

Motivating, challenging, and moderating factors influencing loyalty program adoption in the business-to-business context

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ABSTRACT

Loyalty programs can be described as a marketing tool that aims to secure customer loyalty. Where they are widely utilized and exploited in the business-to-consumer market, the business-to-business market is where their potential is just starting to show. Very little research on loyalty programs in the business-to-business context is to be found, while customer loyalty is a concept of equal importance here. Objective of this research is to identify motivating, challenging and moderating factors of loyalty program adoption in the business-to-business context. This can be translated to goals/benefits of the program and challenges that firms potentially run into when setting up a loyalty program. After making clear the practical and academic relevance of this research, literature on loyalty programs from a multitude of different backgrounds is merged. Motivating factors of loyalty program adoption for firms are identified from business-to-consumer literature. Potential challenges are identified in an explorative manner, by examining literature on the business-to-business market and loyalty program characteristics. From this, a preliminary theoretical framework is developed. A total of five interviews are conducted with experts in the field of business-to-business loyalty program development and implementation. The first two functioning as exploratory research giving rise to the development of the finalized framework, on the basis of which the next three interviews are conducted. The findings highlight the complex nature of loyalty program adoption in the business-to-business market. Noticeable is that regardless of any moderating factors, loyalty programs can prove to be beneficial in almost every setting. Importance of relationship development is highlighted within the concept of loyalty in business-to-business. There are most likely multiple reciprocal relationships and interchangeabilities between the factors, that cannot be exposed to great detail within the scope of this research. There is a need to subdivide firms operating in the business-to-business market into categories, in order to be able to further specify and generalize findings.

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Keywords

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1. INTRODUCTION

Focus lies on a marketing tool that is derived from and based on the concept of customer loyalty. This is the customer loyalty program or reward program, a program installed by businesses that aims to secure the loyalty of their customers. The importance of loyalty programs as a marketing tool is widely acknowledged, leading to the increased popularity and thus use of such programs. The most popular and well-known loyalty programs are frequent flyer programs established by airlines. First enacted by American Airlines in 1981, many supermarket chains and retailers followed with similar programs in the 1990s (Kumar & Reinartz, 2018). Nowadays, it is almost impossible to find an individual that does not partake in some sort of loyalty program. At the moment, there is an average of 14.3 enrolments in loyalty programs per individual in the United States, supporting the undeniable popularity of loyalty programs in the consumer market (Bond Brand Loyalty, 2017). Loyalty programs are also not completely unknown in the business-to-business environment. However, they fall short of other marketing activities that are prioritized. Today, business-to-business companies still focus marketing effort and thus budget on acquisition and brand-building (advertising, PR, sponsorships) compared to customer retention, direct marketing, and innovation (Collins, 2015). This is supported by Viveiros (2016), stating that business-to-business companies focus the majority of their marketing efforts on the acquiring of new customers. However, once those customers are acquired, the creation of loyalty falls short.

1.1 Research gap

Loyalty programs are most often discussed in the business-to-consumer setting (Bijmolt, Dorotic, & Verhoef, 2011). There is much research available that summarizes findings on and provides a guide to (the implementation of) loyalty programs in the business-to-consumer context (Bijmolt et al., 2011; Breugelmans et al., 2015; Kumar & Reinartz, 2018; Berman, 2006; Liu & Yang, 2009). Xie and Chen (2013) even present an article consolidating, among other things, merits and drawbacks of loyalty program adoption, may it be in the hospitality industry. Customer loyalty is a concept not only important in the business-to-consumer context, but in the business-to-business context as well (Shankar, Lam & Erramilli, 2004). "Loyalty programs in a business-to-business context have been under-researched when compared to consumer markets" (Kwiatek & Thanasi-Boçe, 2019). Even though the economic value of business-to-business transactions is grossly equal to that of business-to-consumer transactions, marketing in business-to-business only enjoys a small part of academic research attention that business-to-consumer marketing gets (Lilien, 2016). There is far less tested theories data available from the business-to-business market, while there is a higher amount of important problems in the business-to-business area that provide the opportunity for pioneering work. Caring for customer loyalty is of equal importance in the business-to-business context. Here, loyalty programs are becoming increasingly prevalent (Daams, Gelderman, & Schijns, 2008). It has been impossible to find work that goes deeper into loyalty program challenges and adoption in the business-to-business sector. Future research needs related to loyalty programs, are often regarding their adoption and effects in the business-to-business market. A

specified research need concerns the drivers and consequences of loyalty program adoption by firms (Bijmolt et al., 2011). This study will help us understand the *why* of loyalty program adoption in business-to-business firms (Carson, Gilmore, Perry, & Gronhaug, 2011b).

1.2 Research Questions and Objectives

Main goal of this research is to identify the factors that have an influence on loyalty program adoption in the business-to-business context. We can subdivide this question into several sub-questions, together providing an answer to the main research question:

What are motivating, challenging, and moderating factors influencing loyalty program adoption in the business-to-business context?

- 1) *What are motivating factors influencing loyalty program adoption in the business-to-business context?*
- 2) *What are challenging factors influencing loyalty program adoption in the business-to-business context?*
- 3) *What are moderating factors influencing loyalty program adoption in the business-to-business context?*

1.2.1 Academic relevance

This research is relevant to several subdisciplines of the academic field of business, in particular management and marketing. Loyalty programs are no new concept. Their potential has been widely explored and exploited in the business-to-consumer market. However, the business-to-business market is where they are grossly under-researched. This while loyalty programs have the potential to largely impact the profitability and longevity of a firm. It is a tool that can aid the firm with developing loyal customers that exhibit repeat-purchase and secure future business. From an academic perspective, we should identify what are motivating and challenging factors influencing the adoption of loyalty programs by business-to-business firms. This can show us the role a loyalty program could play in the firm's overall strategy and towards the optimization of business practices. Influencing this process are the moderating factors that potentially impact the workings of the loyalty program's benefits and challenges. They are relevant to mention as they help to draw a complete image of the situation. My research will contribute to the gap in literature by identifying from several sources the motivating, challenging and moderating factors influencing the adoption of loyalty programs in the business-to-business sector, and justifying this with the use of expert interviews.

1.2.2 Practical relevance

The adoption of a loyalty program allows the firm to unlock a multitude of benefits that come with it. Despite the fact that in the consumer market these programs have been widely adopted and exploited, there are still many opportunities for business-to-business firms to take advantage of these benefits by installing a loyalty program. Besides positive factors, there are always challenges that come with an internal change and or adoption of a new technology or system. Recognizing the potential impact that the adoption of a loyalty program can

have, will aid managers and marketeers with the decision whether or not to put up a program. If not well thought through before implementation, companies might be destined to fail. The majority of companies that want to set up a loyalty program, do this in collaboration with firms whose expertise it is to do so. Thus, knowledge and experience of such firms is what is relied on. Further understanding of the factors that motivate and/or challenge firms in adopting a loyalty program will prove beneficial to both parties. Consulting firms can learn from competitor practices, while business-to-business firms can read into the potential as well as challenges ahead when wanting to put in place a loyalty program. This way, an actionable guide is provided that goes beyond raising awareness and incentivizes business-to-business firms and consulting firms to think about their current practices in relation to this research.

2. LITERATURE REVIEW

2.1 Search strategy

Gathering literature specific to motivating and challenging factors of loyalty program adoption in business-to-business proved to be difficult, as it is a narrowly defined topic. Helpful were several articles that provide a summary of preceding literature on the topic of loyalty programs, though all are written in the business-to-consumer context. My difficulty in finding appropriate literature is supported by Lilien (2016), who states that one of the challenges for a business-to-business academic researcher is the fact that there is a 'lack of easy data availability'. Stated is that the gathering of comparable data in this domain often requires involving cooperating organizations. The difficulty of finding business-to-business specific literature led me to use motivating factors identified from business-to-consumer literature, as this is where literature is most prevalent. Scarce literature on loyalty programs in business-to-business, expert articles, online sources and writings on business-to-business industry characteristics were examined in an attempt to compose potentially challenging factors. Applicability of moderators is justified as inherent to them is variability in contextual factors. Online articles concerning the topic of loyalty programs and their adoption that were found online proved to be useful, as much knowledge could be gathered from experts explaining the topic from their field of expertise. These sources are all written in or after 2010, to ensure relevancy of the information.

2.2 Literature review

2.2.1 What is loyalty?

The concept of customer loyalty has been largely described and studied in literature. Many articles are to be found that attempt to define and explain customer loyalty, something about which there still is no general consensus. Dick and Basu (1994) highlight the importance of the loyalty concept. According to Dick and Basu (1994) loyalty is, "the relationship between the relative attitude toward an entity (brand/service/store/vendor) and patronage behaviour." Basically, customer loyalty comprises the concept of repeat purchase. It is put forward that customer loyalty plays an important role in developing a sustainable competitive advantage. Loyalty is described as, "a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing

repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour" (Oliver, 1997, adapted in Oliver, 1999). Thus, a loyal customer is one that continues to buy from the same brand or firm, in spite of situational influences and/or marketing efforts of other brands or firms that could potentially change the buyer's behaviour.

2.2.2 What is a loyalty program?

A quote from Kumar (2018) summarizing the firm-customer relationship. "Any sustainable business first creates value for its customers through firm offerings and, in the process, derives value from its customers in the form of profit." A loyalty program can aid the business by creating a more valuable experience for the customer, and in turn increasing value derived from customers benefitting the firm.

Liu and Yang (2009) define loyalty programs as, "long-term oriented programs that allow customers to accumulate some form of program currency, which can be redeemed later for free rewards." A loyalty program is a long-term, defensive marketing strategy, aiming to hold on to existing customers, in contrast to winning new customers. It puts emphasis on lifting the average purchase frequency, and explicitly reward customers for increasing purchases (Dowling & Uncles, 1997). It is a marketing process or tool that generates rewards for customers based on their repeat purchases (Reinartz, 2006). Specifically defining loyalty programs and their aims can be difficult. The abundance of different elements and thus configurations of loyalty programs contributes to this difficulty. Studies conducted on loyalty program effectiveness often use different definitions and success factors, and are conducted in different settings (industry type, product type, customer characteristics), further decreasing generalizability potential.

We define a loyalty program as some sort of loyalty strategy that is put up by firms in an attempt to ensure loyalty among customers. It should include the opportunity for customers to save for rewards in connection to their purchase.

2.2.3 Motivating factors

We define motivating factors as factors that have a positive influence on a firm's decision whether or not to put up a loyalty program. They contain straightforward benefits that can be the result of the implementation of a loyalty program at the firm.

Commonality among all loyalty programs is their purpose to reward, and with this enhance customer loyalty (Bijmolt et al., 2011). When taking a deeper look into the goals of customer loyalty programs, there seems to be a general consensus on two distinguished aims.

First is to increase sales revenue by lifting the average purchase frequency of customers (Uncles, Dowling, & Hammond, 2003; Berman, 2006). Customer diversity in terms of profit or revenue potential per customer plays an important role in this. Loyalty programs are most attractive to existing and heavy buyers in the segment (Sharp & Sharp, 1997). Loyalty programs make customers more loyal, and attract the most loyal customers (Daams et al., 2008). Heavy users are more easily able to benefit from the rewards of a loyalty

program (Berman, 2006), while the light user segment is where most additional profits can be gained. Liu (2007) has found that heavy users, though they claim their rewards, are not incentivized by the program to change their purchasing behaviour. Light users on the other hand, are influenced by the program in a way that purchase levels gradually rise and loyalty to the firm increases. The latter is where the program should focus on.

Secondly, loyalty programs are used as a defence strategy against competitors. They help differentiate from competitors, and help build a long-term relationship with the customer that should secure loyalty and maintain the current customer base (Uncles et al., 2003). The main reason that loyalty programs became so popular, is the underlying idea that selling to existing customers is cheaper than acquiring new ones (Kumar & Reinartz, 2018). “An overused marketing adage says that it is more expensive to acquire a new customer than to retain an existing one” (Nastasoiu & Vandebosch, 2019). Based on research done by Reichheld (2001), increasing customer retention rates by 5% produces more than a 25% increase in profit. Given the costs of acquiring a new customer are up to five times higher than increasing the spend of a current customer, loyalty programs should be seen as an important tool to ensure loyalty among those current customers (Toesland, 2018).

With their differentiation potential, loyalty programs can function as a competitive tool that helps a firm distinguish from its competitors and develop and sustain a competitive advantage (Nastasoiu & Vandebosch, 2019). Opportunities arise for building stronger, longer, and deeper relationships with customers (Bolton, Bramlett, & Kannan, 2000). Increased repeat-purchase allows the firm establish such relationships, providing the firm with more knowledge about its client’s needs and wants, and in turn provide better service at lower cost (Sharp & Sharp, 1997). Additionally, targeting of specific customer segments and personalized marketing becomes easier (Berman, 2006). Marketing costs may decrease as a result of more targeted and efficient marketing practices (Chen & Popovich, 2003). Access to consumer information could even aid the anticipation of purchasing or consumer trends, further contributing to the decrease in marketing costs and increase of targeted and efficient marketing efforts (Berman, 2006).

Loyalty programs are a marketing tactic that increase exit barriers for consumers in an attempt to keep them from leaving the brand or firm (Curran, Sajeev, & Rosen, 2010). Customers that partake in a loyalty program are not as easily swept away by competitors. This is due to the fact that the customer is building up assets in the loyalty program, which ties them to the firm. The closer to the reward, the stronger the effects of this reward mechanism (Nastasoiu & Vandebosch, 2019). Switching costs are built up that create a lock-in effect for the customer (Sharp & Sharp, 1997). This lock-in effect has the customer more willing to repatronize since they are saving for discounts or other benefits at your brand (Nunes & Drèze, 2006). The sunk costs that the customer would experience when leaving are used as a means to keep the customer loyal to the firm and encourage repeat purchase. Participants in loyalty programs can even remain loyal independent of their evaluation of value, level of

satisfaction costs, and perceived switching costs (Russo, Confente, Gligor, & Autry, 2016). Attempted is to decrease price sensitivity of the customer, to eventually have them regard price as not the only purchasing criterion (Berman, 2006). Barriers to entry for competitors may be raised, when many industry competitors have established loyalty programs, as this becomes an additional necessity for a new entrant. Loyalty programs also increase the certainty of a future income, as loyal customers are inclined to buy again and thus ensure patronage (Sharp & Sharp, 1997).

2.2.4 Challenging factors

Challenging factors are defined as those aspects of loyalty program adoption in business-to-business that increase difficulty of implementation, and could potentially negatively influence a firm’s decision for adoption.

There is a multitude of differences between the business-to-business and the business-to-consumer market that can be identified from literature. We can consolidate these with other relevant factors that might be challenging for business firms in setting up a loyalty program. Lilien (2016) mentions that the way to make a distinction between business-to-business and business-to-consumer is with one simple question, “Is the demand for a product or service derived (driven by the demand of some subsequent customer – B2B) or primary (driven by the specific tastes or preferences of the buyer – B2C)?” The main differences between business-to-business and business-to-consumer marketing practices put forward by Lilien (2016) are that business-to-business marketers often operate in a manufacturing or technology culture, aim at value chain intermediaries and not the end consumer, face far fewer consumers and have larger individual transactions. The purchasing process can be highly complex, and involves a wider range of stakeholders. These characteristics form the starting point of the exploration of challenging factors in loyalty program adoption for business-to-business.

It is found that supply chain complexity is a common problem across countries (Veronesi, 2017). The supply chain is defined as, “a set of three or more entities (organizations or individuals) directly involved in the upstream and downstream flows of products, services, finances, and/or information from a source to a customer” (Mentzer et al., 2001). We refer to the vertical supply chain structure, which entails the number of tiers across the supply chain. When including all members, the supply chain network can become very complex (Lambert & Cooper, 2000). This is depicted in the figure in Appendix A. As there are many different types of supply chains, adoption of a loyalty program is different for every firm. The firm should start with supply chain orientation, “the recognition by an organization of the systemic, strategic implications of the tactical activities involved in managing the various flows in a supply chain” (Mentzer et al., 2001). Only when accurate supply chain orientation is present, a firm will become aware of its position in the full supply chain.

The difficulty of assessing who exactly is using your end-product, is a major issue in business-to-business loyalty (Tom Belle, president and CEO, Gage, in; Viveiros, 2016). For business-to-business firms it can be more difficult to identify and reach the consumer, because of the length of the supply

chain. Degrees of separation from the consumer can differ depending on the product or organization. However, it is not always the consumer that business-to-business firms want to reach, as it is mostly another link in the chain responsible for making the sale to the consumer. Not (only) the consumer needs to be stimulated to buy the product, but mainly the reseller needs stimulation to increase product sales, as this is the party providing advice to the consumer. Who the reseller is can differ per situation as well. In one case, there is no reseller but solely the wholesaler that sells directly to the consumer, whereas in another case the reseller is an instalment company buying the product at a wholesaler and installing it in the home of the consumer. It can prove to be difficult to get sales data from resellers or wholesalers back to the manufacturer, as distributors that have insight into such data are often afraid of becoming an unnecessary link in the system. Manufacturers should incentivize the distributor to get resellers to participate in the program. Offering the distributor loyalty program participation and benefits can provide an incentive for them to share such data. Apart from margins, having the manufacturer execute sales campaigns and marketing efforts will in turn increase sales at the distributor (Tuk, 2016).

Business-to-business buying behaviour is substantially different from that of consumers. In business-to-business, a firm generally has less customers with a higher average revenue per customer. Decisions are made based on logic, sales cycles are often longer, more costly, and more complex, as multiple are people involved in the purchasing decision. Impulse-buying is very rare, as clear criteria related to for example production needs and minimal costs often drive a purchasing decision (Grewal, Lilien, Bharadwaj, & Jindal, 2015). Business customers often purchase a larger volume of products and services, meaning that retention of those customers can secure greater revenue (Rauyruen, Miller, & Barrett, 2007). A purchase in business-to-business can be more costly for the selling firm, which has to do with the fact that more consideration, more people, and more decision-makers are involved in the purchasing process (Lilien, 2016), which also causes the decision-making process for a purchase to take substantially more time (Grewal et al., 2015). As business-to-business transactions often involve a large team of people, sales cannot simply be viewed as an individual transaction. Corporate relationships are complex and entail relationships within relationships (Henderson, 2013). Additionally, heterogeneity of the customer and their needs increases complexity (Lilien, 2016). Organizational buyers also value the satisfaction of a total need more than a single purchase (Grewal et al., 2015). This compared to business-to-consumer markets, where firms/brands have a large amount of customers that buy a homogeneous product high-speed, often more emotionally based (Lake, 2019). It is difficult to establish a clear relationship between the marketing efforts of the selling party and the direct response of the buyer in that situation (Grewal et al., 2015). Understanding the buyers and their decision making is important. Most effective marketing will put forward the benefits in time, money, and resources of the product (Lake, 2019). A summary of business-to-business purchasing characteristics can be found in the table in Appendix B.

Loyalty programs are not standalone products, and building customer loyalty is not just marketing. Loyalty programs often fit into a well-defined customer relationship management (CRM) strategy. "Customer relationship management (CRM) is a combination of people, processes and technology that seeks to understand a company's customers" (Chen & Popovich, 2003). CRM is also known as relationship marketing, and is a core concept of marketing in the business world (Xie & Chen, 2013). Its focus lies on the retention of customers and the development of relationships (Chen & Popovich, 2003). It is said that successful implementation of CRM will ultimately result in customer loyalty as well. Zeng, Wen, Yen, and Wen (2003) support this and highlights that a main purpose of CRM is indeed to retain the customer and increase customer loyalty. "Customer relationship management is about building and maintaining profitable long-term customer relationships" (O'Byrne, 2013). Loyalty measures such as amount spent, longevity of the business relationship, and repeat purchase help the organization to assess the level of loyalty per customer (Chen & Popovich, 2003). A CRM system is what helps you with containing valuable information on customers, what they want, like, dislike, and more. Even predicting customers' future wants and needs, purchasing behaviour, and the risk of moving to a rival company is possible. Integration with a CRM system or dealer portal is what optimizes the effects of the loyalty program (Tuk, 2016).

A key challenge in loyalty program adoption and maintenance is keeping control of the costs. It proves to be difficult to maintain balance in controlling costs while at the same time providing value to the customer with the program. The difficulty of being able to assess the benefits the loyalty program will bring to your firm, enhances the uncertainties regarding costs (Kumar & Reinartz, 2018). Additionally, firms often feel like they do not possess the capabilities necessary to manage the loyalty program. Tasks such as data storage, data analysis and empowerment of employees are all important in being able to retrieve profit from the program (Kumar & Reinartz, 2018). In firms where strategy is already very customer-oriented and focused, it is easier to adopt a loyalty program as a component of your marketing strategy. However, "if technological skills are lacking, companies are not able to use loyalty programs to full extent" (Leenheer & Bijmolt, 2008).

2.2.5 Moderating factors

Moderating factors are defined as contextual factors that have an impact on the decision of firm's whether or not to put up a loyalty program. They are factors either externally present and beyond direct control of the firm, or internally inherent to the firm's practices. Either way, they should be mentioned in relation to loyalty program adoption in the business-to-business market.

Bijmolt et al. (2011) summarize an abundance of literature on all aspects of loyalty programs, including their adoption. Their literature review found that there are several influences affecting the adoption of loyalty programs. These were identified earlier by Leenheer and Bijmolt (2008). A complete conceptual framework of characteristics influencing retailers' loyalty program adoption can be found in Appendix C. It is said that industries that meet these requirements are more

suitable for relationship marketing and thus loyalty program adoption. We select Assortment Homogeneity, Purchasing Frequency, and Competitive Intensity as moderating factors to further investigate. The others are (partly) reflected in the motivating and challenging factors to adoption.

Assortment Homogeneity refers to the degree of similarity between competitors' assortments. When viewed relatively similar in the eyes of consumers, they have a stronger tendency to switch. Loyalty programs can provide value to the firm in terms of distinguishing from competitors. Purchasing Frequency is related to the average number of times a consumer makes a purchase at the firm. "Relationship instruments such as loyalty programs provide the highest benefits in sectors where consumers purchase with high frequency" (Leenheer & Bijmolt, 2008). Competitive Intensity refers to the extent to which competitors attempt to win over each other's customers. The stronger competitive intensity, the more likely the firm is to adopt a loyalty program in an attempt to distinguish from competitors (Leenheer & Bijmolt, 2008). We add to the latter the adoption of a loyalty program in response to competition having a loyalty program in place.

2.2.6 Concluding remarks

Despite the numerous challenges that loyalty program adoption and implementation bring with them, prevalence of the programs is still uncontested. Loyalty programs remain to be a critical tool used by marketers as a part of their customer relationship management strategy, to identify, reward, and retain customers (Reinartz, 2006). A preliminary theoretical framework composed on the basis of this literature review can be found in Appendix D. The finalized theoretical framework can be found in Figure 1.

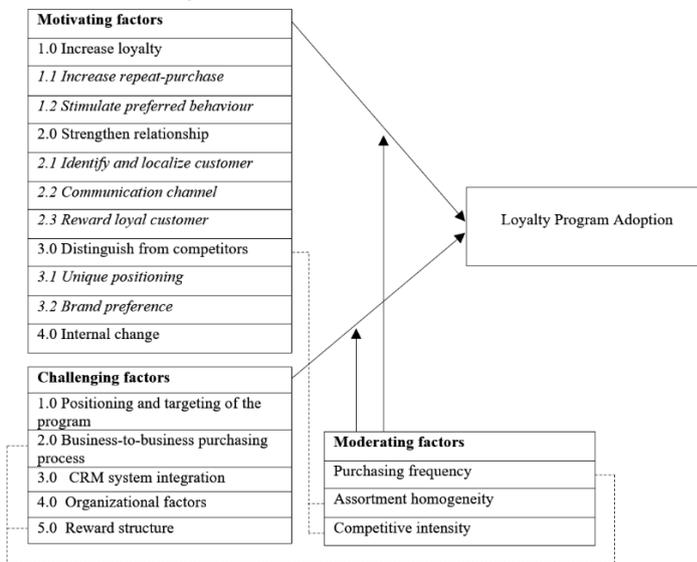


Figure 1. Finalized theoretical framework.

3. METHODOLOGY

3.1 Research method

"The aim of qualitative studies is to gain an in-depth understanding of a situation" (Carson et al., 2011b). There is a need to understand phenomena surrounding marketing, which supports the need for qualitative research methods in this domain (Carson et al., 2011b). "Interviews provide in-

depth information pertaining to participants' experiences and viewpoints of a particular topic" (Turner, 2010). They also provide a means for the gathering of a wide range of data that can lead to new insights. In-depth interviews are a useful method for the exploration of under-researched topics; its ability for gathering meaningful and detailed information for analysis will lead to a deep understanding not easily achieved by other research methods (Carson, Gilmore, Perry, & Gronhaug, 2011a). I make use of systematized expert interviews as proposed by Bogner and Menz (2009). "The focus here is on knowledge of action and experience, which has been derived from practice, is reflexively accessible, and can be spontaneously communicated" (Bogner & Menz, 2009). It is a widespread approach to interviewing experts that aids the researcher in gaining access to knowledge solely possessed by the expert. Often times, interviews are coupled with other forms of data collection in order to provide the researcher with a well-rounded collection of information for analyses" (Turner, 2010). In this case, the literature review that was conducted before the interviews functions as a solid basis for deriving valuable information from the respondents.

Qualitative research runs the risk of not being trustworthy; of theory not reflecting reality of the respondents. Validity is gained through the use of prior theory and careful assessment at various stages of the research. Carefully using, interpreting, examining and assessing appropriate literature; justifying the qualitative research method and its appropriateness; structuring data analysis to ensure full and descriptive evaluation and assessment (Carson et al., 2011b). The aim of my research allows me to think that the chosen method of data collection is the best suited approach for collecting relevant and accurate information on the topic.

3.2 Interview sample

Multiple sampling strategies were assessed that could help gain insight into the motivating and challenging factors for loyalty program adoption in business-to-business. First option was the interviewing of firms that have or had a loyalty program installed, as respondents would have real-life experience within their firm in setting up a program. However, finding a sufficient number of firms that operate in the business-to-business context and have experience with loyalty programs is difficult. Whether or not the firm has a loyalty program installed can often only be learned after contact has been established. Additionally, firms have other core business activities that require their attention and their willingness to cooperate in a research from which they will have no direct benefit can be questioned. Expert assessment should be related to the field of operation the expert acts in, in reference to the field in which the research takes place.

According to Menz et al. (2009), experts have technical, process and interpretative knowledge that refers to a specific field of action (for example and in this case, the expert's own professional area). Expert knowledge does not only consist of systematized, reflexively accessible knowledge, but also to an extent the practical or actionable knowledge. The possibility should exist that the orientations of the expert are enforced by other actors in a similar field. "It is not the exclusive nature of his or her knowledge that makes an expert interesting for the

purposes of an interview oriented towards interpretative knowledge, but the fact that this knowledge has the power to produce practical effects” (Meuser & Nagel, 2009). Selection of industry experts with knowledge and experience in the field of setting up and maintaining loyalty programs on a daily basis is regarded an extremely relevant and viable type of respondent. The above stated are criteria can be matched with the respondents selected for this research.

3.3 Interview strategy

Two interview rounds are conducted. The first round is an exploratory interview round that consists of two interviews for the purpose of validating the preliminary theoretical framework that was constructed (Appendix D). The interviews are structured and related to the theoretical constructs identified. Through probing into the responses of interviewees, the underlying meaning of the answers given surfaced. The increased exploration of these answers led to new insights, on the basis of which the finalized framework is put together. For the second interview round five firms are selected, of which three are interviewed. They are selected on the basis of their experience with loyalty programs in the business-to-business context. The second round of interviews is conducted on the basis of the finalized framework, that is altered in line with findings from the first two interviews. The questions regarding motivating factors are altered in the second round, where the limited number of factors identified in the first round is replaced and complemented with motivators identified from the interviews. The questions regarding challenging and moderating factors are the same in both interview rounds. Introductory questions are asked to paint a picture of the respondent’s experience with the topic of business-to-business loyalty programs. Questions regarding motivating, challenging, and moderating factors are related to the either theoretical constructs identified from literature or factors identified during the first interview round. Concluding questions are asked to draw a complete picture of the business-to-business context and highlight differences with the consumer context. I let respondents come up with their own interpretation of motivating and challenging factors before probing into them. This, to entice the respondent to review practical knowledge coming from experience, not yet proposing the previously found factors. Findings of the first interview round are still relevant, as they can be assigned to categories of the finalized theoretical framework (Figure 1).

The questions for both interview rounds can be found in Appendix E, and a justification for alteration of the initial framework can be found in Appendix F.

4. FINDINGS

4.1 Interview findings

“In the analysis of expert interviews attention is focused on thematic units, that is passages with similar topics which are scattered about the interviews” (Meuser & Nagel, 2009). Typed out versions of all five interviews conducted can be found in Appendix G. A presentation and consolidation of key findings can be found in Appendix F.

4.1.1 Motivating factors

The underlying aim that could be identified through responses of all interviewees is to **increase loyalty**. This was explicitly

mentioned as a main motivator by two of the respondents. Where one of them stated that this can be split up into the sub-goals: incentivizing repeat-purchase, stimulating certain purchasing behaviour, and gaining insight into who your customer is and segmenting accordingly (respondent 1), the other mentioned it in connection to the wanting to reward the customer for some action exhibited (respondent 5).

An **increase in repeat-purchase** was mentioned as main motivator by one of the respondents, but is recognized to be a motivator of all loyalty programs set up according to five out of five respondents. One respondent puts forward that establishing and developing good relationships between firms (and firms with their customers) and stimulating brand preference should *precede this motivation*, as an increase in sales volume should flow out of this (respondent 3).

Stimulation of preferred behaviour in terms of utilizing cross- and upselling opportunities was mentioned by all respondents. It is said that a well-implemented program focuses on both retainment of customers in product groups where they already are a customer, and acquisition of customers in other product groups (respondent 1). Three of the respondents mentioned other types of behaviour that can be stimulated with use of the program, such as content creation through or engagement with social media to help spread brand awareness (respondent 1 and 5). One of the respondents stated that cross- and upselling is *less sophisticated* in business-to-business, as it is more difficult to target your marketing actions towards an entire buying team instead of simply basing it on the characteristics of an individual buyer (respondent 4).

Strengthening the firm-customer relationship came forward as a major motivator of loyalty program adoption in four of the five interviews. It was mentioned as first motivator by one of the respondents. Firms use the program as a means to *get to know their customer in relation to the firm*, for example purchasing behaviour and other characteristics. They can engage with the customer on the basis of this data, and it helps the firm to develop a connection and a healthy relationship with their customers. This allows to firm to be able to make clear that they are the *right match* to their potential customer partner-wise (respondent 2). This notion is supported by respondent 4, in whose opinion the program can help clarify the image of a firm in relation to their customer, on the basis of which a *correct relationship* can be established and/or strengthened. Mentioned is that costs of acquisition are higher than costs of retention (respondent 2), and the program can help the firm *move from acquisition and retention* and shift their focus towards relationship-orientation (respondent 1).

Four out of five respondents agree that the loyalty program can aid with gaining insight into the *distribution* of your product by **identifying and localizing your customers** (respondent 1, 2, 3 and 5). In turn, this identification allows for segmentation and the development of customer profiles and buyer persona’s (respondent 2 and 3), on the basis of which cross- and upselling opportunities can be based (respondent 3). More *targeted and personalized marketing strategies* can be put up (respondent 2 and 3). A difficulty in doing this is presented by respondent 5, as a lengthy supply

chain is present in business-to-business that increases distance between firm and consumer.

The loyalty program is recognized as a **communication channel** by five out of five respondents. Communication related to *special offers or rewards* is carried out through the program (respondent 5), and attempted can be to *influence behaviour* related to for example specific product sales or content creation (respondent 1).

The purpose to **reward customers for their loyalty** is mentioned by three of the five respondents. Though, almost always *in response* to some sort of action wanted from the customer (respondent 5). Respondent 1 feels that the loyalty program can help satisfy a firm's felt need to reward customers for their loyalty. Showing appreciation to your customers is of higher importance in situations where purchase frequency is low (respondent 3).

Mentioned as first motivator by one of the respondents is the need to **distinguish from competitors**. It is mentioned by all respondents as a motivator, however, in differing degrees of importance. Respondent 5 feels the loyalty program is put up more as a sales tool than a distinction tool, and is utilized when attempting to make a sale. Important is to *stay in touch with the unique value proposition* of the firm, and start attempts at distinction from here, aiming to strengthen the firm's unique position in the market (respondent 3). Possibilities to find a multitude of potential suppliers *online* creates a need for distinction (respondent 2). **Unique positioning** is more important for firms that offer a relatively generic product with multiple competitors (respondent 2 and 4).

Stimulating brand preference is explicitly mentioned by two of the respondents, and deemed important as loyalty is best established through influencing emotional preference (respondent 3). A relationship and increased *emotional connection* between firm and customer entices repeat-purchase (respondent 4).

Newly identified is that loyalty program adoption can simultaneously provide means for an **internal shift**. This can be related to the implementation of a *new technology* or *new way of working* (respondent 1), for example efficiency-increasing automation systems that can be implemented (respondent 5). It can also help break through the tension and increase flexibility and collaboration between the *marketing and sales department* (respondent 1 and 3).

4.2.2 Challenging factors

Positioning and targeting the loyalty program in a business-to-business setting can be difficult. We can identify several points of interest mentioned by respondents. First, *towards whom the program is targeted*. The strength of the program lies in towards whom and in what way it is targeted (respondent 1). Most often, the program is put up at the link in the chain that is between the producer and the consumer, such as distributor, wholesaler or reseller (respondent 1, 2 and 3). Respondent 4 puts forward that positioning should be assessed on a *case-by-case basis*, as it differs per firm which customer they want to get loyal (supported by respondent 1). Respondent 5 mentions there is a difficulty in tying a for example wholesaler to one specific supplier when they

represent multiple, which gives reason to *target the consumer directly*. Respondent 2 and 3 explicitly mention that *gathering end-user data through the program* is of equal importance, while programs are mostly being set up at an intermediary. Currently, data such as customer opinions and reviews are gathered with the use of other marketing tools (for example market research). This could be related to the fact that there is a mindset of *pushing sales top-down*, instead of trying to gain valuable information bottom-up that can be utilized and translated into increased sales (respondent 2). Additionally, the intermediary might be reluctant to give back customer data to the producer in *fear of losing its unique advantage* (respondent 2 and 5). Firms that put up the loyalty program can provide the intermediary party with *marketing information and support*, in an attempt to ensure loyalty and increase sales among their customers (respondent 3 and 5). Assisting the intermediary chain with customer acquisition is a relevant activity, as sales take place at this link in the chain (respondent 3). Lastly, something that should be taken into account is that *the purchaser or decision-maker of the product is not always the beneficiary of it*. This increases difficulty in targeting marketing actions through the program, and in deciding who should benefit from the reward (respondent 1 and 5).

Fact that the **purchasing process in business-to-business** is often very different from that in consumer markets should also be taken into account. Confirmed by four of the five respondents is that often *multiple people* have to be passed before a purchasing decision is made. Firms have to take into account the *Decision-Making Unit*, which consists of multiple people or even a team on the buying side (respondent 1). Transferring the benefits of doing business with your firm and enticing (repeat-)purchase should be focused on multiple team members (respondent 1 and 4). *Messaging* has to be altered to fit the specific needs of all of these people. It is important to get to know your customer very well in order to be able to offer them exactly what they need (respondent 4). Recommended is to use the program to establish and maintain a healthy *relationship* with customers. Be able to position yourself as a viable partner, be connected to your customer, understand the needs of the consumer, and *get to know the customer* very well in order to be able to offer them exactly what is wished for (respondent 2, 3 and 4). Appreciation, knowledge, and relationship development are important determinants of (repeat-)purchase (respondent 3). Respondent 4 and 5 mention that they *segment the customers of a firm* according to firm size or purchase type and fill in the program correspondingly.

A **CRM system and a loyalty program** can be **integrated** and work together in a way that the loyalty program *builds on* data gathered from the CRM system. The CRM system simply contains the customer data, added value lies in *what you do with that data* (respondent 1). Data from the CRM system can be combined with input from the loyalty program, which together can provide valuable insights on the basis on which a loyalty strategy is developed (respondent 1, 2 and 5). The loyalty program can be seen as the front-end, and the CRM system as the back-end of the program (respondent 3). The CRM system can provide *input for determining sales opportunities*, whereas the loyalty program comes in after the sale has been made, to help the firm *maintain an optimal*

relationship with customers (respondent 4). The two can work together very well (respondent 5). Small issues can lie in misplaced, lacking or *faulty customer data* present in the CRM system (respondent 3). Consensus exists on the possibility to overcome any challenges that lie in the process of integration loyalty programs with CRM systems.

Organizational factors that can constrain loyalty program adoption are recognized in differing degree. Respondent 4 and 5 mention that firms that come to them have decided they want to *outsource the loyalty program activity*, so capacity, money and skills are no longer an issue. In other cases, *capacity problems* could arise due to smaller marketing departments in business-to-business (respondent 1), or not recognizing the need for someone with undivided attention to maintain the program (respondent 3). Setting up the program is one thing, maintaining it and keeping it alive is another. Often times it is seen that firms find it difficult to *assess what data is relevant* and how to act on it, which is a crucial part of the program. Skills should be developed among employees, that ensure the firm can reap benefits from the program. *Firm-wide support* is needed, as it is a *long-term investment* that cannot be reversed easily (respondent 2 and 3).

Lastly, it is the **reward structure** in business-to-business loyalty programs that is different from consumer markets. The types of rewards offered are more focused on providing the firm with something that is useful in relation to their business processes; something that has *added value to the firm* and can be described as a necessity (respondent 1, 3, and 5). Simply offering discounts is something that is relatively straightforward, however, the firm gets no additional customer data from this. Smarter is to *engage the customer in a loyalty program* in order to be able to gather valuable data that can be used for a marketing strategy (respondent 2). Often, more *service-oriented rewards*, such as late check-outs for business trips, are offered (respondent 1). You can also offer a firm the *opportunity to create valuable know-how*, the ability to invest in knowledge that helps create valuable content for the firm. Examples are access to webinars, an online academy, or relevant events (respondent 3). In business-to-business, rewards can come in the shape of *additional benefits that come with a purchase*, to help pull the client over the line (respondent 1 and 5). It can be difficult to determine what exactly are the wants and needs of the firm and match these with rewards offered (respondent 4). Additionally, it is often frowned upon or not even allowed for an employee of a firm to *receive rewards individually*, and it can be that only rewards that benefit the entire firm are allowed (respondent 1 and 3).

An additional difficulty identified by respondent 3, is *content creation* for a loyalty program in business-to-business. It proves to be difficult to design a program in such a way that the party towards whom it is targeted, feels that they must participate or otherwise will miss out on something. This can be overcome with the use of segmentation of the customer and personalized benefits offered to the intermediary party.

4.2.3 Moderating factors

Purchasing frequency plays an important part in loyalty program adoption, as the necessity for a loyalty program decreases with it (respondent 2). When a high purchasing

frequency is present, we can work with point saving programs, while we look for other loyalty incentives when purchasing frequency is low (respondent 1). There is *always some sort of loyalty strategy* that can be put in place, in accordance with purchasing frequency and type (all respondents). Building up a relationship when sales are made on a contractual basis can sometimes take years (respondent 3). Loyalty incentives can also be present in contract-based sales or when purchasing frequency is extremely low, for example by offering *additional benefits* that help close the deal (respondent 1). In such low purchasing frequency situations, programs tend to be more *relationship oriented*, not focused on offering product rewards (respondent 3). In some cases, it can prove to be more beneficial to hire a good account manager (respondent 1). The loyalty program is altered to the type and frequency of purchase, factors on the basis of which firms can be segmented. The challenge reward structure is also filled in according to this segmentation. Different reward saving systems can be put in place dependent on purchase type and frequency (point savings, or additional benefits with a purchase).

Moderating factors '**assortment homogeneity**' and '**competitive intensity**' are both reflected in the motivator 'distinguish from competitors'. Firms that offer a more homogenous/generic product that has a lot of competitors, feel more need to distinguish themselves compared to firms that offer a niche product. Unique positioning is more important in a case where assortment homogeneity is present among competitors (respondent 2). There is some division when it comes to whether or not business firms set up loyalty programs **in response to competitors**. It can be that firms follow competitors moves, as the business-to-business market can be a following market (respondent 1), or in an attempt to maintain the current customer base (respondent 2). Predominance has the notion that firms hardly ever set up a loyalty program purely in response to competition (respondents 3, 4 and 5). Motivation to set up a loyalty program should come from within the firm. At its basis should lie the unique value proposition of the firm and the motivation to strengthen this position (respondent 3 and 5).

4.2.4 Business-to-business context

No noticeable difference is experienced in the **amount of loyalty programs adopted** in business-to-business compared to the business-to-consumer market. Though their representation feels grossly comparable in both markets, four out of five respondents feel an *increase in business-to-business firms showing interest* in loyalty program adoption is visible (respondent 1, 3, 4 and 5). It might be that the *heightened ease of use and lowered costs of technological solutions* contributes to this (respondent 5). "The business-to-business market is more a following market" (respondent 1), and is behind with almost everything. It *adapts slower* to new innovations and technologies compared to the consumer market (respondent 1 and 3). "There are *many future opportunities* for loyalty program development in business-to-business. Example is communication methods, such as development of apps connected to the loyalty program" (respondent 2). Additionally, the recently installed *data protection regulations* can provide an avenue for exploitation. Once customers give you permission to process their data,

opportunities on utilizing this data are endless (respondent 2). “Where in business-to-consumer markets the concept of a loyalty program is already widely utilized and exploited, and maybe even starting to lose its unique value, it is still on the rise in the business-to-business market where *benefits are becoming increasingly clear* to businesses” (respondent 3).

5. CONCLUSION AND DISCUSSION

5.1 Key findings

The most relevant motivating factors identified by respondents are increasing loyalty, increasing sales volume, strengthening the firm-customer relationship, and distinguishing from competitors. A major motivation that came forward is the use of the program for strengthening the firm-customer relationship. A topic well-supported by the findings of this research. The program helps firms get to know their customers, develop a connection, and form the basis for a healthy relationship. Establishing good relationships should come before attempting to increase repeat-purchase, according to one of the respondents. Targeting marketing actions towards an entire team of sales people instead of one decision-maker increases difficulty in several ways. Less sophistication of cross- and upselling opportunities is possible. Messaging needs to be altered to fit the needs of several people, and not only in terms of product offerings and making sales. The targeting of your rewards and determining what rewards to offer is also a challenge. Each point highlights the importance of getting to know your customer – in relation to the firm – in order to establish a relationship and be able to offer them exactly what they want. Identification and localization of the customer is therefore a motivator worth mentioning, though is difficult because of the lengthier supply chain in business-to-business. All of the above can help the firm influence customer behaviour in a way desired by them.

Distinction from competition is a motivator, though motivation for doing so should come from the firm’s internal unique value proposition. Additionally, an internal shift can occur with the implementation of a loyalty program. Not only technologically, but also regarding working methods. For example, an increase in collaboration between the marketing and sales department, aiding the optimization of the sales process and relationship maintenance.

Positioning and targeting are extremely relevant in loyalty program adoption, as the strength of a program lies in towards whom and in what way it is targeted. Most often, it is set up at an intermediary chain, while collecting data from consumers is said to be of equal importance. Reluctancy to give back information from distributor to producer is a challenge, and firms should motivate and support their intermediary with marketing efforts and benefits that come from participation in the loyalty program. Additionally, the fact that the decision-maker is not always the beneficiary of the product increases difficulty in targeting, as mentioned earlier. The purchasing process in business-to-business can and should be split according to purchasing frequency and type, in order to be able to offer relevant programs that respond to these characteristics. CRM system integration is a minor challenge that can easily be overcome. The loyalty program can be seen as the tool that utilizes customer data and turns it into value for the firm. Organizational factors most

relevant are capacity problems and not being able to realize wanted benefits, as skills to utilize data gathered from the program are lacking. Firm-wide support together with consideration for the factors mentioned above is needed, only if program set-up and maintenance is not being outsourced.

Newly identified is the reward structure that differs greatly in business-to-business. Difficulty can arise when assessing the exact needs of business customers. Rewards offered through the program should provide something that is valuable to the firm; potentially the opportunity to create knowledge that can be translated into value for the firm. Additional benefits that come with a purchase can be offered to help close a deal, as contract-based sales are more common in business-to-business. Content creation of the program, in a way that it persuades the party where the program is placed into participation, proves to be a challenge as well.

When looking into the effects of purchasing frequency, assortment homogeneity, and competitive intensity, one has to mention their interconnectedness and relation to other motivating and challenging factors. Purchasing frequency has a presence in both the business-to-business purchasing process challenge and reward structure challenge. Purchasing frequency should be taken into account when assessing these challenges, and the loyalty program can be filled in according to a distinction made on the basis of purchase frequency and/or type. Assortment homogeneity and competitive intensity are connected and represented in the motivator distinguish from competition. Though the business-to-business market can be described as a following market, motivation to adopt a loyalty program mostly comes from within the firm, and not solely as a response to competitors. Without a doubt, there are many more relations to be found between factors, that could not be identified through this research.

5.1.1 Concluding remarks

A central finding in this research is that loyalty program adoption in business-to-business is a complex topic, affected by a multitude of factors both internal and external to the organization. A notion that should not be left unsaid is that regardless of any moderating or other influencing factors, there is always some sort of loyalty strategy that can prove to be beneficial to the firm in an attempt to ensure loyalty among customers. Relationship development appears to be a topic inherent to the concept of loyalty in the business-to-business context. Concluded can be that loyalty program adoption is a decision that should be made at organizational level, taking into account multiple factors that surround the decision.

5.2 Contributions to theory and practice

As this paper should be considered relevant for multiple audiences, I include several viewpoints of what people can get out of this research. Practitioners in the field will be more interested in the implications this research has in terms of managerial actions. This, while thesis examiners will mostly be interested in what is the relevant theoretical contribution of this research (Carson, Gilmore, Perry, & Gronhaug, 2011c).

This research provides a foundation for further exploration of relevant factors that influence loyalty program adoption in the business-to-business context. It contributes to literature on

loyalty programs by identifying and describing motivators, challenges, and moderators to adoption in the business-to-business context. The theoretical framework that forms the basis of this research is deepened and broadened on the basis of practical findings. The motivating factors that were identified from consumer literature are now reconfirmed and broadened in the business-to-business context. Exploratory research into characteristics of the business-to-business market preceded the development of challenging factors, which are further explored and explained with the use of practical knowledge. Additionally, some characteristics of the business-to-business world that potentially play a part in loyalty program adoption in business-to-business, are laid out. Moderating factors as well as motivating and challenging factors all have an effect on a manager's decision of whether or not to implement a loyalty program.

Businesses that are considering loyalty program adoption can gain valuable insights from this research. It points out the benefits that are related to loyalty program adoption, thus highlights to what use the program can be put once implemented in the firm. With the implementation of a new technology or system, there are not only benefits to be reaped. Firms can gain an initial understanding of what difficulties are ahead in the process of adopting a loyalty program, and assess the effect of a certain factor in their case. All in all, this research should provide as a guide to firms examining the possibilities for and opportunities of loyalty program adoption.

5.3 Research Limitations

Data gathered from interviews comes from people operative at organizations that provide loyalty program solutions to, sometimes among others, business-to-business firms. We have to take into account that not all respondents have the exact same experience with loyalty program adoption in business-to-business, as no setting is the same. These differing touch points could be related to the type of firms the respondents work with, the amount of business-to-business firms they work with, the product type their clients offer, whether or not they only work in business-to-business or also in the consumer market, and more. These potentially differing circumstances in which loyalty incentives are offered affects generalizability of the findings. Furthermore, subjective opinions and attitudes of interviewees regarding the topic are being used to generate the findings, as interviews are the primary source of data collection. In addition to that, the relatively small sample size of five firms based in The Netherlands further limits generalization potential. An increased sample size with respondents split into categories related to the type of experience they have with business-to-business loyalty programs could increase generalizability. In any case, the generalizations of a qualitative study should not and cannot be justified beyond its own range. This, because the results of the research are always a function of the context it was executed in and the skills of the researcher (Carson et al., 2011b).

The use of two interview rounds with slightly altered interview questions can be critiqued as well. However, expert interviewing is often used as a data collection method in an exploratory fashion (Meuser & Nagel, 2009). After the first exploratory round with interviews I felt that a re-adjustment

of the framework was in place, in order to be able to retrieve more valuable information from respondents on the topic. Added to this aspect can be that the literary basis on which the data collection was based can never be exhaustive. There is always a possibility remaining that data collection has missed a certain aspect relevant to loyalty program adoption among business-to-business firms. The relatively small sample size does not contribute to this in a positive way.

Lastly, the broad scope of this research does not allow for too much deepening and going into detail regarding the factors discussed. However, it can be seen as preliminary research that sets the stage for further investigation of the topics.

5.4 Directions for Future Research

Future research into loyalty strategies in business-to-business can benefit from the findings of this research. Recommended is to further expand the data collection to increase exhaustiveness of the factors identified. Findings should be divided into subcategories of the business-to-business market, based on contextual factors such as purchasing frequency, product type, and selling method. This, because actors operating in the business-to-business market are very diverse and generalizability of findings is difficult without a distinction based on previously mentioned factors. Once a sufficient amount of data is gathered from practice, future research can apply quantitative research methods to gain an understanding of the complex interrelations between motivating, challenging, and moderating factors. Additionally, it can prove beneficial to conduct research from the consumer perspective in the business market. This to gain insight into the perspectives of business consumers regarding loyalty and be able to further improve practical knowledge on loyalty program adoption on the basis of this.

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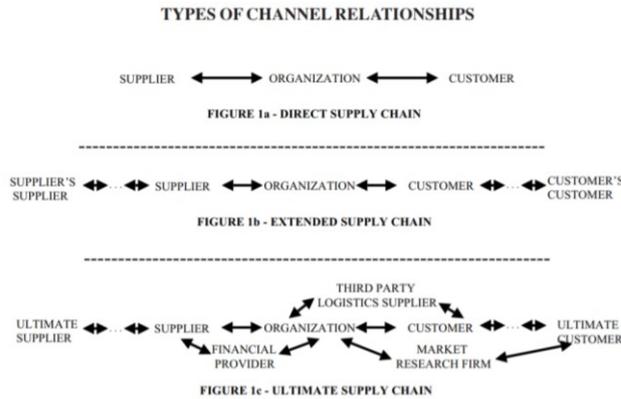
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8. APPENDIX

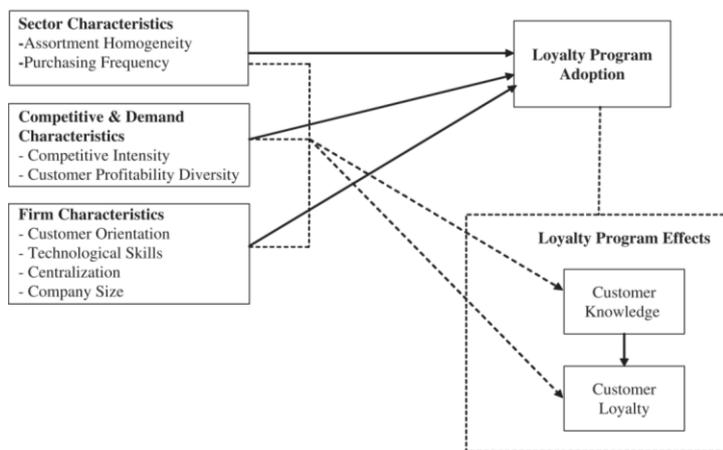
Appendix A. Supply chain complexity illustration (Mentzer et al., 2001)



Appendix B. Business-to-business purchasing characteristics

	Business-to-business	Business-to-consumer
Number of customers	Few	Many
Amount spent per customer	Higher	Lower
Firm-customer relationship	Long-term, based on trust, personal	Short, one-time
Involved in purchase	Purchasing team, complex interrelations	Individual
Purchase based on	Logic, costs, quality, product benefits	Emotion

Appendix C. Characteristics that may impact retailers' loyalty program adoption (Leenheer & Bijmolt, 2008)



Appendix D: Preliminary theoretical framework

Motivating factors
1.0 Increase revenue
1.1 <i>Exploit profit potential</i>
1.2 <i>Increase switching costs</i>
1.3 <i>Decrease sensitivity</i>
2.0 Decrease of marketing costs
3.0 Distinguish from competitors
Moderating factors
Purchasing frequency
Assortment homogeneity
Competitive intensity

Challenging factors
1.0 Complexity business-to-business landscape
2.0 Business-to-business purchasing process
3.0 Overlap with CRM
4.0 Organizational factors

Appendix E: Interview questions

Appendix E1: Interview questions round 1

The interviews were executed in Dutch, but for readability purposes are translated into English below.

Permission was asked and granted for the recording of the interview. The purpose of this interview and data collection method is made clear to the respondent. It is put forward that the questions asked are all in the business-to-business context, to avoid any confusion.

Introductory questions:

1. Could you give a short description of your function at this firm?
2. Could you give a short description of your experience in the area of business-to-business loyalty programs?
3. Could you give a short description of the firm's activities?

Discussion on motivating factors:

4. How would you describe the role that a loyalty program takes on within the strategy of a business-to-business firm?
5. What is often the first motivation of firms that come to you with the intention of setting up a loyalty program?
6. What are the main goals/motivations of your customers in setting up a loyalty program?
7. Do you recognize the creation of switching costs for consumers as a goal? (including the decreased sensitivity for price as a sole purchasing criterion, and decreased sensitivity on aspects such as value and satisfaction)?
8. Do you recognize the aim of wanting to unlock cross- and upselling opportunities?
9. Do you recognize the aim of wanting to pursue more targeted marketing activities, that in turn decrease marketing costs and increase marketing efficiency?
10. Are there any other motivating factors you identified?

Discussion on challenging factors:

11. What are main challenges in business-to-business when setting up a loyalty program?
12. How do you see the business-to-business landscape complexity when setting up a loyalty program? Also compared to the business-to-consumer market.
13. How do you see the purchasing process in business-to-business in relation to a loyalty program and its effects? Also compared to the business-to-consumer market.
14. What are the differences between a CRM system and a loyalty program?
15. Can you elaborate on the organizational factors that have an effect on loyalty program adoption (in relation to time/capacity, skills and money)?

Discussion on moderating factors:

16. Are there any external factors that work against the benefits of setting up a loyalty program, or decrease the effectiveness of the loyalty program?
17. What is the relationship between purchasing frequency and loyalty program adoption?
18. Is a loyalty program often set up as a response to competitors also having a loyalty program?
19. What is the effect of product type on loyalty program adoption? (Assortment homogeneity / niche product / heterogeneous).

Concluding questions:

20. Is there, in your opinion and experience, a lower amount of loyalty programs installed / a lower amount of interest in loyalty programs among business-to-business firms (compared to business-to-consumer)?
21. Are there any other aspects about loyalty programs in business-to-business that you do not want to leave unsaid, or feel like will be of importance to my research?

Appendix E2: Interview questions round 2

The interviews were executed in Dutch, but for readability purposes are translated into English below.

Permission was asked and granted for the recording of the interview. The purpose of this interview and data collection method is made clear to the respondent. It is put forward that the questions asked are all in the business-to-business context, to avoid any confusion.

Introductory questions:

1. Could you give a short description of your function at this firm?
2. Could you give a short description of your background in the area of business-to-business loyalty programs?
3. Could you give a short description of the firm's activities?

Discussion on motivating factors:

4. What is often the first motivation of firms that come to you with the intention of setting up a loyalty program?
5. What are the main goals/motivations of your customers in setting up a loyalty program?
 - a. Increase loyalty
 - i. Increase repeat-purchase
 - ii. Stimulate certain behaviour
 - b. Strengthen the firm-customer relationship
 - i. Localize and identify customers
 - ii. Communicate through program
 - iii. Reward loyal customer
 - c. Distinguish from competitors
 - i. Unique positioning
 - d. Internal change
6. Are there any other motivating factors you identified?

Discussion on challenging factors:

7. What are main challenges in business-to-business when setting up a loyalty program?
8. How do you see the business-to-business landscape complexity when setting up a loyalty program? Also compared to the business-to-consumer market.
9. How do you see the purchasing process in business-to-business in relation to a loyalty program and its effects? Also compared to the business-to-consumer market.
10. What are the differences between a CRM system and a loyalty program?
11. Can you elaborate on the organizational factors that have an effect on loyalty program adoption (in relation to time/capacity, skills and money)?

Discussion on moderating factors:

12. Are there any external factors that work against the benefits of setting up a loyalty program, or decrease the effectiveness of the loyalty program?
13. What is the relationship between purchasing frequency and loyalty program adoption?
14. Is a loyalty program often set up as a response to competitors also having a loyalty program?
15. What is the effect of product type on loyalty program adoption? (Assortment homogeneity / niche product / heterogeneous).

Concluding questions:

16. Is there, in your opinion and experience, a lower amount of loyalty programs installed / a lower amount of interest in loyalty programs among business-to-business firms (compared to business-to-consumer)?
17. Are there any other aspects about loyalty programs in business-to-business that you do not want to leave unsaid, or feel like will be of importance to my research?

Appendix F: Justification of alteration theoretical framework

This is a justification of the alteration of the theoretical framework on the basis of first interview round.

Motivating factor 1.0 'increase revenue' is translated into 'increase loyalty'. This, because the goal to increase loyalty contains sub-goals that are part of the overarching goal to increase loyalty. The factor 'increase repeat-purchase' is added (motivator 1.1 in finalized framework), as this reflects the motivating factor increase revenue or sales volume. Motivating factor 1.1 'exploit profit potential' is translated into 'stimulate preferred behaviour' (motivator 1.2 in finalized framework), as not only cross- and upselling opportunities are unlocked, but also other behaviours such as the creation of content or stimulation of certain social media actions. The motivating factors 1.2 and 1.3 'increase switching costs' and 'decrease sensitivity' are collectively translated into the new category 'strengthen relationship' (motivator 2.0 in finalized framework). While probing into this during interviews, both respondents connected the question to increasing relationship-orientation and building a relationship. Tying the customer to the firm by means of increasing switching costs and thus creation a lock-in effect is not an appropriate description of the workings of a loyalty program in the business-to-business context. Decrease of sensitivity is reflected in the aim of increasing relationship-orientation and strength, as it attempts to have customers not regard price as only purchasing criterion. Probing in to the 'decrease of marketing costs', respondent 1 felt this is not relevant in business-to-business, and referred to the more important knowing who and where your customer is compared to using this data for predictive/cost decreasing purposes, while respondent 2 referred to targeted marketing and personalized marketing efforts. The new motivators 'identify and locate customers' (2.1 in finalized framework) and 'communication channel' (motivator 2.2 in finalized framework) reshape the meaning of the 'decrease of marketing costs' motivator into finding out who and where your customer is and using the loyalty program as a means to provide to them personalized and targeted marketing efforts (communication channel). Motivating factor 2.3 in the finalized framework, 'reward loyal customer', is added. Firms want to show their appreciation to loyal customers by rewarding them, mostly still in an attempt to ensure continued loyalty. Motivating factor 3.0 'distinguish from competitors' is elaborated into the sub-categories 'unique positioning' (motivator 3.1 in finalized framework) and 'brand preference' (motivator 3.2 in finalized framework). The first was mentioned during the first interview that was conducted, while the second was mentioned in the third interview. Motivator 4.0 in the finalized framework, 'internal change', was added after the first interview, as the respondent mentioned experience with firms using the opportunity of setting up a loyalty program for the changing of multiple other processes in the firm. 'Complexity of the business-to-business landscape' as challenging factor 1.0 is reshaped into 'positioning and targeting of the program'. After discussion with the two respondents about this factor, it became clear that the issue that lies within the landscape complexity is where the program is positioned and towards whom it is targeted. The challenge 'overlap with CRM' system is transformed into 'CRM system integration' (challenge 3.0 in finalized framework), as it became clear that there are indeed differences between the loyalty program content and CRM system content, and the only challenge to overcome is integrating the two. The challenge 'reward structure' is added (challenge 5.0 in finalized framework) as it was put forward that designing rewards is very different in business-to-business, and requires additional thought. The three moderating factors remain the same.

Appendix G: Interview Findings

Respondent interview 1

The expert in this interview is an employee operative at a player in the loyalty marketing solutions market in The Netherlands. Founded in 2002, it is a company that offers tailor-made programs specific to the firm. From design and development to implementation, and operative in various markets and industries, programs all have differing goals and objectives.

I spoke to an employee of this firm. During his entire career he has been involved in the field of relationship marketing; a total of nine years. Starting in Customer Relationship Management, he moved over to a function in loyalty management. This he executed for over two years. He currently has a function in loyalty consultancy, and is involved in the design and development of loyalty programs both business-to-business and business-to-consumer markets. This function allows him to maintain oversight over various project in which loyalty solutions are implemented.

Findings interview 1

Most often, the first motivation of businesses that are looking into setting up a loyalty program, is to distinguish themselves from competitors. The loyalty program functions as a competitive tool to distinguish the firm from its competitors. This can be as a reaction to competition doing the same. It can be 'following the market' when looking at competitors. Additionally, there is a felt need to reward customers for their loyalty. The loyalty program can also help the firm identify and locate its customers, as in business-to-business, the multiple-layered channel provides an additional barrier. Naturally, a boost in sales is a major motivator for firms implementing a loyalty program.

There are several other goals that firms wanting to set up a loyalty program could have in mind, which vary per firm. First, the loyalty program aids them with positioning of the brand (can be coupled back to distinction from competitors). Additionally, the loyalty program can be set up as a communication channel for the firm to its customers. It is also an instrument that helps influence behaviour of customers; preferred behaviour can be stimulated. A well-implemented program focuses on both sides of the coin; retainment of patronage in the current product group, and attempt at acquisition of patronage in other / additional product groups.

This does not only have to be purchasing behaviour, but can also be for example content creation through media channels that helps spread brand awareness. Adoption of a loyalty program can also aid with for example an internal shift in the firm. Large business-to-business firms can find it difficult to keep up with trending changes, for example introducing online working methods. When a loyalty program is introduced, this can provide as a means to start this shift towards a new way of working, with new systems such as online customer bases and loyalty campaigns.

The respondent puts forward that in his eyes, the benefits of personalized marketing are more visible and of greater importance in the business-to-consumer market. This, because here the clientele is generally larger thus effects of targeted marketing are more rewarding and visible. In business-to-business, dependent on the type of firm, the clientele often does not exceed a certain number.

Collection of customer data is important, however, using this data for prediction purposes can be of less importance. More important can be the identification of customer and firm type, and localization of the customer.

The strength of a program lies in the way in which and towards whom it is targeted. It is very important to identify beforehand who is the final beneficiary of the product, and thus who should be rewarded with additional advantages. This is a point that plays a major role in the effectiveness of the program. It proves to be difficult to find the right person in the firm to be the beneficiary of the reward. An example is given. "When a secretary books a hotel room for her boss, it is the boss who will be staying there, so who will you focus your reward on?" In this case, it is the secretary who should be influenced in her decision for which hotel to book. Logically, the secretary would then also be the recipient of the benefit from the loyalty program, as it rewards her for her purchase. However, the boss is the end-user of the product. In the end, this is the person that benefits from the advantages the product has to offer (hotel stay). If he is not satisfied with the product, the secretary will be told to alter her purchase behaviour on the end-user's behalf. So, who will you reward?

An additional difficulty in the adoption of a loyalty program is present when, in a firm, their policy prohibits the saving for rewards of an employee. In the example, it is the secretary who should be influenced in her decision-making process by the loyalty program. However, internal policy often prohibits that she receives personal gifts, and the firm feels that the gift should be at the benefit of the firm.

There is one main factor present in the decision-making process of business-to-business firms, that is not present in business-to-consumer transactions. When making purchases, there is often a Decision-Making Unit within the firm that consists of multiple people involved in the purchase. When setting up a loyalty program in business-to-business, one has to carefully take into account that decisions are not made the same way as in business-to-consumer. It should be recognized that the purchaser (individual that is regarded as the decision-maker) is not the sole decision-maker of the purchase, thus not the only person the program should be focused on. The program should focus on transferring the benefits of remaining loyal not only to this person, but to the entire sales team.

Naturally, the main type of loyalty program that includes saving points, requires a high purchasing frequency for customers to benefit from it. However, this is not the only requirement for a program to be successful. True is that sufficient margin is necessary for the savings programs when purchase frequency is high, since you work with presents and discounts. When purchase frequency is low, there are other types of loyalty programs/campaigns that still have an effect on loyalty of the customer. Examples are additional services or benefits that come with the purchase and help close the deal. Contract-based sales are common in the business-to-business context. On the one hand, this is positive as you secure a long-term client. On the other hand, you as a firm are required to put in more effort to maintain the relationship. When purchase frequency is extremely low, sometimes hiring a good account manager is more effective than putting up a loyalty program. The people involved in business-to-business sales, such as sales and account managers, are often more directed towards making a sale and less relationship-oriented. Currently, there is a shift in this way of thinking, that goes towards for example the sales and account managers thinking about what are long-term benefits of maintaining a healthy relationship with customers.

A CRM or sales system is simply a system, the benefit of the data in this system lies in what you do with it. The loyalty program goes beyond this data to reward the customer for its loyalty in an attempt to tie the customer to the firm.

"Money is always an issue." In business-to-business, marketing departments are often smaller compared to other departments, while in business-to-consumer firms the opposite is the case.

There are some noticeable differences between loyalty program in business-to-business and in business-to-consumer. In a business-to-business loyalty program, there is generally a lower number of participants. Additionally, there is the Decision-Making Unit you need to take into account. The types of rewards given in this context are also different. Respondent and their firm work mostly with more service-oriented privileges that are offered to business customers of firms, such as late check-out for the boss in the previous example.

The amount of programs run in business-to-business is grossly comparable to that in the consumer market. However, there has been an increase visible in the amount of business-to-business firms showing an interest in the setting up of a loyalty program, mainly in the technology sector. There have also been more and more applications for loyalty programs from business-to-business firms, which transcend the amount of applications from business-to-consumer firms at the moment.

A note that the respondent feels is relevant for this research is that the business-to-business market is mainly a following market. Technological innovations enter and penetrate the business-to-consumer market well before the business-to-business market. The business-to-consumer area is one that is always ahead, an early adopter of for example new technologies and innovations. An example is the adoption of for example an app with the loyalty program. Probing into why this is this case, the respondent replies, "This is just the way the world is."

Respondent interview 2

Expert in this interview is founder, owner and director of an organization that has been operating in the business-to-business loyalty program market for 19 years now. Starting as a distributor of business gifts for Schiphol Airport's stores, also delivering such gifts to firms offering reward programs. From 1998 they started with the design and development of online reward programs for their business-to-business customers. Creating loyalty, pushing sales, and retrieving information from customers is their value proposition. They are operative not only in The Netherlands, but throughout Europe.

Coincidentally, at the moment, the firm is carrying out a benchmark investigation into several aspects of customer loyalty in business-to-business, including the challenges firms run into when wanting to increase customer loyalty. This because they want to assess the current state of loyalty programs in the business-to-business sector in The Netherlands. The fact that such research is being carried out, adds to the research need in this area, in my opinion.

Findings interview 2

First motivation of firms that think about installing a loyalty program is the achievement of customer loyalty. A concrete formulation of the business goals of the program is necessary for an effective and efficient design and development. The aim of achieving loyalty can be spread into several sub-goals. The first is incentivizing repeat purchase (a boost in sales). Another is stimulating certain purchasing behaviour (cross- and upselling). Third, a loyalty program gives you insights into who is a customer of what product, and on the basis of this you can segment your customers. Certain clients will be standard buyers of a certain product group, and based on the profile of this customer, you can develop a strategy to incentivize the buyer to purchase other product groups also deemed relevant for them. Focus on the purchases in the standard product group should lie on retention, while focus can be shifted to acquisition in the other product groups. Reflected in the previous aims is the wanting to get to know the customer and their relation to your firm. Retainment of valuable customers by providing them incentives to stay is a major goal. This, as from a cost-perspective, retainment of customers is much less costly than acquiring new customers.

Additionally, firms do decide to install a loyalty program do this to distinguish themselves in the market and in response to competitors. This is an attempt to maintain their customer base. Currently, the possibility for end-users or resellers to find all the potential suppliers of the product they need online, creates this need for special distinction of the firm. However, key is to always keep focus on the customer of that specific firm, to not lose focus on which customers you want to keep loyal and provide them with incentives to stay.

Personalized marketing is a very important part of the program. With the use of buyer persona's, we can develop targeted marketing actions to also stimulate cross- and upselling.

The complexity of the business-to-business landscape is a challenge recognized by the respondent. An example is given about the supply chain from a software supplier to the end-user, who has to go through a subsequent set of channel partners. Starting with the software firm supplying to their distributor, who sells to resellers, who has advisory employees that are in direct contact with the end-user. Main focus nowadays is pointed towards pushing as many sales possible from top to bottom, as achieving and maintaining sales goals is a daily objective. When a loyalty program is being installed, this is being done by the producer (at the start of the chain) in an attempt to aid the reseller in establishing loyalty among end-users. This is an effective way of helping the reseller stimulate their sales numbers, as the reseller is the party selling to the end-user. Unfortunately, this leaves too little regard for the end-customer, from who valuable information can be gained. The advisory chain possesses this information and this is where their added value lies. This party is reluctant to assess along their client information to the distributor or even producer, in fear of losing their unique advantage.

At the moment, a search for viable suppliers of products among business customers is more and more being influenced by a wish to find a 'match' between supplier and buying firm. Not only are factors such as correct product choice and price influencing the decision for a supplier, but also a search for the right partner that aids multiple firm goals ('does this partner help me grow', 'does this partner fit with and aid my current business strategy'). Engagement with end-customers of the firm installing the loyalty program is crucial, to develop this feeling of personal connection and creation of a bond.

When looking at the types of purchases being made in the business-to-business market, need for a loyalty program decreases when purchase frequency decreases. Programs in which you can save points are less effective in such situations. However, we can look at additional incentives that come with the purchase and can aid closing the sale and potentially increasing loyalty. Discounts are the most demanded and given type of benefit with a purchase in the business-to-business market. This is beneficial for the purchasing party of course, but from a marketing perspective this is where it ends. Besides from making the sale, there is no additional data gathered from the customer that could help you establish a relationship and secure repeat-purchase. The respondent

feels it is more beneficial for both the firm and the customer to go beyond discounts into a loyalty program, through which the customer gets advantages due to data sharing on their purchase with the firm.

A CRM system often forms the basis on which the loyalty program builds. Customer data is gathered here, key is to find what is valuable data and how to transform this into a strategy for loyalty. Communication is mostly done through the loyalty program. When implemented correctly, a loyalty program can add valuable information to the CRM system as well.

Often times, loyalty programs are regarded as a large-scale project that should be carried firm-wide. It is also a large investment, and when deciding to start such a program, there is not an easy way back. A difference is that loyalty programs in consumer markets more often consist of temporary saving actions tied to one-time benefits / discounts. In business-to-business, long-term programs should be installed to maintain relationships. "You cannot sell to your customer that you stopped the program." Capacity problems often occur in terms of enough support and people to carry out the maintenance and utilization of data from the program. In the respondent's experience, firms also find it difficult to assess what data is relevant and what is not, and have to be assisted in gathering the correct type of data to be utilized to increase sales / loyalty / marketing efficiency. However, with the right support from the supplying party of the program this can be overcome. Frequently assessing the objectives and whether or not they have been obtained can expose a lack of investment in maintenance of the program. Budgeting of the program, however, is very well possible. By matching costs (setting up, maintenance, and discounts/rewards offered) to discounted sales transactions, the program can become more or less self-liquidating.

Respondent feels that there is no noticeable difference in prevalence of loyalty programs between business-to-consumer and business-to-business. However, it is a decision that should be well thought-through, and once made, deserves full attention to get the maximum effect possible.

There are some moderating factors influencing the effects of the loyalty program. There should be a certain intrinsic value to the product in order for a loyalty program to reap the necessary effects it is intended to have. A product that is such a commodity, for example garden soil, does not have such value on itself that the buyer will make a clear distinction and considered decision on which supplier to select. Firms that from themselves feature a niche product, naturally feel less need to distinguish themselves from competitors. When a firm's value proposition is based on a relatively generic and homogeneous product, suppliers have difficulty distinguishing themselves based on factors such as price or delivery features. However, such firms can clearly distinguish themselves and set up a unique position in relation to competition with the use of a loyalty program. When the firm offers a homogeneous product but has few suppliers, a distinction can be made with other benefits such as added service.

The recently installed privacy regulations should be taken into account when making a decision to install a program, and how to exploit data from the program. Customers have the right to view all data you have stored from them, and can demand to have it erased. It should be made clear that the entrant in the loyalty program agrees to his or her data being used for marketing purposes, in order to avoid unrighteous use of data. Exactly the limiting of data use in such a specific way, can be an avenue for exploitation. If permission is given by the customer, and data is handled the right way, there are endless opportunities for using this data to develop for example buyer personas and learn about the customer. This benefits the firm with their marketing activities, while at the same time gives back this value to the customer with for example targeted marketing that is relevant for them. There are also many future opportunities in communicating with customer through loyalty programs. "Communication is key in a loyalty strategy." Example is that email gets very low attention from people nowadays, but there are opportunities in other communication methods such as working with apps.

Respondent interview 3

The expert in this interview is an employee of a firm operative in marketing and customer value enhancement. What started as a firm that offered merchandising and relationship gifts 17 years ago, grew more into a brand loyalty management position. The last couple of years they have expanded their offerings to become a full-service marketing agency from customer leads to creating brand advocates. Their unique selling point is the optimizing of relationships, whether this is related to end-users, partners, or employees. Firms can be advised and supported with the expertise of this business regarding all marketing aspects.

They have experience with setting up several loyalty programs in the business-to-business market, as well as in the business-to-consumer market. Respondent is involved in project management and strategy development for customers of the firm. Knowledge in the business-to-business domain comes from years of experience in working with the projects for these customers, and aiding them from design to implementation. After her bachelor International Business Administration at the University of Twente, during which she also carried out an internship at the firm, she remained an employee and now is one for seven years.

Findings interview 3

First mentioned goal of a loyalty program among their business customers, is to strengthen the relationship between the business and the buying party (for example distributor). In the end, increasing sales is a goal that lies within this aim. Respondent feels a loyalty program in business-to-business should not always have as a major goal the stimulation of repeat purchase. This, because in business-to-business relationship development and brand preference based on emotional preference is much more important. Clients of respondent's firm want to increase brand awareness among their customers and have them think of the brand first when in need of a certain product. This to motivate them to exhibit repeat-purchase more often. It proves valuable and wanted to localize

and map the firm's customers and their customers, to gain insight in distribution. This also aids the development of customer profiles, on the basis of which cross- and upselling opportunities can be utilized. Targeted and personalized marketing can be set up with use of the data that is gathered through the loyalty program. The program tells you exactly who is a customer in what product group, and allows you to also further unlock cross-selling opportunities. The loyalty program can be used as a communication tool. Despite the fact that our customers do have competitors that operate in the same market and provide similar product offerings, they do not necessarily set up a loyalty program in response to competition or in an attempt to retain their current customer base. Starting from their own unique value proposition, firms look at how to strengthen their own position in the market without having to much regard for competitors.

"In general, business-to-business has more challenges than business-to-consumer. It is easier to put up a loyalty program in the consumer market."

Mainly the content creation of the program is a challenge in business-to-business. How do we decide what type of content to use to target and benefit the customer of the firm? A loyalty program is not something that is a necessity in the eyes of for example the distributor of a product. A completely digital solution is something that has not always proved advantageous. With the use of segmentation and personalized benefits offered to the distributor, this could be overcome. This helps strengthen the relationship between firm and their customer.

Rewarding customers in business-to-business is very different from business-to-consumer. For example, the directly offering rewards to employees of a firm is often not allowed or usual. In business firms, we can offer rewards that help increase knowledge/create valuable content such as access to webinars, an online academy or relevant events. "In business-to-business, we offer firms the ability to invest in their knowledge and know how, which in turn translates into valuable gained content for the firm." Additionally, only providing online options in the loyalty program is not the most optimal solution. In our opinion, it should be a combination of online and offline incentives. An example is a personalized magazine that is sent to the customer annually, in which selected content is present based on purchasing history and preferences.

In business-to-business, the chain between producer and end-user is most often targeted with a program. In doing this, we try to provide this chain with information that they can transfer to the end-user. Often seen by the respondent is that firms in this part of the chain find it difficult to provide targeted marketing efforts towards the end-user. Naturally, the producing firm wants the end-user to go to the distributor to buy their product, so assisting them in customer acquisition is a relevant activity. Data is not directly gathered from the end-customer, however very valuable for the producing firm. At the moment, this data (for example customer opinions and reviews) is gathered with the use of other marketing methods such as market research.

It is felt by the respondent that due to the nature of a purchase in the business-to-business market, a loyalty program needs more time to show its benefits. The decision structure in business-to-business differs from business-to-consumer markets. You often have to pass multiple people before a final decision is made. The program helps more with stimulating brand preference, as this is less financially driven and more emotional. Additionally, in many business-to-business firms, there is some sort of tension between the sales and the marketing department. Instalment of a loyalty program can help increase the flexibility and collaboration of the two departments, as data coming from the program can be helpful to both. In business-to-business, contract-based sales are also very common. When a firm for example relies on a big order from one contract, more effort has to be put into developing that relationship with the potential customer so they will choose your product in the end. Appreciation, the emotional side, knowledge, and relationship development are much more important in such a situation.

A loyalty program ideally is built with the use of one 'source system' such as the CRM, on which the program is built. The respondent describes the CRM system as the back-end of the program, and the loyalty program as the shop window for the customer of the firm. Often times, a difficulty is that CRM system data is not kept up-to-date. Data can be missing, and if data is not correctly in place, it is difficult to fill in the back-end of the loyalty program. Despite the fact that some CRM systems do have something like a marketing module in it, this is often not utilized correctly.

The largest issue internal in the organization lies in time and capacity. Putting up the program is one thing, however, maintaining and keeping the program alive is a second. You cannot expect to reap benefits from the program by regarding it as a side-task and not having someone with undivided attention for it. Challenge lies mostly in the data; employees should be taught how to utilize and maintain this. Additionally, firm-wide support is important for the succeeding of the program.

The business-to-business market is behind with almost everything. Where for example online marketing is something that has already been introduced in the business-to-consumer market, the business-to-business market has not yet fully adopted this. Where in business-to-consumer markets, the concept of loyalty programs is widely utilized and exploited (and maybe even starting to lose its unique value), in business-to-business these programs are still on the rise and the benefits are becoming increasingly clear to firms. The business-to-business market is more a copier from the consumer market, in the way that when they notice that for example introduction of loyalty programs has worked, they start to take over this example is easier to create brand advocates and stimulate referrals. In business-to-business this is more challenging, due to the lengthened chain of partners and stiffness of the firm. In business-to-business, the loyalty concept of course has existed. However, it is regarded more from a relationship perspective. Dealing with partners and strengthening relationships is where the focus lies.

Purchase frequency is a difficult point in business-to-business, as it sometimes can be extremely low. Investment in and building up of a relationship can sometimes take years and years, for example with contract-based sales. When frequency is high, we are more involved with product offerings and cross- and upselling opportunities. When frequency is low, the program is focused more on investment in the relationship and appreciation of the customer. Additionally, it is easier to set up a program when the product offering is one that is held by multiple competitors. However, this is not coming from competitive considerations.

“Business-to-business is different, although, in the end it is still a person you are talking to and not an organization.”

Respondent interview 4

Expert in the fourth interview is an employee of a Dutch firm operative in all aspects of loyalty. The firm where he is employed sees a loyalty program as a cohesive package of marketing activities that stimulate revenue (in business-to-business through customers or resellers). “We do everything related to loyalty, from A to Z. From designing the loyalty programs, to promotional materials, to brand identity development.”

Coming from an IT background, the respondent is, among other tasks, mainly involved as a project developer in the loyalty programs for business-to-business consumers. Total experience in the field is estimated around five years.

Findings interview 4

The main motivation of firms in the business market that want to put up a loyalty program naturally is the increase of sales volume. The program is most often set up to reward the loyal customers for their loyalty (thus repeat-purchase) to the firm. This is often in the shape of a point saving program in which points can be redeemed for a certain reward. This is the initial outlook on the program. Loyalty programs in business-to-business also make use of cross- and upselling opportunities, though here it is a bit less sophisticated than in the consumer market. This is the case because marketing targeted towards individuals can be done based on specified traits and interests of this person. When focused towards a firm, the selling party often deals with multiple buyers. Goal in the program is more focused on developing a good relationship with the contact person of that firm. This is very different depending on firm type and buying structure. Assessing exactly who is the person you want to target and then investing sufficiently in that relationship is most important.

Sometimes programs do help map where and who the customer exactly is, however, most of the time the firm already knows very well who their customers are. Larger firms more often set up a loyalty program, and in these cases the firm often has employees that are operating in marketing and sales that already have a clear image of the firm's customer base. Communication between firm and customer does occur within the loyalty program, mostly related to the rewards that can be earned. Sometimes programs are also put up out of competitive considerations. The program can then function as a way to distinguish your brand/firm from that of competitors offering the same product. In terms of an internal change in the firm, a loyalty program can aid altering internal processes of a firm. This can be related to for example purchasing-automation systems or other efficiency increasing automation systems, not necessarily related to the workings of the loyalty program.

Dissecting the exact wishes of the firm setting up the program is necessary. Firms wanting to set up a program often think very product-focused. Main goal is the increase of revenue. Necessary is to assess what exactly entails loyalty of a customer to this firm. We have to take a step back and investigate identity of the firm in relation to its customer, the type of firm they are, and in what way they come across on their customers. Clearly identifying the image of the firm in the eyes of their customer can help increase loyalty through emotional connection with the firm. Looking into what ties the customer to the firm is necessary. If this is not done correctly, a mismatch will occur between firm relationship efforts and the customers' position.

A pattern in to whom the program is mostly targeted could not be identified by the respondent. First of all, it is important to investigate and determine who the customer is, and how to get this customer to become loyal. The start of it all is research. Data is the most important tool. It depends per firm who the ultimate customer is that they want to get loyal.

Purchases made in the business-to-business market come in many different shapes and sizes. The target group can be segmented according to firm size; from self-employed persons to very large firms. Rewards are altered according to the type of firm that is dealt with. In business-to-business you can often deal with a buying party of multiple people or even an entire team. The messaging that is done through the program towards the buying party should be adjusted to their specifics.

Focus should lie on thorough identification and getting to know who exactly this customer is, in order to be able to entice them with targeted marketing activities. Despite the type of purchases that are done, there are loyalty solutions for all types of purchases. When you are dealing with very low purchasing volume combined with a high purchasing value, you have to handle this differently than when repeat-purchase is high and purchasing volume low(er). Repeatedly mentioned by the respondent is the need for identification of who the end-customer is.

Naturally, firms are rewarded in a different way than consumers are. Rewards that are deemed valuable by consumers are much more easily identified. This means different types of rewards are offered, mostly looking into what is relevant to the firm. Something for in the office, for the entire team, something that is regarded rewarded for the firm. There lies a bigger challenge in determining what exactly is deemed valuable to the business.

When purchasing volume is very low while purchase value very high, we look at different types of benefits that the firm can transfer to their customer to entice them to purchase. Example is inviting the customer/buying party for a tour of the country.

The CRM system is often mostly targeted towards sales and the determination of where the firm's sales opportunities lie. The loyalty program is much more focused on the long-term, and comes into the picture mostly when the sale has occurred already. The loyalty program helps the firm to maintain and invest in the firm-customer relationship to keep it in optimal shape.

Often when a loyalty program is started, we are in control. The firms that come to us outsource this activity. Further time, capacity, or monetary issues are therefore not relevant to the type of service we offer. When a firm comes to us, they have decided that they want to set up a loyalty program, so they have freed up budget for it. Further maintenance of the program is our management.

When a firm has multiple competitors offering the same product, the loyalty program can be used as a distinction tool to distinguish the brand/firm from competitors. As products offered are the same, you can compete on things such as location or price. You do not try to position the firm in a way that is different from competitors, but you use the loyalty program to make clear to the customer the distinction between this specific firm and their competitors. This is, however, not most often done in a response to competitors already having a program in place. Not always are quotations compared between multiple suppliers, unless we are dealing with very large tenders. The loyalty program aids as a tool to help tie customers to your firm, from which the distinction from competitors arises.

There is not necessarily a greater amount of loyalty activities in the business-to-business market compared to in the business-to-consumer market. The respondent does notice that operating in the business market itself is something that is becoming increasingly attractive to firms. Operating in the consumer marketing is relatively easier. Assessing the amount of loyalty programs in business-to-business is of course very difficult. You can only determine if this is the case when you are actually operating in this field at a specific firm, and even then, only for the firm that you are working in/with.

Loyalty is an emotion, and it takes time to develop an emotional connection between the firm and their customer. This has a long-term outlook and cannot be expected to be established in the short-term.

Multiple probing into what the respondent feels are major differences between setting up a loyalty program in business-to-business versus business-to-consumer does not float any responses.

Respondent interview 5

Expert in this interview is co-owner at the firm in the function of accountmanager responsible for sales. Experience in the field has been gained over more than 25 years. The firm's value proposition comes from the implementation of loyalty programs as a solution to business problems. "Not B2B or B2C, but P2P (People to People)", is their motto. Coming from this mindset, the organization offers brand activation, promotional articles, marketing service, and support in the execution of marketing and communication projects. Activities in this area are executed in both the business-to-business and the business-to-consumer market. Loyalty campaigns are most of the time being implemented in a business-to-business setting, compared to other loyalty/marketing efforts.

Findings interview 5

The first motivation of firms wanting to set up a loyalty program mostly comes from an issue/question perspective towards the topic. Main goal is wanting to get customer loyal and/or reward them for certain actions/behaviours. "Almost always it is a reward as compensation for some sort of action." Example of wanted behaviour can be the increase of certain sales or engagement with social media actions. Gaining insight into the end-users of the product is another motivation for setting up a loyalty program. Localization and identification can be more challenging due to the multiple chains often present in business-to-business, complicating this. The program is also installed as a means of communication between end-user and firm, in the way that special offers or rewards for which can be saved are communicated. Though distinction from competitors is inherent in adoption of a loyalty program, this is more sales directed. Rewards offered through the program are positioned in a way to entice the customer to make the sale with that specific firm. This way, the loyalty program is used more as a sales tool that can aid the activation of a sale and increase loyalty. There is not really a motivation for firms to install a loyalty program for the instigation of an internal change. This is something the respondent has not really experienced.

In the business-to-business market, the localisation and identification of customers is of greater importance. This because of the indirect relationship between firm and end-customer due to a distributor or other chain inbetween. Often firms generate sales through wholesalers, in which case there is little insight into the end-market and thus end-user of the product.

The programs the respondent sets up are mostly targeted towards the end-customer. This because identification of this person is important, and this is the party that in the end makes the purchase at for example the wholesaler. However, cooperation from the wholesaler is necessary in order to maintain the product's offering at the wholesaler. Incentives offered towards the wholesaler to aid them with selling the firm's product are received with varying enthusiasm. This would mean that the wholesaler is strengthening ties with the supplying firm of this product, which is something that is not wanted, as they are often wholesaler of multiple brands and want to maintain an impartial position.

You fill in your program according to the type of purchase that is being made and with what frequency. If you for example sell a product only quarterly or semi-annually you should consider whether or not a loyalty program is the right solution.

If the purchasing frequency of the firm's customers differs very much, you should look into if your rewards match the type of purchases that is being made by the firm's customers. Tailormade solutions are almost always the only possibility for business-to-business our customers. Additionally, communication with the end-customer is more difficult in the business-to-business market. The person that makes purchasing decision in a firm is not always the person that will benefit from the reward.

The CRM system is a system that manages the sales. Most often a connection is made between the CRM system and loyalty program, or the records from the CRM system are downloaded and imported into the loyalty program. These two are very well able to work together.

The maintenance of the program is a very important aspect. In our case, we most often keep control of maintenance. If you don't keep in contact with your customer to keep the loyalty program alive, it will not have any added value to your firm.

Loyalty programs are rarely set up in response to competitors that have a program set up. When this would be the main reason, unique positioning of the brand/firm would become more difficult.

Differences in loyalty incentives put up by firms are recognizable. Loyalty is a concept that is mostly cited in the business market. In business-to-business the respondent feels that more often 'loyalty' programs are set up, while in business-to-consumer marketing the 'savings' programs are more prevalent. The latter is mainly focused on saving points for nice gifts/articles, while the 'loyalty' programs are more targeted towards the wants and needs and what is valuable to the firm. Here, we try to aid the firm in improving their business when saving for some sort of reward. The approach is inherently different for both markets. Rewarding business-improving concepts such as working clothes, special actions that can be set up, or promotional material such as an outside sign.

Loyalty programs in the business-to-consumer market remain a valuable tool, as there are and will always be many potential participants for such programs. Loyalty programs are upcoming and becoming increasingly prevalent in the business-to-business market. This is related to today's technological potential, ease of use of online systems and decrease in costs of systems compared to earlier.

Appendix H: Key Findings per Factor

Motivating factors	Definition(s) from literature	Representative finding(s) from interviews	Underlying interpretation / Conclusion	Factor confirmed by
1.0 Increase loyalty	Loyalty programs are designed to maintain and enhance customer loyalty (Kopalle, Sun, Neslin, Sun, & Swaminathan, 2012)	<p>“The first motivation of firms that think about setting up a loyalty program is the achievement of customer loyalty” (respondent 2)</p> <p>“Main goal is wanting to get the customer loyal” (respondent 5)</p>	Underlying aim of all programs according to all respondents.	5 out of 5 respondents. Mentioned as first motivator by 2 of the respondents.
1.1 Increase repeat-purchase	Increase sales revenue by lifting the average purchase frequency of customers (Uncles et al., 2003)	<p>“The main motivation of firms that want to set up a loyalty program is an increase in sales volume” (respondent 4)</p> <p>“Loyalty programs in business-to-business do not and should not always have an increase in sales volume as major goal. Relationship development and brand preference are at least of equal importance” (respondent 3)</p>	All five respondents mention this as an aim. Two mention it as main aim, two mention it after some other main goal, and one mentions importance of relationship building and brand preference.	5 out of 5 respondents. Mentioned as first motivator by 1 respondent.
1.2 Stimulate preferred behaviour	Loyalty program can help maximize profits on the basis of customer diversity (profit potential) (Liu, 2007)	<p>“A well-implemented program focuses on both retention in product groups where customer is already present, and attempt at acquisition in other product groups. However, this can also regard stimulation of behaviour such as content creation through social media that helps spread brand awareness” (respondent 1)</p> <p>“Cross- and upselling opportunities are made use of, however are less sophisticated in the business-to-business market due to a difficulty in targeted marketing based on specific customer traits (differing buying structure)” (respondent 4)</p>	Cross- and upselling can be utilized in business-to-business, perhaps with less effectiveness due to purchasing structure. Other types of behaviour such as social media actions can be stimulated as well.	5 out of 5 respondents mention cross- and upselling opportunities, while 3 out of 5 mention other types of preferred behaviour that can be stimulated.
2.0 Strengthen relationship	Loyalty programs provide the opportunity to firms for building stronger, longer, and deeper relationships with customers (Bolton et al., 2000)	<p>“Reflected in the major aims of the program is wanting to get to know your customer in relation to your firm. Engage with the customer, make a connection, build a relationship and show you are the right partner for them” (respondent 2)</p> <p>“The loyalty program can help tie the customer to your firm. Clarify firm-customer relationship to put in place relevant loyalty activities so a correct relationship is established” (respondent 4)</p> <p>“An increase in sales should come from establishing good relationships” (respondent 3)</p>		5 out of 5 respondents mention the strengthening of firm-customer relationship in some way as a goal of the loyalty program. Mentioned as first motivator by 1 respondent.

<p>2.1 Identify and localize customer</p>	<p>Use the loyalty program to identify your (most valuable) customers (Comarch Loyalty & Marketing Team, n.d.)</p>	<p>“Localize your customers to gain insight into distribution, which helps development of customer profiles on which cross- and upselling opportunities can be based. Target special offers to customers as you know in which product groups, they are a customer and in which not.” (respondent 3)</p> <p>“Exact mapping more difficult in business-to-business due to for example a wholesaler that is placed between the firm and consumer” (respondent 5)</p> <p>“Insights regarding purchasing behaviour of customers can help with segmentation, development of buyer persona and setting up a targeted marketing strategy” (respondent 2)</p>	<p>Gaining insight in distribution can be done with use of the program, and can help with development of customer profiles and aid segmentation. This can provide inputs for strategies concerning cross- and upselling and targeted marketing.</p> <p>However, localization and identification can be more difficult in business-to-business because of the chain from producer to consumer.</p>	<p>1 respondent mentions customers are often already known to the firm. 4 others mention that customer identification and localization can be done with help of the program and can aid for example customer segmentation.</p>
<p>2.2 Communication channel</p>	<p>Loyalty programs facilitate establishment of and function as a strategic tool for building a relationship through communication (Meyer-Waarden, 2008)</p>	<p>“It is an instrument that can help influence behaviour” (respondent 1)</p> <p>“Special offers or rewards for which can be saved are communicated” (respondent 5)</p>	<p>Communication can aid the influencing of customer behaviour and communicate certain product offers or reward types. Messaging is different in business-to-business, because of who you are targeting; firms.</p>	<p>5 out of 5 respondents recognize the loyalty program as a communication channel.</p>
<p>2.3 Reward loyal customer</p>	<p>Commonality among all loyalty programs is their purpose to reward, and with this enhance loyalty of customers (Bijmolt et al., 2011)</p>	<p>“There is a felt need to reward customers for their loyalty” (respondent 1)</p> <p>“Almost always a loyalty program is used to reward the customer for some sort of action” (respondent 5)</p> <p>When purchase frequency is low, the program is focused more on investment in the relationship and appreciation of the customer” (respondent 3)</p>		<p>Explicitly mentioned by 3 out of 5 respondents.</p>
<p>3.0 Distinguish from competitors</p>	<p>Loyalty programs can be seen as a competitive tool that helps a firm differentiate from its competitors and sustain a competitive advantage (Nastasoiu & Vandenbosch, 2019)</p>	<p>“Currently, the possibility to find all potential suppliers of a product online creates this need for special distinction” (respondent 2)</p> <p>“Starting from their own unique value proposition, firms look at how to strengthen their own position in the market” (respondent 3)</p>		<p>5 out of 5 respondents. Mentioned as first motivator by 1 respondent.</p>
<p>3.1 Unique positioning</p>	<p>Companies try to build a sustainable competitive advantage based on product attribute(s) through brand positioning (Gwin & Gwin, 2003)</p>	<p>“Suppliers of a relatively generic and homogenous product can distinguish from competitors and set up a unique position in relation to competition with the use of a loyalty program” (respondent 2)</p>		<p>Mentioned as a starting point for building competitive advantage by 2 respondents explicitly.</p>
<p>3.2 Brand preference</p>	<p>Brand preference is a behavioural tendency that reflects a consumer’s attitude towards a brand (Ebrahim, Ghoneim, Irani, & Fan, 2016)</p>	<p>“Clients want to increase brand awareness among customers and have them think of the brand first when in need of a certain product” (respondent 3)</p>	<p>Brand preference should be established to increase loyalty. Establishing an emotional connection plays an important role in this.</p>	<p>2 out of 5 respondents mention this explicitly.</p>

		“Clearly identify the image of the firm in the eyes of the customer can help increase loyalty through an emotional connection with the firm” (respondent 4)		
4.0 Internal change	Careful management of internal processes along with other processes in the supply chain, in terms of improving their efficiency and effectiveness, is needed today more than ever. “Organizations are continually under competitive pressure and forced to re-evaluate their business models and underlying business processes” (Škerlavaj, Štemberger, & Dimovski, 2006)	<p>“Loyalty program adoption can also provide a means for an internal shift in the firm. It can introduce a new way of working with new technologies or systems such as online customer bases and loyalty campaigns” (respondent 1)</p> <p>“Instalment of a loyalty program can help increase the flexibility and collaboration between the sales and marketing department” (respondent 3)</p> <p>“Other efficiency-increasing automation systems can be implemented” (respondent 4)</p>	When a loyalty program is implemented, it can be the instigator of changing multiple other working methods, or making a shift or turn in the way things are done.	3 out of 5 respondents mention the possibility of an internal change in some way. 1 respondent does not recognize this motivation.

Challenging factors	Definition(s) from literature	Representative finding(s) from interviews	Underlying interpretation / Conclusion
1.0 Positioning and targeting of the program	The horizontal supply chain can be very long and complex (Lambert & Cooper, 2000). Business firms often aim at value chain intermediaries and not the end consumer (Lilien, 2016)	<p>“Strength of a program lies in the way in which and towards whom it is targeted” (respondent 1)</p> <p>“Programs are mainly targeted towards distributors/resellers in an attempt to aid them with establishing loyalty among end-users. However, valuable information can be gained from end-users. This is not yet being done, as this way of targeting is an effective way to push down sales from top to bottom” (respondent 2)</p> <p>“An additional difficulty is the fact that the purchaser/decision maker is not always the beneficiary of the product” (respondent 5)</p>	<p>Main topics:</p> <ol style="list-style-type: none"> 1. Chain between producer and end-user mostly targeted with program (4 out of 5 respondents) 2. Provided with marketing support by producer in attempt to increase loyalty thus sales (2 out of 5 respondents) 3. It is thought that end-user data is equally relevant to gather compared to data from the reselling chain, however this is still where the program lies. Other marketing tools are used for customer information and opinions (2 out of 5 respondents) 4. An added difficulty is that the purchaser is not always beneficiary of the product – who do you reward and how? (2 out of 5 respondents) 5. Intermediary reluctant to give back information in fear of losing its unique advantage (2 out of 5 respondents)
2.0 Business-to-business purchasing process	The purchasing process can be highly complex, and involving a wider range of stakeholders (Lilien, 2016). Decisions are made based on logic, sales cycles are often longer, more costly, and more complex, as multiple are people involved in the purchase decision (Grewal et al., 2015)	<p>“There is one main factor present in business-to-business decision making that is not present in consumer transactions. There is often a Decision-Making Unit within the firm that consists of multiple people involved in the purchase” (respondent 1)</p> <p>“Appreciation, knowledge, and relationship development are very important determinants in purchasing behaviour” (respondent 3)</p> <p>“You are dealing with multiple people or a team on the buying side. Alter messaging to fit the specific needs of (all) these people” (respondent 4)</p>	<p>Three common themes:</p> <ol style="list-style-type: none"> 1. There are often multiple people in the decision-making team towards whom you should develop marketing actions (3 out of 5 respondents) 2. Get to know customer, make a connection, create understanding and develop relationship (3 out of 5 respondents) 3. Make a distinction in purchase- or firm size and type and fill in program accordingly (2 out of 5 respondents)

		<p>“We make a distinction in purchase type and frequency, and program specifics are altered on the basis of this” (respondent 5)</p>	
3.0 CRM system integration	<p>It is said that successful implementation of CRM will ultimately result in customer loyalty as well (Zeng et al., 2003; Chen & Popovich, 2003). Integration with a CRM system or dealer portal is what optimizes the effects of the loyalty program (Tuk, 2016)</p>	<p>“The loyalty program builds on the CRM system and uses its data to gather valuable insights” (respondent 2)</p> <p>“The CRM system’s usefulness comes from its input in sales and determining sales opportunities. Loyalty programs are long-term strategies that often step in after the sale has been made to maintain the relationship” (respondent 4)</p> <p>“Difficulty can be not up-to-date, missing, or faulty customer data in the system” (respondent 3)</p>	<p>A CRM system and loyalty program can be integrated and work together in a way that the loyalty program builds on the CRM system.</p>
4.0 Organizational factors	<p>Firms often feel like they do not possess the capabilities necessary to manage the loyalty program. Keeping control of costs is a key challenge (Kumar & Reinartz, 2018)</p>	<p>“Setting up and maintaining a loyalty program is a large investment and one that should be carried firm-wide. Capacity problems often occur in terms of enough support and people to carry out maintenance. Firms also find it difficult to determine what data is relevant and how to use this data to their advantage” (respondent 2)</p> <p>“Budgeting of the program is possible. By matching costs to discounted sales transactions, the program can become self-liquidating” (respondent 2)</p> <p>“If you don’t keep in contact with your customer to keep the loyalty program alive, it will not have any added value to your firm” (respondent 5)</p>	<p>2 out of 5 respondents mention time, capacity and monetary issues are not relevant, as firms come to them wanting to outsource this activity. Control over the program remains at the providing firm. Largest issues are capacity and reaping benefits from the data that is gathered through the program.</p>
5.0 Reward structure	<p>A deep understanding of what members find meaningful and valuable is important in business-to-business. Control over who earns versus who receives the benefit is also a criterium (Collins, 2015)</p>	<p>“Rewards offered are positioned in a way to entice the customer to make the purchase at that specific firm. Where in consumer markets the rewards are fun gifts or items, in business markets we target the needs of the firm and offer them something that can aid them in and add value to their business” (respondent 5)</p> <p>“Content creation is a major challenge in business-to-business; how to decide what type of content to use to target and benefit the customer of the firm to make it seem like a necessity to participate” (respondent 5)</p> <p>“Determining what type of rewards exactly match the wishes and needs of the firm is difficult” (respondent 4)</p> <p>“You can offer rewards that help increase knowledge or create valuable content such as access to webinars, an online academy, or relevant events. This is an investment in knowledge and know-how for the receiving firm” (respondent 3)</p> <p>“Sometimes firm policy prohibits an employee from receiving gifts” (respondent 1)</p>	<p>Reward structure in business-to-business is inherently different from consumer market reward structure. The direct offering of rewards to employees is often frowned upon and sometimes even prohibited. The types of rewards are different in a way that business customers should be enticed to participate in the loyalty program with gifts that prove valuable to their business (a necessity, a knowledge gain that can help improve business activities). The customer of the firm should feel like it is necessary and beneficial to participate in the program, which is sometimes difficult in the business market. Sometimes rewards are offered as a means to help close a sale.</p>

Moderating factors	Definition(s) from literature	Representative finding(s) from interviews	Underlying interpretation / Conclusion
Purchasing frequency	“Relationship instruments such as loyalty programs provide the highest benefits in sectors where consumers purchase with high frequency” (Leenheer & Bijmolt, 2008)	<p>“Necessity for a loyalty program decreases with purchasing frequency. However, besides the point-saving program, there are other incentives that can be used to stimulate loyalty in a low purchase frequency-situation” (respondent 2)</p> <p>“When purchase frequency is low, we can work with other additional services or benefits that come with the purchase to help close the deal. Contract-based sales are more common in business-to-business, and sometimes hiring a good account manager is more effective than putting up a loyalty program” (respondent 1)</p> <p>“Low purchase frequency firms have programs that are more relationship-oriented” (respondent 3)</p>	5 out of 5 respondents feel that regardless of purchase frequency, there is always some type of loyalty program that can be put in place to stimulate loyalty.
Assortment homogeneity	Firms that have competitors with similar assortments have more need for loyalty program adoption (Leenheer & Bijmolt, 2008)	<p>“Firms that offer a homogenous product that has many competitors have more need to distinguish themselves with a loyalty program. Firms that offer niche products feel this need less.” (respondent 2)</p> <p>“When a firm has multiple competitors offering the same product, a loyalty program can be used as a distinction tool to distinguish on other aspects such as price and location” (respondent 4)</p>	Firms offering a homogenous product with many competitors do have more need to distinguish themselves from competitors in order to remain competitive.
Competitive intensity	The stronger competitive intensity, the more likely the firm is to adopt a loyalty program in an attempt to distinguish from competitors (Leenheer & Bijmolt, 2008). We add to this in response to competitors	<p>“Despite the fact that competitors might have a loyalty program installed, motivation to implement one comes from within the firm” (respondent 3)</p> <p>“A loyalty program can be set up in response to competition. Business-to-business can be a following market” (respondent 1)</p>	3 out of 5 respondents feel that even though competition might have a loyalty program installed, motivation for firms to adopt a loyalty program is not in response to this. 2 out of 5 respondents feel this is sometimes the case.