

# What type of Loyalty programs is most effective in a FMCG online business environment? A Case studies

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*Abstract: Particularly in today's online driven FMCG markets, it is increasingly challenging to develop loyal customers. Companies need to deliver something extra in for instance the form of a loyalty program. The question than arises: What type of loyalty program is most effective in a FMCG online business environment. This has been researched with the help of the case company and a scenario-based survey in which four types of loyalty programs have been tested. This has been done with the help of the customers of the case company in order to add empirical data to the already existing theoretical knowledge of loyalty programs. This research however showed contrasts with existing literature. Namely none of the tested loyalty program types had any influence on customer retention as well as generating new customers showing that in this particular case a loyalty program is not effective at all. Some interesting other findings are the positive influence of the price on acquiring new customers and the positive of the influence of the brand on customer retention. Moreover, the research shows that this particular type of customer wants to be treated but not with a loyalty program. So, companies should investigate new ways in which they can satisfy their loyal customers and reward them for being loyal.*

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## **Keywords**

Loyalty program, Customer retention, Customer base extension, brand loyalty, program loyalty, FMCG Industry

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## List of Abbreviations

<b>Abbreviation</b>	<b>Explanation</b>
FMCG	Fast Moving Consumer Goods
CRM	Customer Relationship Management
CLC	Customer Life Cycle
CLP	Customer Loyalty Program
B2C	Business to consumer
CLV	Customer lifetime value
ANOVA	Analysis of Variance

### 1. Introduction

Particularly in today's online driven FMCG markets, it is increasingly challenging to develop loyal customers. Especially in the retail-sector and the Fast-Moving Consumer goods market (FMCG), a wide range of alternatives are available in offline and online stores. This makes it also more difficult to ensure that the customer stays loyal to you and so retain them. This means that companies need to deliver something extra to the customer, to make them feel special, so they will make their retention purchases. Moreover, Grigoreva (2018) states that using a loyalty program is crucial in today's highly competitive business world. A consumer connect survey done by IRI showed that 74% of consumers choose to make a purchase at a store based on strong loyalty or a discount program. Furthermore, Hawk's incentives Research (2018) found that 79% of customers look for deals in a reward program.

The main goal of a loyalty program is to enhance the customer relationship by offering high value to profitable market segments (Kumar & Shah, 2004). This means that managers believe that it is only desirable and expected to properly execute a loyalty reward system in order to increase usage of the company's product or service that is offered (O'Brien & Jones, 1995). Almost every industry has developed a card issuance program that offers card members various types of deals, discounts and other incentives. Different kind of business such as retail stores, gasoline stations, telecommunication companies, airline chains, credit card companies, hotel chains and banks amongst others use various methods to attract potential customers to their loyalty programs by ways of advertising and newspaper articles (Wirtz, Mattila, & Lwin, 2007). Moreover, many service firms suffer undifferentiated offerings and low switching costs, in this case loyalty programs can be seen as an effective tool for relationship building. Wirtz et al. (2007) studied the impact of a loyalty program and the effect of perceived switching costs the behavioral loyalty of the customer, as well as the moderating effect of attitudinal loyalty on this particular relationship. They confirmed the effectiveness of loyalty programs and they additionally demonstrated how attitudinal loyalty can moderate the relationships between a loyalty

program's attractiveness, perceived switching costs, and behavioral loyalty. However, despite the aforementioned facts, some researchers in the field of loyalty programs doubt the positive financial outcomes of loyalty reward programs and whether they exceed the initial investment made in order to implement the program (Bolton, Kannan, & Bramlett, 2000). These researchers call for other empirical studies on the outcomes of brand loyalty and loyalty programs.

According to Katherine Black (2017) many of the retailers find themselves back in a low-growth world. Millennials, showrooming, and changing technology platforms keep on disrupting the retail-industry and so stall the growth of these companies. According to the Cambridge dictionary (n.d.) a millennial can be explained as a person that is born in the 1980s, 1990s, or early 2000s. These millennials grew up with the internet and cannot imagine a world without it. A common strategy that is used to retain this customer group is by cutting in costs, but according to Katherine Black (2017) retailers should be focusing on customer loyalty program (CLP). Especially start-ups and small and medium sized enterprises in the FMCG industry cope with the challenge to retain customers and make them buy again. Following Liao (2017) there is, aligning to what has previously been stated, a shift in customer loyalty programs focusing on millennials, as they are known for being frequent job hoppers. Millennials are the generation that are infamous for their disloyalty. However, these same millennials are the most loyal generation when it comes to consumers brands (Liao, 2017). Moreover, according to Haemmelmann (2019) it feels the past few years as if every conversation on the topic of loyalty circles back to the millennials. Especially because the millennials are the largest generation living in the United States right now, and they collectively have an annual spending power of around the \$600 billion. Taking this in mind, it is not a surprise that companies across all industries are now focusing on the needs of the millennials to earn their loyalty. With the shift in literature and practice and the focus on millennials it is getting harder for companies to acquire other customer groups and create loyal customers out of them. This can be perceived as a gap in recent literature as the focus now is primarily on the loyalty programs for millennials, whereas older customer groups are as important or even more important. This led to the following research question: What type of loyalty program is effective in a FMCG online business environment?

This research question will be answered by using a scenario-based approach for four types of loyalty programs with the customers of the case company as participants. The case company was founded around 1.5 years ago and is working in the food sector in the FMCG industry. They want to know how to retain customers and extend the customer life-time value by implementing a customer loyalty program. However, most of the loyalty program literature (focus on a different customer group) and best practices do not focus on the food sector (especially in relation to memberships). This means it is a challenge for them to find the right customer loyalty program to fit with the modern society, as well as having the right program for its customer group. Therefore, the customers of this company will be used in an experiment to test whether a specific loyalty program influences customer retention and/or

customer base extension. Both the experiment and survey will be based on propositions that are going to be derived from literature research.

This research will help to understand which customer loyalty program is effective for the older customer groups than the millennials and will add to current literature which customer loyalty companies should pursue for other customers than millennials. Moreover, the addition of the online business environment will add information on the differences or similarities in use of the customer loyalty program between the online environment and the traditional business environment. The practical implication of this research is that this study will add empirical evidence to the question which loyalty program is effective. This is also what research call for as little or no empirical evidence can be found on the effectiveness of such program. Moreover, this research will also contribute to the practical understanding of the use of loyalty programs in an online business environment and will give us empirical evidence on whether a loyalty program can work for an online business environment in a FMCG industry.

This study will start with a theoretical analysis to understand what current literature state about loyalty program and how four types of loyalty programs effect customer retention and customer base extension. This will be followed by a more detailed explanation of the method in which the experiment, the sample groups, the measures and statistical analysis will be explained. After this the result of the scenario-based survey will be shown followed by a discussion of the results. This study will end with a conclusion and the practical and theoretical contribution of this study as well as a recommendation for the case company and limitation followed by focus points for future research.

## 2. Theoretical Background and hypothesis development

### 2.1 Brand loyalty and customer loyalty

Before going into more depth of what effect a loyalty program actually has on variables such as customer retention and customer base extension, it is necessary to make a distinction between brand loyalty and customer loyalty. This is needed in order to make a clarification on what a customer loyalty program can achieve in terms of the customer becoming more loyal to the company and so the brand and the customer that are just perceived in being customer loyal.

According to Jacoby & Chestnut (1978), loyalty – as a construct - was designed and introduced by Melvin Copeland in 1923 as an attitudinal continuum extending from brand recognition on to extreme preference on the other hand. At this part in time it was perceived as exclusive purchase behavior which assumed to reflect strong brand preference. Despite this very early attitudinal perspective, over the next sixty years, brand loyalty was seen as a stochastic phenomenon in which a repeat purchase had a strong random component.

Guest (1964) defined brand loyalty as follows: “the consistency of brand purchasing over time periods up to twenty years”. This is in contrast with the approaches that employed actual purchasing data in order to define the actual purchasing data which would help in defining loyalty. Guest (1964) on the other hand used customer preferences, statements over a period of time, and he found suggestive evidence that there is a high degree of loyalty towards brand names.

From a deterministic view, loyalty is not merely a behavior; it is a function of several underlying psychological factors as well. Without assessing the degree of psychological commitment or emotion, retention purchase behavior could be easily mistaken for loyalty when it is actually not. Example given, retention purchase behavior in combination with a shallow level of commitment is more susceptible to social influence and so could easily affect the situation (Alshibly, 2015). This particular condition is referred to as spurious loyalty by Day (1969). For this particular reason, it is believed that retention purchase behavior is a necessity but is not a sufficient factor for true loyalty. Day (1969) argues that in order to be truly loyal to the brand, the customer needs to hold a favorable attitude toward the brand next to its repeat purchasing behavior. In this way he suggests that the rationale in assessing loyalty is on two dimension (behavioral and attitudinal) in order to be able to capture the reason behind the purchase, this because by studying the behavior alone, it is difficult to find out whether the customer is really maintaining its attitudinal loyalty. The other way around, studying attitude on its own will not be able to tell us more about the competitive effects (e.g. shared loyalty) (Alshibly, 2015).

By conceptualizing and measuring loyalty through both the behavioral and attitudinal perspective, Jacoby & Chestnut (1978) generated the following definition of brand loyalty:” The biased (e.g. non-random) behavioral response (e.g. purchase) expressed over time by some decision-making unit with respect to one or more alternative brand out of a set of such brands and is a function of psychological (decision-making, evaluative) process”. Taking this view into consideration, loyalty is a no-random pattern of retention purchasing behavior that is manifested over time based on comparative decision-making process which is resulting in psychological commitment to the alternative(s) under consideration (Alshibly, 2015).

In an effort to generate a better integrated conceptualization of loyalty, it is suggested that customer loyalty needs to be viewed as the strength of the relationship between the customer’s relative attitude and their repeat patronage behavior (Dick & Basu, 1994). Within this relative attitude can be explained as the extent to which an individual’s evaluation of one option (e.g. brand, the service, vendor and store), is dominating the evaluation of other options that are taken into consideration. In the context of an e-commerce business, it is claimed that customer loyalty is one of the major drivers of the success of the business. It is also perceived as a more critical issue on the internet than it is in the traditional economy. The reason for this is that competition on the web is just “one click away”, in this way it is critical for an e-commerce business that they understand how to build customer loyalty in the online



market. Researchers found that less than 20% of e-commerce business track indicators of customer loyalty effectively (Alshibly, 2015).

Brand loyalty and customer loyalty are therefore closely linked, but in practice are two very different concepts. Especially when it is associated with the mind frame of the customer. The main difference between the two concepts is that customer loyalty is mainly related to the overall spending power of the customer. It is mainly about what a company can offer the customer in terms of regular prices and money-saving offers (e.g. loyalty programs, discounts). On the other hand, brand loyalty is considered to have little to nothing to do with prices and or money. Brand loyalty is seen as having everything to do with how the customer is perceiving a brand. This can be through promotional activities done on social media and other advertising channels, through the reputation that the brand has generated, or through previous experiences that a customer had with a company (Retentionscience, n.d.).

In simple terms it can be said that customer loyalty relates to those customers that keep coming back to the store. For the companies itself it is about having lower prices than their competitors or better discounts for particular products in order to attract buyers to buy their products instead of similar products from competitors. The customers that are loyal to a brand will remain with them because they believe that the brand is offering better service and higher quality products than another brand. Meaning that they will stay with the company even if a competitor is offering lower prices for similar products. Customer that can be related to brand loyalty are also more susceptible to try out other products from the same brand, even if these products are more expensive than the products they are already buying. Withal, the customers on the side of the customer loyalty concept are eager to shop around when prices go up, or when the company stops sending them a monthly newsletter so they will easily forget about the company and buy their product at another brand (Retentionscience, n.d.).

## 2.2 Effect of a CLP on customer life-time duration and perceived value

CLP will have an influence on value perception. According to O'Brien and Jones (1995) the value perception of customers is a necessary condition in order to be able to develop brand loyalty through a loyalty system. This means that a loyalty program needs to be perceived as valuable to the customers. They suggested in their research that five elements of a customer loyalty program determine the value of that program. These five elements are: cash value of redemption rewards, the range of choice of these rewards, the aspirational value of rewards, the perceived likelihood of achieving rewards, and the scheme's ease of use (Yi & Jeon, 2003).

Dorotik et al. (2012) analyzed loyalty program participation and discovered certain benefits that customers can perceive as an advantage in their decision-making process. Members of a loyalty program namely perceive several advantages such as: utilitarian (economic savings, convenience and gifts), hedonic (personalized treatments, exploration of new products), and symbolic (recognition by the firm,

social status, belonging) benefits. Most customers attach most value to the utilitarian benefits of a loyalty program, the reason is probably that these benefits are more tangible than the hedonic and symbolic benefits. The strong preference of customers for the utilitarian benefits reflects the tendency that customers with an economic shopping orientation to enroll in loyalty programs. Companies should carefully and consistently analyze and evaluate their customer's potential for loyalty, though, it is likely that the customers with a strong economic shopping orientation are likely to be members of multiple loyalty program and so may be less loyal to any particular brand (Meyer-Waarden, 2007).

Zhang, Dixit, & Friedmann (2010) examined the effect that a CLP has on customer lifetime value. They found a positive correlation between customer loyalty and CLV. To be more specific they found that customer loyalty drives customer revenue (e.g., the revenue that a certain customer brings into the company according to a certain duration), and it also drives customer retention (i.e. the probability that a customer continues buying in the next period). These two factors both in turn, leads to an increase in CLV. Now the effect of a CLP on retention and customer base extension will be analyzed.

Especially in times of severe competition and the rise of many start-up companies, a loyalty program, which is also often perceived as a reward program, is introduced in order to build customer loyalty. This is done through the use of a planned reward scheme that is based on the customer's purchasing history. The goal of such a loyalty program is to establish a higher level of customer retention in the most profitable segments by providing more satisfaction and value to certain of the customers. (Bolton, Kannan, & Bramlett, 2000). It basically means that it is becoming a part of the value chain or becoming a point of product differentiation. Besides the fact that loyalty programs are wide in use, there is little evidence and empirical research that has investigated whether a loyalty program can indeed be perceived as valuable to the customer and whether it actually contributes to building brand loyalty. (Yi & Jeon, 2003)

A loyalty program is designed in such a way that it can accelerate the loyalty lifecycle, encouraging that a 1<sup>st</sup> or 2<sup>nd</sup> year customer to behave like it has been with the company for over 10 years. There are different views on the actual effectiveness of loyalty program in terms of increasing the value of a customer as well as customer duration. According to Partch (1994) a loyalty program is increasing the operating costs by adding expenses for administering the program without actually acquiring a competitive edge if all competitors are forced to offer a loyalty program, just as is the case with other short-term reward programs. Moreover, as claimed by Dowling & Uncles (1997)

Dorotic, Bijmolt & Verhoef (2012) investigated how a loyalty program affects the customer behavior. They analyzed the customer behavior on two levels. They first discuss the current evidence on the aggregate level (the average effects among all consumers and sales levels), after that they analyzed the impact on more key behavioral metrics such as customer retention and expenditures.

### 2.3 Effect of CLP on customer retention

Following the research of Lewis (2004) it is possible to evaluate and compare the long-term effects of a loyalty program and other marketing tools (such as e-mail coupons, fulfillment rates, shipping costs) with customer retention. This can be done through simulation and policy experiments. The empirical research and the policy experiments of the study of Lewis (2004) are suggesting that loyalty programs are successful in increasing annual purchases for a substantial proportion. Some of the loyalty programs base their rewards on cumulative purchasing behavior and are an explicit attempt to enhance customer retention. They encourage repeat purchases and therefore are improving the retention rate as they stimulate customers to buy more frequently and most often also in larger volumes. The empirical evidence showed next to loyalty rewards, the importance of other factors in combination with CLP. Especially shipping fees have a significant effect on both order incidence and on order size. Using a policy that provides free shipping for larger orders can be seen as having a significant impact on the percentage of large orders. The other way around this policy results in fewer small and medium orders. This shows that the effect of a CLP on customer retention is strengthened by additional marketing metrics. Making it important for companies to think about this before they implement a CLP with which they want to increase the customer retention rate.

Verhoef (2003) states that scholars always questioned the effectiveness of several customer relationship management strategies. He investigated the differential effects of customer relationship perceptions and relationship marketing instruments on customer retention and customer share development over time. The first notable finding in the research of Verhoef (2003) is that affective commitment is an antecedent of both customer retention and customer share development. This result is not in line with previous findings (Gruen, Summers, & Acito, 2000) which suggested that commitment does not have an influence on customer retention. On the other hand, it confirms previous claims made that commitment is a considerable variable in the duration of customer relationships. Verhoef (2003) also compared whether significant predictors of both customer retention and customer share development are different. The results show that these significant predictors are remarkably similar for both models. Customer loyalty programs as well as affective commitment are both significant predictors of customer retention and customer share development. The only exception between these two models is the interaction effect between satisfaction and relationship age.

Moreover, empirical findings also indicate a positive effect of loyalty program participation on its members retention, whether this is in industries with high exit barriers or non-contractual barriers (especially grocery retailers) (Dorotic, Bijmolt, & Verhoef, 2012). Customer loyalty programs may be able to increase customer retention and their relationship duration with the brand by creating two types of switching barriers namely: economic and psychological (Wendlandt & Schrader, 2007). The economic barriers relate to the utilitarian and monetary benefits (discounts, rewards) that a customer is

missing out on when switching to another brand (e.g. the switching cost for a frequent flyer is 8-12% of the ticket price) (Mimouni-Chaabae & Volle, 2010). Nevertheless, these economic switching barriers are not able to secure long-term retention relation. This is a result of the psychological reactance and reduced intrinsic motivation of the customer to participate in the loyalty program (Dholakia, 2006). Furthermore, the effect of a loyalty program on economic switching barriers is for many customers overrated. Example given, customers that frequently purchase products from a brand experience negligible switching costs because they are already buying frequent enough to avoid any deadlines; on the other hand infrequent buyers are rarely reaching the loyalty program reward threshold, meaning they will not experience any switching cost pressure as well (Hartmann & Viard, 2008).

In contrast to the economic barriers, psychological incentives are developing through attitudinal loyalty, perceived recognition, reciprocity and a sense of belonging (Mimouni-Chaabae & Volle, 2010). Psychological barriers can be really hard to quantify as their effects are related to the emotional characteristics of a customer, but it is known that psychological barriers effects drive the attitudinal and behavioral responses, especially in the long run (Dorotic, Bijmolt, & Verhoef, 2012). Bolton et al. (2000) discovered an indirect effect of loyalty program participation on the retention of a customer. They discovered that loyalty members are more likely to discount or to forgive a negative experience they had with a brand. In conclusion, it can be said that customer retention and relationship duration depends on the loyalty program member's intrinsic motivation (attitudinal commitment) and the perceived value that a program can give to the member (Dholakia, 2006).

## 2.4 Effect of CLP on the extension of the customer base

In order to gain a better understanding of customers perception of and their participation in loyalty programs, Collins et al. (2017) analyzed the latest data from several Forrester consumer Technographics surveys. They identified three main factors about customers and their perception on loyalty programs. They join a multitude of programs, namely 72% of the US online adults belong to at least one loyalty program. On an average base, those that are enrolled in a customer loyalty program state that they belong to nine CLP's in total. The highest penetration of users of CLP can be found in high-frequency activities such as grocery and drugstores. Secondly, customers seek to join programs of brands they like. Fifty-six percent of consumers namely agreed with the statement "I seek out loyalty program and brands that I like" (Forrester, 2016). Furthermore, customers also state that they agree on that CLP makes them feel more loyal. Lastly, customers want to feel special. Customers that are empowered want what they want when they want it, and this also extends to CLP benefits. Most of the customers dive into CLP memberships to save money, but they also want something extra. In the survey used by Collins et al. (2017) 59% of the United States online adults that belong to a CLP state that getting special offers and/or treatment that is not made available for other customers is important to them. It can thus be assumed that a CLP can generate new customers for a company when the company especially offers

them something special in return for their loyalty. This should at least be something that the so called 'normal' customer is not able to buy.

Another effect that a customer loyalty program brings in order to extend the customer base are several benefits that the customer can perceive when starting to buy a product from a particular brand. These benefits have already been mentioned in the parts before as they will both be applicable for customers that make retention purchases as well as for customers that are going to make their first product and become a customer of the brand. The benefits that will be further enhanced in the section are hedonic, utilitarian, and symbolic.

First of all, hedonic benefits are derived through non-instrumental, experimental, emotional, and personally satisfying benefits, and can be associated with shopping, media usage, and the increase in behavioral loyalty. The hedonic benefits can be relevant for a loyalty program on two dimensions namely; exploration and entertainment (Jones, Reynolds, & Arnold, 2006).

Exploratory behaviors of a customer can for instance be explained by trying new or innovative products, satisfying curiosity about events and promotional offers, or seeking information in order to keep up with new trends, that for instance customer magazines, or direct mail can achieve. These customer loyalty programs are able to enable customers to enjoy unique experiences that they would in other circumstances never have undertaken, that is because many companies are offering pleasure-providing incentives. Moreover, as activities can be intrinsically appealing to the customer, a loyalty program is able to provide joy and be an end in itself (Mimouni-Chaabae & Volle, 2010). Johnsen (1999) on the other hand argues that loyalty programs can attract customers because of the pleasure that is associated with collecting and redeeming points. In this case, customers are acting like players and are experiencing a feeling of entertainment. It can thus be assumed that a loyalty program and its aligning hedonic benefits can increase the customer base by giving the customer entertainment in the form of collecting and redeeming points, and by giving them a way to explore by trying for instance a new product.

Secondly, the utilitarian benefits, which can primarily be categorized as instrumental, functional, and cognitive, and which does provide consumers additional value by offering a means to an end (i.e. people shop to accomplish their task of acquiring a certain object, among one of the reasons). These particular benefits relate to the customers basic motivations such as safety needs and usually it also corresponds with the product's tangible attributes (Mimouni-Chaabae & Volle, 2010). Just as the customer might assess shopping or the service that is being encountered, they will judge the outcome of being a member of a marketing program accordingly to the utilitarian value, which is in turn dependent on how well the loyalty program accomplishes the intended task that a customer is pursuing (Johnsen, 1999). Peterson (1995) proposed that customers see saving money as the biggest motivation to for instance join a frequent flyer program or book clubs. The monetary savings that are developed from cash-back offers

and vouchers that participants of a loyalty program can acquire when regularly buying products from the same brand or shopping from the same retailer. Moreover, convenience benefits lead to the utilitarian value as well as encouraging people to enroll in a loyalty program. Sheth & Parvatlyar (1995) state that in order to minimize the difficulty in the decision-making process to choose the right product, the customer develops an enduring relationship with the company. In turn for this, customers tend to appreciate loyalty programs due to the fact that these programs can help a customer to automate the decision-making process and in this way is able to avoid the complex evaluations of available alternatives (Bolton, Kannan, & Bramlett, 2000). Loyalty programs are also able to reduce a customer's search and decision costs by offering value-added services as exclusive reservations, easy payments desks, priority check-ins, etc. Accordingly, the customer is able to enjoy greater shopping convenience and can save time (Mimouni-Chaabae & Volle, 2010). It can be concluded from this that hedonic benefits of a loyalty program can help to make the decision-making process of a customer easier as well as adding value to the product which could attract to the customer in such a way that they will easier make their first purchase instead of making that purchase at competition.

Thirdly, A loyalty program is also able to enhance the symbolic benefits that a customer can perceive at a company. Symbolic benefits can be explained as the extrinsic advantages that products and/or service can provide in relation to the needs of personal expression, self-esteem, and maybe even most importantly social approval, and they result most often from intangible and non-product-related attributes (Mimouni-Chaabae & Volle, 2010).

Because of the fact that they build customer knowledge, a loyalty program is able to offer an opportunity to differentiate and discriminate among customers who are likely to perceive customized offers as a sign of respect or distinctiveness (Gordon, McKeage, & Fox, 1998). The customers eventually might start to feel and experience recognition benefits; they may start to feel that the firm and its employees treat them better than how they are treating their nonmembers of the program. Loyalty programs can also focus on factors that go beyond the product that is being offered, such as the experience of ownership and consumption. Basically meaning that a loyalty program is able to enhance the perception of social benefits, such as that loyalty program members are considering themselves part of an exclusive group consisting of privileged customers, they are able to identify with that group, and they are most of the time sharing the same value that is associated with the brand (Mimouni-Chaabae & Volle, 2010).

Table 1 gives an overview of the three benefits categories that can be perceived by a customer that is buying a product from a company that is using a customer loyalty program.

*Table 1: Utilitarian, Hedonic, & Symbolic benefits*

<b>Dimensions of benefits</b>	<b>Subdimensions of benefits</b>	<b>Definition</b>
-------------------------------	----------------------------------	-------------------

Utilitarian	Monetary savings	Spending less and saving money
	Convenience	Reducing the choices, saving time and effort
Hedonic	Exploration	Discovering and trying new products sold by the company
	Entertainment	Enjoying collecting and redeeming points
Symbolic	Recognition	Having a special status, feeling more distinguished and treated better
	Social	Belonging to a group that shares the same values

## 2.5 Types of loyalty programs

In the world of today many different CLPs are visible which can be used by companies to make their customers more loyal. However, not all types of loyalty programs can be pursued by a company as rewards given with those programs are based on for instance repeat purchases, whereas a company might be based on memberships. On the other hand, another company want to use their customers for research and so base their rewards on participation in for instance surveys. Meaning that it is important for a company to know for what purposes they want to use the loyalty program and for what they want to reward their customers. Therefore, for this research four types of programs are chosen which fit with the purpose of retaining customers and/or extend the customer base. These four programs are a point system, referral program, tier system rewards and loyalty card program.

### 2.5.1 Point system

According to Magatef & Tomalieh (2015) the point system is the most common loyalty program used by companies. With this program customers basically earn points by making frequent purchases, and these points in turn translate into some type of reward: discount, gifts, or special offers. In this way the frequency of buying products will offer points which in turn can be changed for the rewards mentioned before. This type of reward program has become common in the transportation and hospitality industries and are most appropriate for businesses that encourage frequent, short term purchases. (Bernazzani, 2018) Point systems are beginning by issuing a personal plastic card to their clients. The general idea behind this loyalty card is to alter the customers repeat purchasing behavior by fortifying the usage of the service or goods and retain the customers by raising the switching costs so as to generate a win-win circumstance for both the customer and the organization (Meyer-Waarden, 2007). This particular technique urges clients to come back to a retailer while keeping in mind the end goal which is in this case rewards and or additional items and so acquiring extra goods or services in return for their loyalty (Noble & Phillips, 2004).

Loyalty programs with a consistent and a direct compensating plan, individuals are able to acquire a specific measure of loyalty program money for every euro they spent and they pick a time and day to redeem and what to redeem in relation to their individual reward liking and the gathered balance of points they have established throughout a certain period of time (Seiders, Voss, Grewal, & Godfrey, 2005). The point system program can be seen as a redemption centered loyalty program as customers earn points for every exchange they make with the company, and these points can then be redeemed for rewards. Redemption centered loyalty programs set up points framework and they offer rewards as an end-result of a purchase. This is a model that has remained practically unchanged for over a fourth of the century and it is generated by the loyalty promoting industry (Kamau, 2017). Based on equal connections, these point system programs give customers remunerate points or endorsements in return for every purchase they make with the company or brand. Companies accept that their best buyers will “smolder” what they have earned, and they will be happy with the chosen reward and so return to the brand in a later stadium. The additional layer behind a point system and its aligning redemption of point s system is to expand customers burning through, maintenance, referrals and at last, primary concern benefits. Redemption centered loyalty program such as the point system program can effectively keep customers and increase the recurrence and the measure of spending. A fruitful and well working program can see up to 40 percent increase in customers (Kamau, 2017).

In the study done by Kamau (2017) with supermarkets as the case group it revealed that customers started to shop more in order to earn the points and reach the limit for a reward on time. According to Seiders et al. (2005) being settled on a choice inspires the customers on the loyalty program, bringing forward an expansion in obtaining conduct before the recovery occasion starts. A viable loyalty program sees the whole win-win situation and understands it as a diversion, one wherein the play is similarly as fun as the triumphant experience. Palmatier, Jarvis, Beckhoff, & Kardes (2009) suggest in their research that redemption of points is boosting the feelings of gratitude, satisfaction, importance, and/or indebted reciprocity, which may in turn affect the purchasing behavior. According to Kamau (2017) and the findings of her research in the FMCG market the point system built up emotional relationships stimulating customers into a continued and frequent relationship with the supermarket.

If we than compare the theoretical findings above with the three perceived benefits that were explained before it can be assumed that a customer participating in a point system will perceive all three benefits (hedonic, symbolic and utilitarian). First of all, a customer can perceive the hedonic benefits especially in the facet of being entertained. A customer will be entertained with the fact of collecting points. The entertainment is can thus be perceived in playing a game in which the customer makes a purchase and collects points in return, which they at a certain stage can redeem in order to get a so-called “free” reward from the company. Secondly, a customer can perceive symbolic benefits as customers can have both the feeling of recognition and the feeling of belonging somewhere. When customers collect points, they can have a feeling of being recognized by the company for getting something in return for making



a withdrawal with the company. Also, the point system program can give the customer a social feeling by belonging to a group (customers acquiring points for every purchase), and in this way share the same value (collecting enough points in order to redeem the). This could stimulate the customer in making more purchases in order to acquire that reward and so stimulate them in making a retention purchase. Lastly, the customer can also perceive utilitarian benefits from being a member of the point system program. At a certain point the customer is able to save some money because of the amount of points it acquired and so could redeem them for instance for discounts and so perceive a monetary benefit. Additionally, the point system program would also reduce the decision-making process as the customer wants to make an exchange with the same company in order to acquire enough points for rewards. It can thus also be assumed that the utilitarian benefits of the point system program have a positive influence on the retention behavior of the customer, because they want to collect enough points in order to save some money.

Furthermore, Magatef & Tomalieh (2015) state that there is little empirical research that focus on the measurement of the influence of these type of programs on customer retention. The key in this is that the influence of this program is that it works as a dynamic tool relying on providing benefits based on repeat purchases that shift from single-period purchasing decision to multiple-period purchases. In this way the following hypothesis can be generated:

*H1a: A Point system program has a positive effect on customer retention.*

It can also be assumed that when customers know they are offered points in exchange for their buying behavior that they will become a customer more easily. According to Kelly (2015) a potential outcome is that the point system will not necessarily encourage loyalty. It can namely happen that customers will wait until each store offers them benefits and then shop only at that time. On the other hand, a good loyalty program can enhance acquiring new customers in several ways. First of all, if offered points for just the first sign-up in relation to a first purchase, the company is able to automatically add those new customers to their mailing list simply because customers are thinking in such a way that they want to take advantage of the points rewarded. In the meantime, if a customer acknowledges a good loyalty program where rewards are within easy reach, the customer is more eager to try the brand simply because the rewards they can acquire are easily accessible (Miller, n.d.). This is also the case for a point system program in which the customer can easily acquire points. Which could in turn assume that new customers are eager to try out the brand and so become a customer.

There is however, currently a lack of information on what the real effect is of a point system program on acquiring new customers that is why for the next part we make some assumption based on the definition of a point system program in relation to the benefits that a customer could perceive as explained in table 1. Let's first start with the utilitarian benefits. A quick reminder the utilitarian benefits consists of 2 categories namely monetary benefits and feeling convenience. As already explained a little

before when the rewards of a loyalty program are within reach of the customer it is more likely that a potential lead is converted into a regular customer due to the fact that they can easily reach the rewards. Moreover, it can also be assumed that when the rewards are easily accessible and grant the customer discounts or another way to save money that it is likely that they will purchase their first product. The convenience factor however is more applicable for the retention of a customer as it will make the future decision of buying a product easier. It can namely be assumed that a customer buys the first product because of the brand or price instead of the loyalty program and that the loyalty program is just perceived as nice to have in addition. Secondly when looked at the hedonic benefits, it can be assumed that entertainment plays a big role in acquiring a new customer. The point system is as explained before related to entertainment as the customer is able to earn points (play), and then redeem the points for a reward (It works the same as the grappler machine at a fair). It will in this case attract a potential customer to buy and start collecting points in order to be able to acquire a reward. It can thus in this way be seen as a stimulant for a potential customer to buy the product. Lastly, the perceived symbolic benefits. It can be assumed that this benefit has less influence on the decision to buy a product from a particular company, but it can help a customer to overcome its doubt. A loyalty program can give a feeling of belonging to a special group and could give the customer the feeling of being treated in a special way which could give them the last push to buy a product. Here it can thus be assumed that the effect of the symbolic benefit is rather moderately positive in being able to give the last push, but not be seen as the main reason that a potential customer would buy the first product.

With these assumptions the following hypothesis can be generated.

*H1b: A point system program has a moderate positive effect on customer base extension*

## 2.5.2 Referral program

Referral marketing and its aligning customer referral program is a form of stimulated word-of-mouth that provides rewards to existing customers to bring in new customers. An important requirement to make such a program work, is that individual purchases and the service history are available for the company in order to confirm whether a referred customer is indeed a new customer rather than being an already existing customer (Schmitt, Skiera, & Van den Bulte, 2011). Customer referral programs have three distinctive characteristics. The first characteristic is that they are deliberately initiated, actively managed, and continuously being controlled by the company, which is as good as impossible to do with organic word-to-mouth activities (e.g. spontaneous customer conversations or blogs written by customers about the brand). Secondly, the key idea of a customer referral program is to use social connections of current customer with non-customers in order to convert the latter one. Thirdly, in order to make this aforementioned conversion happen, the company need to offer the existing customers an incentive for bringing in new customers.

Although the form of leveraging the social ties of customers with non-customers in order to acquire the latter one is not unique for referral programs, the three characteristics combined set these customer referral programs apart from other network-based marketing (Van den Bulte & Wuyts, 2007). Unlike with organic word-of-mouth, the company is actively managing and monitoring the referral program. Unlike with most forms of buzz and viral marketing this program is only designed about using existing customers instead of anyone that knows the brand or the event. In most of these referral programs the reward is given regardless of how long the referred customer is staying with the company. These programs are prone to customers that are abusing the program. Although most companies do not acknowledge every single referral, the reward system that is built around the referral program in combination with imperfect screening by the company customers are rewarded even for referring low-quality customers. This type of abuse is less likely to happen with word-of-mouth campaigns that do not include monetary reward conditions for the customers recruitment (Schmitt, Skiera, & Van den Bulte, 2011).

According to Masjedi (2013) and a study performed by the Wharton School of Business it can be said that a referred customer is 18% more likely to stay with a company overtime than the average, off the street customer. Moreover, in research established by Schmitt & Skiera (2011) it was founded that a referred customer has significantly and sizably higher contribution margins, retention rate and customer value than customers that came in without referral.

Social enrichment is another mechanism which plays a major role in the increase of a referred customer. The argument for this is that relationship that a customer has with the company is enriched because a family member or friend is also customer of the same brand (Castilla, 2005). Having a person that is closely related to you in a similar position (f.e. being both customers of the same company) should increase a person's trust in that company as well as strengthen their emotional bond with it, as both balance theory and closure theory predict (Van den Bulte & Wuyts, 2007). Referred customers are likely to attain a stronger sense of commitment and attachment towards the company. This also involves that these referred customers are less likely to churn than non-referred customers, off course provided that the person that did refer them does not churn. However, the latter condition is likely to hold as referrers typically have a long-term likelihood of staying with the company. This basically means that the intention to refer is associated with being an indicator of loyalty (Gupta & Zeithaml, 2006).

In short it can thus be concluded that a referred customer has more value on both the short and the long term. However, they also found that the effect is not uniform across all customer groups and that the referral program was less beneficial and effective among the older and low-margin customer. From this the following hypotheses can be derived.

*H2: A customer referral program has a positive effect on both retaining customers as well as extending the customer base*

### 2.5.3 Tier Reward system

A tier reward system can be explained as a system that offers rewards as a base offering for being a member of the program. This system ensures an increase in reward value the further a customer moves up the loyalty ladder. The difference with a point system is that customers extract a long-term value instead of short-term value from the program. It is stated by Bernazzani (2018) that tiered programs may work better for high commitment, higher price-point businesses like airlines, hospitality businesses, or insurance companies.

Reward tiers in a tier reward loyalty program are considered to be effective as they build a sense of identity within each of the tiers that are established by the company and that can lead to commitment to the brand. Reward tiers are also able to provide feelings of status as member will compare themselves to other tier reward levels (Drèze, Han, & Nunes, 2009). The customer members of the elite tier reward group will feel superior, particularly if the number of members in the group is small, which will thus in turn increase their feeling of exclusivity. Research suggests that a 3-tier system will enhance the maximization of member satisfaction, although the study on itself did not address the loyalty factor (Drèze, Han, & Nunes, 2009). The study involved some hypothetical scenarios that were judged by students, in this way the applicability of the actual reward program is tentative. Nevertheless, an examination done in the hotel industry is suggesting that some of the tier reward program are operating on a suboptimal level. From the thirteen major hotel chains, seven are hosting a 4-tier reward system, five are having a 3-tier system and only one is having a 2-tier system.

Shoemaker & Lewis (1999) did an analysis of tier-reward programs on eight of the major hotel chains and they cataloged the benefits that were provided to the regular, middle, and elite tier level members. They classified the perceived benefits into three categories: financial, functional, and psychological/emotional. These three categories can all be related to the categories of perceived benefits explained in table 1. The financial category can be related to the utilitarian benefits, the functional benefits can be intertwined with the hedonic benefits and the emotional/psychological category can be exchanged for the symbolic category. Shoemaker & Lewis (1999) also distinguished between frequency programs and loyalty programs, in which the frequency programs focus on the monetary rewards and whereby the customer exchange their business for point accumulation that can be used in return for purchases. Loyalty programs on the other hand, involve customized recognition and emotional rewards such as for instance personalized amenities and services that are tailored to the needs of the individual customer. Moreover, Shoemaker & Lewis (1999) argued that a loyalty program should at least move towards relationship building with the customer that will produce loyalty and trust to the brand, and should not just function as a frequency program.

The higher tier levels within a tier reward system are mostly associated with greater costs to companies, which are assumed on the other hand to bring in higher revenues. The relationship between these two

is however not that simple, according to a study done by McCall & Voorhees (2010). McCall & Voorhees (2010) created customer segments that were based on the revenue streams from hotel rooms, food and beverage, and other sources, and these were then compared to the existing tier structure that was used within the hotel chain. From this they discovered that there is a weak link between hotel frequent-guests' programs and profitability (Shanshan, Wilco, & Eric, 2011). This study also noted that there is limited research in order to support that notion that the aforementioned programs can actually increase guest loyalty, despite the assumption that is made by operators that they actually can do. Shanshan et al. (2011) also discovered in their research that high tier members are provided with a variety of costly benefits including for instance spa visits, wine and meals. Although this did not show the importance of evaluating the assumption that reward tiers produce loyalty outcomes that benefit the business.

Furthermore, the high ranked tier members had significantly higher affective (example given emotional) commitment to the brand than the low tier members of the program, who did not differ that much from the non-members in the research done by Tanford et al. (2011). These results should not however be taken as the main arguments as the study itself was limited due to a lack of higher tier members, which resulted in the necessity to merge the tiers that were above the base or entry level. Research in the retail branch itself provided further insight in the relationship of program membership to attitudinal loyalty, although tier-reward was not directly investigated, as most of the retail companies do not have any tiers for their members. Supermarket shoppers that are members of a reward program were higher in trust, commitment and did have favorable attitudes toward the business than the nonmembers of a loyalty program did.

Next to these four benefits can be derived from the use of a tier reward program for the customers. The tiered loyalty programs are popular due to the fact that they make life of both the customer and the company easier and better. Following now are four benefits that a company and customer can have for obtaining tiers in a loyalty program.

- The companies will have new ways of engaging customers. By using the reward program for branding the customer can come up with meaningful reward level names and use these as a new layer of a color scheme and imagery to bring excitement to a members' life. This benefit merely relates to the hedonic benefit explained before. If the company is able to make the tier reward program exciting for the customer and give them an extra dimension and experience to their shopping it would stimulate them to buy a product from the brand. They will put the brand over others in the decision-making process
- There will be no mix-up because of expiration dates. For most customer it is really frustrating when points expire, and this could in turn be a major undertaking for the company to properly communicate the expiration date of points to the customers. Moreover, if the company has

levels within the reward system, long-term customers are able to keep being entitled to their reached benefits, in contrary to only using points in the system. In this way, customers will appreciate the company more as they will be able to use their well-deserved rewards whenever they want instead of having a deadline before when to use them. This benefit can both be perceived as utilitarian and symbolic as these benefits will save the customer money over a longer period of time. As well as it can be assumed that the customer has more trust towards the company due to no expiration on points and the availability for them to make use of their deserved benefits whenever they want.

- The tier reward system is also able to shield yourself from competition. By for instance attaching extra services such as free delivery or extended return periods to certain levels of members, the customers will be inclined to choose this brand over competitors, as they are granted additional benefits to their purchase.
- Lastly it is also able to segment customers even better. By reviewing the activity and aspiration of members, companies can better understand their customers. On the other hand, the customer might perceive the feeling that the brand is looking after them. If we relate this to the benefits mentioned in table 1 it can be assumed that the customer is perceiving symbolic benefits at this point. Due to the feeling that the brand is doing something for them they feel special and they even might have the feeling that they belong to a special group of the company.

Lastly, it can also be assumed that this type of system can also be used for subscription-based companies, by offering rewards that have a higher value when people are long-term members. In this way a subscription-based company can make sure that customers will stay longer as the duration of their membership lead to higher reward value. Making it worthy to stay as a customer. However, it can be assumed that this scares away new customers. Especially because these customers see that they need to be member a while before they are rewarded for their loyalty. So, from these the following two hypotheses can be derived:

*H3a: A tier system reward program has a positive effect on customer retention.*

*H3b: A tier system reward program has a negative effect on customer base extension.*

#### 2.5.4 Loyalty card program

A loyalty card program can be explained as a reward plan that allows companies to gather information about its customers. The customers are offered discounts, coupons, or points for merchandise or products in exchange for their voluntary participation in the loyalty program. Another goal of this type of program is to build repeat business by offering its participating customers something that is not available for the customer. (Magatef & Tomalieh, 2015) In short, this type of CLP is seen as a mixture of all different kinds of customer loyalty programs. A company can for instance give points for friend

referrals, for participating in surveys, by making repeat purchases or stay member of a subscription-based company and earn points the longer they stay member.

Loyalty programs are principally prevailing in the consumer markets and are supposedly resulting in customer commitment and retention. In practice, technology is frequently driving the force behind these particular loyalty programs which are increasingly individualized. On the basis of advanced database management and analysis, loyalty programs can be optimized at the level of the individual customer (efficacy), it can be directed to the most relevant customers (efficiency), and it can be evaluated on the behavioral aspects of the individual customer (Noordhoff, Pauwels, & Odekerken-Schröder, 2004).

The loyalty card program can be seen as a dominant tool in many of retailer's used loyalty programs (Sharp & Sharp, 1997). From the perspective of a retailer, the loyalty card is the main interface between the database of the retailer and the individual customer. From the customer point of view, the loyalty card is a tool that will generate extra rewards. Typically, a loyalty-card program serves three main purposes. Firstly, the customer's card performs as an identification function. Loyalty-cards of this particular type do not have any magnet bar, barcode, or chip and thus consequently do not have a database that is supporting the loyalty program. These types of cards are merely functioning as recognizers. Secondly, customer loyalty-cards can also serve as a memory function linking (e.g. demographic) information to the database of the retailer. The cards with just a limited memory function generally do contain a magnet bar registering static information of the customer and transmitting that to the retailer's database. More advanced memory cards register and transfer dynamic information which enables retailers to follow the customer's buying behavior over a longer period of time. Thirdly, the loyalty-card can be used to redeem rewards. Customers can, as also explained in all the other loyalty programs, benefit from participating in the loyalty-card program in several ways. Programs can offer for instance free products, percentage/price discounts, saving, credit facilities, a feeling of belonging to a group, giving extra information, or any other special treatment that a customer can acquire that will be sponsored by the retailer (Roehm, Pullins, & Roehm Jr, 2002). On the other hand, the main barriers that prevent customers from participating in the loyalty-card program are a loss of privacy, loss of control over their own personal information, the cumulative amount of the money spent on the brand and the possibility of subscription fees (Graeff & Harmon, 2002).

Not only the customer, but also the retailer is facing advantages and disadvantages for obtaining a loyalty-card program. The barriers for retailers can be divided into two sub-categories. The first barrier includes the concern about the effectiveness of the loyalty-card program. Mauri (2003) amongst others, argues that loyalty has nothing to do with having a loyalty-card program, as customers nowadays join many programs on a simultaneous basis. The second barrier that can be identified is that retailers may doubt the degree of return on investments. Some researchers argue that most of the loyalty programs

are in fact some sort of saving program in disguise that do not contribute to the attitudinal component of loyalty, and can therefore not create sustained loyalty (Jacoby & Chestnut, 1978).

Previously, Reichheld (1996) concluded on the fact that loyal customers are more profitable and valuable than non-loyal customers. Realizing this, retailers have invested substantial amounts of money in order to introduce a loyalty-card program into their companies process which should in turn boost the customer retention rates (Noordhoff, Pauwels, & Odekerken-Schröder, 2004). However, as far as that we know up until now, the effectiveness of loyalty-card programs on store loyalty has not been empirically tested and so supported. Additionally, some authors (e.g. (Sharp & Sharp, 1997); (Jacoby & Chestnut, 1978)) have argued in their research that selective reward behavior is associated with operant conditioning, does not immediately lead to vast and lasting loyal behavior of the customer due to a lack of mental processing in the customers' mind. This would in turn imply that loyalty programs in general do not qualify as a real loyalty program unless it enhances the attitudinal component (Noordhoff, Pauwels, & Odekerken-Schröder, 2004).

Additionally, subscription-based companies should focus on incentivizing greater spend and engagement. Traditionally, loyalty programs have allowed members to earn points for every purchase they make. However, they forget to incentivize their subscribers to make extra purchases or to share the brand's content on social media. Rewarding subscribers for engagement activities will turn the biggest customer into the biggest advocates. Making sure these subscribers get incentives for engagement activities will also drive brand awareness, bolster the brand's credibility and fuel desire, and it will help in increasing the acquisition and retention. (Crowdtwist, n.d.). This leads to the following hypothesis:

*H4: An omnichannel loyalty program has both a positive effect on customer retention and customer base extension.*

In figure 1 an overview is given on the propositions that are derived from literature and their assumed relation towards customer retention and customer base extension.

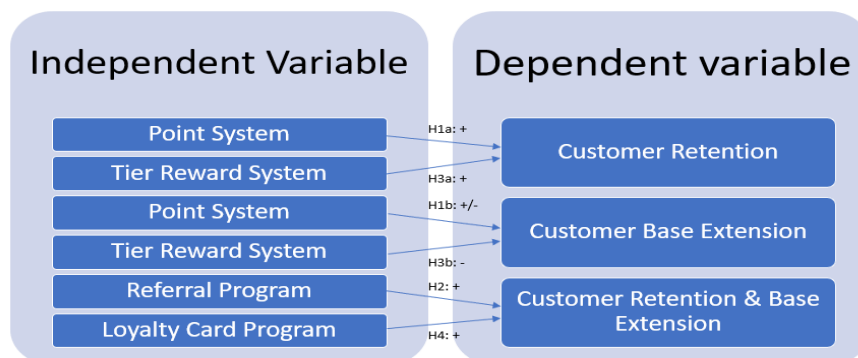


Figure 1: Hypotheses model



### 3. Methodology

In order to be able to test the hypothesis that were generated in the theoretical framework the scenario-based survey will be used as method to collect data. The scenario-based method can be described as a method, technique and tool that makes use of scenarios, like the storytelling and the storyboarding techniques (Michailidou, 2017). These scenarios can be explained as “explicit descriptions of hypothetical events concerning a product during a certain phase of its life cycle” (Anggreeni & van der Voort, 2008). The scenario-based approach is appropriate in many reasons for user experience design. Hassenzahl (Hassenzahl, 2010) refers to experience as “ a story emerging for the dialogue of a person with her or his world” (Hassenzahl, 2010). A user experience is worthwhile, subjective, holistic, temporal and situated. Stories are able to describe worthwhile events, have a personal touch, are holistic, have a beginning and end that can be defined, while they are being situated in a physical and emotional context. This methodology that mainly consists of the scenario-based method can be introduced as being a holistic, process-accompanying approach in order to support the collection of user insights, enhance creativity and teamwork, enable communication of soft aspects, as well as increasing empathy and in turn thus a user-centered design. (Michailidou, 2017)

This scenario-based method as explained is an ideal option to test customers on the user experience of a certain product, service, or other process that a company wants to implement to enhance their customer experience. The scenario-based method has in this way also the most potential to test the user experience for several loyalty programs that were explained before. In order to be able to know whether customer want to make use of a loyalty program there is no better way to write down a story (the scenario) including one type of loyalty program and ask a few questions about it. In this way the customer will not only answer on a certain topic. But as explained before they will be able to feel a personal relation to the loyalty program and be able to visualize the way the loyalty program would be used, because a story is able to draw a situation in a physical and emotional context with which the customer can identify itself.

#### 3.1 The sample

In order to be able to collect data with the scenario-based method a sample group is needed on which the scenario-based method will be tested. This method is used to acquire primary data, whereas the hypothesis that are being tested are built on secondary data. The sample for the experiment will be the customers of the case company. Company X has a group of customers who only bought trial package (one-time customer). On the other hand, they also have customers that have a membership and get products every month. Both these groups will be targeted with this experiment. However, the overall layout of the experiment will be different over these two samples.

The first group is based on the customers than only purchased a trial package from the company and nothing else. This group is used to determine whether they would make a first purchase of the real product from the company. And whether they would make a retention purchase knowing the company is using a loyalty program. This group will thus both be used to determine the effect on the generation of new customers as well as to determine what the effect would be on customer retention.

Then the second group in the sample are the customers that are part of the membership or have been a member of the case company. This group of customers are familiar with the products, the pricing and the way the brand of the case company is working. For this sample group only questions regarding retention purchases are used. It would in this case make no sense to ask questions about a potential first purchase as they have already been buying the products of the case company for a while.

The participants in both samples will be acquired from the already existing customer database of company X. In this way it is possible to measure the effect of the different loyalty groups with a similar group of customers, that either only bought a trial package or have been a member of the company for a certain while. This will also make sure that the participants all have the same view on the company and experience with the product, which will in turn lead to more reliable answers. On the other hand, this way of choosing the participants might cause that the results from these scenario-based surveys will not be generalizable on other industries than the industry of the case company.

### 3.2 The experiment

*Research design and participant:* To investigate the effect of a CLP on customer retention and customer base extension, an experiment will be used. In this study four groups are being manipulated in relation to a control group. These four group are derived from a target population, which is available from the case company. This means that we will have four groups that will be treated with a specific loyalty program and one control group that will stay without any loyalty program. Within the treatment groups, the type of loyalty program will be the manipulation. Leading to a clear insight on what perceived effect a specific CLP has on customer retention and customer base extension. To isolate the effect of the loyalty programs on the two dependent variables, the control group was assigned with no loyalty program. This approach will enable to identify whether a CLP has effect on customer retention and extension by a variation in CLPs and no CLP at all.

*Procedure:* Each participant in the experiment will receive a short scenario based on their assigned customer loyalty program. Along with these scenarios a survey will be added which the participants need to fill out according to their scenario. The survey questions will be asked involving Likert scale and so will show how customers will behave if the treatment gets implemented. The scenario describes the loyalty program to which the participant can subscribe itself. Next, the participants are told to imagine themselves as a member of that loyalty program. In the loyalty program treatment groups, the

scenario indicates what loyalty program they are becoming a member of, with an explanation on how the loyalty program works and what the benefit would be for them when they are a member. The manipulation for these groups will thus be the type of loyalty program they are subscribed to, meaning a different way of rewarding their loyalty. The details of the scenario-based survey can be found in the Appendix.

### 3.3 Measures

The scenario-based surveys did include manipulation in the form of a different loyalty program being used in every scenario-based survey. The sample had to answer questions that evaluated the influence that the explained loyalty program would have on first, becoming a customer and secondly make retention purchases. The biggest amount of questions in the scenario-based survey are based on the 1-5-point Likert scale with (1-2) having a negative influence on the outcome and (4-5) being positive towards the answer given on the question. For the first scenario the first purchase was measured through four items (Cronbach's  $\alpha = 0.48$  for Point system, 0.22 for tier reward system, 0.44 for referral program, and 0.48 for loyalty card program), influence of the price, influence of the brand, influence of the loyalty program, and whether or not they would feel loyal. These 4 items are basically the same for every scenario that is being used. Secondly all the participant in the different samples answered questions related towards making a retention purchase and whether they would make use of the loyalty program. For the scenario of the point system program five items (Cronbach's  $\alpha = 0.66$ ), influence of the brand, influence of the loyalty program, whether they would feel more sympathy for the case company, and two items related to the influence of uniqueness of the rewards, in order to measure retention behaviour. For the scenario of the tier reward system also five items (Cronbach's  $\alpha = 0.62$ ), influence of the brand, influence of the loyalty program, whether they feel more sympathy for the case company, and two items related to the influence of the uniqueness of the rewards, where used to measure retention behaviour. For the scenario of the loyalty card program nine items (Cronbach's  $\alpha = 0.76$ ), influence of the brand, influence of the program, whether they would feel more sympathy for the case company, how likely it would be that they would share social media in turn for points, how likely it is that they would fill in surveys in turn for points, how likely it is that they would recommend the case company in turn for points, and two items related to the influence of the uniqueness of the rewards where used to measure the retention behaviour of the customer.

### 3.4 Statistical analysis

In order to be able to give a clear analysis on the data acquired from the scenario-based survey Spearman's correlation is being used to identify certain relations between different variables, which could explain why certain answers have been given. The Spearman correlation is the nonparametric version of the Pearson product-moment correlation. The Pearson product-moment correlation coefficient (or Pearson correlation coefficient in short) is used to measure the strength of a linear

association between two variables and is usually denoted by  $r$ . Basically stated, the Pearson correlation coefficient attempts to explain and draw a line of best fit through the data of the two variables, and the Pearson correlation coefficient  $r$ , will indicate how far away all the data from these two variables are from that line of best fit. Pearson's  $r$  can take a range of values from +1 to -1. When Pearson's  $r$  has a value of zero it indicates that there is no association between the two variables. When the value of  $r$  is greater than zero it means that there is a positive correlation between the two variables, meaning that if one variable increases the other variable increases with it. If the value of  $r$  is less than zero it means that the two variables are negatively correlated with each other. This basically mean that when one of the two variables increase, the other variable will decrease. (Laerd Statistics, n.d.) Spearman's correlation is more focused on measuring the strength and direction of association between two ranked variables instead of measuring a linear association that is measured with Pearson's correlation (Laerd statistics, n.d.). However, both correlation procedures are the same in its fundamentals as explained in the Pearson product-momentum correlation part.

The scenario-based surveys are mainly designed around answers that are measured on a Likert scale base, which are denoted in a database as ordinal variables. For the Likert scale measure type of answers, it is better to measure the relationship with Spearman's correlation (Statistics Solutions, n.d.). The reason behind this is that Pearson's  $r$  is not able to correlate ordinal variables and is only focused on measuring ratio and interval variables. In order to be able to acquire the best measure of correlation Spearman's  $R_s$  is being used to measure the correlation and relation between variables used in the scenario-based survey. To measure Spearman's  $R_s$  SPSS will be used to acquire the statistics on different variables that are mentioned before. The statistics acquired with SPSS in combination with the data that has been acquired with the scenario-based survey will be used to conclude on the hypotheses that were generated in the theoretical section.

Besides using Spearman's correlation, ANOVA is being used to analyse differences among means between different groups that have been manipulated in the experiment. ANOVA stand for analysis of variances and shows any statistically significant differences between the means of two or more independent groups. The statistical analysis is mostly used in the study design that randomly splits the sample group into three or more smaller groups. Then every participant in that group will undergo a different scenario and then measure the outcome/responses on the same dependent variable (Laerd Statistics, n.d.). In this case the ANOVA statistic is been used to determine whether there are statistically significant differences between the four scenarios. Besides the use of the ANOVA statistic, some boxplots will be created to show in one overview how the different samples of the four scenarios answered and to better identify important differences between the four loyalty programs and so determine what the effect is on the generation of new customers and how it influences customer retention.

## 4. Results

### 4.1 Sample Characteristics

A total of 120 subscription members and 4000 trial package members were approached to join the research. From this a total of 40 subscription members answered to questions regarding retention purchases, every scenario was filled out by ten subscription members. From the 4000 trial package members that were approached, 64 answered the questionnaire of the first scenario of the point system, 30 answered the questionnaire of the tier reward system, 40 answered questions regarding the referral program and 32 trial package buyers filled out the questionnaire with the scenario based on the loyalty card program. The difference in between samples can be explained by the fact that the trial package members were contacted by mail. Which led to different amounts between scenario due to having luck to which buyers the mail went and how open they stand to fill out a survey. This as can be seen worked better out for some scenarios than others. This gives us a total amount of 206 customers of company X answering questions related to a scenario-based survey that included one of the tested loyalty programs. It can thus be seen that from the 206 participants 19.4% has already a subscription with company X whereas 81.6% only bought a trial package from company X. The Likert Scale (1-5) based question will be analysed in the following way were the answers of 4 and 5 on the Likert Scale are seen positive whereas the remaining three indication will be having a negative effect. This is necessary to know in order to give proper results in relation to the generated hypotheses in the theoretical framework session. Also, for each separate loyalty program first a brief overview of the results overall will be given before compare the two samples within each scenario. This in order to be able to identify differences or comparisons between the two customer groups and so better justify whether

### 4.2 Analysis of Variance (ANOVA).

In order to gain a greater understanding of the differences between the sample's ANOVA is being used to analyse if variances between the two sample groups (subscribed and non-subscribed) and scenarios are different. Even though the answers given in the scenario-based surveys are non-parametric in their origin the ANOVA statistic is still more valuable than using the non-parametric equivalent of ANOVA the (Kruskall-Wallis H) statistic that is normally used for non-parametric data. Both statistics have been analysed but barely any differences could be identified in the Significant outcomes that both statistics generated so in that case ANOVA has been used to analyse the variance between groups. The statistics of ANOVA can be found in table 2.

Table 2: ANOVA statistics

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
Importance of price for first purchase	Between Groups	8.184	3	2.728	1.942	0.125
	Within Groups	226.119	161	1.404		
	Total	234.303	164			
Importance of brand for first purchase	Between Groups	6.339	3	2.113	1.476	0.223
	Within Groups	230.473	161	1.432		
	Total	236.812	164			
Likelihood of buying first product because of	Between Groups	1.214	3	0.405	0.265	0.851
	Within Groups	246.035	161	1.528		
	Total	247.248	164			
Feeling of loyalty	Between Groups	3.257	7	0.465	2.023	0.054
	Within Groups	45.299	197	0.230		
	Total	48.556	204			
Importance of brand for retention purchase	Between Groups	17.960	7	2.566	2.096	0.046
	Within Groups	241.191	197	1.224		
	Total	259.151	204			
Stimulants of loyalty program for retention	Between Groups	3.067	7	0.438	1.879	0.075
	Within Groups	45.928	197	0.233		
	Total	48.995	204			
Feeling of sympathy	Between Groups	1.747	3	0.582	2.614	0.053
	Within Groups	35.865	161	0.223		
	Total	37.612	164			
Likelihood of using points	Between Groups	94.470	7	13.496	8.785	0.000
	Within Groups	302.633	197	1.536		
	Total	397.102	204			
Faster making a retention purchase because of	Between Groups	4.237	5	0.847	0.518	0.782
	Within Groups	243.660	149	1.635		
	Total	247.897	154			
Importance of products being unique for loyalty	Between Groups	4.666	5	0.933	1.585	0.168
	Within Groups	87.722	149	0.589		
	Total	92.387	154			

As can be seen in table 2 only two variables have a significant variance among the answers given between the samples. The rest of the variables are either not significant or do not show any variance among the answer given within the different samples. One of the two variables that show variance among the samples is the importance of the brand in doing a retention purchase with a significance of 0.046 ( $p = .046$ ) which is below the 0.05 level. This means that the answers given between the different scenarios on this variable are statistically significantly different. The second variable with a significant level is the likelihood of using the points that the customers earn with a significance of 0.000 which is below the 0.05 level. This variable thus also has a statistically significant variance among the answers given by the different samples. Then three variables are close to the significant level but are not making the cut, but these are statistically almost significant. These variables are respectively the feeling of loyalty of the customer towards company X with a significant level of 0.054, the stimulants of a loyalty program in making a retention purchase at company X with a significant level of 0.075, and lastly the feeling of sympathy for company X with a significant level of 0.053. It can thus be seen that these three variables all have a higher significant level than 0.05 which shows us that there is an almost statistically significant variance among the answers given between the different samples on these three variables.

However, it can be stated that even though there is no statistically significant variance it can still be said that there is a variance in means as the significance level is still close to zero, Which shows that there could be a variance in means which is however not statistically significant.

Furthermore, three other variables that have been tested with the scenario-based survey shows a higher significance level than the five variables explained before, but with a significant level that might tell us that there is still a little variance among the means of the different samples. These three variables are the importance of the price on a first purchase with a significance level of 0.125, the importance of the brand for making a first purchase at company X with a significant level of 0.223, and the last variable which is the importance of the products being unique that loyalty program members can get with their collected points with a significance level of 0.168. All the significance levels are above the 0.05 level meaning there is no statistically significant difference between the means of the samples. However, just as with the other three variables explained before, these significance levels can still assume that there might be a small difference between means which is just not statistically significant. Additionally, there are two variables which stand out because of their relatively high level of significance. These two variables are the likeliness of buying a first product because of the use of a loyalty program with a significance level of 0.851 and whether a customer is faster making a retention purchase if they know that the products they can get with their points are unique for the loyalty program members with a significance level of 0.762. These two variables both have a high significance level which assumes that the variance among means for these two variables is relatively low, and which tells us that the means among the samples are relatively the same. In order to justify the ANOVA statistics a closer look will be taken at the mean comparisons for every variable to show whether there are really variances among means between the sample groups.

### 4.3 Mean comparison four scenarios

Besides knowing whether there is a significant variance among the answers given between the several samples a closer look is taken at the comparison of the means. In Table 3 an overview of the results can be seen per Hypothesis. These results will be explained in more detail in the rest of the results section and will later be discussed in the following discussion section. An overview of the mean comparison between the total of eight groups and every single variable can be found in Appendix B

Table 3: Results hypothesis

Report			
Loyalty program	Customer base extension (1-5)	Customer retention (0-1)	Hypothesis accepted
Point system	2.27 (n=64)	0.50 (n=74)	no
Tier reward system	2.03 (n=30)	0.25 (n=40)	yes and no
Referral program	2.15 (n=40)	0.30 (n=50)	no
Tier reward system	2.13 (n=31)	0.41 (n=41)	no

First the influence of price on a first purchase which is only filled out by the trial package members. When comparing the means of the four scenarios it is seen that the means range from 3.3 to 3.9 on a 5-point Likert scale. It can thus be said that the price plays a positive role in making the first purchase at a company. With the Tier reward system scenario and the loyalty card program scenario having respectively a mean of 3.8 and 3.9. The mean of the referral program is in the middle with 3.6 and the lowest mean is for the point system scenario. Of course these scenarios do not play a role in the price strategy of a company. So overall it can be stated that the price strategy of a company has a positive effect on the first purchase made at company X.

Secondly, a mean comparison has been done on the importance of the brand in the decision-making process to make a first purchase at company X. This variable has also been analysed among the trial package members only leaving us with the means of four sample groups. The means for this variable ranges from 2.7 up until 3.3 between the different groups. It means that some of the scenario show a slight negative effect whereas the highest mean has a slight positive effect of the brand on the first purchase made by a potential client. Only one of the four scenarios (loyalty card program) shows a slight positive effect of the brand on the first purchase with a mean of 3.3. The other three scenarios all show a mean that is either 3 or below three which shows that either the brand plays a slight negative role in their first purchase or that it is just a neutral point. Overall it can be said that the brand for a first purchase neither show a positive nor negative effect for the trial package buyers.

Thirdly, the mean comparison of the influence of the loyalty program on a first purchase as can be seen below in figure 2 will be analysed. As can be seen in figure 2 the means range from 2.27 to 2.03 on a 5-point Likert scale. This already shows that the loyalty program has no positive influence on the first purchase made at company X and so become a new customer of the company. When looked at the four scenarios separately it can be said that the point system has the highest mean with 2.27 and the tier reward system has the lowest mean with 2.04. The referral program and the loyalty card program have nearly the same mean with 2.15 respectively 2.13 for both the programs. Overall it can be seen that a loyalty program does not enhance a customer to make a first purchase at company X



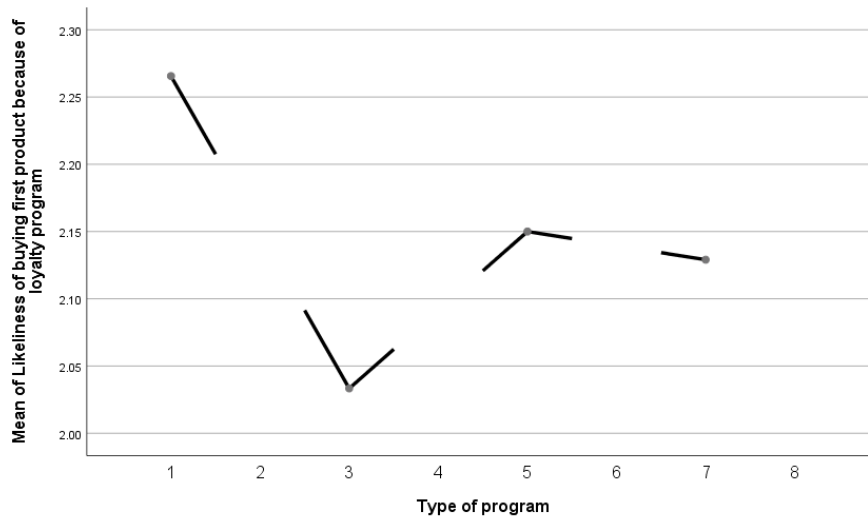


Figure 2: Mean comparison of the likeliness of making 1st purchase because of the loyalty program

Fourthly, the means of the variable feeling of loyalty will be compared amongst all samples. The means range from 0.2 to 0.5 on a question based on yes or no answers. It can thus be seen that the means are either pointing towards a no or be neutral. If we have a look between the trial package samples (1,3,5,7) and the subscription members samples (2,4,6,8) it can be seen that for the point system program trial package buyers would feel more loyal to the company due to the loyalty program than the subscription members due. For the remaining three loyalty program (referral program, tier reward system and loyalty card program) it is the other way around with the subscription members having a higher mean than the trial package members. Another noticeable thing for the feeling of loyalty variable is that the referral program overall scores the lowest means with an average of 0.25 and that the loyalty card program scores highest with a combined mean of 4.6. But overall it can be stated that all four types of loyalty programs do not make the customer feel more loyal to the company taking both the trial package buyers and the subscription members into account.

Fifth, the means of the importance of the brand in a retention purchase will be compared across both the trial package buyers' samples as well as the subscription members. The means from this variable ranges from around 3.2 to 4.2 which already shows us that the brand in all scenarios has a positive effect on making a retention purchase. Besides this the mean comparison also shows us that the means for the subscription members are higher within every scenario than the means of the trial package buyers. There is barely any difference in the mean for the point system program with the subscription members having a mean of 3.8 and the trial package members having a mean of 3.6. A bigger difference can be seen for the tier reward system where the mean for the trial package buyers is 3.2 whereas the mean for the subscription members is 4 which gives us a mean difference of 0.8. The referral program respondents also show quite some difference between the trial package buyers and the subscription members with 3.2 respectively 3.8 showing us a difference of 0.6. The biggest difference in means can be found for the loyalty card program with a mean for the trial package buyers of 3.3 and a mean for the subscription

members of 4.2 which gives us a difference of 0.9. This all shows that the subscription members are more likely to make a retention purchase at company X than the trial package members.

Sixth, the mean of the influence of the loyalty program in customer retention will be compared amongst all sample groups. It can be seen in figure 3 that the mean ranges from 0 to 0.6 having answers based on yes or no. When looked at the point system scenario (1,2) the subscription members have a higher mean 0.6 than trial package members 0.49. It can also be seen that these two groups overall have the highest mean and so are most likely to make a retention purchase in comparison to the other three loyalty programs. For both the tier reward system and the loyalty card program the trial package buyers are more likely to make a retention purchase than the subscription members. For the referral program it is the other way around and are the subscription members more likely to make a retention purchase than the trial package buyers. However, overall when comparing the means, it can be said that only the point system has a slight positive influence on retention whereas the other three program (tier reward, referral, and loyalty card) all have a negative or no influence on customer retention.

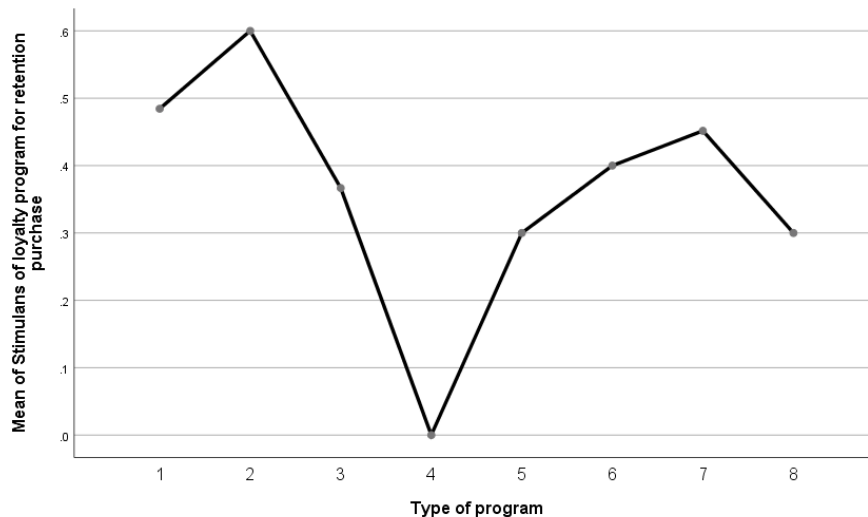


Figure 3: Mean comparison of the influence of the loyalty program on retention

Seventh, the means of feeling sympathy for company X will be compared only amongst the trial package buyer sample. The means for this variable ranges from 0.17 to 0.44 with answers based on yes or no. It can thus be said that due to a loyalty program the customers will not feel more sympathy for company X. The tier reward system scores the lowest mean with 0.17 which assumes that the tier reward system has no influence on a customer feeling more sympathy for the company. In the middle the referral program can be found with a mean of 0.3 which also assumes that the referral program has no influence on a customer feeling sympathy for the company. On top are the point system and the loyalty card program with a mean of respectively 0.44 and 0.42 which comes close to the fact that these to have a neutral influence on the feeling of sympathy for company X. Overall, it can be said that the loyalty programs do not enhance feeling sympathy as shown with the means above.

Eight, the means of the likeliness of using the points will be compared amongst all eight samples. The mean for this variable ranges from 2.5 to 4.8 on a 1-5-point Likert scale. The highest total mean is for the point system program with a mean of 4.4. Followed by the loyalty card program with a mean of 3.9 and the tier reward system with a mean of 3.4. The lowest overall mean is for the referral program with a mean of 2.7, which also shows that the referral program is the only program where the participant is not that likely to use their points. The other three programs all have a positive effect on the likeliness of handing in the points. Moreover, a remarkable thing is that in every case the mean for the subscription members is higher than the mean of the trial package buyers, which suggest that the subscription members are more likely to hand in their collected points from the loyalty program.

Ninth, the means of the likeliness of using the points will be compared amongst all the sample groups. The means ranges from 2.65 to 3.4 on a 1-5-point Likert scale. The referral program is excluded in this means comparison because it is usual for a referral program to give discount vouchers when a new client comes in through a referral. The highest mean can be seen for the point system in both the subscription member sample as well as the trial package buyers. Also, the point system shows a positive influence for this variable as both means are above the 3 which shows us a slight positive effect. On the other hand, the tier reward system and the loyalty card program both have a mean under the three corresponding with no or a negative effect. The two programs have respectively a mean of 2.85 and 2.8. Moreover, the mean for subscription members is higher within the point system program and the tier reward system whereas the mean of the subscription members is lower than the trail package members in the loyalty card program.

In the following part the results will be analyzed in more depth for every of the four scenarios. Especially, a look will be taken at Spearman's Rho to understand whether some significant relationships can be identified and whether the hypothesis mentioned in the beginning are still standing.

#### 4.4 Point System program

For the scenario of the point system 64 trail package buyers and 10 subscription members filled out the survey. First, the relationships will be identified by using Spearman's Rho which will in turn also identify if certain relationships are significant. With these two analysis H1 will be tested and concluded on. After that, a closer and more detailed look will be taken at the comparisons of means between the two sub-groups in this scenario.

First, the results of the variables that have an influence on a first purchase will be analysed. Hereafter, the variables that have an influence on retention purchase will be analysed before making an analysis between both the variables for a first purchase and the variables of a retention purchase. There are three variables used in the survey for the point system that can influence whether a potential client will convert in buying a first product at the company. These three variables are the price of the product, the

brand (name, products, and image) and the loyalty program. The correlation matrix of Spearman's RHO can be found in Appendix C. When we look at the correlation between these variables only one statistically significant relationship can be identified. The relationship between the price and the brand and their effect on a first purchase is statistically significant on a 0.05 level. The strength of the relationship is 0.262 which implies a positive relationship. Moreover, no significant correlation can be identified between the price and the loyalty program and the brand and the loyalty program. However, the strength of the correlation is 0.178 respectively 0.097 which implies that there is a weak positive correlation between the price and the loyalty program and the brand and the loyalty program.

Whether or not a person is making a retention purchase is tested in the scenario-based survey with 7 variables namely: Feeling of loyalty, influence of the brand, influence of the loyalty program, feeling of sympathy, likeliness of using points, likeliness of buying when rewards are unique and the importance of unique rewards for members. When looked at the correlation matrix a total of 16 significant correlations can be found. A positive significant correlation on a 0.01 level can be identified for the influence of the brand on a retention purchase and the likeliness that the customer is using the earned point (0.383). Three positive significant correlations on a 0.01 level can be identified for the influence of the point system on a retention purchase with the feeling of sympathy, the likeliness of using points and the likeliness of making a retention purchase when it is known that the rewards of the program are unique. The strength of these relationships is respectively 0.658, 0.426 and 0.355 which suggests a positive correlation. Then a significant correlation on a 0.01 level can be found between the feeling of sympathy towards company X and the likeliness of using points with a correlation strength of 0.393. Another significant correlation on a 0.05 level can be identified between the feeling of sympathy and whether unique rewards stimulate to make a retention purchase faster with the strength of correlation being 0.310. Between the likeliness of using the points and whether unique rewards would stimulate to make a retention purchase a significant correlation could be identified as well on a 0.05 level with the strength of the relationship being 0.363. Also, a significant positive correlation can be found for the importance of unique rewards and whether the unique rewards would help making a retention purchase faster on a 0.05 level and the strength of the correlation being 0.284. The most significant positive correlation can be found in combination with the feeling of loyalty. On a 0.01 level the following variables have a significant correlation with the feeling of loyalty, Influence of the point system on retention, the feeling of sympathy and the importance of unique rewards on retention. The strength of these correlations is respectively 0.405, 0.477 and 0.558. Between the feeling of loyalty and the likeliness of using points a significant positive correlation on a 0.05 level can be identified with a strength of 0.297. All the other correlation between variables in the retention class are positive but not significant.

Also, Pearson's Rho has been used to identify whether there is any correlation between the variables of making a first purchase and variables that influence making a retention purchase. In total four significant

positive correlations can be identified here. A significant positive correlation on a 0.05 level can be identified between the influence of the price on a first purchase and the importance of unique rewards on making a retention purchase faster with the strength of the correlation being 0.310. Three significant positive correlations on a 0.01 level can be identified between the influence of the loyalty program on a first purchase with the influence of the loyalty program on a retention purchase, the feeling of loyalty and with the importance of unique rewards to make a retention purchase faster. The strength of these significant correlations is respectively 0.471, 0.378 and 0.404. In the cross-over between the variables that have influence on a first purchase and the variables that have influence in retention three negative correlations can be identified. Namely between the influence of the price on a first purchase and the influence of the brand on retention with a negative correlation of -0.19, the influence of the brand on a first purchase and the influence of a loyalty program on a retention purchase, with a negative correlation of -0.011 and also a negative correlation could be identified for the influence of the brand on a first purchase and the feeling of loyalty with a negative correlation of -0.036. The rest of the correlation that can be found in the correlation have a positive correlation with each other but are not significant in their nature.

To get a better understanding of the standing points of the trial package buyers and the subscription members about retention purchases the means of the answers given will be analysed. These means will give us insight in how the two sub-samples in the Point system scenario think about the variables that have been asked in the scenario-based survey. When look at the feeling of loyalty it can be said that the trial package buyers would feel more loyal to the company with the implementation of the loyalty program than the subscription members. This can be seen in the means too where the trial package buyers have a mean of 0.52, whereas the subscription members have a mean of 0.40 based on a yes or no question. This shows that the trial package members are more leaning towards yes whereas the subscription members are more leaning towards the no side. When we look at the influence of the brand on a retention purchase it can be said that the subscription members are slightly more positively influenced by the brand for a retention purchase than the trial package buyers, This can be seen from the means because the mean for the subscription members is 3.80, whereas the mean for the trial package buyers is 3.59. However, both means show that both groups are positively influenced by the brand of company X in making a retention purchase. When the means of the influence of the loyalty program are compared amongst the two groups it can be identified that the subscription members are more positively influenced by the point system program than the trial package buyers. The mean for the subscription buyers is 0.60 whereas the mean of the trial package buyers is just 0.48. This shows that the subscription members are positively influenced by the point system in making a retention purchase whereas the trial package member are slightly negatively influenced by the point system in making a retention purchase. The subscription members are also more likely to use their earned points with a mean of 4.80 over the mean of 3.98 for the trial package members it can though be said that both groups

are quite likely to use their earned points and exchange them for rewards. The subscription members are besides this also more likely to make a retention purchase when they know that the rewards, they can get with their points are unique to them. Although the two means are very close to each other the subscription members are still more positively influenced than the trial package buyers. The trial package buyers on the other hand are more in favour that it is a must that rewards are unique for the loyalty members and cannot be purchased on the website itself. Whereas, the subscription members do not mind whether these rewards are unique for them or also available for everyone. Overall, the results show that the subscription members are more likely to make a retention purchase due to the brand, loyalty program and the influence of unique rewards, whereas on the other hand the trial package buyers would feel more loyal to the company and think it is a must that the program rewards are unique. The total overview of the mean comparison can be found in table 4.

Table 4: Mean comparison Point system

Report							
#		Feeling of loyalty	Retention purchase because of brand	Stimulans of points to make a retention purchase	Likeliness of using points	Influence of unique rewards on retention purchase	Must that rewards are unique for members
1	Mean	0.52	3.59	0.48	3.98	3.08	1.75
	N	64	64	64	64	64	64
2	Mean	0.40	3.80	0.60	4.80	3.40	1.30
	N	10	10	10	10	10	10
Total	Mean	0.50	3.62	0.50	4.09	3.12	1.69
	N	74	74	74	74	74	74

#### 4.5 Tier rewards system results

For the Tier Rewards system scenario 30 trial package buyers and 10 subscription members filled out the corresponding scenario-based survey. The question in this scenario were split in questions affecting a first purchase and question affecting a retention purchase. First, the relations between the first purchase variable will be identified, than the relations between the retention purchase variables will be identified and at last the relations between the first purchase variables and the retention purchase variables to see what influence the first purchase variables have on a retention purchase. After this also an in detail mean comparison of this scenario will be done to identify differences between the trial package buyers and the subscription members. These analyses will test H2 which was set in the theoretical framework. An overview of Spearman's Rho can be found in Appendix D.

Within the Tier reward system scenario three variables were used to determine the influence of these three variables on making a first purchase. When looked at the table in Appendix D only one positive correlation can be identified. This positive correlation can be found for the influence of the brand on a first purchase with the influence of the loyalty program on a first purchase and has a correlation strength

of 0.287. Besides the positive relation, two negative correlation can be identified with the variable of the influence of the price on a first purchase. A very weak negative correlation can be found between the influence of the price on a first purchase and the influence of the brand on a first purchase with a strength of -0.072. Another slightly stronger negative correlation can be identified for the influence of the price on a first purchase with the influence of the loyalty program on a first purchase with the strength of the relationship being -0.197,

Then secondly the influence on customer retention has been tested with a total of 7 variables namely: the feeling of loyalty, influence of the brand on retention, influence of the loyalty program on retention, the feeling of sympathy towards company X, the likeliness of using points, the influence of unique rewards on making a retention purchase faster, and the importance of unique rewards. Within these 7 variables a total of 7 significant positive relation can be identified. The first significantly positive correlation on a 0.05 level can be identified between the likeliness of using points and the influence of unique rewards on making a retention purchase faster, the strength of this correlation is 0.375. Then two significant positive correlation can be identified in combination with the feeling of sympathy. The first significant positive correlation on a 0.01 level can be identified with the likeliness of using the points with the strength of the relationship being 0.562. Another significant positive correlation on a 0.01 level can be identified with the influence of unique rewards on making a retention purchase faster with the strength of this correlation being 0.516. Between the influence of the brand on retention and likeliness of using the points another significant positive correlation on a 0.05 level could be identified. The strength of this relation is 0.333. Lastly three significant correlations can be identified in relation to the feeling of loyalty. The first significant positive correlation on a 0.01 level is with the influence of the loyalty program on retention and has a strength of 0.424. Also, on a 0.01 level a significant positive correlation can be identified between the feeling of loyalty and the feeling of sympathy with the strength of the correlation being 0.582. The last significant positive correlation on a 0.05 level can be identified between the feeling of loyalty with the likeliness of using point with the strength of the correlation being 0.378. Besides the significant positive correlations, two negative correlations could also be identified between the variables that have an influence on whether a customer would make a retention purchase. The first weak negative correlation can be identified between the feeling of sympathy and the importance that products are unique for the loyalty members with a negative strength of -0.023. The slightly stronger negative correlation can be identified between the influence of the brand on a retention purchase and the importance of unique rewards for the loyalty members with a negative strength of -0.166. The rest of the correlations between the retention variables are all seen as positive but are not significantly positive.

Lastly, the variables that predict the first purchase will be combined with the variables that predict making a retention purchase. When combining these two groups of variables a total of six significant positive correlations can be identified. A positive significant relationship on a 0.05 level can be

identified between the influence of the brand on a first purchase and the feeling of loyalty with a strength of the correlation being 0.449. Also, a significant positive correlation on a 0.05 level can be identified between the influence of the brand on a first purchase as well as on the retention purchase with the strength of the correlation being 0.364. The third positive significant correlation on a 0.01 in combination with the brand for a first purchase is with the influence of the loyalty program on a retention purchase with a strength of 0.508. In combination with the influence of the loyalty program on a first purchase also three significant positive correlation could be identified of which two on a 0.05 level and one on a 0.01. On a 0.05 level a significant positive correlation can be identified with the feeling of loyalty with a strength of 0.374 and in combination with the influence of unique rewards in making a retention purchase faster with a strength of 0.366. On a 0.01 level a significant positive correlation is identified with the influence of the brand on a retention purchase with a strength of 0.467. Besides the significant positive correlations, a total of four negative correlations can be identified. Three of the negative correlation are in combination with the influence of the price on a first purchase. A negative correlation can be identified in correlation with the influence of the brand on retention with a strength of -0.025, with the likeliness of using points with a strength of -0.174 and with the importance of the rewards being unique with the strength of the correlation being -0.112. The fourth negative correlation is identified between the influence of the brand on a first purchase and the influence of unique rewards on making a retention purchase faster with the negative strength of the correlation being -0.033. The rest of the correlation between the variables can be identified as being positive.

In order to get a better understanding between the standing points of the two sample groups (subscription members and trial package buyers) on making a retention purchase a mean comparison has been utilized. An overview of the means can be found in table 5. This means comparison will show how the two sample groups answered the survey and how the means differ from each other. In the end this will also tell whether one of the two sample groups are more influenced by adding a loyalty program. When looked at the feeling of loyalty it can be stated that in this scenario the subscription members feel more loyal to company X with the addition of a loyalty program than that the trial package buyers would. However, the means do not show a positive mean for the feeling of loyalty as the mean for the subscription member is 0.5 whereas the mean for the trial package buyers is 0.3 meaning that half of the subscription members and a little more than a quarter of the trial package buyers would feel more loyal towards company X due to the addition of a loyalty program. The subscription members are also more likely to be influenced by the brand in making a retention purchase, but the trial package buyers also perceive the brand as being a positive influence on making a retention purchase. When the means are compared, the subscription members have a mean of 4 and that the trial package buyers have a mean of 3.23. which both shows a positive influence of the brand on making a retention purchase. When looked at table 4 it is the other way around for the influence of the tier reward system on making a retention purchase. The tier reward system has no or a negative influence on both the subscription



members and the trial package buyers. The only difference is that some of the trial package buyers are influenced by the tier reward system getting at a mean of 0.33, on the other hand none of the 10 subscription members feel influenced by the tier reward system to make a retention purchase given a mean of 0.0. Even though the means show a negative influence of the tier reward system on making a retention purchase, the mean for the likeliness of using points show a more positive perception. Table X shows that the subscription members are more likely to use the collected points and exchange them for rewards than the trial package members. Both sample groups show a positive attitude towards the likeliness of exchanging points with a mean of 3.80 for the subscription members and 3.20 for the trial package members, indicating that the customers of company X are willing to exchange their well-deserved points. When looking at the influence of unique rewards on making a retention purchase faster it can be seen that both means are rather close to each other and that there is no influence on making a retention purchase faster due to the availability of unique rewards. The subscription members are however slightly more influenced by the availability of unique rewards in making a retention purchase faster than the trial package buyers, the subscription members have a mean of 2.90 whereas the trial package buyers have a mean of 2.83 showing that on this variable both sample groups do not differ too much from each other. The same goes for the importance of rewards being unique which for both sample groups do not make any difference. The mean of the subscription members is exactly in the middle with 1.50 showing that they do not mind whether rewards are unique yes or no, and the mean of the trial package members is more towards not being of importance with a mean of 1.40. Overall, it is seen that the subscription members are showing a more positive standing points towards the variables than the trial package buyers. However, the trial package buyers show to be more influenced by the tier rewards system than the subscription members.

Table 5: Mean comparison Tier reward system

Report							
#		Feeling of loyalty due to the loyalty program	Influence of the brand on retention	Influence of the loyalty program on retention	Likelihood of using points	Influence of unique rewards on making a retention purchase	Importance of unique rewards
1	Mean	0.30	3.23	0.33	3.20	2.83	1.40
	N	30	30	30	30	30	30
2	Mean	0.50	4.00	0.00	3.80	2.90	1.50
	N	10	10	10	10	10	10
Total	Mean	0.35	3.43	0.25	3.35	2.85	1.43
	N	40	40	40	40	40	40

#### 4.6 Referral program results (SPEARMAN'S RHO)

For the Referral program scenario 40 trial package buyers and 10 subscription members filled out the aligning scenario-based survey. The questions for this scenario were also split in questions that will

determine the effect of certain variables on making a first purchase as well as questions that were based on variables that determine making a retention purchase and what customers want in return in order for them to make a referral. The question for this survey were different than for the other three scenario-based survey as the referral program is more focused on making referrals instead of buying products. Therefore, the questions for this scenario were more based on what rewards do the customers want and how likely it is they will refer company X and to whom they would do this. First, correlation between the variables that have an influence on a first purchase will be analysed. Then, the correlations amongst the retention purchase variables will be analysed, which will be followed up by identifying correlation amongst the two sets of variables explained. After this a more in depth mean comparison will be done in order to understand and identify differences between the trial package buyer's group and the subscription members group. These analyses will test H3 which has been generated according to what has already been written in current literature. In Appendix E an overview of the statistics of Spearman's Rho can be found which identifies the correlations amongst the variables.

Within the referral program three variables were used that could influence making a first purchase at company X. These three variables are price, brand and the referral program itself. Spearman's Rho does not show any significant relation between any of the three variables. However, it can be said that the correlation between the three variables are all positive, as all the correlation strength between the variables show a positive strength. When looked at the correlation between the brand and the price a very weak correlation of 0.043 can be identified. When looking at the correlation of the price with the referral program a correlation of 0.272 can be identified. Lastly, when combining the brand and the referral program a positive correlation of 0.201 can be identified. Showing that the three variables show positive correlation even though they are not that strong.

In order to understand the influence of making a retention purchase seven variables were used to determine the influence on a retention purchase. These variables are the feeling of loyalty due to the loyalty program, the influence of the brand, the influence of the referral program, the feeling of sympathy due to the loyalty program, the likeliness of sharing the code with people, the likeliness of sharing the code in return for discount. And the likeliness of sharing the code when the other person gets a discount too. In order to understand the relation between each variable Spearman's Rho has been used in order to find out how the variables are related to each other. For the retention variables a total of 17 significantly positive correlations could be identified of which most correlations are in combination with the feeling of loyalty. All other six variables show a significantly positive correlation with the feeling of loyalty. Three of these are in correlation on a 0.01 level with the influence of the loyalty program on retention (0.756), with the feeling of sympathy (0.491) and with likeliness of sharing the code (0.563). The other Three of these are on a 0.05 level and are in correlation with the influence of the brand on retention (0.356), with sharing the code in return for discount (0.309), and with sharing the code of a friend also gets a discount (0.289). Then another three significant positive correlations can

be identified with the variable influence of the brand. Two of these correlations are significant on a 0.01 level and are in correlation with the influence of the loyalty program (0.367) and with the likeliness of sharing the code (0.414). Moreover, one correlation with the influence of the brand is significant on a 0.05 level and is in correlation with the feeling of sympathy (0.372). Furthermore, four significant correlation can be identified in correlation with the influence of the loyalty program. Three of the relations can be perceived as significant on a 0.01 level and are in combination with the feeling of sympathy (0.762), the likeliness of using their personal code (0.577) and the likeliness of sharing the code if their friends also get a discount (0.451). Besides this another significant correlation can be identified on a 0.05 level and is in relation to the likeliness of sharing the code in exchange for discount (0.317). Two significant correlations on a 0.01 level can be identified between the feeling of sympathy and the likeliness of sharing points (0.548) as well as between the feeling of sympathy and the likeliness of sharing the code when friends also get discount (0.549). Lastly, significant correlations on a 0.01 level can be identified between the likeliness of sharing the code and the likeliness of sharing the code in exchange for discount (0.420) and between the likeliness of sharing the code and the likeliness of sharing the code if friends also get a discount (0.467). Most of the variables that are used to measure retention show a significant correlation amongst each other. Meaning in this case that all variables influence each other in a positive way and therefore also influence retention purchase. It can therefore also be stated that making a retention purchase is influenced by a combination of factors and that one variable rises the other variables will significantly rise as well.

When we combine the two groups of variables another five significant relations can be identified. Four of these significant correlations are on a 0.01 level and one of them is a correlation between the influence of the brand on a first purchase and the influence of the brand on a retention purchase with a strength of 0.579. The other three significant correlation are in relation to the influence of the loyalty program on a first purchase. Significant correlation on a 0.01 in relation to this variable can be identified with the feeling of loyalty (0.570), with the influence of a loyalty program on a retention purchase (0.540), and with the likeliness of sharing the unique code (0.456). The last significant correlation can be identified on a 0.05 level and is the correlation between the influence of the referral program on a first purchase and the feeling of sympathy with the strength of the relation being 0.370. Besides the significant correlation four negative correlation could also be identified. Three of the negative correlations are in combination with the influence of the price on a first purchase, but as can be seen in the appendix, these negative correlations are very weak and do not even exceed the 0.1. Another negative correlation can be identified between the influence of the brand on a first purchase and the likeliness that customers share their code if their friends also get a discount on their next purchase. It can thus be said that when the two groups of variables are combined a few significant relationships can be identified, but on the other hand a few negative correlations could be identified as well. Meaning that a combination of the two groups of variables lead to different results than in their group itself.

In order to acquire a better understanding of the differences or similarities between the two sample groups a mean comparison has been utilized to compare the means given on the different questions. When looked at the mean for the feeling of loyalty due to the referral program it can be said the subscription members (0.40) would feel more loyal than the trial package buyers (0.20). However, as can be seen in table 6 both the means are negative, as it is based on a yes or no question and both the means are below the positive threshold of 0.5. Which implies that both sample groups would not feel more loyal to company X due to the addition of a referral program. When looked at the influence of the brand on a retention purchase it can be stated that again the subscription members (3.80) are more willing to make a retention purchase due to the brand than the trial package buyers (3.20). Moreover, both sample groups are positively affected by the brand in their decision to make a retention purchase, which implies that the brand helps in stimulating the customer to make another purchase. The means for the influence of the referral program are the same even though the number of answers is quite different. Both sample groups have a mean of 0.30 which implies that the referral program has no or a negative influence on making a retention purchase. When look at the likeliness of sharing the code the subscription members (2.90) are more likely to share their code than the trial package members. However, the question was answered on a 1-5 Likert scale with 1-3 being negative or no influence it can be stated that both sample groups are not that likely to share their unique code with people. One of the main reasons that was given in the survey is that they would recommend it anyway if the product is good and that they do not need a code to make a referral as they do not want to manipulate people in buying the product. When looked at the likeliness of sharing the code in return for a €2.50 voucher it can again be said that the subscription members are more likely to share the code. Both sample groups show a positive attitude towards getting a €2.50 voucher and think it is a fair reward in exchange for getting someone to buy a product at company X with the unique code. On the other hand, both sample groups do not find it necessary that friends get a discount as well, as they say they will share the code anyway, even if their friends do not get any discount at all. Overall, it can be said that the subscription members are more influenced by the brand and the referral program in making a retention purchase and overall feel more loyal to the company. Moreover, it can also be seen that the subscription members are more likely to share their code with their friends in order to acquire discounts and therefore also help expanding the customer base.

Table 6: Mean Comparison Referral program

Report							
#		Feeling of loyalty due to the loyalty program	Influence of the brand on retention	Influence of the referral program on retention	Likelihood of sharing your unique code	Likelihood of sharing code for a €2.50 discount	Likelihood of sharing code if friends get discount too
1	Mean	0.20	3.20	0.30	2.45	0.53	0.35
	N	40	40	40	40	40	40
2	Mean	0.40	3.80	0.30	2.90	0.70	0.30
	N	10	10	10	10	10	10
Total	Mean	0.24	3.32	0.30	2.54	0.56	0.34
	N	50	50	50	50	50	50

#### 4.7 Loyalty card program results (SPEARMAN'S RHO)

For the loyalty card program scenario, a total of 31 trial package buyers and 10 subscription members have filled out the scenario-based survey. Again, questions within this scenario were split over questions focusing on the variables of a first purchase and the variables that can have an influence on making a retention purchase. Moreover, some questions were dedicated on being in more depth on the loyalty card program itself and in this way differs a bit from the other scenario-based surveys. First, an analysis will be done on the correlation between the variables that have been used in the survey. Within this section a closer look will be taken on the correlations between the variables used for making a first purchase, then a closer look will be taken at the variables that can influence making a retention purchase. At last the correlation will be analysed between the two sets of variables to identify how these variables correlate with each other. After this a more in-depth analysis will be performed with the help of a mean comparison to identify differences between the two sample groups that have been used in this scenario. The combination of these two analyses will test H4 which has been generated in the theoretical framework work. In appendix F an overview can be found of the Spearman's Rho statistic for this scenario.

Within the loyalty card program three variables have been used that can influence making a first purchase at company X. These three variables are the same as in the other scenarios and are the price, the brand and the loyalty card program which can all influence making a first purchase. When looked at the Spearman's Rho statistic it can be concluded that there is no significant correlation amongst the three variables. However, it can be said that all three variables do have a weak positive correlation with each other meaning that if one variable increases the other variable increases with it. The weakest correlation is between the price and the loyalty card program with a correlation of 0.122. Followed by

the correlation strength of the price and brand which is 0.131 and the correlation strength between the brand and the loyalty card program with 0.192.

In order to acquire a better understanding on what influences the customer in making a retention purchase and their participation in the loyalty card program a total of ten variables have been used. For this set of variables, a total of 25 significant relations can be identified that both correlate amongst the variables that influences making a retention purchase as well as the variables that shows in what way the customer would participate in the loyalty card program and not necessarily enhance making a retention. Starting with the variable that measures the feeling of loyalty at total of five significant correlations could be identified and one negative correlation. When looked at the level of significance four out of the five significant correlations are on a 0.01 level. These correlations are with the influence of the loyalty card program on customer retention (0.453), in correlation with the feeling of sympathy (0.470), with the likeliness of using the points gathered with the loyalty program (0.404) and lastly with the stimulants of the loyalty card program to enhance filling out surveys (0.411). The other correlation with the feeling of sympathy was identified on a 0.05 level and is in relation with the influence of the loyalty card program on referring company X (0.363). When we look at the variable that determines the likeliness of making a retention purchase because of the brand another three significant correlations were identified amongst two negative correlations. All three significant correlation are identified on a 0.01 level and are in correlation with the likeliness of using points (0.624), with the stimulants of the loyalty card program in enhancing to fill out surveys (0.537), and with the influence of the loyalty card program on referring company X (0.475). The two negative correlation were identified with the influence of unique rewards on making a retention purchase faster with a negative correlation of -0.006 and the other negative correlation is in combination with the importance of rewards being unique with the strength being -0.003. It can thus be concluded that there is no correlation (positive nor negative) between the two variables as the strength of the correlation is close to 0, meaning that no relation or effect could be seen between these variables. When looking at that variable that focus on the influence of the loyalty program on making a retention purchase a total of three significant correlation could be identified. From these three significant correlations two are significant on a 0.01 level and are in combination with the feeling of sympathy (0.542) and in combination with the stimulants of the loyalty card program in filling out surveys (0.539). The other significant correlation has been identified on a 0.05 level and is in correlation with the likeliness of using points (0.389). Another three significant correlations and one negative correlation are identified in combination with the feeling of sympathy because of the addition of a loyalty program. Two of the three significant relations are identified on a 0.01 level and are in correlation with the influence of unique rewards on making a retention purchase faster (0.577) and in correlation with the stimulants of the loyalty card program to fill out surveys (0.486). The third significant correlation has been identified on a 0.05 level and is in combination with the likeliness of using points (0.392). The negative correlation was identified in combination with the

importance of rewards being unique with the strength of this negative correlation being (-0.151). When looked at the likeliness of using the collected points two significant correlation and one negative correlation can be identified and which can be perceived as noteworthy. One correlation is significant on a 0.01 level and is in relation with the stimulants of the loyalty card program in filling out surveys (0.614). The other correlation is significant on a 0.05 level and is in combination with the stimulants of the loyalty program on referring company X (0.342). The negative correlation is in combination with the importance of unique rewards and has a strength of -0.213. Another four significant correlations are perceived in relation to whether the loyalty card program and earning points would enhance sharing posts of company X on social media. One out the four correlations is significant on a 0.01 level and is in combination with the influence of the loyalty program on referring company X (0.468). The other three correlations are all significant on a 0.05 level and are in combination with the stimulants of the loyalty program in filling out surveys (0.386) With the influence of unique rewards on making a retention purchase faster (0.363) and with the importance of rewards being unique (0.350). Moreover, two significant correlations could be seen in relation to the stimulants of the loyalty program to fill out surveys and one negative correlation is identified in Spearman's Rho statistic. One significant correlation is identified on a 0.01 level and is in relation with the stimulants of the loyalty program in referring company X (0.438), the other correlation is significant on a 0.05 level and is in combination with the influence of unique rewards on making a retention purchase faster. The negative correlation is perceived with the importance of unique rewards and the strength of this correlation is (- 0.106). The last significant correlation can be identified between the stimulants of the loyalty program on referring company X and the influence of unique rewards on making a retention purchase faster on a 0.05 level and the strength being 0.365.

Lastly, the two sets of variables are combined in order to acquire a better understanding on the correlation between the variable that influences a first purchase, with the variables that influences making a retention purchase as well as how participant would participate in the loyalty program. The correlation in the combined set of variables is quite widespread with nine correlations being negative and eight correlation being significant. The rest of the correlations can be perceived as being positive but not significantly positive. Six of the nine negative correlation can be identified in relation to the influence of the price on making a first purchase. Showing that the price affects the other variables in a negative way, but the strength of the negative relation is very weak so it can better be assumed that there is barely any correlation between the influence of the price on a first purchase and the variables. The negative correlations and their strengths are with feeling of loyalty (-0.035), the influence of the brand on retention (-0.094), the influence of the loyalty card program on retention (-0.039), recommending the company in return for points (-0.080), influence of unique rewards on making a retention purchase faster (-0.033) and importance of rewards being unique (-0.114). When looked at the influence of the brand on a first purchase with the other set of variables a total of 2 significant and 2

negative correlation can be identified. One significant correlation can be identified on a 0.01 level and is in relation with the feeling of sympathy and has a strength of 0.510. Another significant correlation is identified on a 0.05 level and is in relation with the stimulants of the loyalty program to share post on a personal timeline with a strength of 0.383. On the other hand, also two negative correlation could be identified of which one is in relation with the influence of the brand on retention with a strength of -0.012. The other negative correlation is in relation with the likeliness of using the points with a strength of -0.086. What is odd here is that the influence of the brand on a first purchase has a negative influence on the influence of the brand on a retention purchase. It could be namely assumed that when the brand plays a fair role in making a first purchase it would also be off positive influence on a retention purchase but Spearman's Rho show that this is not the case. Lastly, in combination with the influence of the loyalty card program on a first purchase a total of six significant correlations were identified and one negative correlation could be perceived too. Two out of six significant correlation are perceived on a 0.01 level and are in relation with the feeling of sympathy with a strength of 0.620 and in relation with the feeling of loyalty with a correlation strength of 0.457. Another four significant correlation can be identified on a 0.05 level and are in relation with the influence of the loyalty card program on a retention purchase with a correlation strength of 0.430, with the stimulants of the loyalty card program to fill out surveys with a correlation strength of 0.432, with the stimulants of the loyalty card program in referring people with a correlation strength of 0.375 and in relation with the influence of unique rewards on making a retention purchase faster with the strength of the correlation being 0.386. The negative correlation can be identified between the influence of the loyalty card program on a first purchase and the importance of the rewards being unique with the strength of the correlation being -0.174.

In order to acquire a better understanding on the differences between the subscription members and the trial package buyers a mean comparison has been utilized for the different questions that have been answered by both the understand the different or similar viewpoints of both sample groups. An overview of the means can be found in table 7. When looked at the feeling of loyalty it can be stated that the subscription members would feel more loyal to company X with the addition of a loyalty card program than the trial package buyers. The mean for the subscription members is 0.5 which means that half of the subscription members would feel more loyal because of the program whereas 4 out of 10 trial package buyers would feel more loyal. The subscription members are also more influenced by the brand in making a retention purchase with a mean 4.20 over the mean of the trial package buyers which is 3.29, also showing that both sample groups are positively affected by the brand in making a retention purchase. On the other hand, the trial package buyers have a more positive attitude towards the influence of the loyalty card program on making a retention purchase with a mean of 0.45 over the mean of 0.30 that is identified for the subscription members. Even though the trial package buyers are more likely to be influenced by the loyalty card program, the means of both sample groups show that the participants do not feel the urge to make a retention purchase because of the loyalty program. When looked at the



likeliness of exchanging points the subscription members are more likely to exchange points than the trial package buyers, but both groups show a positive attitude towards the likeliness of using the points. This means that if a loyalty card program is implemented that the customer will make use of the points which they can acquire. Furthermore, the trial package members are more influenced by the loyalty card program to share posts of company X on their own social media timeline, but it can be seen that in both groups it is rather unlikely that they will share posts on their social media in return for acquiring points. On the other hand, the subscription members show a more positive standing points when it comes to filling out surveys and referring the company than the trial package buyers. In fact, both groups are positively influenced by the loyalty card program in stimulating to fill out surveys in return for points. Whereas the influence of the loyalty card program on making a referral is bigger between the two groups. The subscription members are positively influenced by the loyalty card program and are so more stimulated to make a referral. On the other hand, the trial package members are not stimulated by the loyalty card program to make a referral which in turn show quite a difference between the two distinct groups. The trial package members are more influenced in making a retention purchase faster when they know that the rewards are unique. However, both the means for the subscription members and the trial package buyers show no influence of unique rewards on making a retention purchase faster. Lastly, both the subscription members and the trial package buyers have a neutral standing point when it comes to the importance of rewards being unique. This means that both groups are not interested in the fact that rewards need to be unique.

Table 7: Mean comparison Loyalty card program

Report										
#		Feelinf more loyal due to loyalty program	Influence of the brand on retention	Influence of the loyalty program on retention	Likeliness of using points	Influence of loyalty program on sharing posts on social media for points	Influence of loyalty program on filling out surveys for points	Influence of loyalty program on referring Company X for points	Influence of unique rewards on making a retention purchase	Importance of rewards being unique
1	Mean	0.42	3.29	0.45	3.58	2.10	3.19	2.16	2.87	1.39
	N	31	31	31	31	31	31	31	31	31
	Std. Deviation	0.502	0.973	0.506	1.336	1.375	1.352	1.319	1.231	0.667
2	Mean	0.50	4.20	0.30	4.30	1.90	3.80	3.90	2.70	1.40
	N	10	10	10	10	10	10	10	10	10
	Std. Deviation	0.527	1.317	0.483	0.949	0.994	1.549	0.568	0.483	0.699
Total	Mean	0.44	3.51	0.41	3.76	2.05	3.34	2.59	2.83	1.39
	N	41	41	41	41	41	41	41	41	41
	Std. Deviation	0.502	1.121	0.499	1.280	1.284	1.407	1.396	1.093	0.666

## 5. Discussion of the findings

Overall this research shows that it is not likely that a customer would make a first purchase because of the addition of a loyalty program as none of the four loyalty programs show a positive influence on

making a first purchase. Moreover, only the point system program shows a slight positive influence in customer retention whereas the rest of loyalty programs also show a negative influence. This is not in line with what is assumed in the literature on the effect of a loyalty program on customer retention as previous research showed a more positive influence of a loyalty program on retention (Dorotic, Bijmolt, & Verhoef, 2012); (Lewis, 2004). The main reason for this is that previous research has been focusing on the traditional business model including mostly hotel chains and supermarkets as case companies. The difference now is that the case company is based online and only sells one product in different versions in the FMCG industry based on a subscription model. This has not previously been researched and that could explain why the results of this study are not in line with what has been previously researched. Moreover, a rather remarkable finding is that the influence of the brand differs so much amongst the four different scenarios, while the participants of the survey are all from the case company's customer base. This shows that the customer of company X are all influenced in a different way and have their own reasoning why to buy a product from company X. In line with this is another unexpected finding of having no significant correlation between the influence of the brand on a first purchase and the influence of the brand on a retention purchase. The reason for this is however very simple. When a customer buys a product for the first time at a certain company, they are not familiar with the brand yet, which would make their decision to buy the product based on other aspects of the product (e.g. price). Moreover, when the customer bought their first product and is now more familiar with the brand it could therefore be assumed that the brand plays a bigger role in customer retention. Especially when the customer endured a great experience with the brand it is more likely that they will make a retention purchase. This in turn could explain why no significant correlation has been identified between the influence of the brand on a first purchase and influence of the brand on retention. Additionally, even though the customers showed no affinity with a loyalty program, they are likely to use the points that they acquire with the loyalty program. This would imply that even though the loyalty program would not influence the purchase decision of the customer they are still open to participate in the loyalty program and so use the points. One important finding that came back in all the four scenarios is that the customer decides to buy the product because the quality is good, and they see the added value that the product brings for them. If the quality of the product would decrease, they would be less likely to buy the product again as it will not live up anymore to its premium quality and branding. From this can be concluded that rather than the price and the loyalty program the consistent quality of the product plays a big role in customer retention. Lastly, from the results can be identified that the subscription members are more affected by the different variables and are more open for the loyalty program than the people that once bought a trial package. Now every type of loyalty program will be discussed in more detail in order to identify more detailed conclusions.

## 5.1 Point system program

The results of the point system scenario show that the point system program has no influence on making a first purchase. This is not in line with what has been stated in previous literature as Miller (n.d.) states that when rewards are within easy reach, the customer is more eager to try the brand simply because the rewards they can acquire are easily accessible. However, the results of this survey show otherwise and therefore H1b is rejected as no moderate positive effect of the point system program could be identified on making a first purchase. The reason for this could be the industry in which the company is working. The product of the company has a lot of competitors in supermarkets which makes the decision to buy a first product at company be based on the price and the added value that the product of company X delivers instead of being based on the influence of the loyalty program. Moreover, a slight positive effect of the point system program on customer retention was identified. The customers that bought a trial package were literally divided and so show that the point system has no influence on making a retention purchase. The subscription members on the other hand show a slight positive perception towards the effect of the point system on making a retention purchase. The results find here are thus slightly in line with what is said in theory as Kamau (2017) stated that customers of a supermarket started to shop more in order to earn points and so reach a limit for the reward. H1a can therefore be accepted as a positive effect can be identified only this positive effect is minor. The slight difference between theory and the results could be explained by several reasons. The first reason is that this research is based on only one specific product in the FMCG market which makes it unlikely that customers would buy more of it on a weekly basis when they can earn points. It would be unlikely that all of a sudden, the customer will use the product more just to earn more points. Moreover, the biggest difference between the case company and previous literature is a subscription model over the traditional business model. It can thus be stated in this case that a subscription model is less likely to be influenced by a point system program as the customer is already buying on a regular basis, which makes it unlikely that the customer would make a retention purchase because of the point system program. The results also show that H1b can be rejected as it can be observed from the results that the point system program has a moderate negative effect on making a first purchase and so become a customer. Here it can also be seen that the price for the case company has a bigger role in making a first purchase than the brand and the point system program. Especially in the world of today and the access to internet and a multitude of similar products and the customer wants to get value for money which makes the price of big importance in making the decision.

A more remarkable finding is that there is no significant relation between the influence of the brand on making a first purchase and the influence of the brand in making a retention purchase. This could be explained by the fact that the first-time customer is not yet familiar with the brand which makes that his decision to buy the product is not based on the brand. Whereas, after the first purchase has been made and the customer gets familiar with the brand, the brand will have a bigger influence on making a

retention purchase. The customers in the point system program can thus rather be perceived as being loyal to the brand instead of being loyal to the program. In addition, the point system does stimulate the customer to feel more loyal to company X and in case the point system is going to be active, as well as the fact that they would make use of the points they collected. This shows that the point system is not influencing the customer in making a retention purchase faster, however the customers would gladly make use of the points and exchange for points. The most remarkable finding however is that the customers of the case company are positively influenced by unique rewards in making a retention purchase. In previous literature the focus was mostly dedicated to the point system, but no research focused on the effect of the rewards that could be acquired with the points. This research however shows that the uniqueness of the products does have a major influence on making a retention purchase faster. The reason for this could be the feeling of getting a product which the rest of the customers cannot access and getting some sort of VIP feeling which would lead to making a retention purchase faster. Overall, this research shows that the point system program has no direct influence on making a first purchase and in that way expand the customer base as well as barely any direct influence on making a retention purchase faster. The remarkable thing is that the unique rewards in the point system program enhances making a retention purchase faster. The findings of previous literature cannot be used for a subscription company in the FMCG market as the point system does not show a direct influence. However, the rewards from the program have a positive influence on customer retention which shows that indirectly the point system program does enhance customer retention.

## 5.2 Tier Reward System

The results of the Tier reward system show a negative influence on making a first purchase at Company X. In fact, the Tier rewards System shows the lowest mean when it comes to the influence of the loyalty program on a first purchase of the four types that has been tested. The outcome of the survey is in line with what has been said in previous literature and is in line with the definition of the tier rewards system. The Tier reward system is namely focused on the long-term relationship with a customer and is so focused on long-term value instead of short-term value which helps to explain why the tier reward system has a negative influence on a first purchase. With the H3b is accepted as indeed a negative effect could be identified between the tier reward system and the decision to make a first purchase. The reason that customers are not affected by the tier reward system to make a first purchase is because of the high entry level for rewards that comes with the tier rewards system. Before the customer can access the first level of rewards it needs to be a customer of the company for a certain amount of time. This makes it less likely that a customer would buy a first product of the company due to the loyalty program. This in turns explains why a Tier reward system has a negative influence on the customer making a first purchase. In addition, the results also show a negative effect of the Tier reward system on customer retention. This is not in line with what has been stated in literature as McCall & Voorhees (2010) states that reward tiers are an effective way to build a sense of identity within each of the tiers which are

established by the company and which leads to commitment to the brand. This also leads to rejecting H3a as no positive effect could be identified on the influence of the tier reward system on customer retention. One of the key reasons for this is that the customers brought up that they find the quality of the product of big importance in the decision to make a retention purchase. The participants even stated as long as the quality can be enhanced, they will stay customer, but if the quality would drop and therefore the added value of the product would drop, they would not make a retention purchase. Here it can be seen that the quality plays a bigger role than a Tier rewards system. Moreover, the participants did state on the other hand that they would appreciate it when a long-term customer will be rewarded but in such a way that they do not have to add the reward themselves, but that the reward is automatically added so they do not have to worry about choosing or adding the reward themselves and so in a way will be surprised with the next delivery they get. The negative attitude towards the tier reward system can also be identified by the feeling of sympathy that the customer will have for Company X because of the loyalty program. The customer would not feel any sympathy at all for the company when implementing a Tier reward system, which in turn also explains why there is no positive effect of the program on both a first purchase and customer retention. This is also not in line with what is stated in literature as Tanford et al. (2011) states that high tier members have significantly higher affection (e.g. emotional) commitment for the brand than non-tier members. The results from the case company shows the other side where there is no sympathy at all for the company when working with a tier reward system. The reason is that the customer does not want to be obliged to stay with the company in order to acquire a certain tier and so get a certain valuable reward.

A rather more remarkable result can be found in the correlation amongst the variables and then especially in relation with the influence of the price on making a first purchase. Especially in relation to the two other variables that can affect making a first purchase two negative correlation were found. This means that the more important the price becomes the brand and the loyalty program will be less of an influence in making a first purchase. This could in turn tell that the price is the most important factor that influences making a first purchase. The results actually confirm this where the influence of the price of a first purchase shows a positive influence whereas both the brand and the loyalty program show a negative or no influence in making a first purchase. This is actually rather logical in a FMCG market is competition is fierce and products are simple and available in a big variation the choice to buy the product for the first time will be based on the price and the added value instead of a loyalty program or the brand. The open question at the end confirms that the customer of company X are not waiting for a loyalty program as they will keep on buying the product as long as the quality stays consistent. The customers want to keep it simple and just want to order and receive their products without having an additional program with which they can earn points and which they have to hand in themselves for rewards. Moreover, the results show that the brand itself has a major influence on making a retention purchase instead of the loyalty program. This assumes that the customers of company X

show loyalty towards the brand instead of towards the program. This is positive as it means that the customers rather make a retention purchase because of the brand of the company than the addition of a loyalty program. This in turn explains the negative effect of the feeling of loyalty because of the loyalty program as it can be assumed that the customer already has a feeling of loyalty because of the brand. This is positive for company X as this tells that the customer buys the product because of the brand and that it is not necessary to include additional programs to make sure that the customer makes a retention purchase.

### 5.3 Referral program

The results of the referral program scenario show that it is unlikely that the customers of company X would make a first purchase because of the referral program. This is an expected finding as the referral program itself would not stimulate to make a first purchase but the person that refers the company would influence the decision to make a first purchase. This was already predicted by Van den Bulte & Wuyts (2007) who states that the person that is closely related to an individual in a similar position, should be able to increase the trust of the new customer in the company and the brand and in this way strengthen their emotional bond with it, making sure that the potential customer becomes a customer. In this way it can be stated that not the referral program itself influences making a first purchase but the person that refers the company influences the decision-making process of the customer. Moreover, no positive influence was found for the influence of the referral program on customer retention. This is not in line with what is said in theory as Schmitt & Skiera (2011) state that a referred customer has significantly and sizably higher contribution margins, retention rates and customer value than customer that did not come in via a referral. The reason why the customers of company X are not affected by the referral program is because the referral is not adding extra value for them to the product. They stated that the product needs to keep its quality and if not, they will leave the company anyway. They also stated that they will not make a retention purchase faster because of a referral program as they do not want to be forced to refer company X to their friends/family. It was founded in the survey that the customers are already willing to refer the company, when they think the product is good and so want to let their friends, who could have an interest in similar products, know that the product is good. In this way it is not needed to add a referral program as the willingness of the customer to refer the company would decrease because company X kinds of push the customer to make a referral, which the customer of company X does not want to do. This also means that H2 is rejected as no positive influence could be found for the influence of the referral program on making a first purchase nor could a positive influence be found of the referral program on a retention purchase. However, a little side note needs to be made as with this scenario-based survey it is not measured whether the customer would faster make a first or retention purchase if the company was referred by someone they know and so in turn the referral program would have an indirect effect on both a first purchase and a retention purchase. The referral program itself as said before does not affect the decision to make a first or a retention purchase. Another reason for this

is that the referral program is not set up to stimulate making a purchase, the program is used in most ways to spread the word of the brand and try to convince close people to at least try the product. The program itself is not rewarding making a purchase but rewarding the customer when friends of family are making a purchase. For most customers this is too much work and it would in turn not stimulate making a purchase. Moreover, the fact that company X is selling in the FMCG market could be a reason that the referral program is not stimulating making a retention purchase on a more regular basis. The same argument can be given as for the tier reward system, if a customer still has enough of the product and is using it in a regular way what is the point to make an extra purchase so the inventory of the product will rise. Leading to the fact that the customer will not buy for a longer period which could in turn lead to a customer that switches to another brand as switching costs in the FMCG market are most of the time not high.

Another remarkable finding in the results is that the customers of company X do not experience loyalty towards company X because of the referral program. This is also not in line with the arguments of Gupta & Zeitmahl (2006) stating that the intention to refer is associated as an indicator of being loyal to the company. However, the participants of the survey told that they do not want to be obliged to refer the company, in this way the referral program is the barrier between company X and the feeling of loyalty. Additionally, the fact that the customer added in the survey that they already would refer the company when they like the product show that they have a feeling of loyalty towards the company. In this case the research is in line with what Gupta & Zeitmahl stated about the feeling of loyalty, even though the referral program itself is not stimulating it. For the referral program it could also be founded that the customers are not likely to exchange points for rewards. From the data can actually be derived that they rather have a discount voucher immediately which explains why the participants in the referral program are not likely to exchange the earned points. Moreover, the data shows that the influence of the brand is the same as in the previous two scenarios. However, the brand in the referral program scenario is no influence on making a first purchase. The reason for this is that the person is not familiar with the brand yet and rather basis the decision on the price that the brand is using and whether or not a trustworthy friend or family member referred the customer. This explains why the brand has no influence on making a first purchase whereas the data for the influence of the price on a retention purchase show a positive influence. On the other hand, the brand shows a positive influence on making a retention purchase. The same reason can be given as in the other two scenarios as the customer is more familiar with the brand and knows what the brand is offering the decision is more based on the brand and the feeling of loyalty towards the brand when making a retention purchase. When the customer has no feeling with the brand, and does not perceive the additional value that the brand delivers it would easily chose for another provider of the same product as the switching cost for the product that company X sells is so low it is easy to switch to another provider. This is also the reason why most of the participants told that they are not waiting for a referral program as they want to be satisfied by the quality of the product. As long

as the quality of the products stays good and they see the added value they will keep on buying. When the quality decreases and the customers are not able to perceive the added value of the loyalty program they will switch to an alternative and leave company X. It can thus be said that in case of a subscription-based company in the FMCG market they rather need to focus on the quality of the product and make sure the added value is perceived by the clients than adding a referral program. The referral program can actually be a negative aspect in the loyalty of the company and can actually cause those customers to leave as they do not like advertising a company on their own social media for instance. This might cause the customer to leave even though the quality of the product is still above standard, but the customer loses the touch with the brand which they at first had which will put them in making the decision to switch to an alternative.

#### 5.4 Loyalty card program

The results of the loyalty card program scenario show that it is unlikely that a potential customer would make a first purchase at company X. This is not in line with the main findings of previous research as Roehm et al. (2002) state that such programs can offer free products, discount vouchers, savings, credit facilities, a feeling of belonging to a group which would stimulate the decision-making process of the potential customer in a positive way in order to make that first purchase. However, as is also stated in previous research the effect of such programs is not empirically tested and so no evidence could be found that a positive effect exists between the loyalty card program and making a first purchase. The reason why customers are not influenced by the loyalty card in making a first purchase is because the results show that the customers of the case company see the price as biggest factor in their decision-making process. The reason that price plays a big role in the FMCG market is because various similar alternatives are available which leads the customer to decide based on where they will get the most value for their money. This shows that a loyalty card program would not influence the decision to buy the first product at the case company as the customer wants to get value for money and when they are not satisfied they will easily switch to another brand which sells a similar product, especially because of the fact that switching costs in the FMCG market are not worth mentioning. Moreover, another reason has already been mentioned in previous literature as Graeff & Harmon (2002) mention that the loyalty card program has barriers that prevent the customer from participating in the loyalty program such as a loss of privacy, a loss of control over their own personal information, the cumulative amount of the money spend at the company and the possibility of subscription fees. This in turn could all be reason to why the loyalty card program has no influence on making a first purchase.

Moreover, the results show that the loyalty card program does not have any influence on the customer making a retention purchase. This is again not in line with what is said in previous theory as Noordhoff et al. (2004) stated that companies have put substantial amounts of money in loyalty card programs in order to boost customer retention rates. Moreover, the loyalty card program makes sure that customer



get incentives for their engagement which in turn should drive brand awareness, bolster brand activity and fuel desire as well as help increase acquisition and retention. However, the results show differently, and it can be identified that the brand of the company plays a bigger role in the decision of the customer to make a retention purchase. The reason for this is the used strategy of the case company to sell the product on a membership basis. This means that the customer gets the product at least every month in order to make sure the customer has enough of the product at home. The loyalty card program in turn would not influence the decision to make extra retention purchases as the customer is already receiving enough of the product. This in turn also show why the influence of the brand can be perceived as positive. As long as the brand keeps the quality of their products high and offer the customer what they are promising the customer will stay member and receive the product on a monthly basis. As soon as the quality of the product drops or the brand does not live up to its brand name anymore the customer will churn and buy a similar product at the competitor. The loyalty program both does not influence making a first purchase as well as making a retention purchase which leads to rejecting H4 and state that no influence of the loyalty card program can be identified on purchase behavior.

Another unexpected finding is that the customer of the case company would not particularly feel more loyal towards the company due to the introduction of the loyalty card program. This finding is actually in line with what is stated in theory as Mauri (2003) states that the feeling of loyalty has nothing to do with the loyalty card program, as customers nowadays join many loyalty programs simultaneously. Moreover, the underlying reason that the customers of the case company would not feel more loyal to the company is because they already are loyal to the company, as they are member of the company and receiving products every month. Meaning that they keep on making purchases at the same company, whereas it would be rather easy to buy a similar product somewhere else. What is even more remarkable and unexpected in this scenario is that the influence of the brand on a first purchase has a negative correlation with the influence of the brand on a retention purchase. This is a rather weird finding as it was expected to find at least a positive correlation. It can be assumed that when the brand plays a positive role in making a first purchase the brand would become a stronger positive factor when making a retention purchase, unless a customer who bought a trial package had a negative experience which lead to the fact that they rather buy the product at a competitor due the negative experience. Then the results in this particular case show that some of the trial package members faced a negative experience which led to the fact that a negative correlation can be found between influence of the brand on a first purchase and its influence on a retention purchase.

Whereas, the loyalty card program does not stimulate the customers in making a retention purchase or make a first purchase at all, the loyalty card program does stimulate both sample groups in filling out surveys in exchange for points and it stimulates the subscription member also to refer the company to friends/family in return for points. This finding is actually in line with what can be found in previous theory as Crowdtwist states that companies should incentivize customers for engagement activities and

in this way turn these customers into the biggest advocates. These results show that the loyalty card program actually enhances the brand loyalty and engagement of its customers as they are more willing to help fill out surveys and refer the company in return for points, turning them into an additional marketing channel. However, can this loyalty be seen as brand loyalty or will the customers just be loyal to the program in order to achieve enough points to acquire the rewards? The company should be aiming on achieving brand loyalty as these customers really come back and buy products because of the brand and they want to help the company out no matter what. If the customers are only helping the company out because they receive points in return can the company really call them loyal to the brand. This should be more thoroughly tested in future research by both enhancing the influence of the loyalty program on filling out surveys and refer the company and what part the brand itself plays in this with its aligning influence. It can then be assumed that the findings will show whether the customers are more brand loyal than program loyal and so really want to help the brand instead of just acquiring points to exchange for rewards. Lastly, an unexpected finding is the neutral influence of unique rewards on making a retention purchase faster. The uniqueness of rewards has not yet been thoroughly tested in previous research and the results from this scenario show that the customers itself also did not think about the influence of unique rewards on their purchase behavior which explains the neutral point of view. It can thus be assumed that in order to stand out with a loyalty program from the rest of all the companies is to come up with an innovative and well working reward scheme which would stimulate the customer in making for instance a retention purchase. This is again an interesting point of view in future research as it is not thoroughly tested in this study, but the results show some of the customers would be influenced by the availability of unique rewards.

### 5.5 Contributions for theory

This research also has its contribution to theory by giving a new insight in which types of loyalty programs are effective in the online business environment in a FMCG industry. This research adds to theory that not for all businesses a loyalty program can enhance customer retention and extension of the customer base, which is stated in the current literature. Moreover, this research also focuses on an older customer group than the millennials which helps to understand how companies nowadays can make their older group of customers loyal to them, instead of the current focus on millennials. This research helps to understand the differences of similarities between these two groups and in turn shows a way how companies can treat their other customer groups. Moreover, past literature mostly focused on traditional business whereas this research focused on the online business. In this way this research contributes in helping to understand the effectiveness of a loyalty program in an online business environment.

## 6. Conclusion

Loyalty programs are becoming an often-used tool to keep customers in the client base and offer the customers something in return for their loyalty in terms of making a retention purchase. Loyalty programs are also often used to stand-out from competition and offer the customer something that the customer is not able to offer. Previous research has focused on the effect of loyalty programs in mostly the hospitality and supermarket industry but has not been focusing on the context of a subscription company in the FMCG market. This research therefore focused on answering the research question: What type of loyalty program is effective in a FMCG online business environment? This is done through examining the effect of four types of loyalty programs on expanding the customer base and influence on retention purchases of the customer for a case company in the FMCG market. The results show that the four types of loyalty programs in this research do not have any influence on making a first purchase and that from the four types of loyalty programs only the point system program shows a positive influence on making a retention purchase at company X. This shows that unless what is stated in previous research is not working for a subscription company as can be seen in the results. The answer to the research question is thus that no type of loyalty program is effective for an online business in the FMCG industry and so showing that these online businesses should follow other approaches to give their customers a feeling of loyalty. Moreover, the customers of company X are positively influenced by the price in order to make a first purchase instead of the addition of the loyalty program. Additionally, the brand plays a positive role in the decision-making process for making a retention purchase. Moreover, the participants of the survey all state that they do not want to let their purchase decision be decided by a loyalty program and that in this case they keep on buying as long as company X keeps the quality and the added value. From this can be concluded that for a subscription company in the fast-moving consumer good market it is unlikely that a loyalty program stimulates potential customers to make a first purchase and stimulate existing customers in making a retention purchase. The question that a researcher should ask itself is whether a company that has a subscription base as business model really needs a loyalty program to stimulate purchases? The results show that a company that is using a subscription model as selling strategy can better focus on the price strategy that is being chosen to acquire new customers and develop their brand as it is shown to be of great influence on the decision-making process for making a retention purchase.

The reason that a loyalty program is not stimulating the customer to buy from company X for this is that these customers have a subscription, meaning that they are already buying on a regular basis. This leads to the fact that a loyalty program is not influencing the customer in making a retention purchase on a faster regular basis. Researchers in the field of a loyalty program should therefore focus more on subscription-based companies and the effect of these programs on the loyalty and purchasing behaviour of the customers. This research showed the lack of current understanding of the effect of a loyalty program for a subscription-based company as previous research has mainly been established on

companies that sell a product on a transactional basis. Moreover, it also shows a gap in current literature on how a subscription-based company can make sure the customers stay loyal to them without using a loyalty program. More research should be established that examines the influence of the pricing strategy and the brand on extending the customer base and customer retention, and why a certain price strategy could help a subscription-based company to acquire those new customers and how the brand of the company could make sure that a subscribed customer stays loyal to the company and so does not churn.

### 6.1 Practical contributions

This research also has some practical contribution to current literature and practice that needs to be mentioned. First, this research reacts to the call of researchers for more empirical and practical evidence on the effectiveness of loyalty programs. This most important part of this research is the empirical evidence that is found from the scenario-based survey which gives an insight in the more practical side of the effectiveness of a loyalty program. Moreover, this research also showed that in practice not every industry is eligible to implement a loyalty program and that companies really need to think twice before setting up a loyalty program to reward their loyal customers. It is shown with the results of the survey that a loyalty program does not fit for every company and that implementing a loyalty program might destroy more in the company than delivering more money. When a company wants to implement a loyalty program or do something to reward their loyal customers, they should try to set up a program which would specifically meet their customer group without scaring them away with a random loyalty program. The decision-making process for implementing a loyalty program will does become more extensive by knowing what the customer expects and whether the customer would participate in the program. The practical contribution from this research is that an online business in the food industry should not implement a loyalty program as it is assumed it would be more effective to set up a reward scheme in which customers get a reward when they meet certain standards.

## 7. Recommendations

From the general conclusion, the theoretical implication and the practical implication a recommendation could be derived for the case company. When using the result to give a recommendation for the case company it can be said that the best way to use this study is to not go forward and implement a loyalty program. The results show that a loyalty program is in no way stimulating growing the customer base nor is it stimulating the customers of company X to make a retention purchase due to the already regular purchases they make because of their participation in the subscription model. What can be stated from the results is that the customers are open to get a reward occasionally to reward the loyalty they show towards the company by staying subscribed to the product they want to get. Moreover, some of the participants in the four different scenario-based surveys pointed out that they would like to get a discount or a free product occasionally, instead of only giving a reward to convert a trial package buyer into a subscribed customer. The best way for company X to keep customers subscribed to them and let

them feel loyal to the company is to add unique rewards to certain milestones they receive while being subscribed to the company. For instance, the company could reward a subscribed customer with a discount after being a member for three months. Then when the customer stayed a member for half a year and at least received the product once every month, the company can decide to give the customer a unique reward in terms of a free product that is not available for non-subscribed member. Then when the customer is a member for over 9 months, the company can choose to give the subscribed member another discount plus a discount that can be used by friends or family. It could then be assumed that the already subscribed customer stays longer with the company while the customer also has the opportunity to give a discount to a person, they know which in turn will become a new customer and so extend the customer base. When the customer is a member for a full year the company can decide to give a monthly delivery for free to celebrate the long-term relationship with the company.

Besides the rewards related to the duration of the membership the company could also add rewards related to the life-time value of the customer in order to make sure that if needed the customer would make a retention purchase more easily in order to score the reward that is set on a certain life-time value. The company could for instance similar rewards as in the duration phase but make a distinction in life-time value steps (f.i. the company could put a reward for every €100 spent). In this way, the company is encouraging people to make an extra purchase when needed and so showing appreciation towards the customers that keep on buying products from the company. This in turn, is expected to lead to a higher form of brand loyalty as the company makes sure that long-term customers are rewarded for their loyalty towards the company. This of course is hypothetical and needs to be tested whether such an approach by a subscription-based company would add any extra value to subscribe to the company and receive products on at least a monthly basis.

A more general practical implication is that companies within the FMCG market that are enhancing a subscription model should stay away from implementing a loyalty program as it is not stimulating the customer to make purchase at a company. These companies must find an innovative way to make sure the customer is willing to become a member and so see the added value that a membership has over buying the product in for instance the supermarket.

## 8. Limitations and future research

First, the biggest limitation of this research is that the participants of the scenario-based survey all came from the same case company and so had the same background which makes the results and the findings of this research not generalizable. Moreover, a difference in number of participants can be identified which makes some of the scenarios more reliable than other scenarios as more data was acquired on which the findings can be based. The scenario-based surveys themselves were all made on a more general level which causes that the findings are also all based on a general level which would assume that if the scenarios are done in more depth other findings could be identified than that are identified in this

research. Lastly, only four loyalty programs were used out of a larger pool of loyalty programs. It could be possible that other loyalty programs lead to other findings than that were founded in this research and so would be able to better explain the effect of a certain loyalty program on extending the customer base as well as making a retention purchase. Another limitation of this study is the fact that the research has been conducted in the Netherlands only, therefore the results might not be able to be generalized internationally. Also, the research has been done with a specific customer that comes from the customer base of the case company which also makes it less likely that

Regardless of the limitations the results and outcomes that were discovered during this research let to new insights that should be further researched. One of the topics on which more research should be done is in what way unique rewards can keep customers at the company and how it could influence the speed of making a retention purchase. This is because some of the results show that customers are influenced by the fact that they can acquire unique rewards which makes them make a retention purchase faster. Moreover, researcher should also be focused on examining the effect of the brand and the price for subscription-based companies on making a first purchase and customer retention. The results show that these two variables play an important role in the decision-making process of the customer. Also, this research should be done in different industries to see if the same results rise or that loyalty programs for subscription-based companies do work in other industries than the FMCG. Also, researchers should try to set up the experiment in other countries. This experiment is namely done in the Netherlands only, it might be that the same experiment shows different results in other parts of the world. So, in order to get a better understanding of whether a loyalty programs really has an effect on a subscription-based company the research should be done in a similar industry in another country. This would test whether this results from these results are actually generalizable or only valid for this particular case. Moreover, future research should be focused on more innovative ways for a subscription-based company to make sure potential customers make the first purchase and that existing customers make a retention purchase more easily. Researchers could for instance identify the optimal rewards scheme to keep the loyal customers attached and trigger the potential customers to make a first purchase. Maybe, researchers would be able to identify a new loyalty program which enhances the strengths of a subscription-based company.

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## 10. Appendix

### 10.1 A: scenario-based surveys

Scenario 1 Point system program:

Imagine: you want to buy a product of company X. You are already familiar with the brand and the prices. Company X offers a loyalty program (point system). With this program you can collect points with every purchase you make. These points can be exchanged for free products, free delivery, discount on certain products, or other rewards. The more purchases you make the more points you will be collecting, and the more rewards you can get in exchange for your points.

The following questions are based on this scenario.

1. To what extent is your purchase based on the price? (besides the loyalty program)
2. How important is the brand of company X (name, product, and image) for your first purchase?
3. How likely is it that you will buy your first product at company X because of the loyalty program?
4. What is the reason that you would buy the product because of the loyalty program?
5. Would this loyalty program make you feel more loyal to company X?

Now imagine: You have bought your first product from company X. You are now part of the loyalty program (point system) and are collecting points. These can be from now on be exchanged for rewards.

The next questions are based on this scenario.

6. How likely is it that you would make a retention purchase at company X because of the brand (name, product, image)?
7. Would acquiring points for every purchase you make stimulate you in making more purchases at company X?
8. Would this loyalty program make sure that you would feel more sympathy for company X?
9. How likely is it that you would make use of your points and exchange them for rewards?

10. Would you faster make a retention purchase if you know that the products that you can buy with your point are unique? (e.g. certain privileges, or products that cannot be bought separately on the website)
11. Is it a must for you that the rewards that you can get with your points are unique?

#### Scenario 2 Tier reward system

Imagine: You want to buy a product at company X. You are already familiar with the company's brand and the current pricing strategy. Company X is using a tier reward system (loyalty program). With this program you can collect points to achieve a higher tier. The higher your tier is, the more valuable will be the rewards you can get. With this loyalty program you are not only collecting points with every purchase you make, but you can gain additional points – and so more valuable rewards – the longer you stay a loyal customer.

The next questions are based on the scenario.

1. To what extend is you purchase based on the price? (besides the loyalty program)
2. How important is the brand of company X (name, product, and image) for your first purchase?
3. How likely is it that you will buy your first product at company X because of the loyalty program?
4. What is the reason that you would buy the product because of the loyalty program?
5. Would this loyalty program make you feel more loyal to company X?

Now imagine you have bought your first product at company X. You are now part of the tier reward system and you are ready to collect points. These points can be exchanged for rewards.

The next questions are based on this scenario.

6. How likely is it that you would make a retention purchase at company X because of the brand (name, product, image)?
7. Would acquiring points for every purchase you make stimulate you in making more purchases at company X?

8. Would this loyalty program make sure that you would feel more sympathy for company X?
9. How likely is it that you would make use of your points and exchange them for rewards?
10. Would you faster make a retention purchase if you know that the products that you can buy with your point are unique? (e.g. certain privileges, or products that cannot be bought separately on the website)
11. Is it a must for you that the rewards that you can get with your points are unique?

### Scenario 3: referral program

Imagine: you want to buy a product of company X. You are already familiar with the brand and the current pricing strategy. Company X is using a referral program. With this program you can collect points by recommending people company X and to let them make a purchase. With the first purchase you make you will get a unique code which you can share with your friends/family and on social media. When people use your code in their purchase you will get points which you in turn can exchange for discounts or free products.

The next questions are based on this scenario.

1. To what extend is you purchase based on the price? (besides the loyalty program)
2. How important is the brand of company X (name, product, and image) for your first purchase?
3. How likely is it that you will buy your first product at company X because of the loyalty program?
4. What is the reason that you would buy the product because of the loyalty program?
5. Did you buy a trail package because someone in your neighborhoods recommended company X?
6. Would this loyalty program make you feel more loyal to company X?

Now imagine you have bought your first product from company X. You have received your unique personal code which you can share with everyone you want to share it with. People using your code will give you a discount on your next purchase.



7. How likely is it that you would make a retention purchase at company X because of the brand (name, product, image)?
8. Does this loyalty program stimulate you in making additional purchases at company X?
9. Would this loyalty program (referral program) make sure that you feel more sympathy for company X?
10. How likely is it that you would share your personal code with friends, family and strangers, to also buy products from company X with your unique personal code?
11. When you would share your code with whom would you share it?
12. Would you share the code, if a new customer that uses your code in their purchase rewards you with a €2.50 discount voucher?
13. Would you only share your unique personal code if your friend would also get a discount?
14. What rewards would you rather get in return for recommending company X?

#### Scenario 4: Loyalty card program

Imagine: you want to buy a product from company X. You are already familiar with the brand and the pricing strategy. Company X is using a loyalty program. With this loyalty program you are awarded points for every referral you make, for every survey/questionnaire you fill out, for every purchase you make, and for every post of company X which you share in your own social-media timeline. Your collected points can be exchanged for discounts, free products, or other rewards.

The next questions are based on this scenario.

1. To what extent is your purchase based on the price? (besides the loyalty program)
2. How important is the brand of company X (name, product, and image) for your first purchase?
3. How likely is it that you will buy your first product at company X because of the loyalty program?
4. What is the reason that you would buy the product because of the loyalty program?
5. Would this loyalty program make you feel more loyal to company X?

Now imagine, you bought your first product from company X. You are now part of the loyalty program and ready to collect points. These points can from now on be exchanged for rewards.

The next questions are based on this scenario.

6. How likely is it that you would make a retention purchase at company X because of the brand?
7. Does this loyalty program (loyalty card program) stimulate you in making additional purchases at company X?
8. Would this loyalty program make sure that you feel more sympathy for company X?
9. How likely is it that you would make use of your points and exchange them for rewards?
10. Would this loyalty program stimulate you to fill out surveys/questionnaires of company X in return for points?
11. Would you recommend company to friends, family and share on social media in return for points?
12. Would you faster make a retention purchase if you know that the products that you can buy with your point are unique? (e.g. certain privileges, or products that cannot be both separately on the website)
13. Is it a must for you that the rewards that you can get with your points are unique?

## 10.2 B: Mean Comparison of the four scenarios for the 8 sample groups

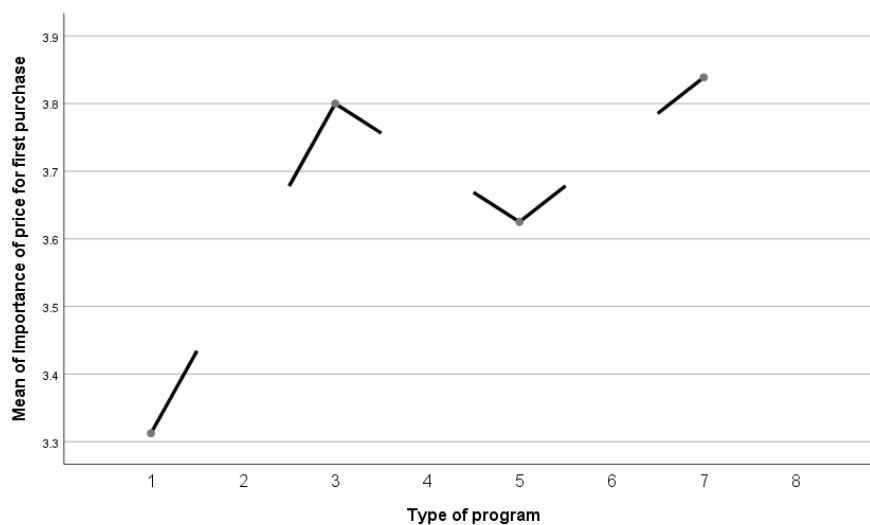


Figure A-1: Mean comparison Importance of price first purchase

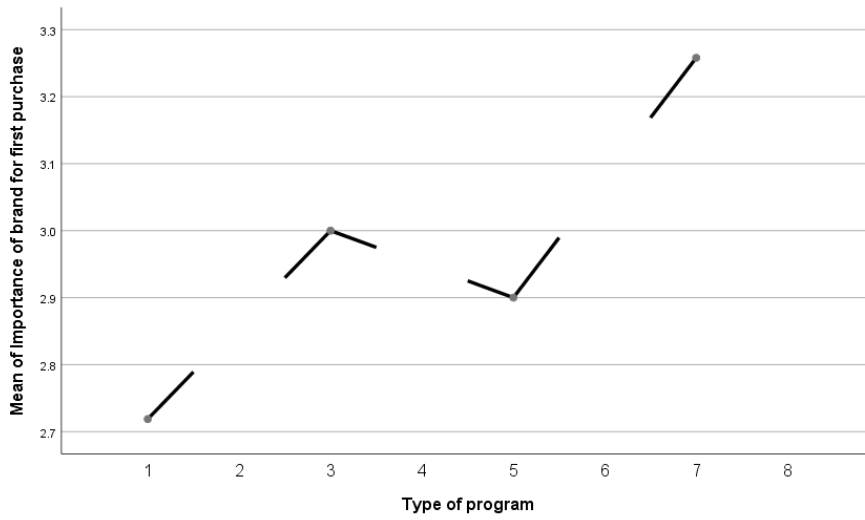


Figure A-2: Mean Comparison importance of brand for 1st purchase

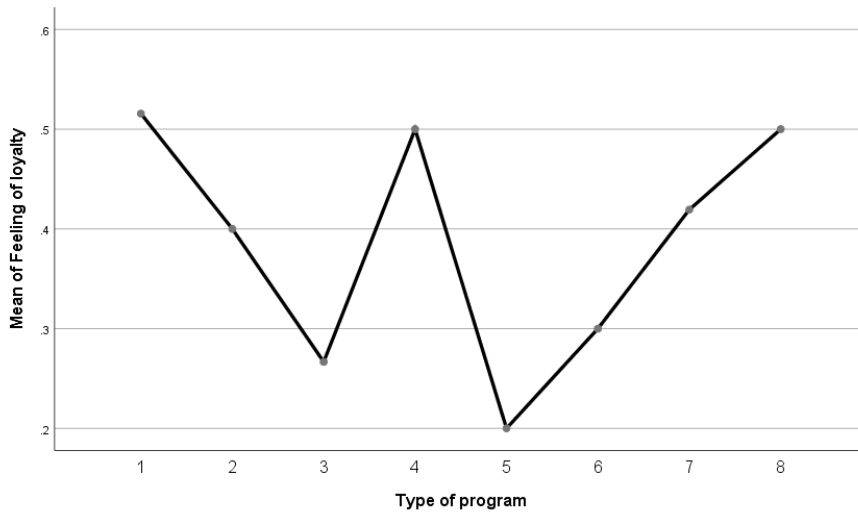


Figure A-3: Mean comparison of feeling of loyalty

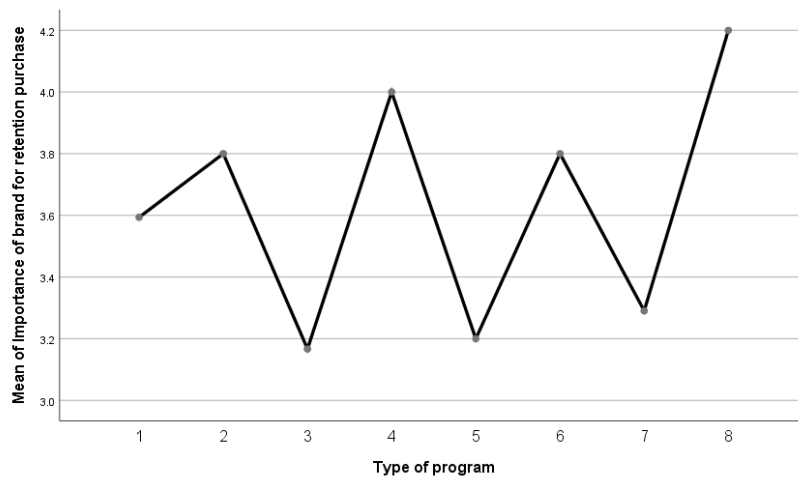


Figure A-4: Mean comparison of importance of brand for retention

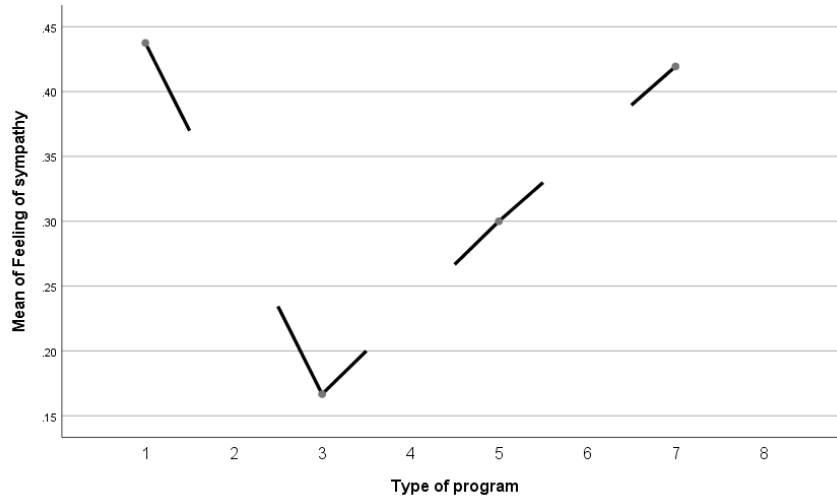


Figure A-5: Mean comparison of feeling sympathy for company X

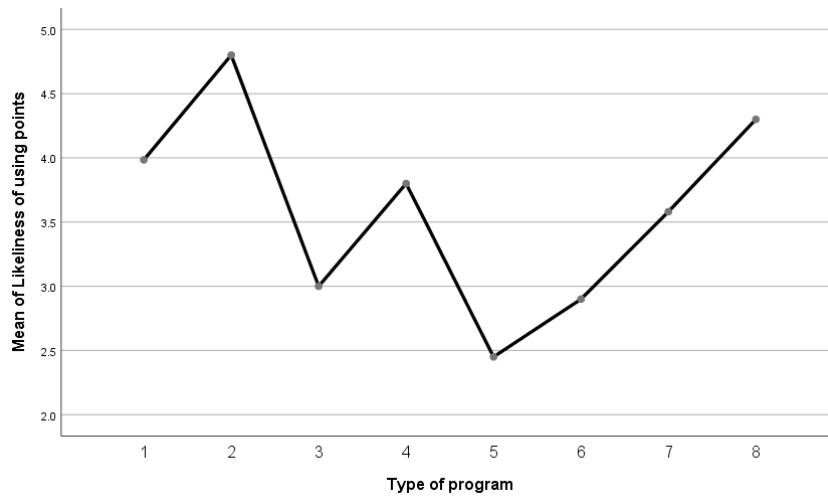


Figure A-6: Mean comparison of likeliness of using the points

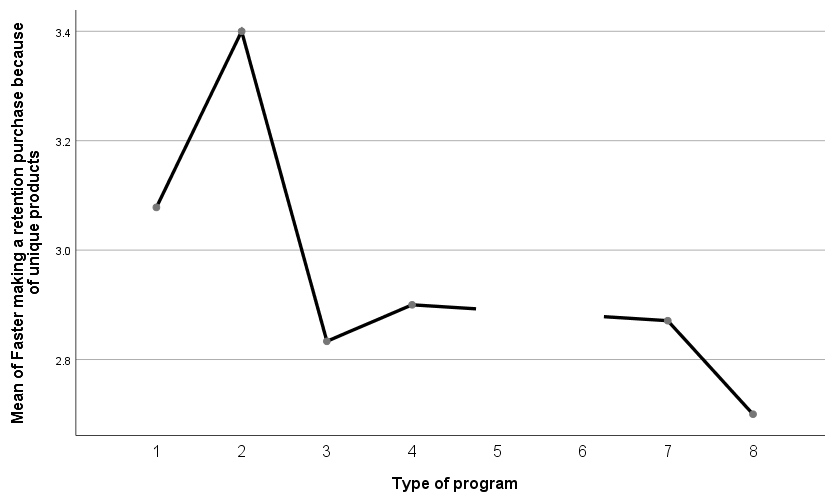


Figure A-7: Mean comparison of fastness of making a retention purchase when rewards are unique

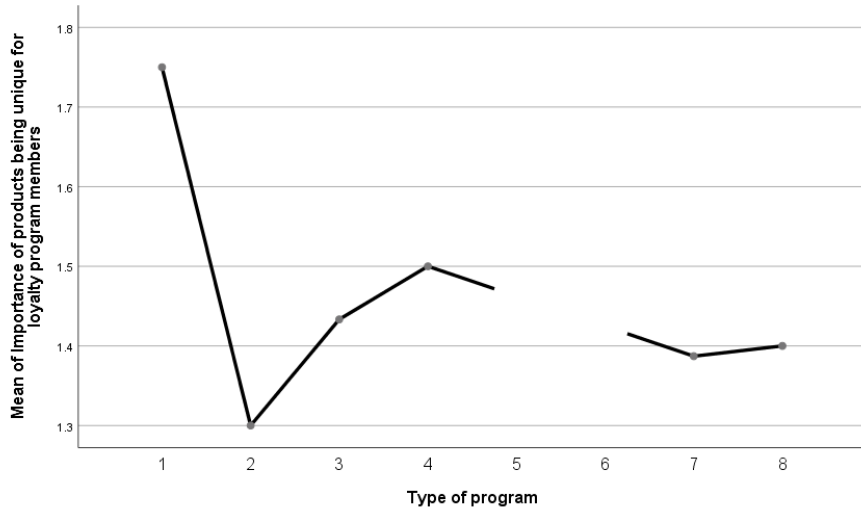


Figure A-8: Mean comparison of importance that products are unique for the loyalty program members

### 10.3 C: Spearman's Rho for the point system program

Table A-1: Spearman's Rho point system program

One

			Correlations									
			First purchase				Customer retention					
			Price	Brand	Loyalty program	Feeling of loyalty	Brand	Influence of point system	Feeling of sympathy	Likelihood of using points	Importance of unique rewards for retention purchase	Importance of uniqueness of rewards
Spearman's rho	In hoeverre is je aankoop gebaseerd op de prijs? (los	Correlation Coefficient	1.000	.262*	0.178	0.222	-0.109	0.207	0.124	0.200	.310*	0.061
		Sig. (2-tailed)		0.036	0.160	0.078	0.390	0.102	0.330	0.114	0.013	0.633
		N	64	64	64	64	64	64	64	64	64	64
	Hoe belangrijk is het Ootmerk (naam, product,	Correlation Coefficient	.262*	1.000	0.097	0.027	0.238	-0.011	-0.036	0.071	0.235	0.124
		Sig. (2-tailed)	0.036		0.444	0.831	0.058	0.934	0.776	0.576	0.062	0.329
		N	64	64	64	64	64	64	64	64	64	64
	Hoe waarschijnlijk is het dat je je eerste product bij	Correlation Coefficient	0.178	0.097	1.000	.560**	0.074	.471**	.378**	0.174	.404**	0.118
		Sig. (2-tailed)	0.160	0.444		0.000	0.561	0.000	0.002	0.170	0.001	0.353
		N	64	64	64	64	64	64	64	64	64	64
	Zou dit loyaliteitsprogramma	Correlation Coefficient	0.222	0.027	.560**	1.000	0.077	.405**	.477**	.297*	.558**	0.184
		Sig. (2-tailed)	0.078	0.831	0.000		0.517	0.000	0.000	0.010	0.000	0.116
		N	64	64	64	74	74	74	64	74	74	74
	Hoe waarschijnlijk is het dat je een herhalingsaankoop	Correlation Coefficient	-0.109	0.238	0.074	0.077	1.000	0.198	0.148	.383**	0.089	0.022
		Sig. (2-tailed)	0.390	0.058	0.561	0.517		0.091	0.243	0.001	0.449	0.852
		N	64	64	64	74	74	74	64	74	74	74
	Stimuleert het krijgen van punten	Correlation Coefficient	0.207	-0.011	.471**	.405**	0.198	1.000	.658**	.426**	.355**	0.208
		Sig. (2-tailed)	0.102	0.934	0.000	0.000	0.091		0.000	0.000	0.002	0.076
		N	64	64	64	74	74	74	64	74	74	74
	Zou dit loyaliteitsprogramma	Correlation Coefficient	0.124	-0.036	.378**	.477**	0.148	.658**	1.000	.393**	.310*	0.137
		Sig. (2-tailed)	0.330	0.776	0.002	0.000	0.243	0.000		0.001	0.013	0.280
	N	64	64	64	64	64	64	64	64	64	64	
Hoe waarschijnlijk is het dat je gebruik maakt van	Correlation Coefficient	0.200	0.071	0.174	.297*	.383**	.426**	.393**	1.000	.363**	0.134	
	Sig. (2-tailed)	0.114	0.576	0.170	0.010	0.001	0.000	0.001		0.001	0.255	
	N	64	64	64	74	74	74	64	74	74	74	
Zou je sneller een herhalingsaankoop doen als je weet dat	Correlation Coefficient	.310*	0.235	.404**	.558**	0.089	.355**	.310*	.363**	1.000	.284*	
	Sig. (2-tailed)	0.013	0.062	0.001	0.000	0.449	0.002	0.013	0.001		0.014	
	N	64	64	64	74	74	74	64	74	74	74	
Is het voor jou een vereiste dat de beloningen die je kunt	Correlation Coefficient	0.061	0.124	0.118	0.184	0.022	0.208	0.137	0.134	.284*	1.000	
	Sig. (2-tailed)	0.633	0.329	0.353	0.116	0.852	0.076	0.280	0.255	0.014		
	N	64	64	64	74	74	74	64	74	74	74	

\*. Correlation is significant at the 0.05 level (2-tailed).  
 \*\*. Correlation is significant at the 0.01 level (2-tailed).

## 10.4 D: Spearman's Rho for the Tier Reward System

Table A-2: Spearman's Rho Tier reward system

		Correlations									
		First purchase				Customer retention					
		Price	Brand	Loyalty Program	Feeling of loyalty	Influence of brand on retention	Influence of loyalty program on retention	Feeling of sympathy	Likelihood of using points	Influence of unique rewards on making a retention faster	Importance that rewards are unique
Spearman's rho	Price	1.000	-0.072	-0.197	0.074	-0.225	0.263	0.005	-0.174	0.022	-0.112
	Sig. (2-tailed)		0.706	0.296	0.697	0.232	0.161	0.979	0.357	0.909	0.555
	N	30	30	30	30	30	30	30	30	30	30
Brand	Correlation Coefficient	-0.072	1.000	0.287	.449*	.364*	.508**	0.035	0.147	-0.033	0.204
	Sig. (2-tailed)	0.706		0.124	0.013	0.048	0.004	0.855	0.438	0.862	0.279
	N	30	30	30	30	30	30	30	30	30	30
Loyalty program	Correlation Coefficient	-0.197	0.287	1.000	.376*	.467**	0.196	0.241	0.340	.366*	0.184
	Sig. (2-tailed)	0.296	0.124		0.041	0.009	0.300	0.200	0.066	0.047	0.329
	N	30	30	30	30	30	30	30	30	30	30
feelinf of loyalty	Correlation Coefficient	0.074	.449*	.376*	1.000	0.300	.424**	.582**	.378*	0.044	0.030
	Sig. (2-tailed)	0.697	0.013	0.041		0.060	0.006	0.001	0.016	0.785	0.853
	N	30	30	30	40	40	40	30	40	40	40
Influence of brand on retention	Correlation Coefficient	-0.225	.364*	.467**	0.300	1.000	0.132	0.301	.333*	0.204	-0.166
	Sig. (2-tailed)	0.232	0.048	0.009	0.060		0.418	0.106	0.036	0.207	0.306
	N	30	30	30	40	40	40	30	40	40	40
Influence of loyalty program on retention	Correlation Coefficient	0.263	.508**	0.196	.424**	0.132	1.000	0.354	0.265	0.168	0.082
	Sig. (2-tailed)	0.161	0.004	0.300	0.006	0.418		0.055	0.099	0.301	0.616
	N	30	30	30	40	40	40	30	40	40	40
Feeling of sympathy	Correlation Coefficient	0.005	0.035	0.241	.582**	0.301	0.354	1.000	.562**	.516**	-0.023
	Sig. (2-tailed)	0.979	0.855	0.200	0.001	0.106	0.055		0.001	0.004	0.903
	N	30	30	30	30	30	30	30	30	30	30
Likelihood of using points	Correlation Coefficient	-0.174	0.147	0.340	.378*	.333*	0.265	.562**	1.000	.375*	0.045
	Sig. (2-tailed)	0.357	0.438	0.066	0.016	0.036	0.099	0.001		0.017	0.782
	N	30	30	30	40	40	40	30	40	40	40
Influence of unique rewards on making a retention faster	Correlation Coefficient	0.022	-0.033	.366*	0.044	0.204	0.168	.516**	.375*	1.000	0.238
	Sig. (2-tailed)	0.909	0.862	0.047	0.785	0.207	0.301	0.004	0.017		0.139
	N	30	30	30	40	40	40	30	40	40	40
Importance that rewards are unique	Correlation Coefficient	-0.112	0.204	0.184	0.030	-0.166	0.082	-0.023	0.045	0.238	1.000
	Sig. (2-tailed)	0.555	0.279	0.329	0.853	0.306	0.616	0.903	0.782	0.139	
	N	30	30	30	40	40	40	30	40	40	40

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\* Correlation is significant at the 0.01 level (2-tailed).

## 10.5 E: Spearman's Rho for the Referral program

Table A-3: Spearman's Rho Referral program

		Correlations									
		First Purchase				Customer retention					
		Price	Brand	Referral program	Feeling of loyalty	Influence of the brand on retention	Influence of the referral program on retention	Feelinf of sympathy	Likeliness of sharing your unique code	Sharing code in return for €2,50 discount	Sharing code only if your friend gets discount too
Spearman's rho	Price	1.000	0.043	0.272	0.218	0.118	0.066	-0.005	0.023	-0.056	-0.066
	Sig. (2-tailed)		0.791	0.089	0.176	0.469	0.685	0.975	0.887	0.732	0.686
	N	40	40	40	40	40	40	40	40	40	40
Brand	Correlation Coefficient	0.043	1.000	0.201	0.034	.579**	0.079	0.059	0.128	0.195	-0.152
	Sig. (2-tailed)	0.791		0.214	0.835	0.000	0.627	0.716	0.433	0.227	0.349
	N	40	40	40	40	40	40	40	40	40	40
Referral program	Correlation Coefficient	0.272	0.201	1.000	.570**	0.142	.540**	.370*	.456**	0.217	0.272
	Sig. (2-tailed)	0.089	0.214		0.000	0.381	0.000	0.019	0.003	0.179	0.089
	N	40	40	40	40	40	40	40	40	40	40
Feeling of loyalty	Correlation Coefficient	0.218	0.034	.570**	1.000	.356*	.756**	.491**	.563**	.309*	.289*
	Sig. (2-tailed)	0.176	0.835	0.000		0.011	0.000	0.001	0.000	0.029	0.042
	N	40	40	40	50	50	50	40	50	50	50
Influence of the brand on retention	Correlation Coefficient	0.118	.579**	0.142	.356*	1.000	.367**	.372*	.414**	0.230	0.116
	Sig. (2-tailed)	0.469	0.000	0.381	0.011		0.009	0.018	0.003	0.107	0.422
	N	40	40	40	50	50	50	40	50	50	50
Influence of the referral program on retention	Correlation Coefficient	0.066	0.079	.540**	.756**	.367**	1.000	.762**	.577**	.317*	.451**
	Sig. (2-tailed)	0.685	0.627	0.000	0.000	0.009		0.000	0.000	0.025	0.001
	N	40	40	40	50	50	50	40	50	50	50
Feeling of sympathy	Correlation Coefficient	-0.005	0.059	.370*	.491**	.372*	.762**	1.000	.584**	0.186	.549**
	Sig. (2-tailed)	0.975	0.716	0.019	0.001	0.018	0.000		0.000	0.251	0.000
	N	40	40	40	40	40	40	40	40	40	40
Likeliness of sharing your unique code	Correlation Coefficient	0.023	0.128	.456**	.563**	.414**	.577**	.584**	1.000	.420**	.467**
	Sig. (2-tailed)	0.887	0.433	0.003	0.000	0.003	0.000	0.000		0.002	0.001
	N	40	40	40	50	50	50	40	50	50	50
Sharing code in return for €2,50 discount	Correlation Coefficient	-0.056	0.195	0.217	.309*	0.230	.317*	0.186	.420**	1.000	0.211
	Sig. (2-tailed)	0.732	0.227	0.179	0.029	0.107	0.025	0.251	0.002		0.141
	N	40	40	40	50	50	50	40	50	50	50
Sharing code only if your friend gets discount too	Correlation Coefficient	-0.066	-0.152	0.272	.289*	0.116	.451**	.549**	.467**	0.211	1.000
	Sig. (2-tailed)	0.686	0.349	0.089	0.042	0.422	0.001	0.000	0.001	0.141	
	N	40	40	40	50	50	50	40	50	50	50

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).



## 10.6 F: Spearman's Rho for the loyalty card program

Table A-4: Spearman's Rho Loyalty card program

			Correlations												
			First Purchase												
			Price	Brand	Loyalty card program	Feeling of loyalty due to the loyalty program	Influence of the brand on retention	Influence of the loyalty card program on retention	Feeling of sympathy	Likelihood of using points	Does it stimulate to post, posts of company X in return for points	Does it stimulate to fill out surveys in return for points	Recommend company X in return for points	Influence of unique rewards on making a purchase faster	Importance of unique rewards
Spearman's rho	In hoeverre is je aankoop gebaseerd op de prijs? (los N	Correlation Coefficient	1.000	0.131	0.122	-0.035	-0.094	-0.039	0.121	0.166	0.067	0.043	-0.080	-0.033	-0.114
		Sig. (2-tailed)		0.482	0.515	0.852	0.616	0.837	0.518	0.373	0.719	0.818	0.668	0.861	0.540
	Hoe belangrijk is het Ootmerk (naam, product, N	Correlation Coefficient	0.131	1.000	0.192	0.135	-0.112	0.119	.510**	-0.086	.383	0.086	0.198	0.286	0.052
		Sig. (2-tailed)		0.482	0.302	0.468	0.550	0.525	0.003	0.644	0.034	0.647	0.287	0.119	0.781
	Hoe waarschijnlijk is het dat je je eerste product bij Zou dit loyaliteitsprogramma je meer loyaal laten	Correlation Coefficient	0.122	0.192	1.000	.457**	0.132	.430	.620**	0.279	0.334	.423	.375	.386	-0.174
		Sig. (2-tailed)		0.515	0.302	0.010	0.481	0.016	0.000	0.129	0.066	0.018	0.038	0.032	0.348
	Hoe waarschijnlijk is het dat je een herhalingsaankoop	Correlation Coefficient	-0.035	0.135	.457**	1.000	0.207	.453**	.470**	.404**	0.283	.411**	.363	0.284	-0.242
		Sig. (2-tailed)		0.852	0.468	0.010	0.195	0.003	0.008	0.009	0.073	0.008	0.020	0.072	0.128
	Stimuleert dit loyaliteitsprogramma	Correlation Coefficient	-0.094	-0.112	0.132	0.207	1.000	0.190	0.181	.624**	0.205	.537**	.475**	-0.006	-0.003
		Sig. (2-tailed)		0.616	0.550	0.481	0.195	0.234	0.331	0.000	0.198	0.000	0.002	0.970	0.986
	Zou dit loyaliteitsprogramma ervoor zorgen dat je meer	Correlation Coefficient	0.837	0.525	0.016	0.003	0.234	1.000	.542**	.389	.542**	.392**	0.232	0.262	-0.084
		Sig. (2-tailed)		0.837	0.525	0.016	0.003	0.234	0.002	0.012	0.244	0.000	0.144	0.098	0.602
	Hoe waarschijnlijk is het dat je gebruikt maakt van	Correlation Coefficient	0.121	.510**	.620**	.470**	0.181	.542**	1.000	.392**	0.348	.486**	0.250	.577**	-0.151
		Sig. (2-tailed)		0.518	0.003	0.000	0.008	0.331	0.002	0.029	0.055	0.006	0.175	0.001	0.416
	Spoort dit loyaliteitsprogramma je aan om social media	Correlation Coefficient	0.166	-0.086	0.279	.404**	.624**	.389	.392	1.000	0.121	.614**	.324	0.092	-0.213
		Sig. (2-tailed)		0.373	0.644	0.129	0.009	0.000	0.012	0.029	0.449	0.000	0.039	0.568	0.181
	Spoort dit loyaliteitsprogramma je aan om enquêtes van Oot in	Correlation Coefficient	0.067	.383	0.334	0.283	0.205	0.186	0.348	0.121	1.000	.386	.468**	.363	.350
		Sig. (2-tailed)		0.719	0.034	0.066	0.073	0.198	0.244	0.055	0.449	0.013	0.002	0.020	0.025
	Zou je Oot aanraden	Correlation Coefficient	0.043	0.086	.423	.411**	.537**	.539**	.486**	.614**	.386	1.000	.438**	.392	-0.106
		Sig. (2-tailed)		0.818	0.647	0.018	0.008	0.000	0.000	0.006	0.000	0.013	0.004	0.011	0.511
	vriend(inn) en familie delen	Correlation Coefficient	-0.080	0.198	.375	.363	.475**	0.232	0.250	.324	.468**	.438**	1.000	.365	0.145
		Sig. (2-tailed)		0.668	0.287	0.038	0.020	0.002	0.144	0.175	0.039	0.002	0.004	0.019	0.366
	Zou je sneller een aankoop doen als je weet dat	Correlation Coefficient	-0.033	0.286	.386	0.284	-0.006	0.262	.577**	0.092	.363	.392	.365	1.000	0.097
		Sig. (2-tailed)		0.861	0.119	0.032	0.072	0.970	0.098	0.001	0.568	0.020	0.011	0.019	0.545
	Is het voor jou een vereiste dat de beloningen die je kunt	Correlation Coefficient	-0.114	0.052	-0.174	-0.242	-0.003	-0.084	-0.151	-0.213	.350	-0.106	0.145	0.097	1.000
		Sig. (2-tailed)		0.540	0.781	0.348	0.128	0.986	0.602	0.416	0.181	0.025	0.511	0.366	0.545
				31	31	31	41	41	41	31	41	41	41	41	41

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).