

Customer Perception of Subscription Based Loyalty Programmes in Ireland

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Dissertation submitted in partial fulfilment of the requirements for the degree of Master of
Business Administration (MBA).

August 2020

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DECLARATION

I declare that this dissertation that I have submitted to Dublin Business School for the award of Masters in Business Administration is the result of my own investigations, except where otherwise stated, where it is clearly acknowledged by references. Furthermore, this work has not been submitted for any other degree.

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ABSTRACT

The aim of the research was to examine how customers perceive subscription based loyalty programmes and if it influences their behaviour in respect to frequency of visits, increase spend during these visits or social status with a secondary objective to find their expectations for such programmes. The research design was descriptive and cross-sectional which used a quantitative research methods. There were 85 participants and the survey method was used for data collection which captured basic demographics, loyalty programme membership, perceptions and expectations. The results showed that the respondents mostly perceived economic value, and a strong influence on their purchase behaviour, while only perceiving little interactional value and no psychological value. Results also showed the importance of price, a high preference for cash rewards and immediate reward timing where expectations were concerned. The findings were discussed and the implications for academia as well as applications for business practice were detailed.

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ACKNOWLEDGEMENTS

I want to use this opportunity to thank all who helped to make this dissertation possible. I want to specially thank my supervisor, Ms. Keelin Lee, for taking the time out to give the much needed guidance and support through the whole exercise.

I also want to thank my brother, Mr. Solomon Tommy, for taking time out to review the work that was done to give useful feedback towards the research. I want to thank Dr. Oluwatomi Ibidapo-Obe for her useful advice as well.

And, my wife, for giving useful advice for the structure of the research and because beside every successful man is a superwoman who is cheering him on.

Finally to my Lord and Saviour Jesus Christ, to Whom be all glory, honour and praise.

CHAPTER 1

INTRODUCTION

Customer loyalty is considered vital, if a business is to grow and succeed as it costs less to keep existing customers than it is to acquire new ones (Magatef and Tomalieh, 2013) and as such, is an important part of the marketing mix and customer journey map of various organizations. Several researchers have linked customer loyalty to profitability for companies (Noordhoff, Pauwels and Odekerken-Schröder, 2004; Helgesen, 2006; Magatef and Tomalieh, 2013). A recent research on customer loyalty/retention by online retailers estimated that a little rise in customer retention led to over 25% rise in profits (Magatef and Tomalieh, 2013). The understanding that loyal customers are profitable to businesses has led to the increasing popularity of loyalty schemes as a focus for practice and research in industry and academia respectively and have become an important area of customer relationship management (Marques, Cardoso and Lindeza, 2017). This popularity is reflected in the growth of the size and memberships of loyalty programmes, for example, according to Marques, Cardoso and Lindeza, (2017) on average, US households are subscribed to over 20 different loyalty schemes, with companies spending over \$1.2billion annually on such programmes. Chun, Iancu and Trichakis, (2018) estimated that the total membership to loyalty schemes amounted to 3.3 billion as at 2014 in the US over various industries such as financial services, travel and hospitality as well as retail accounting for 17%, 27% and 39% respectively.

Loyalty programmes are beneficial to both consumers and companies alike, although initially purposed as method of rewarding customers (Chun, Iancu and Trichakis, 2018) has also become a tool for competitive advantage for many companies. This has also influenced customer behaviour such that in a recent survey report, 72% of the respondents indicated that

they would most likely buy from retailer which offers a loyalty programme than one which does not, 74% indicated they would become loyal to the brand and over 65% admitting that they were more likely to increase the frequency of their visits and increase their spending at a retailer that offered a loyalty scheme (Nielsen, 2016). In the report, more than half of the respondents indicated preference to monetary rewards such as product discounts, cashbacks, free products and free shipping (Nielsen, 2016).

Loyalty programmes are usually free, allowing customers to easily join and most of them are point based in that customers earn points with every purchase made (Chun, Iancu and Trichakis, 2018). Given that customers are drawn more to monetary rewards and the point based loyalty systems, these loyalty systems are therefore capital intensive or viewed as a liability (Chun, Iancu and Trichakis, 2018) and has led to several companies, such as ASDA, ending their loyalty programmes due to their inability to cope with the attendant costs of running such a programme (Benavent and Meyer-Waarden, 2001).

Subscription based loyalty scheme, Amazon Prime, recently announced, that it had reached 100 million subscribers effectively sparking the conversation about subscription based loyalty schemes (Oliverio, 2019). This may appeal to businesses which have invested a lot of money in their loyalty programs such as Delta airlines and Marriot international whose loyalty programmes represent 10% and 25% of their total liabilities respectively (Chun, Iancu and Trichakis, 2018). While several research has been done on loyalty programs, little research exists on subscription based loyalty schemes and how they are perceived by customers.

Research Aims & Objectives

Aim

The aim of this research is to examine how customers perceive subscription based loyalty programmes and if it influences their behaviour in respect to frequency of visits, increase spend during these visits or social status.

Primary Objective

In order to achieve this objective, Dublin residents will be surveyed about their perception of fee/subscription based loyalty programmes and whether it will influence their behaviour with respect to spend, frequency of visits, and if they would attach some social status being a subscriber to these programmes. Utilizing the data collected from the survey, statistical analysis would then be conducted to determine the relationship, if any exists, between fee-based loyalty programmes and customers' perception and behaviour. The results would then be critically analysed, with extant academic literature, to answer the overarching research question.

Secondary Objective

One other key objective of this research would be to analyse what customer would expect from a fee-based loyalty programme that would make them subscribe to it and in order to achieve this some questions would be asked in the survey that would list benefits or value added services which customers might consider as a trigger to subscribe to fee-based loyalty programmes. This will help to give recommendations, later in the research, to organisations which hope to implement fee-based loyalty programmes in the future.

Research Question

How do customers perceive subscription/fee-based loyalty programmes and does it influence their behaviour in terms of spend, visits, social status? What would they expect a fee-based loyalty programme to have in order to make them subscribe to it?

Justification for the research

As a result of the enormous cost of running a loyalty programme (Chun, Iancu and Trichakis, 2018), it makes sense for companies to search for a way to either reduce some of the cost associated with the programme or completely cover it without eating into the profits or increasing the operating cost hence some companies opt to charge an upfront fee to for people

who want to join their loyalty programme (Ashley, Gillespie and Noble, 2016). Since loyalty programmes are usually free and most of the academic writing available on the subject were carried out on free LP's, it leaves open a gap in knowledge on how customer would perceive such paid/subscription based loyalty programme, thus justifying the research. Further to this, we add to the body of knowledge by giving a generalized view of the perception of customers to paid loyalty programme as proposed by McCall and Voorhees, (2010) thus setting some foundation for future research in other specific areas of the subject.

Significance of the Research

Following the preceding discussion, this study looks to investigate the growing conversation regarding subscription based loyalty schemes. Although subscription based business has proven largely successful with examples such as Netflix, Adobe creative cloud, etc. there is very little said of subscription based loyalty schemes. This study is significant in that it would reveal how customers feel about subscription based loyalty schemes and how it would influence their behaviours in terms of frequency of visits, spending etc. as well as indicate what customers would expect from a subscription or fee based loyalty scheme within Ireland.

This study is significant to organisations with an intention to offer fee-based loyalty programmes as the findings in the research would be used to proffer recommendations. The recommendations will lead to the development of fee-based loyalty programmes which offer better value to customers as they will be based off the data collected from them.

Structure of the Research

This research paper will be made up of five chapters which I will explain briefly. The first chapter; introduction, contains a general overview of the research, the question being posed by the research, as well as the aims and objectives the research aims to achieve.

The second chapter; literature review, contains a thorough review of customer loyalty, loyalty programmes, theories of paid loyalty programmes revealing the gap in knowledge where paid loyalty programmes are concerned.

The third chapter; methodology, contains the research design, the population from which participants are sampled, the method employed to gather data, ethical issues taken into consideration when the research was carried out.

The fourth chapter; Results, contains the presentation of the findings after the data gathered from the primary research has been analysed.

The fifth chapter; Discussion & Recommendations, contains an exhaustive discussion of the findings in the light of the research question as well as the research objectives. Recommendations will also be proffered based on the findings of the research.

CHAPTER 2

LITERATURE REVIEW

This literature review will address the major themes as well as some theories which are considered relevant to the research study. The first theme is *customer loyalty*; in which, the concept of customer loyalty is defined and model frameworks in academic literature, are identified and discussed. The second theme is *customer perception of loyalty programmes*; in which customers' feelings about loyalty programmes in terms of value, influence on behaviour with respect to spend, frequency of visits as well as social status are discussed. The review also considered types of loyalty programmes as well as some theories which form the basis of paid loyalty programmes which include the expectation theory as well as the sunk cost theory.

Customer Loyalty

Customer loyalty has gathered growing interest in business academic literature over the last few decades because of its importance to business growth and continuity (Dowling and Uncles, 1997; Uncles, Dowling and Hammond, 2003; Khan, 2013; Išoraitė, 2016; Moretta Tartaglione *et al.*, 2019). Customer loyalty has been linked to business growth, profitability and the provision of sustainable competitive advantage in the highly competitive market situation in the world which are as a result of globalisation (Helgesen, 2006; McCall and Voorhees, 2010; Magatef and Tomalieh, 2013; Alazzam and Bach, 2014). As a consequence of its importance to organisations, customer loyalty is therefore the underlying motive behind the creation of loyalty programmes which are now common place in business (Robinson, 2011; Steinhoff and Palmatier, 2016; Gupta, Gupta and Shainesh, 2018). With the plethora of loyalty programmes available in the world, some studies have expressed concern over the effectiveness

of loyalty programmes and this may be attributed to a lack of understanding of the concept of customer loyalty (Sungirirai, Chiguvi and Sungirirai, 2017; Lee, Kim and Kim, 2019).

Definition and Models of Customer Loyalty

There is currently no generally accepted definition of customer loyalty and this has driven several researchers to define the concept in different ways, howbeit, coining definitions based on one or more of the three major models of customer loyalty (Uncles, Dowling and Hammond, 2003; Dickinson, 2013). According to the study conducted by Uncles, Dowling and Hammond, (2003), the three key models upon which definitions are based include; (a) attitudinal loyalty (b) behavioural loyalty and (c) a function of the characteristics of the customer, their surrounding circumstance and or the purchase situation otherwise referred to as the contingency approach.

Attitudinal Loyalty: This model of loyalty is defined by Sungirirai, Chiguvi and Sungirirai, (2017) as “the unconscious decisions that a customer makes repurchasing a product or service.” This model is built upon a consistently positive set of stated beliefs about the brand a customer has purchased and is mostly indicated by the customer’s feelings about the brand i.e. by vocalising how much they like it, how committed towards it they feel, and how willing they are to recommend it to others (Uncles, Dowling and Hammond, 2003). A definition of customer loyalty quoted by Uncles, Dowling and Hammond, (2003) adequately captures this model: “***A deeply held commitment to rebuy or re-patronise a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing despite situational influences and marketing efforts having the potential to cause switching behaviour***”. This definition of customer loyalty which is built upon the attitudinal loyalty model, otherwise described as loyalty intention, highlights the importance of attitudinal loyalty as an important requirement for building true loyalty (Sungirirai, Chiguvi and Sungirirai, 2017;

Gupta, Gupta and Shainesh, 2018). This model follows the idea that “attitude defines loyalty” and informs the customer’s decision to form and maintain a relationship with the brand (Uncles, Dowling and Hammond, 2003; Gupta, Gupta and Shainesh, 2018).

Behavioural Loyalty: This model of loyalty is based on the conscious and revealed behaviours of the customer and is primarily a function of the pattern of past purchases and less about the intentions, motivations or commitment of a customer to the brand (Uncles, Dowling and Hammond, 2003; Sungirirai, Chiguvi and Sungirirai, 2017; Gupta, Gupta and Shainesh, 2018). This model of loyalty is different from attitudinal loyalty in that it is based on data and recent studies have revealed that most customers are polygamous i.e. loyal to an assortment of brands in a range of products rather than being completely promiscuous (i.e. not loyal to any brand) or monogamous (i.e. 100% loyal to a brand) (Fournier and Yao, 1997; Uncles, Dowling and Hammond, 2003; Aggarwal and Shi, 2018). Unlike attitudinal loyalty, this model of loyalty is influenced by marketing promotions and is more concerned with repeat purchases rather than the feelings towards a brand or product (Sungirirai, Chiguvi and Sungirirai, 2017). Customer loyalty defined as “*an ongoing propensity to buy the brand, usually as one of several*” (Ehrenberg and Scriven, 1999 quoted by Donio’, Massari and Passiante, (2006) adequately mirrors this model. Behavioural loyalty which drives repeat purchases as well as higher wallet share, along with attitudinal loyalty, makes up true loyalty (Sungirirai, Chiguvi and Sungirirai, 2017; Gupta, Gupta and Shainesh, 2018).

The Contingency Approach: In this model, according to (Uncles, Dowling and Hammond, 2003), the relationship between attitudinal and behavioural loyalty is moderated by “contingency variables such as the individual’s current circumstances, their characteristics, and/or the purchase situation faced”. This model portrays contingency variables which includes the customer’s budget, time pressure, product availability, availability of promotions or

discount deals, use for specific occasions, risk tolerance, need for variety, pressure to conform and habit as co-determinants of loyalty (Uncles, Dowling and Hammond, 2003).

Literature has argued that one or more of the aforementioned models of customer loyalty is/are employed by organisations as the basis for developing loyalty programmes and the mix of models applied is contingent on the availability of capital to finance it (Uncles, Dowling and Hammond, 2003).

Loyalty Programmes

It makes sense, therefore, to define loyalty programmes having laid bare the models of customer loyalty as they form the structure upon which loyalty programmes are built or designed. Given the ubiquitous nature of loyalty programmes, several definitions of loyalty programmes exist in literature (Sungirirai, Chiguvi and Sungirirai, 2017) as seen in Table 1. As can be inferred from these definitions, loyalty programmes are usually aimed at ensuring customer loyalty primarily from existing customers and then as a means to attract prospective customers.

Loyalty programmes thrive on the cheaper cost of customer retention than on the more expensive cost of customer acquisition (Robinson, 2011). Since loyalty programmes are aimed at getting more business from existing customers, they are designed with the aim of getting existing customers to (a) buy more when they buy (increase in volume) or (b) increase the number of times they buy (increase in frequency of purchase) (Uncles, Dowling and Hammond, 2003; Robinson, 2011).

Table 1: A selection of definitions of Loyalty programmes in literature

S/N	Definition	Article	Author & Year
1	‘A structured set of marketing activities that reward and foster loyal customer behaviour’	Loyalty programs impact on repeat purchase loyalty patterns	(Sharp and Sharp, 1997)

2	‘A planned program for a group of existing and prospective customer who fulfil criteria set by the marketer and that do something to qualify for or join the program and receive benefits for this group.’	Buying loyalty or building commitment? An empirical study of customer loyalty programs	(Arantola, 2000)
3	‘A marketing program that is designed to build customer loyalty by providing incentives to profitable customers.’	Effects of Loyalty Programs on Value Perception, Program Loyalty, and Brand Loyalty	(Yi and Jeon, 2003)
4	‘An LP (loyalty programme) can be defined as a marketing process that generates rewards for customers on the basis of their repeat purchases.’	Retailing in the 21st Century	Werner J. Reinartz in (Krafft and Mantrala, 2006)
5	‘Loyalty programs are a marketing strategy based on offering an incentive with the aim of securing customer loyalty.’	The role of loyalty programs in behavioral and affective loyalty	(Gómez, Arranz and Cillán, 2006)
6	‘An integrated and interactive system of marketing actions that aims to make customers more loyal by developing personalized relationships with them.’	Grocery retail loyalty program effects: Self-selection or purchase behavior change?	(Meyer-Waarden and Benavent, 2009)
7	‘A long-term-oriented programs that allow consumers to accumulate some form of program currency, which can be redeemed later for free rewards.’	Competing loyalty programs: Impact of market saturation, market share, and category expandability	(Liu and Yang, 2009)
8	‘Continuity incentive programs offered by a retailer to reward customers and encourage repeat business’	Loyalty Programmes: Current Knowledge and Research Directions	(Dorotic, Bijmolt and Verhoef, 2012)
9	‘Any institutionalized incentive system that attempts to enhance consumers’ consumption behavior over time.’	Understanding loyalty program effectiveness: managing target and bystander effects	(Steinhoff and Palmatier, 2016)

LP’s have been described in extant literature as frequent-flyer or air miles programmes, frequency-reward programmes, loyalty card schemes, frequent-shopper programmes,

advantage cards and so on. Following some of the above definitions, Dorotic, Bijmolt and Verhoef, (2012) found that LP's usually include the following features

1. It has to *foster loyalty* in that it incentivises the attitudinal and behavioural loyalty displayed by the participants of the programme thus leading to higher rates of customer retention and the growth of the brand's customer share (Sharp and Sharp, 1997).
2. It has to be *structured* in that in order to enjoy benefits of the LP, customers must become members of the programme. In so doing, the brand can use the data members of the LP have provided to identify, build and manage the relationship with them (Robinson, 2011).
3. It has to be *long term* i.e. it is expected to be last for a long time because where it is not, it is a sales promotion which usually span for short periods of time. This is because for the company and the members of the programme, LP's are usually designed to be a long-term investment (Yi and Jeon, 2003).
4. An LP has to *reward* participants who join, for their loyalty which can be measured through the acquisition and accumulation of some sort of LP currency which indicates their purchase behaviour. Rewards can be in the form of preferential treatment, discounts, customised offers, as well as member-only goods and services (Liu and Yang, 2009).
5. It should be an *ongoing marketing effort* on the part of the LP provider, who will adapt its marketing towards members of the programme through LP events, customised offers etc. on an ongoing basis (Meyer-Waarden and Benavent, 2009; Dorotic, Bijmolt and Verhoef, 2012).

The growth of loyalty programmes have been attributed to the customer-centric focus of companies which are as a result of increase of available customer data due to the growth of information technology (Dorotic, Bijmolt and Verhoef, 2012). Loyalty programmes grew 25-30% year on year amongst European retailers in the 1990s, while in the UK, more than 90% of consumers were recorded to have been a member of at least one LP by 2003 and in the US, LP's grew membership by 25% from 2006 to 2008 (Dorotic, Bijmolt and Verhoef, 2012). Due to the growth of LP's, it has drawn the interest of the academic community to devote time to study it. While some question whether LP's are effective (Dowling and Uncles, 1997; Sharp and Sharp, 1997), others have highlighted the importance of LP's (Nunes and Drèze, 2006; McCall and Voorhees, 2010).

There are also different views on the impact of LP's on customers. Some authors found that LP's positively influence customer behaviour (Gómez, Arranz and Cillán, 2006; Liu and Yang, 2009), in fact, Gómez, Arranz and Cillán, (2006) showed that members of an LP were more likely to display behavioural loyalty to brands which had a loyalty programme and less behavioural loyalty to that brand's competitor, than non-members. They also showed that members of an LP showed more attitudinal loyalty towards the company than non-members (Gómez, Arranz and Cillán, 2006). Other authors argue that LP's have little or no influence on customer behaviour (Sharp and Sharp, 1997; Meyer-Waarden and Benavent, 2009).

Apart from being a tool to enhance customer loyalty, loyalty programmes are also employed as a means of building a closer relationship between the organisation and its customers (Uncles, Dowling and Hammond, 2003). LP's are also known to have other uses such as being used to gather and create a customer database, as a means to encourage cross-selling, assisting the PR (public relations) for the brand and so on (Uncles, Dowling and Hammond, 2003).

Types of Loyalty Programmes

Literature is awash with several kinds of descriptions given to LPs and this has led to the increasing difficulty in placing them into different categories and by effect, causing confusion for managers in practice as well as creating the problem of a lack of a generally accepted categorisation of LPs in academia (Hoffmann, 2013). However, for the cause of this research, we have chosen the categorisation of loyalty programmes given by Berman, (2006) as it covers many of the descriptions given to LPs in literature and has been used by other researchers (Hoogenberg, Juchnowicz and Ruiters, 2010; Robinson, 2011) in the classification of loyalty programmes. According to Berman, (2006), there are four major types of loyalty programmes and in order to avoid confusing nomenclatures of these types, he only labelled them numerically i.e. types 1, 2, 3 and 4.

Program Type	Characteristics of Program	Example
Type 1: Members receive additional discount at register	<ul style="list-style-type: none"> • Membership open to all customers • Clerk will swipe discount card if member forgets or does not have card • Each member receives the same discount regardless of purchase history • Firm has no information base on customer name, demographics, or purchase history • There is no targeted communications directed at members 	Supermarket programs
Type 2: Members receive 1 free when they purchase n units	<ul style="list-style-type: none"> • Membership open to all customers • Firm does not maintain a customer database linking purchases to specific customers 	Local car wash, nail salon, SuperCuts, Airport FastPark, PETCO
Type 3: Members receive rebates or points based on cumulative purchases	<ul style="list-style-type: none"> • Seeks to get members to spend enough to receive qualifying discount 	Airlines, hotels, credit card programs, Staples, Office Depot
Type 4: Members receive targeted offers and mailings	<ul style="list-style-type: none"> • Members are divided into segments based on their purchase history • Requires a comprehensive customer database of customer demographics and purchase history 	Tesco, Dorothy Lane Markets, Wakefern's ShopRite, Giant Eagle Supermarkets, Harris Teeter, Winn-Dixie, Harrah's, Hallmark

Figure 1: Summary of types of LPs (Source: Berman, 2006)

- **Type 1:** In this type of loyalty programme, all customers are offered the same discount irrespective of their purchase history (Berman, 2006; Robinson, 2011; Sungirirai, Chiguvi and Sungirirai, 2017). Regarded as the most basic level of loyalty programmes, it is most frequently used by retailers as it is open to all customers, secondly, they do not collect and process customer information into a database and finally, do not also direct targeted communication to members of the programme (Berman, 2006). Businesses that use this type of LP usually issue cards to customers which when presented at the point of purchase, are then offered a simple discount (Robinson, 2011). While it is categorized as a loyalty programme, it is criticised for not leading to any meaningful customer loyalty through repeat purchases due to the fact that customers can get small discounts whenever they purchase and there is no differentiation between more loyal customers and customers who only purchase once in a while (Berman, 2006; Robinson, 2011). Given that it doesn't collect customer information, it is less complex, cheaper to run and is usually used by companies who do not have the resources to run other types of loyalty programmes (Berman, 2006).
- **Type 2:** In this type of loyalty programme, customers get one item free after they have paid full price for a particular number of items i.e. buy n get one free (Berman, 2006; Robinson, 2011). This type of LP is similar to type 1 in that they are open to all customers and do not collect and process customer purchase information into a database (Berman, 2006). Type 2 loyalty programmes are known to encourage increase in the volume of items purchased but have scanty effect on the frequency of purchases (Berman, 2006; Sungirirai, Chiguvi and Sungirirai, 2017). According to Robinson, (2011), type 2 LPs are beneficial to businesses in that they prevent customers from converting to other providers however, they are criticised for being easily replicated by other competitors in the same geographical location and thus are limited in helping the

business generate revenue (Robinson, 2011). Type 2 LPs also cheaper and less complex to run as customers are usually tasked with the responsibility of tracking their purchases and when they reach the specified qualifying number of purchases, will be rewarded with the one free item which is usually the same item as they have purchased in the past (Berman, 2006).

- **Type 3:** In this type of loyalty programme, customers are rewarded with points based on their purchase history. Type 3 unlike type 1 and 2, links purchases to specific customers and awards points to the customers based on their past purchase, accomplishing this through a comprehensive customer database (Berman, 2006). Type 3 LPs differentiate between and reward heavy purchase customers and occasional customers by having a different levels or tiers. By having tiers, type 3 LPs significantly influences customer purchase behaviour as the more a customer purchases, they can move from one tier to another and enjoy more benefits as they move up through the tiers (Berman, 2006; Robinson, 2011). Although type 3 LPs have a customer database, they send a ‘common’ communication to all customers irrespective of the tiers thus does not facilitate a closer relationship between the business and members of the LP (Berman, 2006; Hoogenberg, Juchnowicz and Ruiters, 2010). Typical examples are Airline miles, Sephora VIB etc. Type 3 offers a wider variety of rewards and may include partnerships with other merchants thus the points can be used elsewhere.
- **Type 4:** This type is similar to type 3 in that they award points based on the past purchases of members, have tiers, and they also maintain a customer database linking specific members to their purchases and points, the key difference is that unlike the type 3, they offer customised communications, special promotions as well as rewards to members of the LP based on their past purchases (Berman, 2006; Robinson, 2011;

Sungirirai, Chiguvi and Sungirirai, 2017). Type 4 is considered the most complex and expensive of all the types of LPs and is a significant constituent of the marketing strategy of providers of such LPs. A good example of type 4 LP is Tesco (Berman, 2006; Robinson, 2011). Type 4 LPs encourages customer loyalty as customers appreciate customised communications and rewards as well as motivates them to increase the volume of their purchases as well as the frequency of visits (Robinson, 2011). Given the level of complexity and effectiveness that type 4 LPs have, it makes them highly resource and capital intensive (Robinson, 2011).

It is important to note that a paid loyalty programme may take the form of any of the types of LPs discussed above, however, given the fact that customers may be asked to pay an upfront fee, businesses may want to offer personalised promotions, rewards to such customers hence paid or subscription based loyalty programmes usually takes the form of type 4 LPs with a notable example being Amazon Prime.

Paid Loyalty Programmes

Following the definitions of loyalty programmes, this chapter aims to discuss paid LPs of which is not very common in practice. As the term connotes, paid LPs deliver exclusive or special rewards packages to a customer by the offering company, on the condition of a fee or payment. A similar definition would be simply costs paid by the customer to a company in order to partake of the benefits of that LP or to become a “loyalty member” as those who are members of an LP are popularly called.

The key word to note in the definition above is the word; payment. Therefore, a paid LP increases the expenses made by the customer though it gives an assurance of better incentives than a free LP. Kahneman and Tversky, (1979); Tversky and Kahneman, (1991) and Anderson and Hair, (1972) both submit that the inclusion of a payment for LPs influences the

perspective of customers which consequently increases LP performance. Pearson, (2019) also submits in support that some customers are willing to secure the best privileges and rewards that come with the LP at a cost rather than receive it for free as free LPs are common and less appealing to such customers.

Customer Perception of Loyalty Programmes

Perception, as defined by Durmaz and Dİyarkirlioglu, (2011), is “the process of selection, processing and interpretation of input data from the environment to make them purposeful”. Customer perception, therefore is, how a customer receives, processes and interprets data from his environment which in turn informs his behaviour (Durmaz and Dİyarkirlioglu, 2011). With respect to the definitions of loyalty programmes as seen in Table 1, definitions by Sharp and Sharp (1997); Yi and Jeon (2003) as well as Krafft and Mantrala (2006), identify the marketing activities (which includes promotions) as providing the stimuli which customers respond to in the form of repeat purchases and ultimately loyal behaviour thus fulfilling the aims of loyalty programmes (Dowling and Uncles, 1997; Sharp and Sharp, 1997; Gupta, Gupta and Shainesh, 2018).

Perception of Value

Customer perception of a product or service is associated with their experience of it hence customer perception of loyalty programmes is linked to their experience of it as well as their perception of value they can derive from it (Demoulin and Zidda, 2012). Value is defined as “an interactive relativistic preference experience characterizing a subject’s experience of interacting with an object which may be a thing or an event” (Demoulin and Zidda, 2012) with this definition, it can be said that customer attach value to the benefits they can derive from their experience with an object or event. Therefore, in order for a customer to participate in a

loyalty programme, the programme has to be perceived as valuable to the customer (Kreis and Mafael, 2014).

Three dimensions of value identified in literature are *economic value* which refers to financial benefits in the form of price discounts, special offers to programme members and reward points, *psychological value* refers to the value “a customer derives from a product's ability to enhance social self-concept” while *interactional value* is derived when a product or service is used or shared with others i.e. the communal feeling and urge to belong to a group of like-minded customers (Demoulin and Zidda, 2012; Kreis and Mafael, 2014).

Influence on Spend, Visit and Social Status

Customer perception of a loyalty programme and the perceived benefits they hope to derive from it has been linked to a proclivity to influence spending behaviour, frequency of visits as well as social status (Demoulin and Zidda, 2012; Kreis and Mafael, 2014; Ashley, Gillespie and Noble, 2016).

Driven by the perception of value, loyalty programmes provide the incentive for customers to increase the frequency of their purchases/visits as well as purchase larger volumes (Magatef and Tomalieh, 2013). Loyalty programmes built upon the model of behavioural loyalty are considered to increase spend (Gupta, Gupta and Shainesh, 2018). Demoulin and Zidda, (2012) identified the place of hierarchical loyalty programmes in the perception of social status in consumers. While there is a plethora of academic literature on customer perception and loyalty programmes, these focus mainly on free loyalty programmes and not on fee-based loyalty thus revealing the gap this research study intends to fill.

Theories of Loyalty Programmes

There are several theories that form the basis of why paid loyalty programmes exist however, the most prominent of them are *the expectation theory* and *the sunk cost effect* which are explained in detail below:

The Sunk Cost Effect

The sunk cost effect, first described by Richard Thaler in 1980, is displayed when there is a higher tendency to carry on with an endeavour or activity once an investment which could be time, effort or money has been made towards the activity (Thaler, 1980; Arkes and Blumer, 1985). The initial investment is usually the motivating factor behind the current decision to carry on with the activity and it does so even though objectively, it should not have any influence on the decision (Arkes and Blumer, 1985). This effect, according to Thaler, (1980), may explain why people who pay for a service, activity or benefit, tend to ‘enjoy’ the service more than people who do not. This is because the group of people who pay, continue to use the service until the utility of the service and benefits equals or surpasses the initial investment they have put in (Thaler, 1980; Lee, Kim and Kim, 2019). Another definition of sunk cost by Wang and Yang, (2010), which they referred to as “a cost that has been incurred and cannot be recovered at the time of decision making” suggests the reason behind consumers ditching the logical decision, due to the fact that customers consider their initial investment a loss if the endeavour is not followed through therefore they continue to spend in order to justify their initial investment.

Applying this effect to paid loyalty programmes, members of a paid loyalty programme usually purchase more products and services until the rewards they get either equals or exceeds the fees charged for their membership (Lee, Kim and Kim, 2019). The decision to do this in spite of the ‘logical’ decision to do otherwise is a display of the sunk cost effect. This is because

the members of the paid LP consider the upfront fee of the paid LP as an investment as well as the procedural and relational investments they have put into the programme (McCall and Voorhees, 2010) and this confirms the aforementioned theory by Thaler, (1980). As a result of the sunk cost effect, and the increase in the frequency of use of the paid LP, the members have made their initial investment; [which is both procedural (i.e. requiring time, effort as well as the hassle of getting used to the provider) and relational (i.e. having an personal ‘bond’ with the LP providers and its staff)]; to the providers and therefore tend to have a better relationship than non-paying customers (Lee, Kim and Kim, 2019).

The Expectancy-Value Theory

Having described the sunk cost effect on members of a paid loyalty programme, the motivation behind why it happens or why customers participate in a paid loyalty programmes may be explained by the expectancy-value theory as described by Wigfield and Eccles, (2000). The theory argues that people will participate in activities that they believe are most likely to result in rewards based on their analysis that the benefits they will receive are greater than the costs they have accrued (Wigfield and Eccles, 2000; Ashley, Gillespie and Noble, 2016). The analysis is a function of what they believe the outcomes will be as well as the assessment of the situation (Wigfield and Eccles, 2000).

In the model created by Wigfield and Eccles, (2000) in their article, one of the motivations to carry out a task is based on the subjective valuation of the task by the individual and to do this, they argued that individuals factor in the incentive value, the attainment value, the utility to be derived as well as the cost (Wigfield and Eccles, 2000). This may be true of member of a paid loyalty programme when carrying a cost benefit analysis in order to justify their decision to join. To buttress this point, nearly 70% of customers indicate that their reason for joining a loyalty programme is determined by the cost of participation and the benefits to

be derived from the programme (Wulf *et al.*, 2003). Since the adoption of and participation in a LP is dependent on the customers' valuation of cost and the benefits of the programme, it is argued that lowering the perceived participation cost as well as simplifying the LP tends to aid further enrolment into the programme while also increasing market penetration (Demoulin and Zidda, 2012; Dorotic, Bijmolt and Verhoef, 2012).

CHAPTER 3

METHODOLOGY

Participants

The topic of the research suggests a large population, in this case, Ireland. However, it would be impracticable to get a response from the entire population due to the time constraint of 12 weeks and cost constraint hence the need for a smaller sample size in order to capture a representative number of respondents within Ireland (Saunders, Lewis and Adrian Thornhill, 2009). In order to accomplish this, convenience sampling was employed and the participants were sourced as a function of their proximity (Saunders, Lewis and Adrian Thornhill, 2009) to the researcher's place of work as well as being in the same society at the business school the researcher attends. Convenience sampling was used due to the fact that it was the easiest way to obtain a diverse array of responses which would fit into the inclusion criteria of the research, while also taking into consideration the earlier stated time constraint as well as since the conditions around the time of the research which did not allow for other sampling types.

The population chosen for this study was Dublin residents from the ages of 18-67 who have been or currently are members of a loyalty programme (paid) and have used the programme over the last 12 months and have been resident in the state for minimum period of three months. These criteria form the boundaries (inclusion and exclusion criteria) of the research. The choice of the age bracket is to include only adults in the study, who are most likely to have and use or used a loyalty programme. The closing age of 67 represents the average active age for adult after which the study assumes that they may be assisted to do their shopping and thus including age brackets after this may result in a double count. The time limit of 12 months is a result of some loyalty programmes (like air miles) are reset after a 12 month

(or more) non-use period hence ensuring that participants are still active members of a loyalty programme (paid).

The total number of people who responded to the questionnaire were 85, however, 2 dropped off at the beginning of the research leaving only 83 responses. Of these, only 44 responses fit into the boundaries set with 52.3% being male and 47.7% being female respondents. The participants who responded to the questionnaire did so voluntarily and were made to tick a box to indicate their consent and no form of “benefit” was used to bait them to join the research. The average age of the participants was 18 – 27 years old (Mean=1.45 using coded data) with a standard deviation of 0.589 and they represented 59.1% of the responses which fit into the inclusion criteria of the research.

Research Design

Taking into consideration the research question to be answered, the nature of the research is descriptive as it aims to describe how customers perceive paid loyalty programmes and how it influences their behaviour. Descriptive research is one in which an accurate account and or profile of events, people or situations are described and is often a precursor to more explanatory studies (Saunders, Lewis and Adrian. Thornhill, 2009). This research followed the precedence in literature set by Sungirirai, Chiguvi and Sungirirai, (2017) who perform a similar research.

As a result of the descriptive nature of the research, the survey strategy was employed due to the fact that it allows a large amount of data to be collected from large populations in an easy and very inexpensive way (Saunders, Lewis and Adrian. Thornhill, 2009). It is the most commonly used in business and management research as it is considered authoritative with the advantage of being easily explained and comprehended by the general public (Saunders, Lewis and Adrian. Thornhill, 2009). The questionnaire method of data collection in the survey

strategy was employed in this research to collect large sets of quantitative data, test the variables and ensure that the research can be replicated. The choice of quantitative method is as a result of the time constraint and the ease of generating large amounts of data (Saunders, Lewis and Adrian. Thornhill, 2009). A similar strategy was employed by several researchers (Ashley, Gillespie and Noble, 2016; Marques, Cardoso and Lindeza, 2017; Lee, Kim and Kim, 2019). Given the time constraint of the research, the research was limited to a cross-sectional time horizon which only captured the responses or behaviour of the participants at a particular point in time. It is mainly used with descriptive research which employ survey methods or with research which have a particular time limit (Saunders, Lewis and Adrian. Thornhill, 2009).

The study of customer perception as well as loyalty programmes have well-established theories in literature (Demoulin and Zidda, 2012; Ashley, Gillespie and Noble, 2016; Lee, Kim and Kim, 2019) hence this study tends towards the deductive approach as the theories to be used to test the data generated from the questionnaires have already been identified in the literature review in Chapter 2. This study employed the positivist research philosophy in that instead of using subjective opinions of social actors to interpret customer perception, views of the respondents were coded into numbers and statistically analysed to properly portray perception of customers (Saunders, Lewis and Adrian. Thornhill, 2009).

Key Variables

The variables which will be measured are paid loyalty programmes and customer perception. Given that customer perception is based on the experience of the customer which in turn informs customer behaviour. Therefore, the independent variable is paid loyalty programmes because it is being used as the stimulus to elicit what customers perceive of it. The dependent variable is the customer perception. Customer perception of paid loyalty programmes has been conceptualised in the table below and will be operationalized by using

physically measurable variables frequency of visits, spend, while purchase intentions, psychological value etc. will be assigned numerical values to make them measurable.

Table 2: Key variables measured using the questionnaire

Category	Items	Reference
Value	Economic Value Interactional Value Psychological Value	Demoulin and Zidda, 2012; Kreis and Mafael, 2014; Lee, Kim and Kim, 2019; Yi and Jeon, 2003
Purchase Behaviour	Increase in spend, increase in frequency of visit, purchase intention	Magatef and Tomalieh, 2013; Gupta, Gupta and Shainesh, 2018

Materials

For the purpose of this research, a questionnaire was designed from the key variables previously identified in Table 2 were measured. The questionnaire design followed a similar pattern employed by Marques, Cardoso and Lindeza, (2017) but was slightly adapted for this research. There were four segments in the questionnaire namely (detailed in Appendix 1):

A. Socio-demographic data: In this section, demographic data which are: age, gender, length of time living in Dublin, level of education, household income were collected from participants' responses.

B. Loyalty Programme membership: In this section, the first question helped to ascertain if a participant is an active member of any loyalty programme and participants were asked to state how many. Further to the first two responses, the third question was used to determine if they had used paid loyalty programme in the past by using a forced binary response of yes or no (if the participant has used a loyalty programme in the last 12 months). The fourth question measured how recent their last use of the programme was (i.e. 1-3 months, 4-6 months, 7-9

months, and 10-12 months). The third and fourth questions were used as inclusion criteria for the research.

C. Customer Perception: This section measured, using a 5-point Likert scale, the relationship between paid loyalty programme and the operationalized points in the table 2 above. There were 12 questions in the section which corresponded with the operationalized points in table 2. The range of responses were from strongly disagree to strongly agree leaving a neutral in between (with 1 denoting strongly disagree and 5 denoting strongly agree).

D. Expectation: This section will address what customers want from a paid loyalty programme (in response to the secondary objective of the research). In this section, there were three questions with the first using a 3-point Likert scale to ascertain whether price was an important factor the respondents would consider if they were to join (1=Most important and 3=Least Important). The second question was to determine what kind of rewards they would expect a paid loyalty programme to have and the last question was to determine what timing of rewards in their opinion was best and would make them join.

Validity of Measurement Technique

The validated measurement tool employed to develop the questionnaire was adapted from Mimouni-Chaabane and Volle, (2010). The scale is designed to measure customer perception of loyalty programmes and covered all the variables the operationalized in Table 2. The validated measurement also recommended the use of a 7-point Likert scale however, in this research, a 5-point Likert scale was employed in developing the questionnaire in order to aid analysis and avoid the ambiguity of the responses. In order to confirm the reliability of the scale, Mimouni-Chaabane and Volle, (2010) tested the scale and report a Cronbach's alpha score of 0.90 for economic value, 0.97 for psychological value as well as 0.96 for social

(interactional) thus indicating that the measurement tool that was used was not only valid but also reliable.

The scale used in the research was tested for reliability using SPSS 26 software and the results showed that the scale was reliable for measuring economic value perception with a Cronbach's alpha value of 0.785, interactional value which had a value of 0.857, purchase behaviour which had a value of 0.670 and psychological value which had a value of 0.887. The acceptable value for reasonable reliability is 0.67 and above (Taber, 2018).

Table 3: Scale Reliability Analysis (Cronbach's alpha)

Value Group	Cronbach's Alpha
Economic Value	0.785
Interactional Value	0.857
Purchase Behaviour	0.670
Psychological Value	0.887

The scale has been employed in a similar research as evidenced by Bose, (2011) in their article on the perception benefits of loyalty programmes. A pilot of the questionnaire was run among my classmates to ensure that the questions were easy to understand prior to being used to collect data. See appendix 1 for a full copy of the questionnaire.

Procedure

Respondents were sent emails inviting them to participate in the research. In the email sent was the link to the Google Forms which contained the questionnaire. The first page of the form contained the information sheet which detailed brief information about the research including the topic, researchers name, supervisor's name, participation, risks and benefits, privacy and confidentiality, as well as the what and how the results of the study would be used.

After this, participants were led to the next page (informed consent page) which detailed all the instructions regarding informed consent while leading them to a forced binary response of yes or no to indicate voluntary consent to participating in the research. Thus choosing yes was the prerequisite to continuing to the questionnaire itself. Once respondents chose yes, they were ushered into the first section of the questionnaire which required them to provide demographic information about themselves by answering five questions (three of which were compulsory i.e. age, gender and length of time in Dublin), after which they would move on to the loyalty programme membership section which had four questions, then the customer perception section which had twelve questions and finally the expectation section which had three questions, as detailed in the materials section above. The entire process of responding to the questionnaire took about 10 – 15 minutes per respondent. After the respondents had completed the questionnaire, they were instructed to click on Submit to register their responses.

After a period of three weeks, the questionnaire was closed and stopped accepting responses and then the responses gathered were exported from Google Forms in a zipped folder for analysis. Given that not all the questions were compulsory questions, some of the answers after downloading the responses were blank. In order to address this, the most likely response of group was chosen to fill up those gaps in order to avoid “blank space” errors during analysis.

Ethical Considerations

Collection and Use of Anonymised Data

As stated in procedures, an online survey platform was used to administer the questionnaire. The author used Google Forms, an online survey platform which has built-in privacy and data protection technology such as IP masking and email exclusion hence no part of the respondents' data was identifiable or connected to any of the respondents. Secondly, no personal or identifiable data was collected except for generalised data which includes age,

gender and household income for the sake of privacy and anonymity. Data was processed and analysed as a group and not on an individual basis to ensure participants were protected and their rights to privacy was upheld.

As detailed in procedure section above, the second page of the online survey carried out, was the informed consent form which detailed that participants understood the research, that they were under no obligation to complete the questionnaire, that they were free to quit the questionnaire at any time without consequence and that their responses would be anonymous. (See Appendix for information sheet and informed consent form)

The data collected was exported from the internet and stored on a personal storage device which is password protected and stored safely at the residence of the author. Only the author had access to the storage device and did not share password information with anyone. Data storage and processing will follow the guidelines of the GDPR regulations. Data will be destroyed after 2 years and participants may instruct the author not to process their data and are permit to request their data sent to them at any point in the research.

Data Analysis

Given the fact that the research is mostly descriptive, and there is no hypothesis to test, therefore, a mean and modal analysis were utilised to derive the perception of customers to paid loyalty programmes. The raw data from Google Forms was downloaded in CSV format and recoded into numbers for easy analysis. The legend for the coded data is provided in the appendix as well as the excel spreadsheet where the analysis was conducted for referencing.

As detailed in the literature review, customer perception was operationalized based mainly on value as well as purchase behaviour. The perception of value was broken down into 3 namely economic value, interactional value, psychological value as well as purchase behaviour. The mode from the responses per each value was derived and the number of

responses were given in percentages for easier comprehension. This was repeated for the analysis of the responses which pertained to expectations. This was also repeated for perception of the paid loyalty programme based on the income ranges to ascertain how people in each range responded.

In order to represent the data, a stacked column bar chart was used for age range by gender while a clustered column chart was used for the customer perception while pie charts were used to represent customer expectations as well as the loyalty programme membership. Results of the analysis were thoroughly detailed in Chapter 4.

CHAPTER 4

RESULTS

The research question sought to investigate how customers perceived loyalty programmes thus making it the primary objective of the research, while also finding out the expectation customers have of loyalty programmes which represents a secondary research objective. Based on these, questionnaires were designed for the participants of the research to answer and from their response we may deduce their perception.

A total 284 emails were sent out of which returned 85 hits to the questionnaire link. Of the 85, 2 dropped off at the beginning of the questionnaire leaving behind 83 responses. Taking into consideration the all the inclusion criteria of the research as detailed in Chapter 3, there were only 44 viable responses. The results were broken down into demographics & loyalty programme membership, customer perception and expectation.

Demographics & Loyalty Programme Membership

The responses revealed that of all the viable responses analysed for this research, 48% were female while 52% were male. Further broken down into age ranges, 23% of the respondents within the age range of 18 – 27 years old were male while 36% were female. For respondents who were in the range of 28 – 37 years old, 25% were male while 11% were female. While there were no female respondents within the age range of 38 – 47 years old, 5% of the respondents within this age range were male (See figure 2).

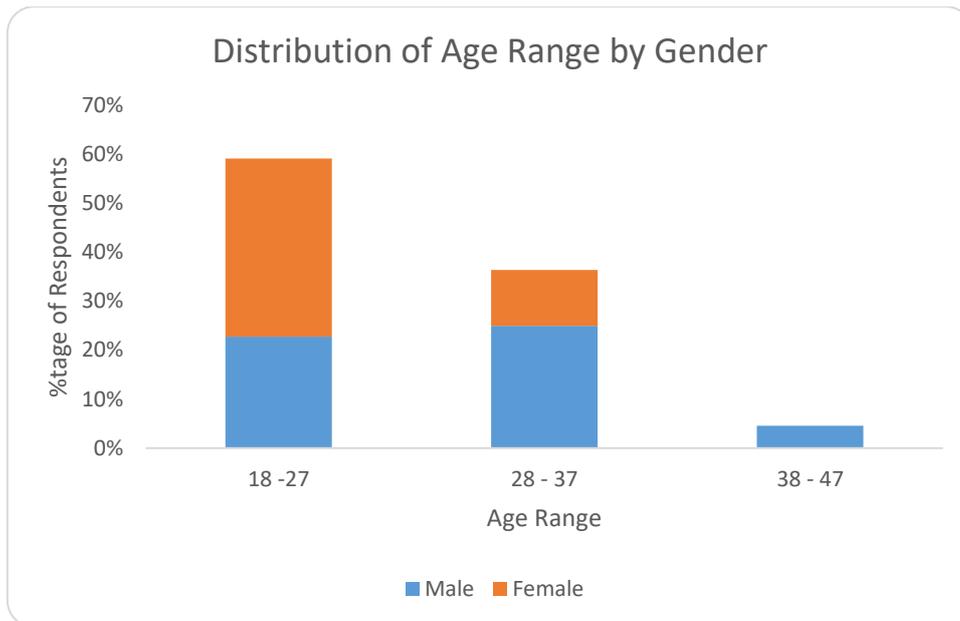


Figure 2: Distribution of respondents' age range by gender.

Respondents were asked their household income in ranges and 36% indicated a household income of €0 - 15,000, 25% had household income of €15,001 - 30,000, 16% had incomes ranging between €30,001-45,000 and 14% had incomes greater than €75,000 per annum while income ranges of €45,001 – 60,000 and €60,001 – 75,000 were represented by 5% of the respondents respectively as seen in figure 3.

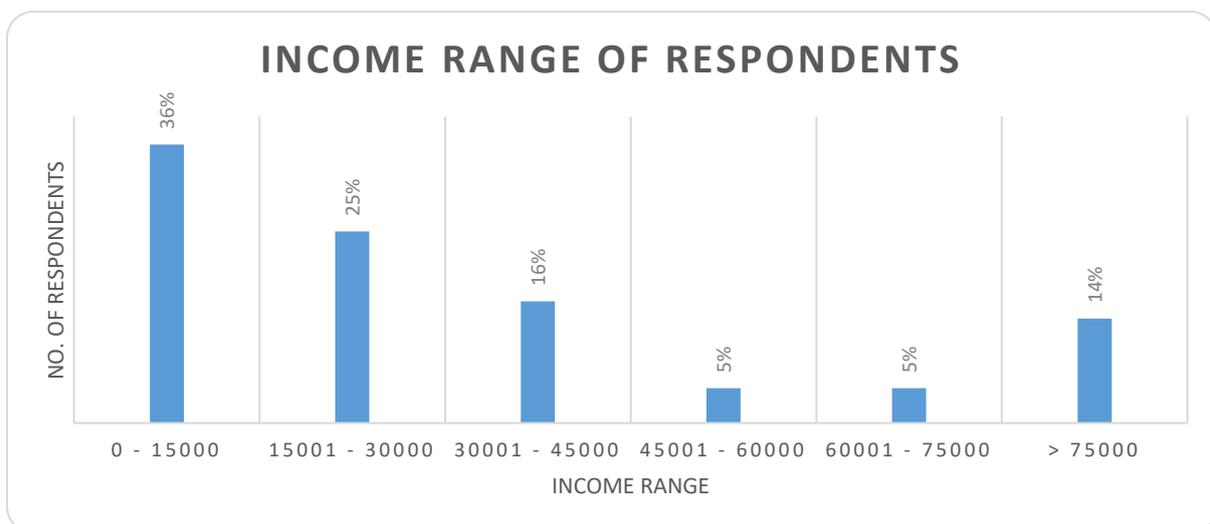


Figure 3: Household incomes of Respondents.

Loyalty Programme Membership

Respondents were asked questions pertaining to loyalty programme membership which included if they were members of a loyalty programme, how many, if they had used a paid

loyalty programme as well as when last they used the programme. The responses revealed that all the participants of the research were members of an average of 2 loyalty programmes (Mean=2.30, Standard Deviation=1.47), breaking this further down, 46% were members of 1 loyalty programme, 14% were members of 2, 20% were members of 3, 9% were members of 4, 9% were members of 5 and 2% were members of 6 loyalty programmes respectively. As per the last time respondents had used a paid loyalty programme; 84% had used it within the last 1 – 3 months, 11% in the last 4 – 6 months, 2% in the last 7 – 9 months and finally, 2% within the last 10 – 12 months.

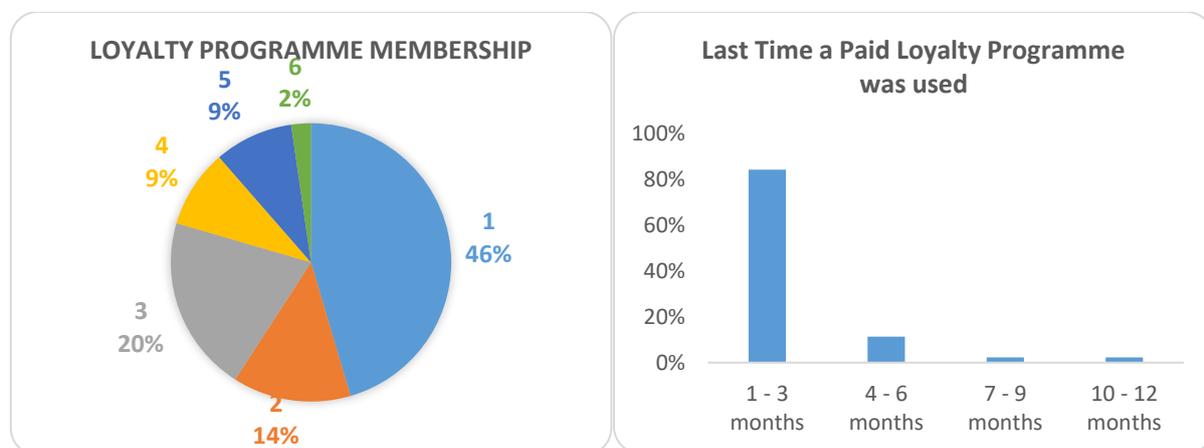


Figure 4: Charts showing loyalty programme member and how recent it was used.

Customer Perception of Paid Loyalty Programmes

Respondents were asked a series of questions which would elicit their perception of paid loyalty programme (based on their use of the programme). The questions were divided into four groups; three of which are value perceptions and one being purchase behaviour. These groups of questions were aimed at achieving the primary objective of the research.

Responses for the group of questions which capture perception of economic value revealed that 2.27% strongly disagreed, 6.82% disagreed, 33.33% neither agreed nor disagreed, 37.88% agreed and 19.70% strongly agreed. Collectively, 9.09% (i.e. 2.27%+6.82%) of the

respondents disagreed while 57.58% agreed that they perceived economic value from the use of paid loyalty programmes. For the perception of interactional value, 6.82% and 21.21% strongly disagreed and disagreed respectively while 25.76% and 9.85% agreed and strongly agreed respectively while 36.36% neither agreed nor disagreed thus a gross total of 28.03% disagreed and 35.61% agreed to have perceived interactional value from using a paid loyalty programme. For the perception of psychological value, 9.09% and 25% strongly disagreed and disagreed respectively. While 49.24% neither agreed nor disagreed with perceiving any psychological value, 11.36% and 5.30% agreed and strongly agreed to perceiving psychological value. In total, 34.09% disagreed while 16.66% agreed that using a paid loyalty programme offered psychological value.

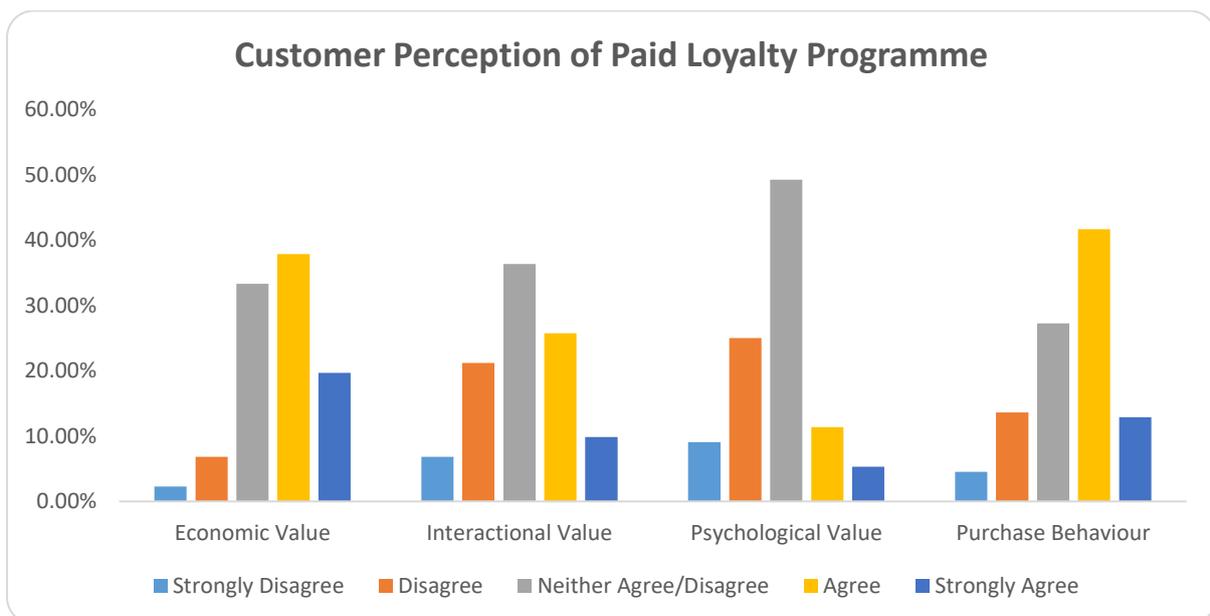


Figure 5: Customer perception of paid loyalty programme.

With respect to purchase behaviour, 4.55% strongly disagreed, 13.64% disagreed that using a paid loyalty programme had any influence on their purchase behaviour. On the other hand, 41.87% and 12.88% both agreed and strongly agreed that the use of paid loyalty programmes influenced their purchase behaviour while 27.27% were undecided as to the influence of the programme on their purchase behaviour. In summary, in two of the four groups of questions (i.e. the economic value and the purchase behaviour group), participant agreed

that they perceived value from the use of a paid loyalty programme while in the other two groups (interactional and psychological), a higher percentage of the respondents were mostly undecided about their perception of value from using a paid loyalty programme.

It is important to note that these results represent all the responses without breaking them into subgroups. Given that paid loyalty programmes involve an upfront fee for participation, it made sense to analyse the perception based on household income to see if it had any influence on the perception value.

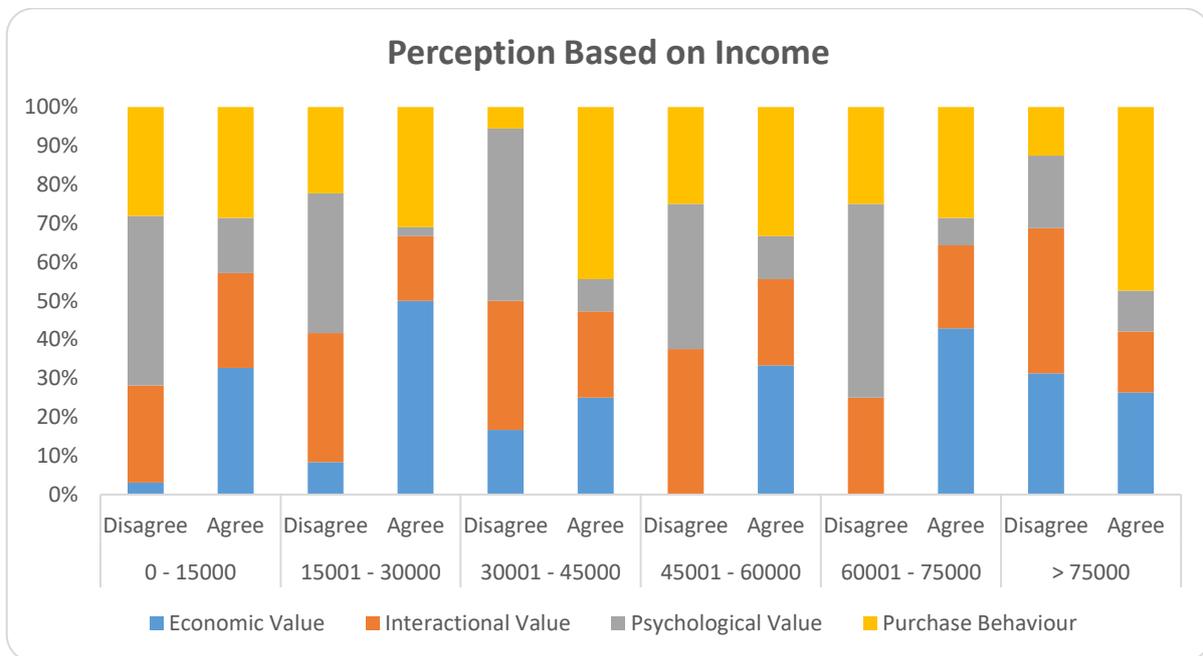


Figure 6: Customer perception based on household income of respondents.

From figure 6 above, it is seen that in all the income ranges, respondents mostly agreed that by using a paid loyalty they derive economic value and that it influences their purchase behaviour. It is also observed that in all the income groups, respondents mostly disagreed to perceiving any interactional and psychological value from using a paid loyalty programme. This corroborates the general findings earlier observed in figure 5 above. However, prying deeper into the results, it was observed that within the smallest income range (€0 – 15,000), 67% of the respondents agreed that they perceived economic value, 50% agreed that they perceived interactional value, and 58% agreed that their purchase behaviour was influenced by using a

paid loyalty programme. While only 29% agreed that they perceived psychological value, an equal 29% also disagreed that there was any perceived psychological value from using a paid loyalty programme. However, on the other end of the spectrum, within the highest income range, it was observed that only 28% agreed that they perceived any economic value, only 17% agreed to interactional value, and 11% agreed to psychological value but interestingly, 50% agreed to have had their purchase behaviour influenced by using a paid loyalty programme.

Table 4: Customer perception based on household income (highlighted to show patterns)

	0 - 15000		15001 - 30000		30001 - 45000		45001 - 60000		60001 - 75000		> 75000	
	D	A	D	A	D	A	D	A	D	A	D	A
E V	2%	67%	9%	64%	14%	43%	0%	50%	0%	100%	28%	28%
I V	17%	50%	36%	21%	29%	38%	50%	33%	33%	50%	33%	17%
P V	29%	29%	39%	3%	38%	14%	50%	17%	67%	17%	17%	11%
P B	19%	58%	24%	39%	5%	76%	33%	50%	33%	67%	11%	50%

where EV=Economic Value, IV=Interactional Value, PV=Psychological Value, PB=Purchase Behaviour, D=Disagree, A=Agree

There was a pattern observed with the other income ranges (see Table 3). For instance, the income ranges 15,001-30,000 and 45,001-60,000 had outcomes that concur with general findings earlier stated in that, the percentage of respondents that agreed to perceived economic value and influenced purchase behaviour were higher than those who disagreed and the percentage of those who agreed to interactional value as well as psychological value were lower than those who disagreed. However, in contrast, income ranges 30,001-45,000 and 60,001-75,000 have a different pattern in that not only are the percentages higher for respondents who agreed to perceived economic value and influenced purchase behaviour, they also had higher percentage of those who agreed to perceived interactional value which differs from the general findings shown in Figure 5 (also see table 3) while following the general consensus that most respondents disagreed to have perceived psychological value.

Modal Analysis

Although categorizing the responses into general value groups makes for easy presentation of the data however, acquiring the mode of the response to the individual questions in each question group helps to identify how the respondents perceive paid loyalty programmes.

Table 5: Modal analysis of Value Groups

Value Group	Questions	Mean	Mode	Std. Deviation
E V	I shop at a lower cost	3.68	4	0.96
	I spend less	3.55	3	1.02
	I save money	3.75	4	0.87
I V	I belong to a community of people who share the same values	3.23	3	0.99
	I feel close to the brand	3.23	4	1.14
	I feel I share the same values as the brand	2.86	2	1.05
PV	I am treated better than other customers	2.80	3	0.95
	I am treated with more respect than other customers	2.73	3	0.95
	I feel I am more distinguished than other customers	2.84	3	0.96
P B	Being a member makes me buy larger volumes than usual	3.23	3	1.10
	Being a member makes me visit the store more	3.30	4	1.11
	I recommend the programme/brand to others	3.82	4	0.76

where EV=Economic Value, IV=Interactional Value, PV=Psychological Value, PB=Purchase Behaviour

As shown in Table 4 above, for economic value, most of the respondents agreed with shopping at a lower cost and saving moving as a result of using the paid loyalty programmes. While respondents neither agreed nor disagreed to “spending less” as a result of using the paid loyalty programme, the general result shows that customers perceive strong economic value from the use of a paid loyalty programme thus confirming the earlier results. For interactional value, most of the respondents were neutral about belonging to a community of people who share the same values and disagreed to feeling they shared the same values as the brand however, most of the respondents agreed to feeling close to the brand. While there are different

responses to the question group, it is safe to say that respondents perceived little interactional value from using or being a member of a paid loyalty programme.

In the case of the psychological value group, the responses to the individual questions in the group were mostly undecided which would indicate that they did not perceive psychological value from the use of a paid loyalty programme whereas in the purchase behaviour value group, most of the respondents agreed that using a paid loyalty programme increased the frequency of the store visit as well as recommending the programme and brand to others although most of the respondents answered “undecided” to buying larger volumes than they usually do thus indicating that using a paid loyalty programme positively influenced their purchase behaviour.

Expectation Analysis

Respondents were asked questions relating to what they would expect from a paid loyalty programme. Questions included whether they considered price an important factor for joining, what kind of rewards they were expecting, as well as the timing of the rewards.

The results reveal that 41% of the respondents indicated that price was the most important, and to 16%, price was the least important while a higher percentage of respondents (i.e. 43%) were undecided about the importance of the price/cost of membership to a paid loyalty programme (see Figure 7 below).

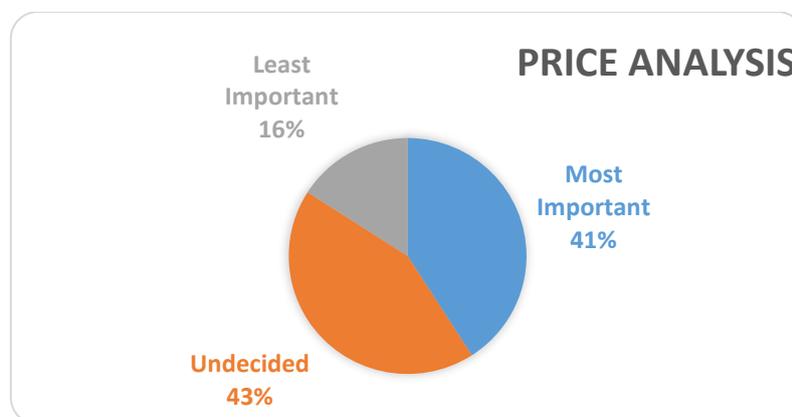


Figure 7: Price analysis of customer expectation for paid loyalty programme

With respect to what respondents expected as rewards, Figure 8 below shows that 64% of the respondents preferred cash rewards (i.e. discounts, cashbacks, cash vouchers etc), 14% preferred services (i.e. customised/personalised offerings, preferential treatment), 11% preferred goods (i.e. buy n and get x free) and finally, 11% preferred redeemable points (i.e. accumulated points/loyalty programme currency that can be converted to either goods or services when criteria for eligibility has been attained or a time specified by the LP provider).



Figure 8: Reward type expected.

Respondents also indicated the timing of the rewards they expect to have in order to join a paid loyalty programme. Most of the respondents (66% of all the respondents) indicated that they would prefer the timing of rewards to be immediate (i.e. occurring immediately after purchase), 27% indicated that they would prefer the rewards to be delayed (i.e. redeemable at particular intervals in the future) while 7% indicated others (i.e. meaning they did not have any preference to timing where the rewards were concerned).

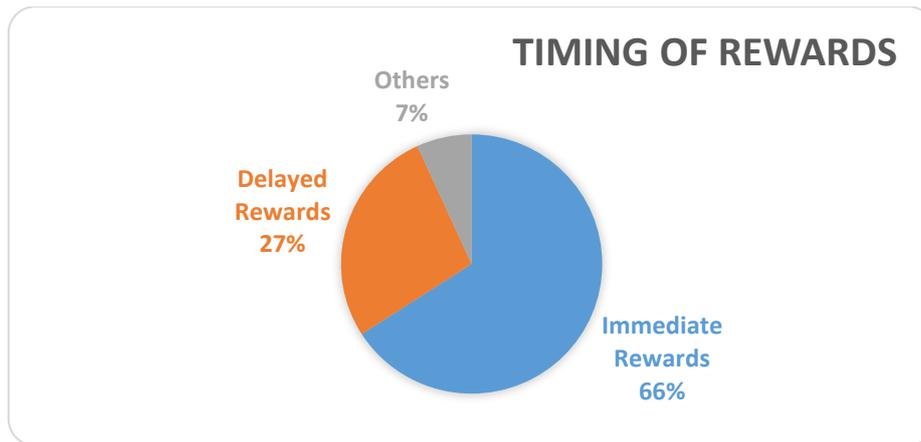


Figure 9: Expected timing of rewards

In summary, respondents showed strong perception of economic value and a strong influence on their purchase behaviour as a result of the use of a paid loyalty programme while showing little perception of interactional value and no psychological value. Respondents preferred cash and immediate rewards more than other reward types and timings while also indicating that price was an important factor to joining a paid loyalty programme.

CHAPTER 5

DISCUSSION & CONCLUSION

The aim of this research was to examine how customers perceive subscription based loyalty programmes and if it influences their behaviour in respect to frequency of visits, increase spend during these visits or social status with a secondary objective to evaluate what they expect the programme to have in order to facilitate their joining. After the results of the research were obtained, it was discovered that respondents perceived strong economic value (i.e. saved money), had their purchase behaviour (i.e. increase in frequency of visits as well as recommending brand/programme to others) positively influenced, perceived little interactional value and did not perceive any psychological value as a result of using a paid loyalty programme. Secondly, respondents also indicated that price was an important factor for joining, mostly preferred cash rewards as opposed to other reward types and mostly immediate rewards more than delayed rewards. Finally, the lower the income range, the stronger the perception of value by the respondents.

To put this in perspective, these results answer the research question which is find out customer perception of paid loyalty programmes and the expectation of such programmes however, these results must be weighed against theories and academic literature detailed in the literature review to give an explanation to the results observed and whether or not they corroborate the findings in those academic papers.

The results above corroborate some research in extant literature on the subject of loyalty programmes and customer perception. For instance, a study in 2016 showed that customers who used a paid loyalty programme perceived the programme as having better value than those enrolled in free loyalty programmes (Ashley, Gillespie and Noble, 2016; Lee, Kim and Kim,

2019). They explained that this behaviour was as a result of the sunk cost effect, where the customers who are enrolled in a fee-based loyalty programme view the fee as an investment or as a sunk cost (Ashley, Gillespie and Noble, 2016). The results of this research showed that respondents perceived strong economic value and a positive influence on purchase behaviour and these may be as a result of the sunk cost effect since respondents may view their payment of the upfront fee as investment, they continue to visit the brand in order to make use of the programme in a bid to prevent the perceived loss of their investment (Wang and Yang, 2010). The positive influence on purchase behaviour comes as a pre-emptive measure to prevent the loss of their initial investment while also trying to make sure that benefits they accumulate from the programme outweighs the cost of the programme itself (Thaler, 1980; Lee, Kim and Kim, 2019).

The perception of value in a loyalty programme is a vital ingredient to enhance customer loyalty through such a programme (Yi and Jeon, 2003; Magatef and Tomalieh, 2013). Since one of the definitions of loyalty is simply repeated purchases of specific goods and services over a particular time period and one of the yardsticks used to measure brand loyalty is purchase frequency i.e. behavioural loyalty (Yi and Jeon, 2003), the perception of economic value may have also led to the positive influence on the purchase behaviour of the respondents and by effect leads to increased loyalty towards the brand (Mimouni-Chaabane and Volle, 2010). Extant research indicate that economic value has significant influence on customer satisfaction which is a key factor that determines customer loyalty (Yi and Jeon, 2003; Mimouni-Chaabane and Volle, 2010).

Expectancy-value theory may also be used to explain the economic value as well as purchase behaviour changes in the results. Just like every loyalty programme, paid loyalty programmes also offers rewards, thus taking into consideration the cost of the programme and

the rewards expected from it, customers perceive strong economic value as well as have their purchase behaviour largely influenced because they assess the rewards they will receive to be greater than costs of joining the programme (in which case is the upfront membership fee) (Wigfield and Eccles, 2000; Ashley, Gillespie and Noble, 2016). This cost benefit analysis helps to justify continuing with the programme/brand as a result of the cost investment which therefore leads fee paying customers to enjoy the paid loyalty programme more than non-paying customers (Lee, Kim and Kim, 2019).

The strong perception of economic value may be attributed to an assumed low participation cost and higher rewards since joining a paid loyalty programme is based on the customer's assessment of the cost and benefits of the programme hence the lower the cost, and the higher the benefits, the higher the economic value which may also lead to a positive influence on purchase behaviour (Demoulin and Zidda, 2012; Dorotic, Bijmolt and Verhoef, 2012). In the expectancy value theory model, one of the factors of motivation for carrying a task considered is the attainment value, therefore, the higher economic value may be as a result of a low hanging attainment value thus leading the customer to continue with the programme (Wigfield and Eccles, 2000).

In the results, it was observed that there was little interactional value perceived by the respondents and no psychological value perceived by the respondents. Interactional value and psychological value deal with "the utility a customer derives from a product's ability to enhance social self- concept" and is in other research referred to as symbolic benefits and can be attributed to more emotional behaviour (attitudinal loyalty) towards a brand (Mimouni-Chaabane and Volle, 2010; Demoulin and Zidda, 2012). However, the results obtained for interactional and psychological value are similar to those obtained by Mimouni-Chaabane and Volle, (2010) in that economic value had the most effect on satisfaction with a loyalty

programme while interactional and psychological values had no effect on it (Mimouni-Chaabane and Volle, 2010; Demoulin and Zidda, 2012). The underlying factor behind it was explained by Demoulin and Zidda, (2012); where they noted that the source of the sample used in their research was 80% from the grocery retail industry; an industry in which such socio-psychological benefits from joining and using a loyalty programme were most likely rare or completely non-existent (Demoulin and Zidda, 2012). Given the similarity of the results, we may assume that since our sample consisted mainly of people aged 18 – 27 with an income level mostly ranging from €0-15,000, there is a high chance that their experience of using a paid loyalty programme was associated with some retail industry (for example Amazon prime). According to Mimouni-Chaabane and Volle, (2010), this may also be a result of the paid loyalty programmes the respondents have had an experience with were not ones designed with an interactional and psychological focus in mind hence the perception of little or no symbolic benefits.

Having described the general results, there were other patterns observed in the results when the customer perception was analysed on the basis of income ranges. As earlier stated, the lowest income ranges agreed that they perceive more (economic, interactional as well as positive influence on purchase behaviour) value than the highest income range. This may be explained based on the motives for joining the loyalty programme which was described by Mimouni-Chaabane and Volle, (2010). In their research they stated that the influence of the motives of customers will be stronger on similar value constructs if the loyalty programme they join is designed to aim at the motives the customers have, therefore, when this happens, it results in increased perceive value of the brand/provider's offerings (Mimouni-Chaabane and Volle, 2010). Conversely, where the loyalty programme does not target the customer's motive then the perceived value from the programme would be low or completely absent (Mimouni-Chaabane and Volle, 2010). It can be suggested that the lower income ranges have utilitarian

motives (i.e. money savings or economic value) and that the paid loyalty programme they have joined also targets such motives thus leading to increase perceived value. This can also explain why the highest income ranges do not perceive much value save a change in their purchase behaviour, most likely because there is a mismatch between the motives of such high net-worth individuals and the underlying motive targeted when the loyalty programme was designed.

Another reason behind the above mentioned pattern, can be the design of the loyalty programme's structure. Multi-tiered loyalty programmes aid brands and firms to offer differentiated benefits or incentives which will more likely to increase customer loyalty better than generic rewards would, and by effect helping these brands to differentiate their loyalty programmes from others in the market (Demoulin and Zidda, 2012). Although being on higher tiers of the loyalty programme means that the customer has to spend more, it also means that the customers on such tiers are entitled to more rewards (Nunes and Drèze, 2006). Therefore, if multi-tiered loyalty programmes enable companies to offer a higher number as well as better quality rewards to members on the higher tiers, then such members would perceive more value than members on the lower tiers of the loyalty programme (Nunes and Drèze, 2006; Demoulin and Zidda, 2012). In their study of the relationship between multi-tiered structure of loyalty programmes and the customers' perception of status (i.e. social recognition and superiority), through the use of the theory of social comparison, Nunes and Drèze, (2006) found that the number of levels or tiers in addition to the size of the tier (i.e. the number of people on the tier) impact on customers' perception of status. They found that there was a feeling of 'superiority' experienced by members of the topmost tier if the number of people on the tier was smaller in size when compared to other tiers or lower tiers as well as customers who weren't in the programme as well (no-tier status) (Nunes and Drèze, 2006; Demoulin and Zidda, 2012). They also found that the feeling/perception of status was better enhanced by a 3-tiered loyalty programme than those with only 2 tiers, as companies actively contribute to the enhanced

feeling of superiority by offering more exclusive as well as highly personalised benefits which makes members of the topmost tiers believe that the benefits they receive are higher and more valuable in comparison to what others receive (Nunes and Drèze, 2006; Demoulin and Zidda, 2012). Bearing this in mind, it can be suggested that the reason there was little or no perception of interactional and psychological value is that the structure of the programme was most likely not tiered hence the rewards may have been generic to all customers despite their level of spend thus offering no incentive for perception of status to members in spite of the fact that they paid an upfront fee to join the programme.

The expectation analysis revealed that respondents thought that price was an important factor they would consider when joining a paid loyalty programme, they preferred cash rewards more than the other reward types and finally immediate rewards opposed to delayed rewards. A recent study on the effects of “the effect of loyalty program fees on program perceptions and engagement” carried out by Ashley, Gillespie and Noble, (2016) revealed that adding a fee, or members who paid to join a loyalty programme displayed more favourable behaviours and attitudes as opposed those who joined for free. They found that after enrolment, members of a paid loyalty programme had higher utilisation of and remained with the programme as a result of the commitment-consistency as well as the sunk cost effect (Ashley, Gillespie and Noble, 2016). However, they also discovered that intentions to join such a programme is a function of the customers’ cost/benefit analysis of the programme. This corresponds with Demoulin and Zidda, (2012) as well as Dorotic, Bijmolt and Verhoef, (2012) who both noted that cost plays a part in influencing joining intentions. The results of this research follows the same pattern as respondents consider price to be the “most important” factor that would make them join.

The results revealed a significant deflection of the respondents towards cash rewards thus indicating that the respondents were mostly utilitarian (i.e. oriented towards economic

value in the form of monetary savings, gifts etc) (Dorotic, Bijmolt and Verhoef, 2012). This corroborates extant research which states that the majority of consumers tend to attach greater importance to monetary savings or utilitarian rewards in general due to the fact that such rewards are physical and as such can be easily estimated than other reward types offered by loyalty programmes (Mimouni-Chaabane and Volle, 2010). This strong predilection towards utilitarian rewards drives customers who have strong economic/utilitarian motives or orientations to join loyalty programmes and as such are usually members of several different loyalty programmes which in turn makes them less loyal to any specific brand (Dorotic, Bijmolt and Verhoef, 2012). Hence in designing a loyalty programme, there is to be a careful balance of the types of rewards to offer in order to prevent 'polygamous' loyalty.

Reward timing is also an important factor that customers consider when joining loyalty programmes (Yi and Jeon, 2003). Research carried out by Lee, Kim and Kim, (2019) showed that immediate rewards were best suited to members of a paid loyalty programme as it helped to improve customer loyalty as a result of the sunk cost effect. This confirms our research results, in that the majority of the respondents opted for immediate rewards more than delayed rewards. It is also noteworthy that loyalty programmes where the brand/programme provider offers low-involvement products (such as retail) may need to offer immediate rewards as such customers need to be incentivised frequently (Melancon, Noble and Noble, 2010).

Implications & Applications

Customer loyalty as well as loyalty programmes have studied extensively in academia and rightly so owing to the fact that business continuity depends on customer loyalty (Helgesen, 2006; Magatef and Tomalieh, 2013). While the bulk of these studies focus on free loyalty programmes, some have identified that the cost of free loyalty programmes are significant

(Chun, Iancu and Trichakis, 2018) hence the advent of the conversation where paid loyalty programmes are concerned.

Research into customer perception of loyalty programmes has been done on free programmes and very little on paid loyalty programme (Uncles, Dowling and Hammond, 2003; McCall and Voorhees, 2010; Dorotic, Bijmolt and Verhoef, 2012; Ashley, Gillespie and Noble, 2016), this research seeing this need, filled the gap by questioning the perception of customer who are enrolled in such paid loyalty programmes. The implications of the findings of this research are far reaching, extending both to academia as well as in business practice.

In academia, the results adds to the body of knowledge in this subject, detailing that the perception of members of a paid loyalty programme are somewhat similar in terms of economic value, influence on purchase behaviour, as well as preference of reward type and timing (Yi and Jeon, 2003; Mimouni-Chaabane and Volle, 2010; Dorotic, Bijmolt and Verhoef, 2012; Lee, Kim and Kim, 2019). The implication of these findings also opens up new areas of research to question why these perceptions are similar despite the upfront cost, what kinds of structures would work best for such programmes to elicit maximum customer loyalty etc.

In practice, the implications of this research are that companies can now identify that there is a need for a mix of reward types when offering a paid loyalty programme since only cash rewards may be best for pre-enrolment advertising, customers with an utilitarian motives and may not be well suited to the long term purposes of customer loyalty and loyalty programmes and may not be of interest to customers seeking symbolic benefits (Mimouni-Chaabane and Volle, 2010; Demoulin and Zidda, 2012; Dorotic, Bijmolt and Verhoef, 2012). Secondly, it may also be of interest to businesses with an intention to design a paid loyalty programme to pay attention to using multi-tiered structure in addition to the mixed reward type

in order to ensure better programme loyalty and ultimately brand loyalty (Nunes and Drèze, 2006; Gupta, Gupta and Shainesh, 2018).

Problems of the Research

There was no specificity of the industry where the paid loyalty programme was used hence the result may be a combination of different industries thus assumptions as to the industry was used in the analysis. I attempted to use a one-size-fits-all approach to the study to give a general idea of the perception of customers to paid loyalty programmes. The implication of such generalizations would be that there needs to further research to clarify reactions based on industries because different industries may elicit different reactions to paid loyalty programmes.

The sample suitable for a descriptive research is in the range of 150 – 300 responses (Saunders, Lewis and Adrian. Thornhill, 2009) and the convenience sampling method would have adequately gathered this amount of responses however, the advent of the global COVID-19 pandemic hindered the method of data collection I wanted to use thus limiting me to only emails which proved difficult to get responses from. Of the initially planned 150 responses which would have fit in adequately for this research, I was only able to gather 85, of which only 44 were usable given the inclusion criteria of the research detailed in the methodology. Therefore by implication, a similar research with a larger number of respondents would be required to confirm or refute the findings of this study.

There was a gender imbalance in the research, with over 50% of the respondents being male and the rest being female. This may have had an effect on the results shown as well given that there has been research which show that males are more likely to perceive or display loyalty than female. As reported in Chapter 4, there was no perceived psychological value from the respondents, while this is a general result including both males and females, there is reason

to believe that the results may have been different if there was a gender balance in the research. A research on the effect of gender on customer loyalty showed that male customers had a tendency to enjoy loyalty programmes which offer symbolic benefits more than female customers (Melnyk and van Osselaer, 2012).

Weakness of the Research

The research design had a weakness common to descriptive research in general. The fact that the research did not have to statistically test or find a relationship between variables while only reporting the responses of the participants of the research and trying to explain them using already established theories in academic literature forces it to require a follow-up explanatory research to explain the underlying mechanisms which elicited the reactions reported in the research (Saunders, Lewis and Adrian. Thornhill, 2009).

Strengths of the Research

Descriptive research has the advantage of being easy to carry out and can be less of a burden when there is a specified timeframe to complete such a research. Given the fact that it is an accurate account of people, events or situations, it has plentiful use in business and management research (Saunders, Lewis and Adrian. Thornhill, 2009). In the case of this research, using descriptive research helped to provide baseline information which other researchers can use (since it used a survey method for data collection which is considered authoritative – see Chapter 3) and by so doing have added to the body of knowledge in this subject area.

Furthermore, to prove its usefulness as a source of baseline data for further studies on paid loyalty programmes, the scale used had reasonable reliability scores, hence results/findings of the research, although descriptive, are reliable and the scale itself can be adapted for further specific research in future.

Ideas for future Research

Customer perception of loyalty programme is mostly a function of the perceived value of the programme (Nunes and Drèze, 2006; McCall and Voorhees, 2010; Dorotic, Bijmolt and Verhoef, 2012). Having identified the various value dimensions which were easily perceived (i.e. economic value and purchase behaviour), it leaves questions about other value dimensions such as interactional (social/affiliation) and psychological (status) value dimensions. Even though there was an initial investment to join the programme, respondents did not perceive any psychological value from using the programme which earlier stated could be as a result of the design of the loyalty programme. Therefore further research can answer the question of what paid loyalty programme structure are best to elicit these two value dimensions from customers.

Another interesting find was that the income ranges had different perception of value and as the ranges increased, the perception of value decreased. Further research into this would be useful in order to understand why there would be such a response and whether such decrease perception of value would have any effect on the loyalty of such customers. One limitation however, is that since the research was mostly concerned about customer perception, other variables and their relationships were not considered, for example, age range and the perception of value, income range and the reward type. These two examples are ideas which can be researched further.

Conclusion

In conclusion, the study found that respondents mostly perceived economic value as well as a positive influence on their purchase behaviours as a result of using or enrolling in a paid loyalty programme. They however, perceived little and no interactional value and psychological values respectively. It was also discovered that the different income ranges perceived values differently. These responses were attributed to the sunk cost effect, the

expectancy-value theory, and the motives behind the programme's design as well as the structure of the programme. Respondents also indicated the importance of price as a factor that has an impact on enrolment intentions, while also showing strong preference for cash rewards as against other reward type as well as preferring immediate reward timing to delayed rewards timing. These preferences were explained using the motives of the respondents and it was suggested that most of them had utilitarian/economic savings motives while also noting that immediate rewards are best for paid loyalty programmes due to the sunk cost effect.

By implication, these findings point to new areas identified in the study which can be further researched in order to expand the knowledge of the subject being studied while also pointing areas of application of the findings in business practice such as in the choice of reward types and timing as well as the structure of the programme. It is also noteworthy that the study should be seen as an invitation to furthering the research on paid loyalty programme as it gives the baseline knowledge of the perception of customers towards such programmes. While there were some weaknesses with the research which can be improved upon by further research, it also had strengths which makes it useful to the academic community as well in business practice.

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APPENDICES

APPENDIX 1

QUESTIONNAIRE ON CUSTOMER PERCEPTION OF SUBSCRIPTION BASED LOYALTY PROGRAMMES

<https://forms.gle/Pg4mRAF6XGUuUBGa6>

A. DEMOGRAPHY

Gender	Male <input type="checkbox"/> Female <input type="checkbox"/> Other <input type="checkbox"/> Prefer not to Say <input type="checkbox"/>
Age	
Profession	
Level of education	
Household income	
Length of time living in Dublin	

B. LOYALTY PROGRAMME MEMBERSHIP

	Yes	No	N/A
Are you a member of any loyalty programme?			
How many loyalty programmes are you a member of ?			
Have used a paid loyalty programme in the last 12 months? e.g. Amazon Prime, Gamestop etc			
When last did you use the programme?	1-3months <input type="checkbox"/> 4-6months <input type="checkbox"/> 7-9months <input type="checkbox"/> 10-12months <input type="checkbox"/>		

C. CUSTOMER PERCEPTION

	Very Strongly Disagree	Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree	Very Strongly Agree
I shop at a lower cost							
I spend less							
I save money							
I belong to a community of people who share the same values							
I feel close to the brand I feel I share the same values as the brand							

Being a member makes me buy larger volumes than usual							
Being a member makes me visit the store more							
I recommend the programme/brand to others							
I am treated better than other customers							
I am treated with more respect than other customers							
I feel I am more distinguished than other customer							

D. EXPECTATIONS FROM A PAID LOYALTY PROGRAM

What would make you join a paid loyalty programme and if you're already a member of one, what would make you stay?

	Most Important	Undecided	Least Important
Price			

Rewards

- Cash Rewards e.g discounts, cash vouchers etc.
- Goods e.g. buy n and get x free
- Services e.g. preferential treatment, customized offerings etc.
- Redeemable Points

Timing of Rewards

- Immediate rewards e.g. getting a reward immediately you purchase
- Delayed rewards e.g. loyalty points are redeemable at particular intervals of time in future
- Other

APPENDIX 2

INFORMATION SHEET FOR PARTICIPANTS

Research project title: Customer Perception of Subscription-based Loyalty Programmes
Student Researcher: Immanuel Tommy (10531074@mydbs.ie)
Research Supervisor: Ms. Keelin Lee

About the Project

I would like to invite you to participate in this research study. However, before you decide to participate, you would need to understand the purpose of conducting the research and the impact you can help create. Please take time to read the following information carefully and deliberate if you would like to take part in the study or not. Please feel free to reach out to me if any information provided is not clear.

About the researcher and research topic: My name is Immanuel Tommy and as a part of my postgraduate MBA programme at Dublin Business School, I am currently writing my thesis. My dissertation supervisor is Ms. Keelin Lee. My focus for this research is to identify customer perception of paid loyalty programmes in Ireland. Customer loyalty is important to businesses and the understanding that customers love to be rewarded for their patronage, has spurred the boom of loyalty programmes. However, loyalty programmes are expensive hence some companies are considering adding an upfront charge from customers who will like to be members and in return offer the customers more perks and benefits. As a participants, you can help me ascertain what customers feel about paid loyalty programmes as well as determine what you would expect the programme to have in order to be convinced to join one or remain with one.

Participation: The participation is completely voluntary and you have the right to refuse participation entirely by not clicking the 'Submit' button at the end of the questionnaire or refuse to answer a specific question by skipping the same without any consequence whatsoever.

Risks and Benefits: Given that the study involves your perception of paid loyalty programmes, it is seeking your opinion without direct reference to your professional life or personal information hence the study poses no direct risk to you as a participant. However, please feel free to contact Aware on 01 524 0361 for any concerns. The survey will take approximately 10-15 minutes to complete. The benefits are two-fold. For participants such as yourself, you get a chance to voice your opinion regarding how you feel about paid loyalty programmes and what your expectations are for such a programme. This can offer insights to the organisations to design paid loyalty programmes which offer better perks at reasonable upfront fees thus creating a win-win situation for the business and customers as yourself.

Privacy and Confidentiality: All steps are taken to ensure and maintain confidentiality. No information will be collected that can identify participants and by using software that prevents the tracking of IP addresses, anonymity has been facilitated. The data generated through the results will be accessed only by me and all files will be password protected and stored electronically to prevent access to any individual not allocated admission. The data collected will be retained for 1 year after graduation for safety measures in case asked to be presented for validity of the research at any time.

Contact Details: In case of any queries or concerns, please reach out to me on 10531074@mydbs.ie and I will respond within 24 hours of receipt.

Results of the Study: The results will be utilized to validate and build credibility for my dissertation topic. Access to the results can be extended to organisations, conferences, publications and for teaching purposes if deemed necessary for knowledge sharing. In addition, the data collected from the entire research group will be presented to ascertain patterns and no individual responses will be presented.

If you are interested in taking part...

If you are interested in taking part please review the information provided in the consent form and if you are happy to proceed with the study then please indicate your willingness to take part by signing your name where appropriate.

APPENDIX 3

Consent Form

I voluntarily agree to take part in this research study.

I understand that I am not obliged to take part in this study and that my participation in the study is entirely voluntary.

I understand that I am free to withdraw from the study at any time or refuse to answer any question without the need to provide reason and without fear of negative consequences.

I understand that my responses will be anonymous

I understand that in the case of completing an anonymous questionnaire, it will not be possible to subsequently withdraw my data due to the fact that there will be no personally identifying information attached to my responses.

I understand that I will not benefit directly from participating in this research.

I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

I understand that signed consent forms will be retained for some time until the exam board confirms the results of their dissertation.

I confirm that I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study with satisfactory answers provided.

I confirm that I have read and fully understood the information provided and statements above.

By selecting yes below, I agree to the above points and to participate in the questionnaire voluntarily *

Yes

No