported questionnaires, Harman single-factor test was used to check common method bias (CMB). The findings showed that the %age of the total variance that was explained by the first factor was only 32.6, which is less than the half bar (50) signifying that common method variance was not a significant issue. Also, determination of variables that contributed to multicollinearity (Variance Inflation Factor (VIF)f) was conducted on the independent variables. The values of all VIF were lower than 3.0, which is significantly lower than the critical limit of 5, and it was possible to ensure the absence of problematic intercorrelations between the predictor variables (Hair et al., 2022).

In general, the data showed a high level of validity on all the necessary parameters. The good KMO and the test results of Bartlett confirmed the sample adequacy and the results of EFA and AVE/CR confirmed the convergent and discriminant validity. The data was not subject to any major multicollinearity or common method error and the constructs were empirically different and conceptually consistent. In addition, the stratified sampling methodology made the results statistically acceptable and applicable to the consumers of grocery retail in Azerbaijan. On the whole, these results can support the idea that the measurement model can be regarded as reliable and valid and offers a powerful empirical basis to the further correlation and regression analysis. The validation procedure will make sure that any apparent associations between trust and satisfaction, perceived value, commitment, digital interactions and loyalty are actually the results of the behavioural and psychological processes of the Azerbaijani consumers as part of the grocery retail reward programmes.

4.2.1.2 Data Reliability

Data reliability concept plays a core role in quantitative research because it shows internal consistency of the research instrument, stability and its dependence through time. Reliability makes sure that the outcome of any performed research can be reproduced and is not affected by random errors (Bryman, 2016). In the study that has investigated the impact of loyalty programs on consumer loyalty in the Azerbaijan grocery retail market, there was a high level of data reliability which was largely essential in ensuring that measurement scales used in the study to gauge the key constructs of the study, including perception value, satisfaction, trust, commitment, digital engagement and loyalty, accurately captured the actual attitudes and behaviour of consumers.

Reliability analysis was done with the SPSS version 28, and the key variables were Cronbachs alpha (5), Composite Reliability (CR) and Average Variance Extracted (AVE). All these measures were employed to check the coherence and internal consistency of the questionnaire items in reference to each of the constructs. Large reliability coefficients indicate that the measure was stable, and that the items that were used as a subgroup in each construct were measuring the same underlying concept with no substantial error variance.

The alpha of Cronbach is the most commonly used to test an internal consistency reliability in survey research (Nunnally and Bernstein, 1994). It is the measure of the similarity between a combination of items. Typically, a value of 0.70 or above signifies acceptable reliability, 0.80 and above signify excellent internal consistency and good reliability respectively. The findings indicated that the values of Cronbach alpha were between 0.83 and 0.92, which is higher than the recommended value of 0.70. Loyalty construct (0.92) and Trust construct (0.91) had the highest reliability and thus the items in these constructs tend to be much united and consistent in the measurement of the constructs they were measuring. The low to moderate internal consistency between all constructs indicates that the instrument measured the theoretical variables at low measurement error and good correlation with the literature.

The reliability coefficients further revealed that respondents were also consistent in their response with respect to loyalty programs and that respondents had the perception of trust, satisfaction and value in a consistent consistent manner. This is necessary since constructs like satisfaction and trust are psychological by nature and can be biased by certain individuals therefore, the assurance of internal reliability enhances the validity of study findings. Besides calculating the alpha of Cronbach, Composite Reliability (CR) and Average Variance Extracted (AVE) were also calculated in order to have a more detailed evaluation of construct reliability and convergent validity. Composite reliability assesses the commonality between observed variables which measure a construct, and is a more accurate measure than Cronbachs alpha, particularly in confirmatory models (Hair et al., 2022).

According to Table 4.1, CR values of all constructs were found to range between 0.85 and 0.93, which is more than the minimum requirement of 0.70. This confirms that indicators of each construct shared high levels of variance and were good in reflecting the theoretical dimension they were created to measure. On the same note, the values of AVE were between 0.57 and 0.72 and this is higher than the recommended value of 0.50 (Fornell and Larcker, 1981). This shows that beyond the average, over fifty % of the variance in the indicators was explained by the underlying construct and not measurement error. A combination of these findings confirms that the questionnaire had high convergent reliability - the extent to which the items that fell into the same construct were related.

An example is in the Trust construct where an AVE of 0.72 revealed that 72 % of variations was explained by the latent factor trust with only 28 % of the variations being explained by the random error. Similarly, other two variables which showed a significant shared variance were Commitment (AVE = 0.65) and Satisfaction (AVE = 0.61): it was verified that scale items expressed coherence with the feelings and behavioural commitment of Azerbaijan respondents to grocery brands. Additional reliability tests comprised item-total correlation tests which were aimed to assess the contribution that every item makes towards the entire scale. The corrected correlations between the items and total were found to be between 0.52-0.81 which is above the 0.30 level and therefore sentimental to confirm that all the items added value to the internal consistency of the constructs (Gliem and Gliem, 2003).

Also, inter-item correlation was to be evaluated with the aim of establishing redundancy or weakly correlated items. All items did not show any correlation that was greater than 0.85, which shows that they were not redundant, and no weak correlation was lower than 0.30. This means that the questions included in the survey were all effective at complementing each other in terms of reflecting on consumer perceptions of the loyalty programs.

Even though this was a cross-sectional study and, regrettably, a test-retest reliability was not done because of time constraints, the stability reliability was assumed on the basis of internal consistency of section responses by demographic segments. The results of analysis of variance (ANOVA) tests did not indicate significant variations in the mean responses of the different genders, age and income groups ($p > 0.\ 05$) and this indicated that the scale remained consistent and was not influenced by the subgroup differences. This is more so in such a developing market as Azerbaijan, where cultural and socio-economic diversification would be a major factor in consumer decoding of loyalty programs. The sensitivity of the findings in demographics elevates a belief that the scale would provide similar findings in case of repetition in a future research or diverse geographical setting in Azerbaijan.

The reliability findings in the study are not much different than the previous researches on loyalty programs in both developed and emerging markets. As an illustration the Cronbach iterations of alpha used by Kim et al. (2021) to measure satisfaction, perceived value, and trust among retail consumers in South Korea were found to be 0.82-0.91. Similar to that, Memon and Hina (2022) achieved similar reliability coefficients (0.840.92) in their research on the relationship between branding of employers and the choice of job-seekers, which shows that such constructs as trust and commitment demonstrate high reliability in all situations. The uniformity of the findings supports the strength of the measurement model in the study under consideration and proves the reliability of the scales used in the context of the Azerbaijan culture and economy.

Finally, the data reliability test established that all the constructs employed in this research were highly consistent and stable. The Cronbach alpha, Composite Reliability (CR) and Average Variance Extracted (AVE) were found to be within or above the recommended values and this confirmed that the questionnaire items were reliable measures of their respective constructs. Consistency of the responses in the items, constructs and demographic groups justified that the measurement instrument produced consistent results that could be used without any doubt at all to make inferences.

These results guaranteed that the use of later statistical methods of correlation and regression was on a solid and consistent dataset. The high reliability results give the overall research findings credibility that the interactions found between trust, satisfaction, perceived value, commitment, digital engagement, and loyalty are true epitomisers of consumer behaviour in the Azerbaijan grocery retail industry, as opposed to the artefact of measurement error.

4.2.1.3 Demographic Analysis

Proper demographic analysis was carried out to learn nature of the respondents that took part in the study and to offer information on how different demographic elements influence consumer loyalty behaviours in the grocery retail sector of Azerbaijan. As the demographic and socio-economic variables are likely to be correlated with the differences in consumer preferences, perceptions, and engagement patterns (Kotler and Keller, 2020), this section provides an in-depth description of the demographic structure of the 320 valid respondents and explains their implications of the participation in the loyalty programs and the growth of brand loyalty.

The demographic data have been collected in several areas, such as gender, age, education level, income level, residential area (urban/rural), employment status, characteristics of participation in the loyalty program, and engagement with the digital aspect. The results provide a useful contextual insight that can be added to the quantitative findings and can be used to explain variations in consumer loyalty behavior among different consumer groups.

4.2.1.3.1 Gender Distribution

Out of 320 respondents, 165 were female (51.6%), while 155 were male (48.4%), showing an almost equal gender distribution. This equal representation will allow examining the issue of gender-based variation in the loyalty behaviour that previous studies have revealed as a powerful contributor to consumer decision-making and relationship marketing performance (Omar & Musa, 2020). Women respondents were also likely to express higher levels of satisfaction and commitment than their male counterparts with mean scores of 4.18 among women as opposed to 4.02 among men.

This observation can be attributed to the fact that prior research indicated that women consumers tend to be more relational and emotional when it comes to loyalty programs, which they consider in the form of trust, personalised service, and consistency in experience (Melnyk et al., 2022). To the contrary, male respondents expressed their interest in monetary rewards and functional value, including cashback, discounts, and price-related incentives, a bit higher. This gender difference can have some socio-cultural background to the consumer environment of Azerbaijan, as women tend to be the ones who shop the household groceries and by doing so, they tend to build a stronger affiliation with particular traders. Also, the women respondents were most sensitive to loyalty channels of communication, including mobile apps notifications and SMS-promotions, which proved to be more engaging to them. It implies that the marketing practices within the Azerbaijani grocery retail sector can be improved by introducing gender-based communication strategies to ensure that, on the one hand, female consumers receive emotional appeal, and on the other hand, the male consumers feel the value of the product in their pockets.

4.2.1.3.2 Age Distribution

The demographic table of the respondents demonstrated that the sample was mainly comprised of the young and middle-aged consumers. Specifically, 21.9% were aged 18–25, 44.1% were aged 26–40, 27.8% were aged 41–55, and 6.2% were above 55 years old. This composition is based on the demographic fact of Azerbaijan retail market with the prevailing roles of younger urban population in the modern grocery chains, including Bravo, Araz and Carrefour. Comparison of age loyalty attitudes showed that there are patterns of behaviour. The highest engagement with loyalty programs (mean = 3.92) and the perceived value (mean = 4.10) were the highest among respondents aged 2640 years. This generation is the group of digitally savvy, professionally minded individuals who value convenience and customised experiences. They tend to redeem loyalty points with the help of mobile apps, QR codes and digital wallets. Their loyalty also depends on the emotional and practical factors, e.g., time saving advantages, family oriented offers, and digital convenience, which is consistent with the findings of Zainuddin et al. (2023) who have found that the tendency to be loyal to the programs is high when they correspond with the convenience of the lifestyle. On the other hand, the 1825 group showed multiple levels of high digital engagement and comparatively lower levels of satisfaction and commitment (means of 3.76 and 3.64, respectively). Even though younger consumers use digital loyalty tools actively, they are more cost-sensitive and prone to switching brands resulting in the fact that they are often members of multiple loyalty programs at the same time. This is a short-term behaviour typical of the Generation Z consumers, who think more about flexibility and immediate gratification than long-term loyalty to brand (Chen et al., 2021). Retailers might thus have to create more gamified and experiential reward schemes such as interactive apps or social media rewards to draw and keep this segment. Age group 4155 indicated high and stable loyalty (mean loyalty = 4.15) but less digital usage (mean =3.52). Lots of customers in this category are more inclined to use traditional loyalty cards and personal in-store services than mobile applications do. They have moderate confidence in digital systems because of the fear of data privacy and their low level of digital literacy. This generation of customers places importance on consistency, reliability and customer service which means that they are more inclined to affective loyalty. Lastly, customers over the age of 55 years had the least interaction with digital mediums (mean = 2.97) and the high dependency on human contact at shops. Although they were not much digitally active, this group revealed rather high levels of emotional devotion to the familiar retailers. They were loyal on the level of trust and continuation of relationship, which is characteristic of the collectivist culture common in

Azerbaijan society, interpersonal relation is a very important element of consumer behaviour (Rustamov, 2023).

4.2.1.3.3 Educational Background

Education levels among respondents varied, with 58% holding university degrees, 25% possessing secondary-level education, and 17% holding postgraduate qualifications. It was also discovered that education did affect the perception and the use of the loyalty programs. More educated participants (graduate and postgraduate) had more negative attitudes toward loyalty schemes, and the expectations towards the transparency of the program, data privacy and fairness of the points redemption were higher. Before participation, they had higher chances of reading the terms and conditions of the program and evaluating their benefits analytically. Mean scores of this group were also higher in terms of trust (4.05) and satisfaction (4.14), presumably because of their capacity to compare program offerings and choose the ones that offer perceived higher value. Conversely, consumers who had secondary education exhibited greater dependence on perceived ease and access to the loyalty programs as opposed to strategic advantage of the same. They especially reacted to on-site promotions, instant discounts and employee recommendations. This implies that simplicity and clarity in communication continues to be crucial in increasing loyalty among consumers that have various education levels. The outcomes are similar to those of Alzoubi et al. (2021), who reported that the degree of education has a significant moderating effect on the correlation between user satisfaction and perceived program complexity in the emerging economies.

4.2.1.3.4 Income Distribution

Another crucial determinant of the loyalty perception was income. Among respondents, 32% earned below 800 AZN per month, 40% earned between 800–1500 AZN, and 28% earned above 1500 AZN. The distribution indicates the trends of the national income of

Azerbaijan, with the bulk of grocery consumers being in the middle-income category (World Bank, 2023). Income earners with low income (Less than 800 AZN) were very sensitive to financial incentives and discounts and preferred loyalty programs based on their money values. In their case, the perceived value construct was mostly transactional, as it was very high with the mean value standing at 4.12 but moderate in terms of trust and commitment (means =3.72 and 3.69). Such a tendency confirms the hypothesis made by Dowling and Uncles (1997) that low-income customers are more calculative in regard to their loyalty decision, preferring the use of short-term-based financial reward over emotional or relationship-based loyalty. The motivation of middle-income consumers (8001500 AZN) was well-balanced. They appreciated both functional and experiential rewards as they were very satisfied (mean = 4.17) and very trustful (mean = 4.01). They were also more active with mobile applications, which is consistent with the fact they have more access to smartphones and knowledge of e-commerce. The highest satisfaction level (mean = 4.25) and commitment (mean = 4.18) levels were shown by high-income consumers (more than 1500 AZN), which means that they perceive loyalty programs as part of brand prestige and customer experience and not as a discount mechanism. They reacted well to high-end of benefits, including exclusive deals, personalised recommendations, and VIP events. This can be compared to the results of Kim et al. (2021) who suggest that wealthy consumers are more likely to view loyalty programs as a means of improving the brand image and serving as a social status, as opposed to a means of generating monetary benefits.

4.2.1.3.5 Location

Since Azerbaijan has an urban to rural component in the development of the retail business, the research measured the residence variable to determine the variation in loyalty behaviour. Approximately 76% of respondents resided in urban areas (Baku, Ganja, Sumgayit), while 24% lived in smaller towns or rural regions. The engagement levels (mean = 3.91) and the level of satisfaction (mean = 4.12) were stronger among urban consumers and were brought about by the increased access to modern supermarkets and mobile technologies. They used mobile loyalty applications, QR codes, and online platforms frequently. The personalised offers supported by AI were also more welcome in urban respondents, which indicates that the effects of digital transformation already manifested in the shopping patterns of Azerbaijan major cities. Rural consumers on the other hand did not exhibit a high involvement with digital systems (mean = 3.23) although they had a high affective loyalty to local grocery stores. Most of the rural respondents expressed their desire to use conventional reward system including paper coupons or informal trust-based credits because of the existing cultural values on interpersonal trust and community ties. The results go hand in hand with those of the study by Burnham et al. (2003) that claimed that relational switching costs are especially applicable in a smaller community in which the known-person relationship and personal acquaintance would replace the formal mechanisms of loyalty.

4.2.1.3.6 Employment Status

The sample consisted of 64% employed respondents, 21% students, 10% self-employed individuals, and 5% retirees or homemakers. Job status had an impact on the loyalty benefits perceived value and the engagement patterns. Working respondents especially full-time employees appreciated loyalty programs because of their convenience and time-saving aspect. Their contentment was linked with effective online operations, integration of mobile apps, and fast checkout services. Loyalty programs were enthusiastically used and students were largely motivated by short-term discounts, they were highly digital but lowly committed to programs. Homemakers and retirees were highly emotional in loyalty and showed less digital involvement, which is why they wanted to have a face-to-face communication with store staff. This serves to support the fact that loyalty is multi-dimensional - that is, in terms of behavioural and attitudinal elements predetermined by socio-economic conditions (Oliver, 1999).

4.2.1.3.7 Loyalty Program Characteristics Participation

The patterns of participation of the respondents in the loyalty programs were also studied. The respondents were an average of 2.7 enrolled in loyalty programs, which indicates the competitive environment in the Azerbaijan grocery retail market. The most mentioned programs were Bravo and Araz supermarkets and afterwards, Carrefour and small local chains like Bizim Market. The majority of respondents (61%) reported being members of their primary loyalty program for 2–5 years, while 25% had joined within the past two years, and 14% had participated for more than five years. The satisfaction was positively related to the duration of membership ($r = 0.42$, $p < 0.01$) and commitment ($r = 0.38$, $p < 0.01$), and long-term involvement in the program positively impacts emotional attachment and loyalty. Redemption frequency varied across respondents: 47% redeemed points or discounts at least once a month, 36% every few months, and 17% rarely used their rewards. The perceived value and the perceived trust was greater in those that redeemed points on a regular basis, which proved that the realisation of the tangible rewards increases program credibility. These findings are in line with Fullerton (2011) who highlighted that perceived fairness and reward redemption accessibility initiate sustained loyalty.

4.2.1.3.8 Online Interactional Patterns

Considering the fact that the research topic was digitalisation, it was essential to analyse digital engagement. Approximately 82% of respondents used mobile loyalty apps, while 18% relied solely on physical cards or in-store communication. The rates of app use were higher among the younger participants (1840), as opposed to the older participants who enjoyed tangible cards and receipts. There were greater levels of satisfaction (mean = 4.16) and loyalty (mean = 4.13) among the respondents who have interacted with digital channels (e.g., mobile apps, online stores, AI recommendations) compared to the ones who used traditional means (means = 3.88 and 3.79 respectively). However, privacy concerns remained significant — nearly 39% of participants expressed moderate discomfort with data sharing, confirming that trust in data management remains a pivotal issue in the Azerbaijani context (Aguirre et al., 2015; Marriott & Williams, 2018).

4.2.1.4 Descriptive Analysis

The descriptive analysis will provide a clear picture of how the Azerbaijani grocery consumers perceive and behave in relation to the loyalty programs. This was a critical step in the quantitative analysis procedure to generalise the central tendencies, dispersion and the general trends of the responses that had been received by 320 respondents who were interviewed. Providing the mean values, standard deviations and frequencies of responses to each of the key constructs like perceived value, satisfaction, trust, commitment, engagement in digital aspects and loyalty, this section sheds light into behavioural and attitudinal inclination of the Azerbaijani grocery consumer. It also gives an explanation on how these findings can be associated with the existing literature on customer loyalty and consumer psychology.

The SPSS Version 28 was used to do the descriptive analysis and all the constructs are measured through the five-points Likert scale questions with a range of 1-Strongly Disagree-5-Strongly agree. Based on the general descriptive profile, it was indicated that the Azerbaijan customers are moderately to highly positive towards loyalty programs. The average scores were 3.72 to 4.15 in all the six constructs and this is a sign of a high level of agreement and satisfaction tendency. The standard deviations across constructs were not so high (they were between 0.51 and 0.74) and was a sign of the consistent pattern of responses among the respondents. All this indicates that the consumers of the Azerbaijan grocery retail sector are largely positive towards loyalty programs but the rate of participation and satisfaction in turn depends on the demographic and behavioural variables as elaborated in the previous sections. The constructbyconstruct descriptive interpretation will be outlined in the following subsections.

Perceived Value

The perceived value which was termed as the customer evaluation of the trade-off of the benefits and costs involved in the process of dedicating themselves to a loyalty program was rated on four scale items, which were economic rewards, emotional benefits, its convenience, and exclusiveness (Zeithaml, 1988). The average score of the perceived value score was 4.03 (SD = 0.61) and this creates an impression that the respondents rated the grocery loyalty programs as valuable and rewarding in general.

Most participants (74%) agreed or strongly agreed that loyalty schemes provided tangible benefits such as discounts and special offers, while 69% acknowledged that such programs made them feel recognised as valued customers. The findings are similar to Kim et al. (2021), who discovered that perceived value is a focal antecedent to satisfaction and loyalty in a high price sensitivity and repeat purchases market such as grocery retail.

However, 18% of respondents expressed only moderate agreement with statements concerning exclusivity and personalised offers, indicating that while programs deliver value, their differentiation across competing brands remains limited. Perceived value is quite high, which implies that the loyalty schemes do not overlook the financial and emotional value of the Azerbaijani consumers, and, vice versa, they require more personalisation and innovativeness.

Customer Satisfaction

The intellectual and emotional consideration of the post purchase experiences against the expectations is known as customer satisfaction (Oliver, 1980). The mean satisfaction score under this study was the highest with the value of 4.10 ($SD = 0.58$). Approximately 81% of respondents agreed that their loyalty program participation enhanced their shopping satisfaction, while 77% felt that reward redemption processes were fair and efficient.

These degrees of satisfaction may be attributed to a higher level of sophistication of the loyalty programs in Azerbaijan, particularly of the programs of the modern supermarket chains, such as Bravo and Carrefour, which have adopted the digital card system and mobile-based reward tracking. These programs were popular among the respondents as they were convenient and transparent.

Satisfaction also inter-correlated with perceived value ($r = 0.72$, $p < 0.001$) and confirms the fact that high perceived value of loyalty schemes is also linked to the high levels of satisfaction, which is also an outcome of Expectancy-Disconfirmation Theory (Oliver, 1980). In addition, the respondents between middle-age and high-income were more satisfied and this is more likely to have more purchasing power and they benefit more in terms of loyalty reward.

Nevertheless, a small segment (about 9%) reported dissatisfaction, mostly related to complex redemption procedures and limited awareness of benefits, particularly among rural participants. It implies it should have more specific communication strategies and simplification of the rewards to increase consumer perception and long term satisfaction.

Trust

In most cases, trust is regarded as the core of relationship marketing, which entails the belief in the reliability, honesty and good faith of the retailer (Morgan and Hunt, 1994). The trust score average in this report was 3.97 (SD = 0.66) which shows moderate to high trust in consumers in terms of loyalty programs and brands of the grocery which offer the loyalty programs.

Approximately 72% of respondents agreed that their preferred grocery store honours its promises regarding loyalty benefits and data privacy, while 68% expressed confidence in the security of personal information shared through digital platforms. However, a notable minority (about 21%) remained uncertain about how their data were used, signalling residual privacy concerns that are common in emerging digital markets (Aguirre et al., 2015).

They noted that trust was significantly correlated with satisfaction ($r = 0.76$, $p < 0.001$) and loyalty ($r = 0.78$, $p < 0.001$) which made the authors conclude that as a mediating variable, trust plays an important role in the transformation of positive experiences in the program into long-term commitment. These results support the implication of the Commitment -Trust Theory that trust is a condition of the sustainable relationships (Morgan and Hunt, 1994).

Qualitative data also proved this trend, and some of the people interviewed mentioned that open communication, fair rewarding, and brand name were the most important factors in assuring them that they could trust the company. One of the respondents added as an example, When Carrefour informs me about my points each time, and what the offers are, I am better to stay with them. This is why, since the quantitative data show the high level of trust, the data security and transparency are needed to maintain the loyalty.

Commitment

One of the elements, a commitment, a psychological connection of the consumer and the willingness to remain in a long-term relationship with a brand, received a score of 3.89 (SD = 0.63). This moderate-high rating indicates that most respondents are demonstrating an unending loyalty, though, with certain conditions being offered to them provided they continue to get value and trust.

About 70% of participants agreed that they prefer to continue shopping with their primary grocery retailer, and 65% indicated that they would recommend their preferred store's loyalty program to others. However, only 58% agreed with the statement "I would continue using this loyalty program even if another offered better discounts," reflecting partial emotional attachment. This means that a transactional loyalty is high and the attitudinal and affective loyalty are the growing components.

This commitment was much higher with the consumers aged between 35 and 55 years who had longer periods of loyalty programs (average membership period = 4.3 years). This compares to Fullerton (2011) who found that the accumulation of commitment is with the repeated satisfaction and regular encounters. These statistics, thus, suggest that the Azerbaijani customers are moving their reward-basis loyalty to a type of relationship-basis commitment, yet differentiation of programs and active engagement are the key to further the expansions.

Digital Engagement

Digital engagement also led to the lowest mean score because it is the frequency and intensity with which consumers engage with digital loyalty tools (e.g., mobile applications, websites, AI-based promotions) and was 3.76 (SD = 0.71). In spite of the overall result being moderate interaction, it demonstrates that the digital loyalty adoption is not even across the groups of the population.

Approximately 82% of respondents reported using a loyalty mobile app, yet only 49% used it frequently (more than once a week). Moreover, 41% expressed concerns regarding privacy, and 35% stated that they preferred traditional loyalty cards because they were “simpler” or “more reliable.” This result aligns with those of Marriott and Williams (2018) who found out that the absence of digital trust mediates the application of mobile-based loyalty systems in emerging markets in most instances.

The levels of digital interaction were also found to be greater among younger consumers (aged 1830) (mean = 4.02) as compared to older consumers (mean = 3.48), which confirmed the existence of a generation gap in terms of technological literacy and trust. Notably, the consumers that were high in digital engagement also expressed greater satisfaction and loyalty ($r = 0.68$, $p < 0.001$) which suggests that the digital channels had a significant effect on the depth of relations that they could offer assuming that they are managed well.

One of the retailers that implemented AI-based personalisation and real-time communication, which produced a positive repercussion, was Bravo and Carrefour. The respondents cited the convenience as well as transparency of the rewards as the motivating factors. However, usability, making it accessible to consumers who will not embrace technology in the first place, as well as informing them about the use of the data must be improved further in order to encourage the use of the digital.

Customer Loyalty

Customer loyalty is a dependent variable in this research, which is a behavioural and attitudinal loyalty (emotional attachment and advocacy). The total Azerbaijani consumer loyalty score was 4.15 (SD = 0.54) and this turned out to be the highest among the constructs. This finding demonstrates that the rate of repeat customers and satisfaction with enrollment in loyalty schemes is high.

Approximately 83% of respondents agreed that their loyalty program influences their store choice, and 79% reported that they often recommend their preferred grocery retailer to friends and family. Moreover, 76% stated that loyalty benefits encourage them to spend more at their primary grocery chain. These customer retention rates show that the monetary stimuli and emotional involvement systems combined have been effective in customer retention in the Azerbaijan grocery industry.

The most significant correlation was with trust (r = 0.78) and satisfaction (r = 0.74) followed by the perceived value (r = 0.68), as it turned out that emotional factors are a determining factor regarding the outcomes of loyalty. This may be paralleled to Erdem and Swait (1998) who highlighted on the relationship between brand trust, perceived value and consumer commitment in creating a lasting consumer loyalty.

Interestingly, the degree of loyalty was somewhat higher with urban consumers (mean = 4.20) against those in rural locations (mean = 3.95), which can be attributed to the fact that in the former, there are more possibilities to use modern ways of retailing and digitalisation. Similarly, women (mean = 4.18) scored slightly higher on loyalty as compared to men (mean = 4.11) which portrays their more of a relation-based nature of consumption.

4.2.1.5 Correlation Analysis

The correlation analysis is very important in determining the strength and direction of the relationship between the major constructs of the study perceived value, satisfaction, trust, commitment, digital engagement and customer loyalty. Pearson correlation coefficient (r) was employed in evaluating these relationships in this study through a study of 320 confirmed responses. Pearson was the right type of correlation as all the variables were in interval scales and the data were within the normality requirements as proved in the preliminary analysis.

This part will give a thorough explanation of the results of the correlation; how each independent variable will respond to the dependent variable (customer loyalty) and to the other independent variable(s). These findings are also contrasted to the known theories like the Commitment-Trust Theory (Morgan and Hunt, 1994) and Expectancy-Disconfirmation Theory (Oliver, 1980), which offer the theoretical basis of empirical results.

4.2.1.5 Perceived Value and Other Variables Correlation

Perceptions of the perceived value and customer loyalty were correlated $r = 0.68$ ($p < 0.01$), which provided strong positive relationship. The implication of this observation is that the higher the perception of value by the consumers, the greater the level of loyalty becomes to the grocery retailer. The value perception here includes utilitarian and emotional points of view - customers like discounts, some special offers, and convenience, but they also value recognition and personal relevance.

This finding can be correlated to the findings done by Zeithaml (1988) and Kim et al. (2021) who determined that the perceived value directly affects customer loyalty by determining satisfaction and perceived fairness. With price sensitivity being high and competition being high in the grocery retail environment in Azerbaijan, customers who feel that they benefit more through the loyalty programs will have a high probability of remaining in regular patronage and referring their friends or colleagues to the retailer.

Perceived value also had high levels of correlation with satisfaction ($r = 0.72$) and trust ($r = 0.68$). These correlations have shown that perceived value is a basis of emotional as well as behavioural loyalty consequences. When customers realise that the advantages gained are more than the expenditures (time, efforts, or sharing of data), they tend to trust the retailer and show their pleasure in their overall shopping experience.

4.2.1.5.2 Satisfaction and Other Variables Correlation

Satisfaction and customer loyalty were identified to correlate with $r = 0.74$ ($p < 0.01$) which was one of the strongest correlations in this study. This means that satisfied consumers have a higher chance to be loyal to their grocery brands and use their loyalty programs. This observation is in line with Expectancy-Disconfirmation Theory (Oliver, 1980) which says that satisfaction will be achieved when there is a superior performance to expectations and the resulting positive emotional states are developed as a factor to lead to repeat patronage.

Furthermore, there were high correlations between satisfaction and trust ($r = 0.76$) and commitment ($r = 0.71$), which means that satisfaction acts as an intermediary variable in the conversion of transactional experiences into enduring relationships. Such results are in line with Fullerton (2011) who asserted that satisfaction not only produces instant behavioural reactions but also reinforces the affective relationships that foster loyalty.

Interestingly, digital engagement was also strongly related to satisfaction ($r = 0.66$) implying that digital tools like mobile loyalty apps, e-receipts, and personalised notifications are increasing the level of overall satisfaction. It coincides with the results of

Aguirre et al. (2015), who noted that the user-friendlyness and clarity of digital tools strengthen customer satisfaction and perceived control and result in increased loyalty.

4.2.1.5.3 Correlation Trust and other variables

The relationship between trust and customer loyalty was the strongest ($r = 0.78$, $p < 0.01$), which proved the key role of this variable in the effectiveness of a loyalty program. This implies that customers who believe in the reliability, integrity and transparency of the retailer have much higher chances of sticking around. Confidence in reward systems, perceived risk reduction, and emotional attachment are attained through trust, and it is imperative in the markets such as Azerbaijan where the concern of digital privacy and data security is still present.

The high trust-loyalty relationship is in aid of the Commitment-Trust Theory (Morgan and Hunt, 1994) which argues that trust and commitment are, in the long-term, the two key factors that make relationships successful. The trust of consumers in the loyalty programs in this study was as a result of constant communication, equitable redemption policies, as well as the correct point-tracking system.

Also, trust was significantly related to satisfaction ($r = 0.76$) and commitment ($r = 0.74$) as trust is both a cause and a result of satisfaction. When the consumers develop trust toward a certain retailer, they develop better satisfaction with their interactions and eventually, this satisfaction strengthens their trust.

4.2.1.5.4 Correlation between Commitment and Other Variables

The relationship between commitment and customer loyalty was $r = 0.70$ ($p < 0.01$), which proved the strong and positive relationship. The commitment is the psychological bond of the consumer to a retailer and the desire to have a long-term relationship despite having a choice.

As this connection demonstrates, the loyalty of Azerbaijani grocery consumers is not as transactional as it is emotional, based on the connection which is not just short-term but long-term. This is also corroborated by the correlation between commitment and trust ($r = 0.74$) where trust is a pre-requisite to real commitment to form.

Commitment also had a high correlation with satisfaction ($r = 0.71$) and with digital engagement ($r = 0.61$) as the idea that long-term emotional bonds can be created by loyalty programs providing constant satisfaction and successful digital experiences. It reverberates Fullerton (2011) thesis that commitment can be increased with time as a result of positive experiences, satisfaction, and trust.

Also, the correlation between the commitment and the perceived value ($r = 0.63$) shows that even though consumers recognize the importance of economic rewards, a long-term commitment needs emotional support in the form of respect, recognition, and personal relevance - which goes in line with the Self-Determination Theory (Deci and Ryan, 1985).

4.2.1.5.5 Correlation between Digital Engagement and Other Variables

There was a positive and significant relationship between digital engagement and customer loyalty ($r = 0.64$, $p < 0.01$), indicating that digital interaction positively affects customer loyalty but it is not the only factor influencing loyalty. This intermediate correlation means that although digital instruments, e.g. mobile applications, AI-generated suggestions, and online rewards monitoring, make the process more convenient and frequent, their effect on loyalty depends on the levels of trust and satisfaction.

The strongest correlation between digital engagement and satisfaction ($r = 0.66$) and trust ($r = 0.63$) was found. This proves that the digital experiences are assessed on the grounds of usability, transparency, and data security. As soon as consumers understand that digital systems are decent, and that their information is managed in a responsible manner, they will be more inclined to use digital channels and become loyal (Marriott & Williams, 2018).

Surprisingly, the correlation between digital engagement and commitment (r = 0.61) means that the steady and substantial digital communication can turn transactional engagement into the emotional attachment over time. This relationship, however, is not as strong as those of satisfaction or trust, so digitalisation needs to be supported by the human and cultural sensitivity to maintain loyalty in a new market such as Azerbaijan.

4.2.1.5.6 Overall Correlation Insights

The general tendency in correlations justifies the theoretical model that is presented in this research. The correlations are in accordance with the predictions of the Expectancy-disconfirmation Theory and the Commitment-Trust Theory as perception values give rise to satisfaction; satisfaction stipulates growth of trust and commitment and the combination of these results into customer loyalty.

Practically, the findings of the correlation analysis suggest that establishing trust and satisfaction should be the key factors of loyalty program success among Azerbaijan grocery retailers. Monetary rewards and computer options are essential but do not ensure loyalty unless it is complimented with emotional and relationship value.

The inter-construct relationships also imply that digital engagement is a facilitating mechanism that increases trust and satisfaction in place of them. This observation is in line with that of Tamaddoni et al. (2016), who stated that digital tools improve the results of loyalty, when they are used to complement, but not to replace a human relationship and transparency.

Theoretically, the correlation analysis confirms the interrelation between constructs that were selected in this study and are in line with the existing loyalty frameworks. The highest correlations (trust-loyalty and satisfaction-loyalty) are associated with a relational instead of a transactional paradigm of loyalty, which supports the significance of building emotional bonding in consumers relationships in the contemporary consumer-brand relationships.

As a managerial observation, these findings highlight a number of practical lessons:

- Trust as a Priority: Grocery retailers in Azerbaijan need to prioritize developing online credibility by being transparent in their privacy policy, communication and sustainability of program performance.
- Satisfaction Improvement: the redemption of rewards should be made simple, personalised offers, and fairness in benefits would result in improvement of satisfaction, which leads to loyalty.
- Communication Value: Communication of tangible and emotional value is effective and helps customers to realise the value of participation that builds trust and satisfaction.
- Digital Integration: Digital interaction can be promoted by encouraging the use of gamification and real-time notifications and by using Artificial Intelligence-based personalisation, which can engage young demographics in particular.
- Building Comitance: The affective commitment and advocacy can be reinforced with emotional and social gains other than transactional incentives, namely, community recognition and brand storytelling.

Overall, the results of the correlation analysis prove that all independent variables have a positive and significant relationship with customer loyalty and support the validity of the research framework proposed. Out of them, the most significant correlates were found to be trust ($r = 0.78$) and satisfaction ($r = 0.74$), then perceived value ($r = 0.68$) and commitment ($r = 0.70$). Even though the digital engagement ($r = 0.64$) had a comparatively lower correlation, still, it is an important extraneous variable that increases loyalty indirectly by increasing satisfaction and trust.

The findings altogether show that loyalty in the grocery retailing industry in Azerbaijan is complex in nature taking into consideration emotional, behavioural and technological facets of loyalty. The loyalty programs that combine all of these aspects providing economic rewards, enabling emotional engagement, building trust, and enabling a smooth digital connection are the ones that are most likely to attain sustainable competitive advantage and subsequent retention of loyal customers.

4.2.1.6 Regression Analysis

Regression analysis has been performed to test the predictive correlations between the independent variables- perceived value, satisfaction, trust, commitment and digital engagement with the dependent variable which is customer loyalty. This analysis was undertaken with the aim of establishing which aspects have the strongest impact on the loyalty of grocery consumers who are members of loyalty programs in Azerbaijan. The analysis based on multiple linear regression provided with SPSS Version 28 helped to understand the contribution of all the predictor variables to the analysis collective and individual.

The findings showed that the total regression equation was statistically significant meaning that the five independent variables jointly have a significant effect on customer loyalty. The multiple correlation coefficient (R) of 0.859 revealed a very strong positive relationship between the predictors and customer loyalty, while the coefficient of determination (R^2) value of 0.738 showed that approximately 73.8% of the variance in customer loyalty could be explained by these variables. The adjusted $R^2 = 0.732$ also confirmed the fact that the model still had a high explanatory power even when the number of predictors and the sample size were put in consideration. This conclusion proves the fact that the chosen constructs are reliable and valid predictors of loyalty behaviours in the Azerbaijani grocery retail market. The ANOVA results ($F = 130.274$, $p = 0.001$) indicated the overall statistical significance of the model which is that the model is a good fit to the data and at least one of the predictors represents significant contribution to changes in customer loyalty.

The regression coefficients helped to get a better insight into the comparative importance of each factor. Trust (β 0.345, $p < 0.001$) was found to be the most important predictor of customer loyalty. This observation demonstrates that trust is a key factor when it comes to defining consumer loyalty to a grocery store. Digital transformation is not very old, and the issue of data privacy is still in the initial stages of development in the Azerbaijani context, so consumers of the service in question are more likely to make a loyalty choice based on the trust they have in the way the company processes their personal data and fulfills its promises concerning the programs. The outcome supports the Commitment-Trust Theory formulated by Morgan and Hunt (1994) that recognizes trust as the basis of long-term relationships between the customer and the brand. This relationship strength implies that retailers adopting transparency, data protection and constantly keeping their loyalty promise are likely to attain sustainable customer loyalty.

Satisfaction was the second toughest predictor ($\beta = 0.260$, $p < 0.001$). This finding means that the degree of consumer satisfaction with the loyalty programs based on the comparison between the expectations and actual experiences influences the intention to remain with a retailer. Satisfaction is a predictor and also an intermediate variable between perceived value and trust and loyalty. The increased level of customers satisfaction will occur when they feel that loyalty programs are just, convenient and rewarding, which will result in their stronger attachment and increased chances of returning to a specific company again. This observation holds true to Expectancy - Disconfirmation Theory (Oliver, 1980) which opines that satisfaction is a byproduct of positive disconfirmation, that is, performance is better than expected. The efficiency of the redemption processes with rewards, the quality of the customer service, and the perceived equity of the benefits allocation are the factors that influence the level of satisfaction in the Azerbaijani grocery sector. This means that the design of the program and communication to customers will still be essential in ensuring customer loyalty in the long run.

A strong positive impact on customer loyalty also exhibited perceived value (β 0.201 = 0.001). This observation implies that the more the customers perceive the value of their loyalty programs, the more determined they would be to remain part of it. The perceived value in this study was divided into functional benefits (discounts, cashback, exclusive offers, etc.) and emotional benefits (recognition and belonging). Such findings align with the literature by Zeithaml (1988) and Kim et al. (2021) who found out that perceived value has a significant impact on satisfaction and loyalty, particularly in competitive retail settings. In the case of Azerbaijani consumers, economic sensitivity is relatively high, and therefore promotion programs with clear communicated tangible rewards and emotional benefits have a higher chance of success. The relatively low beta than trust and satisfaction, however, indicates that value alone is not a sufficient factor to keep the customer loyal unless it is supported by positive emotional experiences and trustful relationship with the brand.

Another factor that was important in the prediction of loyalty was commitment (β 0.188, $p < 0.001$). This finding highlights the fact that psychological attachment by customers to a retail company beyond the short term incentive is crucial in long term relationships. The commitment is the degree of attachment of the consumer in a brand

and is willing to stick to the association despite the existence of other alternatives. Affective commitment, which relates to emotional bonding and identification with the retailer, seemed to be a more significant factor in this study, compared with calculative commitment which is shaped on reasonable evaluation of awards and expenditures. This observation reverberates the argument made by Fullerton (2011) that affective commitment enhances stronger loyalty than just the transactional relationships. In the case of Azerbaijan grocery stores, it implies that the loyalty programs must be based not only on economic incentives but also on the development of an emotional contact with loyal customers through personalized communication, identification of loyal customers, and community-building actions.

The last predictor, the digital engagement ($\beta = 0.118$, $p = 0.006$) though the weakest among the five remained statistically significant. The finding emphasizes the fact that the extent of customer engagement with digital loyalty solutions i.e. mobile apps, online reward trackers or AI-based one-on-one offers positively influences the levels of customer loyalty. The result is correlated with Marriott and Williams (2018), who found that digital platforms increase customer relationships through the enhancement of convenience, accessibility, and satisfaction. The comparably lesser influence of digital interaction in this research could, however, be explained by the disproportionality of digital literacy and remaining anxiety of data security in Azerbaijani consumers. Whereas younger and city participants were very strong regarding their digital engagement, older and rural participants were not as at ease with digital systems. Thus, although digitalisation has the positive impact of increasing the loyalty indirectly, through the strengthening of the trust and satisfaction, it cannot substitute the feelings and relationship-based aspects, which form the basis of the real customer loyalty.

The entire regression model makes a strong case that the loyalty of customers in the grocery retail industry in Azerbaijan is a multi-dimensional construct, which is not only driven by emotional but also functional factors. The findings indicate that trust, satisfaction, and perceived value are the main foundations of loyalty formation, and commitment and digital engagement are the auxiliary factors which maintain the relationships over a long period. A combination of these factors explained close to three-quarters of the variance in loyalty behaviour, which indicates that the theoretical framework that underpinned this research which was a combination of the Expectancy-Disconfirmation Theory, the Commitment-Trust Theory and Self-Determination Theory is successful in explaining consumer loyalty in emerging markets.

These findings have important implications as far as the management is concerned. Azerbaijan retailers should realise that loyalty programs are not only effective once they pay off with rewards but also they need to build trust, satisfaction and emotional attachment. Openness regarding program conditions and safety on the processing of customer information and regularity of the benefits offered will build confidence. Concurrently, the quality of satisfaction could be improved by the means of individual offers, effective online frameworks, and customer engagement, which will reinforce the overall relationship. Programmes that strike a balance between economic motivators and relational ones i.e. community involvement or appreciation of the customer programmes, will tend to get greater commitment rates and longer lasting loyalty.

Additionally, the increased role of the digital engagement cannot be underrated. With the Azerbaijani consumers getting increasingly online and digitally active, retailers also need to invest in easy-to-use loyalty applications, real-time point models, and AI-based personalisation. Nonetheless, these digital innovations are to be used in combination with the policies that will promote consumer trust in data security and privacy.

In conclusion, the regression analysis can prove that trust is the strongest one to cause customer loyalty in the grocery retail business in Azerbaijan, after which comes satisfaction and perceived value. Although secondary, commitment and online support are also needed to support the emotional and behavioural aspects of loyalty. Taken together, these findings can point to the conclusion that the loyalty must be constructed with the balance of rational advantages and emotional, which should be supported by trustful digital infrastructure and ethical principles. Not only can the regression findings confirm the theoretical assumptions used in this study, but also offer practical information to the retailers that want to use loyalty strategies that will appeal to the changing demands of Azerbaijan consumers.

4.2.2 Qualitative Analysis

The qualitative part of the study was to add weight to the quantitative data by delving into the more psychological, cultural and emotional issues that relate to customers loyalty spectrum in the grocery retail business in Azerbaijan. Although the quantitative information has found statistical correlations between variables, e.g., trust, satisfaction, commitment, and loyalty, the qualitative information has put it into context, e.g., why and how these correlations apply in practical environments.

To do this, 15 semi structured interviews were carried out with the grocery consumers who are members of one of the loyalty programmes who were also active members of the loyalty programme and also with the retail professionals directly involved in designing or managing the loyalty programmes. Purposive sampling was used to select the participants in order to have diversity in terms of age, gender, income level, and digital engagement. The interviews were done in real-life and online platforms like

Zoom so that the participants residing in different regions such as Baku, Ganja, and Sumgayit can participate. The interviews had a duration of about 45 to 60 minutes each and all the interviews were recorded and transcribed and the participants agreed to the recording.

The thematic analysis was done to the qualitative data as suggested by Braun and Clarke (2006): familiarisation, coding, theme generation, reviewing, defining, and reporting. The recurrent patterns and relationships were determined through the NVivo software and placed as themes. The discussion generated five central themes that identified the key dimensions of customer loyalty in the Azerbaijan grocery retail market, namely: (1) Trust and Transparency, (2) Perceived Value and Fairness, (3) Emotional commitment and Relationship Strength, (4) Digital Experience and Privacy Concerns, and (5) Cultural and Demographic Influences.

Theme 1: Trust and Transparency

The theme of trust was the most prevalent and the most recurrent theme in all the interviews which is in tandem with the quantitative findings that the theme trust is the best predictor of customer loyalty. Respondents reiterated a number of times that their loyalty would mostly be determined by how much they were confident in the intent of the retailer, particularly in personal data treatment and the fulfillment of the promise of a loyalty program.

One participant explained:

"I have no mind regarding the possibilities of sharing my information as long as I can view the way it is being used. However, when the companies lie or offer the offers which do not correspond to my shopping, I begin experiencing discomfort"

This quote displays the fragility of personalisation and privacy. Customers enjoyed the openness of communication regarding the collection and utilization of loyalty information. Some of the interviewees also mentioned that local retailers do not always keep records of the expiry date of points or the redemption policies, which diminished their desire to remain in the program.

Retail managers had recognized this issue and admitted that occasionally poor communication had cost them customer confidence.

One manager stated:

"When customers feel being deceived, they lose their trust. We have read that straightforward descriptions regarding rewards and end dates are worth the more than glamorous promotions. (CRM Manager, Bravo Supermarket)"

In general, the theme of trust and transparency supports the theory of Commitment-Trust (Morgan and Hunt, 1994) showing that loyalty in the long term needs to be supported by honesty, fairness, and regular communication.

Theme 2: Perceived Value and Fairness

Another theme that was reinforced by all participants was the perceived fairness and value of loyalty programs. Although discounts and point amassing were welcome, a large number of customers stated that they liked programs which gave them stable and significant rewards instead of occasional ones.

A respondent commented:

"It is not about the biggest discount, but whether I feel liked whenever I go shopping"

This sense of justice was not exclusive to the monetary value but also to the psychological one. The respondents explained that they felt important when they got customised offers or special event invitations. On the other hand, loyalty declined when programs were seen as unfair to people like giving them better offers without considering long-time members.

Retail experts also realised that fairness is referred to as value by the customers. According to one of the marketing executives:

"Customers today are smart. They compare web-based programs. When they believe that our system is serving the few they become soon disengage"

This theme is associated with Expectancy Disconfirmation Theory (Oliver, 1980), which postulates that when the perceived performance of the loyalty programs are at or beyond the expectations, satisfaction and loyalty develop. Perceived fairness was also a critical factor that Azerbaijani consumers used in their persistence of good relationship with the brand.

Theme 3: Emotional Commitment and Relationship Strength

A large percentage of the respondents showed affective commitment by having emotional attachment to certain retailers of groceries. These emotional attachments were usually built through time through regular services delivery, good interpersonal relationships with the staff and familiarity with the brand.

One respondent described:

"I always visit the same store since I am familiar with the individuals. Although some other shop may be discounting, I would feel better where they know me"

This quote shows the importance of relationships and personal connections in Azerbaijan in terms of the culture. Customers like continuity and familiarity as a way of creating a feeling of belonging. The loyalty here is beyond the effect of the transactions and is founded on the experiences and satisfaction of emotions.

Retailers that were able to generate such emotional connections discovered that the customers were less price-sensitive or competitive deals. This observation goes in line with Fullerton (2011) argument that affective commitment is the source of long-term commitment since customers are not truly motivated to be loyal to a specific company because of pure rational reasons but out of emotional gratification.

Theme 4: Digital Experience and Privacy Concerns

The aspect of digital experience and privacy are one of the topics that emerged in the interviews with the increase in digitalisation in Azerbaijan. Another aspect that many respondents mentioned was ease of use with mobile loyalty applications to track points, use digital receipts, and get special offers. Opinion on the issue of data security and intrusive personalisation was however divided.

One of the younger respondents told him:

"The application is quite helpful, particularly when I have my points and it suggests me the products that I can purchase frequently. However, I can sometimes answer the question; Who looks at my information?"

The older subjects, in turn, had a less digital confidence. Others said they avoided using the app-based programs even because they feared data abuse, or because of technical difficulties. Retailers realized such differences in generations and necessity to find the balance between technological innovations and data protection.

One of the digital marketing experts said:

"We have a primary problem of trust in technology. The youth is fast and even the older customers prefer to use physical cards. We are putting in more money into education and transparency"

This is the same theme that Aguirre et al. (2015) refer to as the privacy-personalisation paradox since consumers love the comfort of digital aids and are, at the same time, terrified of losing their privacy. It also supports the quantitative result according to which digital engagement positively affects loyalty but the impact occurs through trust and satisfaction.

Theme 5: Cultural and Demographic Influences

It was discovered that cultural values and demographic aspects were the major influences that affected the loyalty behaviours. The urban population showed greater interest in digital loyalty programs, whereas people in smaller towns showed more preference to personal relations and physical contacts.

A country participant told him:

"I would rather speak to the cashier or the manager. It is okay on younger people, but in my case, loyalty is that they can recall me as a person"

These variations depict how collective norms associated with collectivism, interpersonal trust and familiarity with social people affect customer loyalty in Azerbaijan. There was also an insidious role of gender; women were more concerned with promotions and rewards whereas men were concerned with convenience and time-saving functionality.

These sentiments were echoed by the retail managers who admitted that a one-size-fits-all strategy was not working. Instead, they promoted the localisation of the program design, based on the socio-cultural attributes of various consumer groups. This observation can be aligned with the Self-Determination Theory (Deci and Ryan, 1985); according to this theory, intrinsic motivation is generated by autonomy, competence and relatedness. The loyalty in the Azerbaijani retail environment will be increased when the programs are cultural sensitive and make customers feel that they are related to the brand.

The qualitative results were quite useful to enrich the statistical results and verify that customer loyalty within the Azerbaijan grocery retail market is contextually and emotionally defined. It was revealed that trust and transparency are also the foundational factors that influence the perception of the consumers in relation to the loyalty programs as credible and valuable. The perceived value and fairness determined satisfaction and perceived legitimacy whereas emotional commitment highlighted the longevity of the relationship that customers experience with the trusted retailers.

Digital interaction was seen as a facilitator of the convenience and efficiency but a worry of data privacy. Lastly, the cultural and demographic diversities also demonstrated a need to localise the loyalty program to make it more inclusive to both digitally savvy and traditionally minded clients. Finall, the qualitative findings were confirmed and complemented by the quantitative ones. They established that satisfaction, loyalty, and emotional connection are core to the formation of trust, and digital tools and cultural understanding are moderators of the context. The findings offer a comprehensive understanding of the way Azerbaijani consumers interact with loyalty programs that have a practical implication on the retailer planning to develop culturally sensitive and technologically sound loyalty systems that facilitate transactional and emotional commitments.

4.3 Chapter Summary

This chapter was a thorough discussion of the quantitative and qualitative results to study the impacts of the loyalty programs on the loyalty of customers in the Azerbaijan grocery retail industry. The overall idea was to identify how the variables of interest, i.e., trust, satisfaction, perceived value, commitment and digital engagement, have an impact on the customer loyalty, the cultural and situational specifics of the Azerbaijan market being taken into account. This chapter offered a multidimensional view of the role of the loyalty program in developing consumer behaviour, perceptions, and long-term relationships through a mixed-method approach, which is the combination of statistical testing and thematic exploration.

The quantitative analysis was initiated by first confirming the data of reliability and validity, which described the strength of the research instrument. The alpha values of Cronbach, which were high (β0.83 - β0.92), showed high internal consistency among all constructs; therefore, the items on the survey were reliable to measure the underlying dimensions of the loyalty behaviour. Similarly, Kaiser-Meyer-Olkin (KMO) measure had surpassed the acceptable limit, and Bartlett Test of Sphericity established that there is sampling adequacy and inter variable correlation, which proved the suitability of the data to proceed with further analysis. These findings verified that the data obtained was of a good quality to be significantly interpreted statistically.

The 320 respondents were then demographically analyzed, to show a representative and equal sample of the Azerbaijani grocery consumer population. The majority of the respondents (25-44 years old) belong to the working age group, which is the most active in terms of using loyalty programs. The distribution of gender was quite equal, and the level of education and income showed that it has a moderately educated and economically diversified group of customers. The findings also revealed a definite difference between urban and country consumers in which digital interaction was more prominent in the metropolitan city like Baku but interpersonal trust and the relationship-based loyalty was higher in the smaller towns. This difference emphasized the role of demographic and cultural influences on perception and loyalty behaviours of customers.

The descriptive statistics also helped to prove that respondents were mostly positive about loyalty programs. Mean scores of trust (β 4.18), satisfaction (β 4.23) and perceived value (β 4.09) were high and the perception of loyalty programs by the consumers was that they are beneficial and just. Digital engagement and commitment also had a positive score, but with a higher variance so that the differences in consumer readiness to embrace digital loyalty tools are greater. In general, the descriptive statistics demonstrated that loyalty programs were evaluated by consumers based on the financial reward which is not the only benefit, but the emotional and relational one.

The hypothesised relationship between constructs were empirically supported by the correlation analysis. Customer loyalty had strong positive correlations with all variables, which proves the interrelation of cognitive (perceived value), affective (satisfaction and trust), and behavioural (commitment and digital engagement) elements. Trust and loyalty, as well as satisfaction and loyalty, demonstrated the greatest correlations ($r = 0.79$ and 0.76). These findings indicated that loyalty in the Azerbaijani grocery industry is more relational, which is instilled on emotional confidence and satisfaction in the grocery markets, contrary to short-run monetary rewards.

Based on these results, the multiple regression analysis was used to determine the relative value of each predictor. The model achieved a high explanatory power ($R^2 = 0.738$), indicating that approximately 74% of the variance in customer loyalty could be explained by the selected predictors. Trust was the best predictor (β 0.345, $p < 0.001$) among them, then satisfaction (β 0.260) and perceived value (β 0.201). Less significant but statistically significant contributions were also made by commitment (β 0.188) and digital engagement (β 0.118). These findings established that loyalty in Azerbaijan is greatly influenced by the degree of trust that consumers have on retailers and the satisfaction level of shoppers with loyalty program experience. The digital involvement served as a regulator, and loyalty increased with its integration with openness and easy technology.

The qualitative analysis supplemented the results of the quantitative analysis as it gave a deeper comprehension of consumer intentions and perceptions. Thematic analysis of 15 interviews showed that there were five significant themes: trust and transparency, perceived value and fairness, emotional commitment, digital experience and privacy issues, and cultural and demographic factors. Trust was once again re-established as the foundation of loyalty because the consumer appreciated transparency in the use of the data and the understanding of the redemption of the rewards. Fairness and emotional appreciation led to satisfaction as opposed to financial benefits. Emotional commitment was as a practiced cultural interest of familiarity and interpersonal connection especially in small cities and among older consumers. The digital interaction was welcome due to its convenience, but privacy and technological illiteracy were also limiting it. Last but not least, the perception of loyalty was impacted by cultural and demographic peculiarities as urban consumers were more interested in digital convenience, and the participants in the countryside emphasised personal identification and a face-to-face interaction.

These findings in conjunction with each other prove that customer loyalty within the Azerbaijan grocery retail sector is transactional and relational. Loyalty programs serve as economic motivation as well as social and emotional connections between brands and consumers. The long-term relationships also require trust, satisfaction, and commitment, and digital innovation improves the level of convenience and accessibility given the availability of clear data management support. The findings also confirm the theoretical basis of the research, especially the Committeement-Trust Theory, Expectancy-Disconfirmation Theory, and Self-Determination Theory, all of which make a significant contribution to the development of loyalty in dynamic and culturally sensitive markets.

Managerially, the outcomes highlight the necessity of Azerbaijan grocery retailers to strike the right balance between technological advancement and human relationship. The retailers are expected to pay attention to building the relationship based on trust by ensuring that the data privacy, keeping promises, and maintaining the effective communication. The reward systems of the loyalty programs must be tailored, but equitable rewards that make the consumer feel that he or she is not being treated like a transactional partner. In addition, the programs must be customised to suit the generational and cultural inclination- it should offer both the digital and traditional participation facilities as a way of being inclusive.

Finally, this chapter gave a comprehensive examination of customer loyalty determinants in the grocery retail sector of the Azerbaijan market. It combined both the quantitative accuracy and the qualitative insight to discover the extent to which loyalty programs affect consumer attitudes and behaviour. The combination of the two streams of data proved that trust and satisfaction are the main driving forces of loyalty, which is backed up with the perception of value, emotional attachment, and online interaction. These results will provide a basis to the concluding chapter where the implications of the results to theory, practice, and the future researches will be discussed, and strategic recommendations will be provided on how effective, culturally sensitive loyalty programs in the changing retail environment of Azerbaijan can be developed.

Chapter V:

DISCUSSION

5.1 Discussion of Results

This paper explored the influence of loyalty programs on customer loyalty in Azerbaijan grocery retail industry basing on the combined views of the Commitment - Trust Theory (Morgan and Hunt, 1994), Expectancy -Disconfirmation Theory (Oliver, 1980), and Self-Determination Theory (Deci and Ryan, 1985). The mixed-method study was based on the quantitative data of 320 survey participants and qualitative data of 15 semi-structured interviews. The combination of these approaches provided a comprehensive insight into the relationship between trust and satisfaction, perceived value, commitment, digital engagement, and cultural factors in influencing loyalty behaviour in a newly-established market environment.

The general results proved that both emotionally and rationally customer loyalty in the Azerbaijan grocery retail industry depends. Quantitatively, the regression model demonstrated that trust, satisfaction, and perceived value were the strongest predictors of loyalty, explaining nearly 74% of the variance in consumer loyalty. Interviews (qualitative) indicated that the loyalty is deeply rooted within the cultural values of trust, fairness, and interpersonal relationships, and digital tools serve as the complementary (not primary) drivers of loyalty.

The foundation of loyalty was seen to be trust. The disposition of consumers to stick with the retailer was highly influenced on their faith in the justness, data management, and reward clarity of retailer. This is in line with the claim made by Morgan and Hunt (1994) that lasting relationship can be built on trust when it comes to relationship marketing. From the sense of perceived equity and reliability in the program, satisfaction was a driver to loyalty by positive emotional experience, which concurred with the theory of positive disconfirmation by Oliver (1980). In the meantime, the perceived value affected the loyalty both directly and indirectly through the satisfaction and trust. The results are reflective of the rest of the world (Kim, Lee and Suh, 2021; Zeithaml, 1988), but the Azerbaijan findings suggest a more relational focus - that is, emotional connection and cultural expectations are more influential than in the Western market.

Loyalty was also strongly influenced by commitment and digital engagement albeit in a lesser degree. The commitment also showed affective relationship (feeling of closeness and mutual identification) and calculative factors (rational evaluation of benefits). Increased engagement on the digital platform boosted loyalty indirectly by creating convenience and personalised experiences, although the potential was thwarted by the concerns regarding privacy and data misuse. In the qualitative results, one of the most prominent ones was a privacy-personalisation paradox (Aguirre et al., 2015) where the clear advantage of digital benefits was offset by the unwillingness of consumers to accept data-driven systems without clear data management.

In general, the findings of the research indicate that loyalty in the grocery industry of Azerbaijan is multidimensional, as it entails the integration of the trust-related relational loyalty, value-related transactional loyalty, and engagement mediated by technology. These drivers converging in one way point to a novel model of loyalty that can only be found in emerging markets, because the digital adoption is crossing with conventional relationship norms.

5.2 Discussion of Research Question One

The results proved that customer loyalty depends on the most influential psychological processes that are trust and commitment. Confirmed by quantitative findings, trust (β 0.345) was the most significant predictor of loyalty, and therefore, when consumers believe a retailer to be honest, reliable, and fair, they tend to remain loyal to the brand. This is in accordance to the Commitment-Trust Theory (Morgan and Hunt, 1994) that defines trust as the key antecedent of commitment and stability of long-term relationship.

The form of trust in the retail environment of Azerbaijan is affected by the program communication transparency, the ability to redeem rewards consistently, and the responsible way of data processing. Participants of the interview said that they appreciated retailers who informed them about the expiration of rewards, conversion of points and privacy policy. One motif that was repeated was the concept of predictability - the customers wanted a brand that gave them consistent benefits and not one that was subject to change in rules or systems. These choices demonstrate the cultural orientation of uncertainty avoidance towards which Azerbaijan is oriented, the trust in a volatile market is a stabilising factor (Hofstede Insights, 2024).

The emotional extension of trust turned out to be commitment. Customers who had formed a good relationship with a retailer formed stronger affective relationship with that retailer thus showing loyalty even when more attractive offers were available. They both had affective commitment (emotional attachment) and calculative commitment (cost benefit assessment), yet the qualitative results indicated that affective commitment had a greater influence. As an example, several respondents stated that they still shopped in their usual stores because of their feeling of belonging and recognition even where the discount deals were similar. This conforms to Fullerton (2011) who observed that affective commitment is more long-lasting predictor of loyalty as compared to calculative commitment.

In managerial perspective, this observation means that trust development is not a single process and therefore is ongoing. To ensure customer loyalty, retailers will have to maintain regular communication, keep customer information safe, and offer the promised rewards to remain trusted by the consumers. Also, an affective commitment can be strengthened by programs that make the customer feel like part of them, such as customized message of appreciation, locally oriented events or social rewards, turning transactional loyalty into an emotional one.

5.2 Discussion of Research Question Two

The researchers found that perceived value, satisfaction and switching barrier were closely interconnected and consistent with Expectancy disconfirmation theory and relationship marketing theories. Perceived value (=0.201) was found to have a significant effect on both satisfaction and loyalty implying that consumers consider the loyalty programs as a package considering the benefits gained compared to the effort or information provided. The satisfaction was high with regard to unfair, unintelligent, and unincentive programs, hence lowering switching intentions.

The findings supported the definition of Zeithaml (1988) of the perceived value of what the customer considers as the entire evaluation of utility of what he or she gets in relation to what he/she gives. Value in this study was measured not only in monetary terms (discount or points) but also in emotional and social terms, e.g. recognition, exclusivity and convenience. Higher satisfaction and reduced intention to change brands were demonstrated by respondents who felt personally and socially affirmed by the program.

Switching barriers were also moderating factors that maintained loyalty. Consumers who had invested a lot of time in collecting points or learning an app with a retailer were less likely to go to a retailer that offered slightly better rewards on a short-term basis. Nonetheless, the results showed that overdependence on switching barriers (e.g., with complicated rules to redeem) may work against itself in that it results in frustrations. This favors Burnham, Frels and Mahajan (2003), who discovered that though there are benefits of both procedural and relational switching costs in promoting retention, there should be some balance to prevent the negative perception of lock-in.

Perceived value and switching barriers had a moderating relationship, which was mediated by satisfaction in long-term loyalty. When the expectations were met and also surpassed, customers created a positive affective response that affirmed their attachment to the brand. On the other hand, the lack of expectations or lack of delivery led to dissatisfaction and possible defection, e.g., failure to redeem the rewards on time or misleading offers. This relationship directly supports an Expectancy-Disconfirmation Theory of Oliver (1980) which suggests that satisfaction is a psychological consequence of a perceived performance as compared to expectation.

Simply put, the success of the loyalty programs in Azerbaijan is pegged on the ability to develop a perceived value that is rational and emotional, creating satisfaction based on fairness and transparency, and controlling switching costs in a responsible manner. Retailers are more likely to keep the loyal customers in the long-term by rewarding their consistency, equity, and customer empowerment.

5.4 Discussion of Research Question Three

Digitalisation has revolutionized the delivery of the loyalty programs, but its influence in Azerbaijan is subtle. The quantitative findings proved that online communication is a positive contributor to loyalty (= 0.118, $p < 0.01$), but not as much as trust or satisfaction. This observation indicates that technology can have a positive impact on accessibility and convenience, but the influence on loyalty has an intermediary role through trust and perceived security.

A qualitative understanding provided two perspectives of dominance. Younger, urban consumers considered mobile loyalty app convenient and efficient as they appreciate real-time updates and personally tailored offers. Contrarily, geriatric and rural consumers were fearful of sharing of data and technical sophistication. This generation gap brings out the disparity in digital literacy and institutional trust.

The privacy-personalisation paradox (Aguirre et al., 2015) was also present: consumers were happy to receive suggestions provided by AI and still not comfortable with the idea of data surveillance. Confidence in data management therefore turned out to be a condition of digital interaction. Retailers that explicitly expressed their privacy policies, gave their user base the option to manage their notification preferences, and had an open consent system experienced more engagement.

Theoretically, the results can be consistent with a Self-Determination Theory (Deci and Ryan, 1985) which focuses on the importance of autonomy and competence as the drivers of continued engagement. The Azerbaijani consumers became more active when they perceived their autonomy in the control of their online profiles and their ability to use technology. Therefore, user empowerment, visually pleasing design, and transparent data protection measures are the features that must be featured in loyalty programs.

Digitalisation must also work in favor of human interaction, rather than against it. Although loyalty management has been simplified through digital channels, face-to-face elements, including the help of in-store staff and reactive customer service, still form the foundation of trust and satisfaction. This paper therefore concludes that digitalisation will increase the loyalty indirectly, as it increases the positive customer experience when incorporated into an open-ended, customer-oriented framework.

5.5 Discussion of Research Question Four

The research established that cultural and demographic variables have a huge influence on perception and behaviours in loyalty. True to the Hofstede cultural dimensions, the Azerbaijani consumers are characterised by the features of collectivism, medium uncertainty avoidance, and relationship orientation, which affect the interpretation and value of loyalty programs.

The qualitative data indicated that the loyalty in Azerbaijan is usually relationship-based and does not stem solely on transactions. Consumers in less urban areas were more concerned with individual appreciation, interpersonal warmth, and familiarity with store personnel than with the use of the app-based discounts. The actions can be described as associated with the collectivist tendencies of the Azerbaijani culture, where trust and social evidence are the key factors affecting consumer choice. Urban and younger consumers, on the other hand, were more interested in the concept of digital convenience and personalised offers, which suggests a slow shift in the cultural aspect of hybrid loyalty motivation.

This trend was also supported by demographic analysis. Women were more sensitive to emotional and social concerns of loyalty programs whereas men paid attention to functionality and efficiency. Experience rewards and exclusivity drove higher-income respondents and savings and fairness drove lower-income respondents. These results are in agreement with those of Burnham et al. (2003) who established that the perceived value and switching costs were affected by the socio-economic status.

Digital engagement also relied on income and education: those who were more digitally literate were more willing to engage in app-based programs whereas other participants favored physical loyalty cards. This diversity supports the necessity of fragmented loyalty approaches which focus on serving traditional consumers and digital consumers.

Trust also crossed the path of cultural influences. Local retailers were more trusted by the consumers as relational loyalty but they perceived international retailers to be more technologically superior. This dynamic implies that multinational retailers entering Azerbaijan should focus on such success factors as localisation and cultural alignment.

5.6 Chapter Summary

In this chapter, the findings were synthesised with respect to the four research questions and theoretical frameworks on which this study was founded. The findings showed that trust and satisfaction are the most influential determinants of loyalty, which is supported by perceived value, commitment, and digital involvement. The relational base is trust, emotional mediator is satisfaction and convenience when anchored in transparent practices is bolstered by digitalisation.

The study adds value to the theory by confirming that Western models of loyalty, specifically the most famous, the Commitment to Trust, and the Expectancy to Disconfirmation models, can be applicable in the context of emerging markets, but need to be adjusted to cultural, technological, and institutional contexts. The impact of trust and satisfaction is increased in Azerbaijan due to the relational and cultural dimensions whereby emotional bonding and equity is more significant than the technological sophistication itself.

As a manager, the results highlight the relevance of culturally informed loyalty design based on trust. The retailers should strike a balance between technological advancement and transparency in the ethical sense, and inclusivity in relation to demographic segments. With the integration of emotional appeal, fair rewards, and digital convenience, grocery stores will be able to build long-term loyalty in the changing retail market of Azerbaijan.

Chapter VI:

SUMMARY, IMPLICATIONS, AND RECOMMENDATIONS

6.1 Summary

The study examined how loyalty programs influence consumer loyalty in the grocery retail industry in Azerbaijan and how the contextual, behavioural, and technological aspects contribute to consumer-retailer relationships. Based on the Commitment Trust Theory (Morgan and Hunt, 1994), Expectancy disconfirmation theory (Oliver, 1980), and Self determination theory (Deci and Ryan, 1985), the research looked into the role of trust, satisfaction, perceived value, commitment, digital engagement and demographic cultural factors in customer loyalty on an emerging market model.

The research followed pragmatist philosophy and mixed methods because it implemented the quantitative and qualitative methods of study, which allows empirical generalisability and context to be achieved. A structured survey was carried out on 320 consumers who had enrolled in grocery retail loyalty programs and 15 semi-structured interviews carried out with consumers and retail professionals to obtain the underlying motivations, perceptions and attitudes that quantitative techniques could not have captured.

The quantitative results have proved that perceived value, trust, and satisfaction were the predominant predictors of customer loyalty. Regression analysis revealed that these three constructs collectively explained nearly 74% of the variance in loyalty outcomes. Trust has proved to be the most influential variable since it proves that confidence in the fairness, reliability, and data management of retailers is the basis of attitudinal and behavioural loyalty. The second most predictive was satisfaction which indicated that positive effects with loyalty programs in relation to fairness, usability and benefit fulfilment were important in customer retention. The perceived value too contributed quite substantially, demonstrating that consumers offset the emotional and financial advantages that they get with perceived effort and risk of the participation.

Whilst minor, commitment and digital engagement also played a significant part in loyalty. Commitment was a form of affective connections (emotional attachment to a brand) as well as calculative grounds (rational benefit-cost analysis). Online interaction was also indicative of convenience, personalisation, and real-time connectedness but was also controlled by privacy and trust issues, which is also in line with the personalisation–privacy paradox (Aguirre et al., 2015).

These findings were supplemented by the qualitative results that revealed culture and context-specific dynamics of Azerbaijan. The researchers found that trust and transparency were also the foundations of loyalty behaviour particularly when the society is moderate with uncertainty avoidance and the value of interpersonal relations is high (Hofstede Insights, 2024). Customers put fairness of reward system, emotional gratification and relationship with brands at the forefront. Digital tools were not as trusted as they should be; the majority of interviewed stated that they prefer hybrid loyalty systems that would combine both the convenience of digital technology and the human touch.

The study thereby draws the conclusion that loyalty in the grocery industry in Azerbaijan is multidimensional- it has three dimensions namely rational (economic), emotional (relational), and situational (cultural and technological) dimensions. The operations of the loyalty programs within the emerging markets are not only based on the transactional incentive but rather on the platform to build the trust, satisfaction, and relational commitment.

6.2 Implications

6.2.1 Theoretical Implications

This research is an addition to the current body of literature on marketing and consumer behaviour literature because it brings the classical theories of loyalty to a new market and digital transformation environment. Although the Committeement-Trust Theory, Expectancy-Disconfirmation Theory, and Self-Determination Theory are highly proved in the developed world economies, the present study provides empirical support to their adjustment on the Azerbaijan transitional retail setting. To begin with, the findings also affirm the key role of trust as the key element that determines loyalty in line with the argument of Morgan and Hunt (1994), that suggested trust is the initial element that leads to commitment and long term relational stability. Yet, the results elaborate this model showing how in emerging markets, trust is constructed by the way of transparency, digital literacy, and institutional reliability. Trust in Azerbaijan is a psychological phenomenon and a social reaction to the uncertain situation, and data governance and consumer protection systems are still developing there. This subtle insight highlights the point that the systems of trust-building should consider cultural views on fairness, transparency, and integrity. Secondly, the study builds on Expectancy- Disconfirmation Theory (Oliver, 1980), in that the findings will demonstrate that in loyalty programs, the measurement of satisfaction will not just be based on the performance of the product, but also on process fairness and emotional reciprocity. Clarity of communication, availability of rewards and perceived equality among consumers were found to be major determinants of satisfaction in Azerbaijan, which are hardly mentioned as determinants of loyalty in Western loyalty literatures. This situational adjustment implies that socio-cultural expectations have as much influence on the development of expectation-performance gaps in new markets as do economic value. Thirdly, the Self-Determination

Theory (Deci and Ryan, 1985) acquires a fresh significance since this study focuses on the digital loyalty settings. Results indicate that the intrinsic motivation on the part of the consumer to indulge digitally will depend on their autonomy (freedom to control data), competence (ability to operate technology), and relatedness (feeling recognised and valued). Therefore, SDT offers an influential model to comprehend consumer empowerment within the digitally mediated loyalty programs particularly within a market that is not homogenous with regard to the technology adoption. Further, the research paper has closed the gaps in the theoretical silos by combining relational paradigm and technological paradigm. It presents a hybrid model of conceptualization in which emotional trust and digital interaction both exist as the two enablers of loyalty. This model should inform future studies that discuss how the interaction of cultural and digital variables moderate classical marketing theories, which will present a wider theoretical perspective on consumer-brand relations in transitional economies. To recap it all, the theoretical contribution is: Placing the existing theories of loyalty in a new market context. Mediation of the antecedents of loyalty through the introduction of trust and transparency as a cultural mediator. Boosting satisfaction operatives to incorporate equity and interpersonal reciprocity. Showing the influence of intrinsic motivation and digital autonomy on the engagement in loyalty ecosystems. Suggesting a mixed loyalty system that combines relational and digital customer retention drivers.

6.2.2 Managerial and Practical Implications

On the management level, the results provide practical information to grocery stores in Azerbaijan, as well as other organisations that conduct business in emerging digital markets.

Elementary Preference: Trust and Transparency

The most important factor of loyalty was found to be trust. The retailers should hence be careful to make reward structures transparent, terms clear and ethical data management. Customers are to be informed of the data collection, storage and use procedures with the possibility to control the consent. Such openness will be communicated and decrease scepticism and build emotional trust.

Fairness and Simplicity in Design

Redemption rules were identified as complex to participation discouragement. The mechanisms in the programs should be simplified and benefits made real and available to the retailers. The reward structures will be seen to be fair among customer segments and this will increase satisfaction and decrease churn.

Balance between the Emotional and Transactional Benefits

Whereas money attracts recruiting in the short term, retention is an aspect of emotions. To strengthen the emotional attachments, retailers in their turn should use recognition mechanisms to ensure that the customer feels their appreciation, whether in the form of personalised thank-you notes or anniversary bonuses or sponsorship of the local community. Such a relational style is especially successful in collectivist societies such as the Azerbaijan one.

Use Digital Resources wisely

Digitalisation is scalable and can be personalized but without proper privacy practices it may destroy trust. Retailers need to embrace open data management and end-user-friendly app development. The introduction of secure, intuitive platforms can contribute to the rise in the number of younger consumers, as well as the reassurance of older demographics.

Lifestyle Customer Segmentations

The research indicated that there were variations in online use based on the generation and income. The retailers need to use multi-channel loyalty plans, i.e. using mobile applications to attract tech-savvy customers and traditional loyalty cards or SMS to attract less digital-savvy customers. Mixed models provide inclusiveness and coverage.

Marketing Communication: Cultural Sensitivity

Loyalty perceptions are also largely affected by cultural expectations. The message which speaks of national identity, community support and shared values resonates with Azerbaijan consumers. Localisation of loyalty branding needs to be done by retailers and not just Western templates.

Measure Loyalty More than Transactions

Finally, the customer should not analyze the loyalty programs using the metrics of repeat purchase only. Trust, satisfaction, and emotional connection are attitudinal loyalty indicators that should be measured by retailers on a periodical basis by the way of feedback and customer relationship analytics.

Comprehensively, the managerial implication is evident, i.e. in the Azerbaijan grocery industry, which is trust-based, transparent and culturally-rooted loyalty design will be more effective than the purely transactional, or technologically-based model. The trick lies in having a compromise between human trust and digital intelligence.

6.3 Recommendations for Future Research

Despite the significant contribution of this research based on both theoretical and empirical research, it also identified many gap areas that can be explored in future studies.

Longitudinal Studies of the Evolution of Loyalty

The perceptions of loyalty in this study were found at one point in time. Longitudinal designs ought to be used in future studies to monitor consumer loyalty over time during the course of continued program participation, particularly Web 2.0 maturity with retail technology and digital literacy.

Third Cross-Industry Comparative Studies

The dynamics of the frequent flier programs in one industry can differ with another. A comparison of grocery, fashion, and banking loyalty programs in Azerbaijan or in other emerging economies might help to identify specific loyalty determinants in the industry, as well as dependency on cross-sectoral trends.

Sophisticated Modelling of Moderators and Mediators

Quantitative research in future might use structural equation modelling (SEM) to test the interaction between mediating variables (e.g. trust or satisfaction) and moderating factors (e.g. culture or age). This kind of modelling would enhance the knowledge on the causal pathways that form the basis of loyalty.

Ethnographic Method and Experimental Method

Ethnographic observation or controlled experiment in qualitative research would provide deeper information on the loyalty behaviour and emotional reactions in real-time.

As an example, spontaneous decision-making due to loyalty incentives may be observed in-store.

Unraveling the mystery of AI and Ethical Data Use

With personalisation based on AI coming to the mainstream, studies ought to investigate the attitudes of consumers towards algorithmic targeting, fairness, and consent. Developing responsible loyalty systems would be worthwhile with a specific interest in data ethics and trust restoration systems.

Comparative Cultural Analysis

As Azerbaijan is a region with a distinct cultural mix of the post-Soviet, Turkic and Islamic cultures, cross-cultural comparisons with the neighbouring nations (e.g., Georgia, Turkey, Kazakhstan) would reveal the shared and different ways of loyalty, which would add value to the study of regional marketing.

Organisational Perspective Studies

Finally, additional studies are to be conducted that would look at loyalty programs through the lenses of the strategic purpose of the retailer, evaluate implementation issues, cost-benefit frameworks, and barriers to digital transformation. The theoretical model of loyalty in emerging markets would be rounded off by including managerial and consumer viewpoints.

6.4 Conclusion

The study adds a subtle, context-based perception as to the impact of loyalty programs on customer loyalty within the grocer retail industry of Azerbaijan. It combines relational, cognitive, and digital approaches to show that the loyalty in the emerging markets is a construct of hybridity, as the traditional trust-based relationships are integrated with technology-based interaction.

It is empirically proven that trust and satisfaction are the foundations of loyalty, and perceived value, commitment, and digital engagement are the supplementary levels of confirmation. These findings not only confirm known theories but point to their relative plasticity, the loyalty in Azerbaijan is not only defined by rational considerations but also by emotional guarantee, tradition, and understandings of justice.

Another highlight of the study is the frailty of innovation and human bond. Digitalisation has enhanced accessibility and personalisation, although in its absence, it could be degrading trust it aims to establish, unless it is governed transparently. Azerbaijan retailers have to, therefore, consider inclusive, culturally sensitive, and ethically designed loyalty programs that consider the privacy of consumers and emphasize on relationship trust.

Theoretically, the research contribution to the body of knowledge on loyalty is that it takes the current structures and expands them to a maturing digital economy. At the management level, it offers a guideline to practitioners who want to maintain loyalty by being just, understanding, and truthful.

Finally, the loyalty of the Azerbaijani grocery market is not just a direct exchange, but a mutually trusting and culturally close relationship. Those retailers who understand this dynamic, that is, between economics, emotion and ethics, will not simply continue to retain customers but will also create lasting brand communities that can succeed in the ever-growing digital and competitive retail world.

APPENDIX A

SURVEY COVER LETTER

Dear Participant,

I hope this message finds you well.

My name is Ogtay Mammadov, and I am currently conducting doctoral research as part of my **Doctor of Business Administration (DBA)** program. The title of my study is:

"The Impact of Loyalty Programs on Customer Loyalty in the Grocery Retail Sector: Evidence from Azerbaijan."

The purpose of this research is to explore how loyalty programs influence consumer trust, satisfaction, commitment, perceived value, and digital engagement among grocery shoppers in Azerbaijan. The study also aims to understand how cultural and demographic factors shape consumer preferences and experiences with loyalty programs.

You have been selected as a potential participant because you are a grocery retail consumer who uses or has used a loyalty program in Azerbaijan. Your insights will provide valuable information that will help retailers improve their services and strengthen customer relationships.

Participation Details:

- The questionnaire will take approximately **10–12 minutes** to complete.
- All responses are **strictly confidential and anonymous**. No personally identifiable information will be collected.
- Participation is **voluntary**, and you may withdraw at any point without providing any reason.

- The data collected will be used **solely for academic purposes**, in accordance with ethical guidelines and the Data Protection Act/GDPR standards.

By completing this survey, you confirm that you have read and understood the purpose of the study and agree to participate voluntarily. Your honest responses are greatly appreciated and will contribute to the advancement of knowledge in customer relationship management and retail marketing within Azerbaijan.

If you have any questions or require additional information about the study, please feel free to contact me at:

Thank you sincerely for taking the time to assist with this research. Your contribution is highly valuable.

Warm regards,

Ogtay Mammadov

APPENDIX B

INFORMED CONSENT

Research Title:

The Impact of Loyalty Programs on Customer Loyalty in the Grocery Retail Sector: Evidence from Azerbaijan

Researcher:

Ogtay Mammadov

Doctor of Business Administration (DBA) Candidate

Purpose of the Study

This research aims to explore how grocery store loyalty programs influence customer trust, satisfaction, commitment, and digital engagement among consumers in Azerbaijan. The findings will help to improve customer relationship strategies and loyalty program effectiveness in the retail sector.

Participation

Your participation in this study is completely **voluntary**. You may choose to participate or withdraw at any time without penalty. The survey will take about **10–12 minutes** to complete.

Confidentiality

All information you provide will remain **strictly confidential**. Your name or any personal identifiers will **not** appear in any part of the research report. The data will be securely stored and used **only for academic purposes**.

Risks and Benefits

There are **no known risks** associated with participating in this study. Your participation will contribute to academic research and may help retailers enhance their customer loyalty programs.

Consent Statement

By signing (or clicking "Agree") below, you confirm that:

- You have read and understood the information above.
- You voluntarily agree to participate in this research study.
- You understand that you may withdraw at any time without giving a reason.

APPENDIX C

INTERVIEW GUIDE

Appendix : Semi-Structured Interview Guide

Section 1: Introduction and Rapport Building

1. Could you tell me a little about your grocery-shopping habits?
2. Which grocery stores do you visit most frequently, and why?
3. Are you currently a member of any grocery-store loyalty or rewards programme? (If yes, which ones?)

Section 2: Experiences with Loyalty Programmes

4. How long have you been participating in these loyalty programmes?
5. What motivated you to join? (e.g., discounts, convenience, emotional attachment, curiosity)
6. Can you describe a positive or negative experience you have had when using a loyalty card or app?
7. How often do you redeem points, cashback, or other benefits?

Section 3: Trust and Commitment

8. What makes you trust or distrust a loyalty programme or retailer?
9. Do you feel that loyalty programmes treat customers fairly and transparently?
10. Would you continue to use a programme even if another retailer offered better discounts? Why or why not?
11. What keeps you committed to a particular store—rewards, experience, habit, or emotional attachment?

Section 4: Perceived Value and Satisfaction

12. How do you judge whether a loyalty programme is worth joining?
13. What features of a programme make you feel satisfied or dissatisfied?
14. Can you recall a time when a loyalty programme exceeded your expectations or failed to meet them?

Section 5: Digitalisation and Privacy

15. Do you use mobile apps or digital platforms for your loyalty programme? If so, how convenient are they?
16. How do you feel about sharing personal information (e.g., phone number, location, purchase history) with loyalty programmes?
17. Have you ever worried about how your data might be used?
18. What could retailers do to make you feel more secure about your data privacy?

Section 6: Cultural and Demographic Influences

19. Do you think loyalty programmes in Azerbaijan are influenced by cultural values such as trust, relationships, or collectivism?
20. In your opinion, do age, income, or digital familiarity affect how people use loyalty programmes here?

Section 7: Closing

21. Overall, what makes a good loyalty programme for you?
22. What improvements would you suggest to grocery retailers in Azerbaijan to make loyalty programmes more effective?
23. Is there anything else you'd like to add about your experience?

APPENDIX B: CONSUMER SURVEY QUESTIONNAIRE – THE EFFECTS OF LOYALTY PROGRAMS IN GROCERY RETAILING IN AZERBAIJAN

This questionnaire aims to collect information from grocery retail consumers in Azerbaijan who are members of at least one loyalty program. All responses will remain confidential and are used solely for academic purposes. Please indicate your level of agreement with each statement using the 5-point Likert scale below:

1 = Strongly Disagree   2 = Disagree   3 = Neutral   4 = Agree   5 = Strongly Agree

Section 1: Screening and Background

1. Do you currently hold a loyalty card or use a loyalty mobile app from any grocery store? (Yes/No)

2. Which loyalty programme(s) do you use most often? (Bravo / Araz / Bazarstore / Carrefour / Other)

3. How long have you been enrolled in this programme? (<6 months / 6–12 months / 1–2 years / >2 years)

4. On average, how often do you shop for groceries in a week?

5. How often do you use or scan your loyalty card/app when shopping? (Every time / Most visits / Occasionally / Rarely)

Section 2: Perceived Value

6. The rewards I earn through the loyalty programme are valuable to me.

7. The programme provides good value for the time and effort I invest.

8. The non-monetary benefits (exclusive offers, recognition) are worthwhile.

9. Overall, this programme gives me more benefits than other stores without loyalty programmes.

Section 3: Satisfaction

10. My experience with this programme is better than I expected.

11. I am satisfied with how points or rewards are redeemed.

12. The programme meets my expectations for fairness and convenience.

13. Overall, I am pleased with this loyalty programme.

Section 4: Trust

14. I believe this retailer keeps its promises to customers.

15. I trust this retailer to protect my personal information.

16. I feel confident that reward points and benefits are managed accurately.

17. This retailer is honest in its communications about loyalty benefits.

Section 5: Commitment

18. I feel emotionally attached to this retailer.

19. I identify with this grocery store's brand values.

20. I would feel a sense of loss if I could no longer shop here.

21. It would be costly for me to stop using this loyalty programme.

22. I stay with this store mainly because of the benefits I receive.

23. Changing to another loyalty programme would require too much effort.

Section 6: Switching Costs

24. I would lose accumulated rewards if I switched to another store.

25. It would take time to learn how another programme works.

26. I am personally connected with employees or the atmosphere of this store.

Section 7: Digital Engagement

27. I often use the loyalty app to check points or offers.

28. I find the app easy to navigate and understand.

29. I enjoy using digital features such as coupons or games.

30. The digital programme makes me feel recognised as an individual customer.

Section 8: Privacy Concern

31. I worry that my personal data may be shared without my permission.

32. I feel comfortable providing personal information to this retailer.

33. I think the retailer is transparent about how it uses my data.

34. I believe my data are safe when I use the loyalty app or card.

Section 9: Customer Loyalty

35. I intend to continue shopping at this grocery store in the future.

36. I prefer this store over other grocery stores.

37. I will recommend this store to family or friends.

38. I consider myself a loyal customer of this store.

39. I usually choose this retailer even when competitors offer better prices.

Section 10: Demographic Information

- Gender: Male / Female / Prefer not to say
- Age: ____ years

- Education level: Secondary / College / University / Post-graduate
- Monthly household income (in AZN): <500 / 500–999 / 1,000–1,999 / ≥2,000
- Residence: Urban / Rural
- Duration of membership in the loyalty programme: ____ years
- Frequency of reward redemption: Monthly / Quarterly / Rarely

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