

TO INVESTIGATE CUSTOMER PERCEPTION TOWARDS RETAIL
LOYALTY PROGRAMS AND THEIR ROLE IN BUILDING BRAND
LOYALTY: A CASE STUDY OF DUNNES VALUE CLUB CARD
PROGRAM

Dissertation submitted in part fulfillment of the requirements for the
degree of

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DECLARATION:

I, Gautam Kumar Duvvarapu, declare that this research is my original work and that it has never been presented to any institution or university for the award of Degree or Diploma. In addition, I have referenced correctly all literature and sources used in this work and is fully compliant with Dublin Business School's academic honest policy.

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Date: Jan 7, 2019

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ABSTRACT

- TITLE:** To investigate customer perception towards retail loyalty programs and their role in building brand loyalty: A case study of Dunnes Value Club card program
- DATE:** Jan 7, 2019
- COURSE:** Master Thesis in Business Administration
- AUTHOR:** Gautam Kumar Duvvarapu
- SUPERVISOR:** John Staunton
- AIM:** The aim of this study is to investigate loyalty card programs offered by grocery retailers and their promotional benefits and drawbacks and whether they have any influence on brand loyalty. The research study, therefore, sought to assess the perception of loyalty card members using Dunnes Value Club card as a case study.
- METHOD:** The design of the study is based on an exploratory mono method qualitative research, whereby it explores the attributes of the Value Club card program which results in consumer loyalty towards Dunnes from the perspective of the consumers. The different components of loyalty and loyalty programs which were investigated were derived from an extensive literature review of brand loyalty and customer loyalty programs. The data for this qualitative study was drawn from two focus group discussions with customers who qualified as members of the Dunnes Value Club Card program.
- CONCLUSIONS:** The conclusions drawn from this study are from a customer's viewpoint and suggest that: customers who exhibit loyal behavior are characterized by continuous repeat purchase of a product from the same brand. Promotions and rewards offered by the Value Club card only played a supporting role in building customer loyalty towards Dunnes. Other components such as customer satisfaction, perceived value of the rewards, quality, price and convenience are all significant aspects in building brand loyalty.
- FUTURE RESEARCH SUGGESTIONS:** A comparative study between two different loyalty programs offered by retailers in the Irish grocery retail market would give an enhanced perception of the preferences of Irish consumers. Due to lack of consensus, further investigation to satisfy customers and establish brand loyalty is needed.

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CHAPTER 1: INTRODUCTION:

In today's highly competitive fast-moving consumer goods (FMCG) retail marketplace, customers have a large number of choices and can select retailers which offer the most value. As a result, it becomes essential to maintain customer loyalty in these competitive market conditions. This is an ever-present challenge for retailers (Omar et al., 2015). Organizations differentiate themselves to attract potential customers and retain existing ones. This is because it is widely accepted that loyal customers are considered equal to greater revenues and profit, and perhaps to some extent, increased market share (Enis and Paul, 1970). For this reason, customer loyalty towards the organization is an extremely valuable concept. One of the popular instruments through which organizations differentiate themselves is the introduction of loyalty programs of some type (Meyer-Waarden, 2008; Omar et al., 2011) and as such, these programs have become one of the major determinants of success for an organization (Butscher, 2000; Soderlund, 2001).

Customer loyalty programs can be defined as defensive marketing tools designed by companies to alter the behavioral patterns of customers in the long-term by providing them with incentives so that they remain with a specific brand or company (Dowling and Uncles, 1997; Sharp and Sharp, 1997). The goal of a loyalty program is to increase customer retention in profitable segments by enhancing value and providing more satisfaction to regular users (Bolton et al., 2000). Therefore, it becomes a part of the value chain of the company and acts a point of product differentiation.

Rapid changes in business environment and recognition of insufficient attention being paid to customer retention (Kotler, 1992) have presented the marketers with a fundamental challenge of handling loyalty. Customer loyalty programs have been influenced by the perceived relationship between loyalty and bottom line (Reichheld & Teal, 1996) and the need for equal competition among brands (Dowling and Uncles, 1997). As a result, brand loyalty has always been a central topic of discussion among academics (Dick & Basu, 1994; Dowling and Uncles, 1997; Uncles & Laurent, 1997).

The most significant aspect of the loyalty programs is their potential to alter the consumer's repeat purchasing buying behavior (Gilbert, 1996; Sharp & Sharp, 1997) and the market patterns of the product. Moreover, loyalty programs can capture a wealth which presents the marketers with an opportunity to identify and segment their most loyal consumers. This enables them to implement market strategies to which customers can respond and provide them with information suited to their needs (Mitchell, 1994).

This popularity of loyalty programs has attracted considerable attention from scholars (Uncles et al., 2003, Nunes and Dreze, 2006). Most of the research has been directed to investigate how these programs contribute to a company's financial and market performance (Lewis, 2004, Sharp and Sharp, 1997) and their ability to develop customer loyalty (Dowling and Uncles, 1997 and Uncles et al., 2003). Although despite the abundance of research, few researchers have

identified the attributes of customer loyalty programs which contribute to brand loyalty and how customers perceive value in these programs. Moreover, global use of loyalty programs has generated contradicting findings among researchers on their impact and effectiveness. Some studies have found positive effects of retail loyalty programs on purchasing behavior (Bell and Lal, 2003, Taylor and Neslin, 2005) while other studies show that loyalty schemes do not generate desired positive effects (Magi, 2003; DeWulf et al., 2001).

RESEARCH BACKGROUND:

The largest grocery retailers in Europe chose to implement loyalty programs in the 1990s (Mauri, 2003) and since then more companies have followed the trend (O'Brien & Jones, 1995). The Irish grocery retail market is characterized by low differentiation and fierce competition. The three largest grocery retailers, which dominate the Irish grocery retail market: SuperValu, Dunnes and Tesco have implemented loyalty programs in their business operations. As such, creating a sustainable competitive advantage and improving differentiation relative to competitors becomes fundamental for the survival of Irish grocery retailers, both of which may be achieved by creating brand loyal customers (Tate, 1961).

Retail loyalty programs in the Irish market generally employ both monetary and non-monetary promotional benefits for their loyalty card members to encourage them to become loyal. Yet, some researchers such as Cunningham (1956) and Johnson (1984) suggest that price promotions can have a negative impact on loyalty and induce switching behavior to competitor stores, as customers can become more price conscious. Contrastingly, Mauri (2003) states that promotional benefits have a significant influence on loyalty, and that more research is needed in this arena.

The contextual background to this study is one of Dunnes stores dominance in the Irish grocery retail sector. In 2018, Dunnes stores enjoyed a 21.9% market share, only slightly behind SuperValu and Tesco. This dominant position has been supported by their extremely popular and successful Value Club card program. The brand rewards members enrolled in their loyalty program with one point for every one euro they spend. When customers collect 100 Value Club points, it equates to a one euro Value Club voucher. These monetary vouchers can then be redeemed by the customers in stores during shopping.

The success of Dunnes as a grocery retailer in Ireland provided this research with an area in which to study and examine the issues surrounding their success, specifically the perceived benefits and drawbacks faced by the members, their impact on loyal behavior towards the brand and the role Value Club card plays in this loyalty.

RESEARCH QUESTION AND OBJECTIVES:

The purpose of this research is to provide a richer and deeper understanding regarding loyalty card phenomenon, specifically the Dunnes Value Club card and its role in building brand loyalty towards Dunnes. The overall aim of this research is:

“To investigate customer perception towards retail loyalty programs and their role in building brand loyalty: A case study Dunnes Value Club card program”.

For carrying out this research, the following objectives have been developed by the researcher:

- To understand the factors which influence customer perception on brand loyalty.
- To determine the perceived benefits and drawbacks of the Dunnes Value Club card program.
- To examine the level of satisfaction with Dunnes Value Club card program.
- To examine the level of satisfaction with Dunnes.
- To analyze the role of Value Club card in building brand loyalty towards Dunnes.

SIGNIFICANCE OF THE STUDY:

Both academia and marketplace have always taken great interest in the widespread popularity of loyalty programs. Companies invest a significant part of their marketing budget in developing and implementing these programs in the hope of keeping their most loyal patrons (Gilbert, 1996). On the other hand, many organizations have failed to fully recognize the potential of these programs (Mitchell, 1994).

While the management recognizes that the main aim of a loyalty program is to sustain the long-term loyalty of its customers, they have failed to identify which aspects of the program can motivate customers to modify their purchasing behavior (Mitchell, 1994). Thus, one of the significant objectives of this study is to identify the perceived benefits of the loyalty program and how it influences their purchasing behavior which in turn, influences their loyalty.

While there is extensive research which contributes significantly to the concept of brand loyalty, most of the studies have been focused on the behavioral aspect of consumer loyalty (e.g. Sharp and Sharp, 1997). However, these studies are inadequate to understand the underlying factors which stimulate loyal behavior (Dick and Basu, 1994). According to Farr and Hollis (1997), an incomplete understanding of loyal behavior and the success of a product can be due to inadequate literature which integrates both attitudinal and behavioral measures. Moreover, the research on relationship between buyer-seller and its role in development of loyalty has not contributed extensively to the concept of brand loyalty.

While the customer loyalty programs is now more popular than ever, most researchers have discussed and examined its effects mainly from a behavioral standpoint (Sharp and Sharp, 1997; Dowling and Uncles, 1997). The underlying factors which influence this behavior has not been researched sufficiently.

Based on the preceding discussion, it is apparent that a combination of attitudinal and behavioral measures is required to determine factors which lead to long-term customer loyalty towards the brand and influences their purchasing decisions. The contribution of this dissertation is to offer, from a customer's viewpoint, the perceived benefits and attributes of the Dunnes Value Club card program, which encourage loyal behavior of the customer towards the Dunnes brand and the role of Value Club card in that behavior. This is done through integration of both attitudinal and behavioral measures through a qualitative approach.

Results emerging from this exploratory study will provide a foundation for further research where findings can be refined and investigated.

JUSTIFICATION FOR THE RESEARCH:

Meyer-Waarden (2013) states that rewards offered through a loyalty scheme can either intensify or diminish customer loyalty. Sharma and Verma (2014) also mention that additional research is necessary in order to study the effectiveness of various benefits received from loyalty programs.

The pertinent question for an organization or brand is whether a loyalty program is a worthwhile strategy that can be implemented to increase future revenues, considering that the marketplace is full of similar offerings. Egan (2000) states that the validity and effectiveness of loyalty programs is highly questionable in the grocery retail sector because of the huge expenses incurred by the company in running such schemes. Steinhoff and Palmatier (2014) also support the idea that additional research is required in order to provide a better understanding of the performance of loyalty schemes.

To conclude, previous research has not fully answered many questions related to this field. Moreover, where research has been carried out, answers have often been contradictory. Therefore, this study can make a useful contribution towards the academic theory as well as the business practice related to this field in this region.

STRUCTURE OF DISSERTATION:

- CHAPTER ONE: Introduction: This chapter consists of a brief outline of the research background, research objectives and what the study intends to achieve.
- CHAPTER TWO: Literature review: This chapter consists of an in-depth review of the literature regarding customer loyalty and customer loyalty programs in the retail sector.
- CHAPTER THREE: Research Methodology: The third chapter of the study provides a clear idea about the various techniques employed by the researcher to carry out the research. It covers sections such as research philosophy, design, sampling, type of research, data collection and data analysis.
- CHAPTER FOUR: Data Analysis and Findings: This chapter will present a careful analysis of the data gathered during primary research.

- CHAPTER FIVE: Discussion and Conclusion: The fifth chapter will present a critical in-depth discussion regarding the research question and objectives by directly relating them back to primary research.
- CHAPTER SIX: Self-Reflection: This chapter will give a critical self-assessment of the researcher for the entire duration of Masters' program as well as experience during the dissertation phase.

LIMITATIONS:

As common with most short-term researches and studies, there are certain limitations with the implementation of this study. The nature and scope of this research is such, that its findings cannot be transferred to all contexts. This is because the study is based upon a small sample of respondents and hence the interpretations cannot be generalized. Results produced from this study can be heavily influenced by the researcher's perceptions and abilities. However, the objective of this study is not to provide conclusive evidence or proof but to explore and provide a foundation for future research.

This study does not focus on the views and opinions of members who are not a part of the Dunnes Value Club card program. Moreover, the research is focused on studying customer loyalty and loyalty programs from a customer's viewpoint and not from the retailer's perspective. So, employees of Dunnes will not participate in this study.

CHAPTER 2: LITERATURE REVIEW:

The intention of this chapter is to review existing literature concerning customer loyalty and customer loyalty programs. In order to gain a better understanding and knowledge of these phenomenon, the literature review will specifically focus and critically analyze relevant themes associated with this research. The chapter consists of an in-depth review of the empirical and theoretical literature in the context of customer loyalty programs and customer loyalty.

CUSTOMER PERCEPTION:

Perception is defined as how a person views, understands and interprets something based on experience and opinion (Otara, 2011). Customer perception can be defined as beliefs, customs, norms and value judgements which influence customer buying patterns (Satish, 2008).

Perception is highly subjective as it varies from one person to another. Perception plays an important role, both from a customer's point of view and from a business' point of view (Kureemun and Fantina, 2011). There are various methods to influence customer perception such as advertising, sales promotion, public relations, rewards schemes and other media (Watson and Hill, 2015).

Consumers are complex and irrational, and their actions or behavior is often motivated or based upon perception (Grewal et al., 2010). They further state that customer perceptions of value resulting from a specific product or service plays a crucial role in their purchasing decisions.

Customer perceived value (CPV) is defined as the difference between customer's assessment of all the advantages and all the costs of any goods or services offered compared to other service providers (Kotler and Kotler, 2012). The difference between these benefits and costs is perceived as value by customers. Consumers who perceive the loyalty card programs as valuable are often successful (Diaz, 2015).

For a loyalty card program to be successful, customers must feel that they are economically and psychologically gaining something from the program (Krithika and Ganesh, 2013). Poor customer value is derived when consumers perceive that the service provider extracts greater value than what they contribute.

VALUE CREATION:

Similar to the concept of loyalty, customer value is even more multi-dimensional, intricate and complex. It has been well recognized that to increase the value of an organization, it is critical to create and deliver superior customer value to customers (Slywotzky, 1996). The customer value recognizes the wants of the actual customers and the benefits they receive from buying and using an organization's product or service. Previous literature has claimed that the future source of competitive advantage for a business will come from increased outward orientation

towards their customers (Woodruff, 1997). Therefore, it is important to address the customer-oriented dimension of value in this research.

CUSTOMER VALUE:

Value can be defined as a tradeoff between the quality or benefits perceived by the customer in the product compared to their perceived sacrifice by purchasing the product and paying the price (Monroe, 1990). On the other hand, Butz and Goldstein (1996) define customer value as an emotional bond between a company and customer after the customer has used the company's product or service and finds out that it provides an added value. However, there is diversity in the definition of value when it often relies on other concepts such as worth, quality, utility etc. where each concept is dependent on the rationale of the customer. Perceived value has often been confused with customer satisfaction and satisfaction is normally agreed to be a post-purchase and post-usage evaluation tool. However, customer value can also be generated with the product or service and can occur at various stages of the purchasing process (Sweeney & Soutar, 2001).

BRAND LOYALTY:

There are various definitions of brand loyal customers. Most of them concentrate on consumer actions with respect to repeat purchase frequency. For e.g. customers who rebuy a product from a brand, considered only that brand and did not seek brand related information (Newman & Werbel, 1973). Other definitions include the psychological meaning of brand loyalty which is defined as "the biased and behavioral response expressed by some decision-making unit, with respect to alternative brands out of a set of such brands and is a function of psychological processes" (Jacoby & Chestnut, 1978).

It is necessary to understand the attributes which define the latent construct of brand loyalty. This has been greatly debated by academia ever since the concept of loyalty was introduced for a business setting in the 1940s (Guest, 1944). As a result, two schools of thought dominate this phenomenon of consumer loyalty which consist of behavioral or attitudinal loyalty measures.

BEHAVIORAL LOYALTY:

Loyalty was initially examined in terms of behavior when it was studied through customers repeat purchase behavior (Bridson et al., 2008). Behavioral loyalty is reflected when customers frequently purchase their products from the same organization and switch to other providers only on a few occasions. Customers tend to purchase and repurchase products in a single category from the same company (Rai and Shrivastava, 2012) and have lower switching intentions (Bansal and Taylor, 1999). Thus, behavioral loyalty primarily focuses on behavioral outcomes like repeat purchase intentions and purchasing sequence behaviors.

Behavioral loyalty can be examined through purchase proportion, time spent by the consumers and cooperation (Baluglu, 2002). Repeat purchase behavior is indicated by the proportion of purchase of one brand with respect to the total purchase of the same product category

(Cunningham, 1956). It is considered that the customer is more loyal when this ratio is high. Generally, as the time spent for a purchase increases, the amount of money spent also increases. Hence, actual consumption time is considered a good indicator of loyalty.

Some loyalty programs which put more importance on repeat purchase behaviors operate differently in comparison to other marketing campaigns such as sales promotions and other marketing campaigns (Sharp and Sharp, 1997). Through increased repeat-purchase loyalty behavior, the company can increase the knowledge of its customers' needs and requirements and provide them with superior customer service while reducing costs.

Sequence of brand purchase can also be used to assess behavioral loyalty with four to six consecutive purchases of the same brand considered to be loyal (Kahn et al., 1986). Switching behavior of customers and probability of future purchase from the same brand are more examples to assess behavioral loyalty (Jacoby & Kyner, 1973). Apart from academia, business practitioners consider behavioral loyalty as a critical issue because it is directly related to revenue and prosperity. This involves the actual buying and using of a product or service which indicates customer's current behavior as well as their future purchasing intentions (Jones, Reynolds, Mothersbaugh, & Beatty, 2007; Kim, Jin-Sun & Kim, 2008; Tanford, Raab, & Kim, 2010). A deeper understanding of behavioral loyalty can help to realize the effectiveness of loyalty programs and other marketing activities.

However, some academia such as Noordhoff et al. (2004) and Keh and Lee (2006) state that behavioral loyalty as a single dependent concept is not accurate since repeat purchase behavior does not provide an accurate measure of loyal behavior. The behavior aspect does not capture other variables such as location and situational factors which effect a customer's choice to frequent a specific store (Noordhoff et al.,2004). Hence, it is important to consider the attitudinal aspect along with the behavioral aspect to get an accurate estimation of overall loyalty.

ATTITUDINAL LOYALTY

According to Jacoby and Chestnut (1978) attitudinal loyalty is a customer's predilection towards a store due to psychological processes such as attitudinal preference and emotional commitment. Trust, emotional attachment and commitment are significant variables of attitudinal loyalty. This approach theorized loyalty as a function of psychological processes constituting of customers' attitudes, preferences and purchase intentions (Jacoby & Chestnut, 1978).

Attitudinal loyalty is when customers have a strong belief or preference to the products or services of an organization (Buttle, 2009). Because of this, customers give positive recommendations about the product to other customers often through word-of-mouth marketing (Butcher et al., 2001). Lalla et al., (2015) also agrees that the behavior of loyal

customers is reflected when they spread positive feedback about the firm, its products and services.

The attitudinal aspect of loyalty is focused on building long-term relationship between a store or brand and its customers through commitment rather than short-term repeat purchase behavior (Bridson et al., 2008). Customers tend to develop a strong brand preference as they get involved in extensive problem-solving behavior involving the brand and comparison of attributes (Bennett and Rundle-Thiele, 2002). This causes customers to consider their service provider exclusively for a particular product or service and consequently, attitudinal loyalty results in low price sensitivity (Magatef and Tomalieh, 2015). A brand or a company creates a prominent space in the minds of the customers (Dwyer et al., 1987) which causes them to pay more for goods or services irrespective of the prices being higher than offered by other service providers (Anderson, 1996).

Noordhoff et al. (2004) states that attitudinal loyalty affects cognitive and affective processes which make a customer loyal and hence measuring this aspect of loyalty is a prerequisite for clearer understanding. The importance of this aspect of loyalty is emphasized by Uncles et al. (2003) when they mention that behavioral loyalty must be accompanied by a strong attitudinal commitment to the brand for "true" loyalty to exist. Hence, sustainable or true loyalty exists when the customer has a high preference and favorable attitude towards the store or brand. Committed customers display higher support for the loyalty program and so commitment is used to measure the attitudinal aspect of loyalty.

Although differences between school of thought concerning behavioral and attitudinal loyalty still exist, recent research claims that brand loyalty is a combination of two. This was first proposed by Day (1976) and later, Rundle-Thiele (2005) contributed to this thought by claiming that it is not possible to make a clear distinction between the two, and that each brand relation is dependent on the situation. According to Rundle-Thiele (2005), brand loyalty is "the state of being loyal, where loyal is a customer's adherence towards an entity".

Uncles et al. (2003) modified these situational factors into another loyalty dimension referred to as the contingency approach. This can be defined as "purchasing moderated by an individual's circumstances, characteristics and buying situations". This dimension adds to previous research by arguing that a strong attitude towards a brand cannot be considered a strong indicator for when and whether the next purchase will take place (Blackwell et al. 1999; Fazio & Zanna, 1981) and situational factors are vital for a purchase decision. According to Uncles et al., (2003), these variables are superior to attitudinal attributes and can be major determinants on future purchases, especially in case of a weak attitude towards a brand.

LOYALTY AND CUSTOMER SATISFACTION:

Despite divergent views on what constitutes brand loyalty, most of the research acknowledges that customer satisfaction is the biggest influencer on customer loyalty (e.g. Ibáñez et al., 2006; Auh & Johnson, 2005; Høst & Knie-Anderson, 2004; Hellier et al., 2003). Higher customer satisfaction results in higher loyalty towards the brand (Bei & Chiao, 2001) while increased customer satisfaction will increase the likelihood of repeat purchases (Reichhel & Sasser, 1990). Satisfaction is considered to have a direct and influential impact on customer loyalty towards the brand and store (Bennett and Rundle-Thiele, 2004, Martensen et al, 2000, Mittal and Lassar, 1998, Soderlund, 1998), word-of-mouth and consumer switching patterns (Chiu et al, 2005, Wong, 2004). While loyalty is a state of enduring preference to the point of determined defense, satisfaction is a state of post-usage for one-time or repeated ongoing consumption, which reflects how the product has fulfilled its purpose (Oliver, 1999). Therefore, satisfaction is recognized as an important precursor for loyalty and what transforms satisfaction to loyalty, is closely associated with the theoretical approach to loyalty (Oliver, 1999).

UNDERSTANDING LOYALTY PROGRAMS:

A loyalty program can be defined as a marketing technique which generates rewards for customers depending on their repeat purchase behavior. A loyalty card program is an integrated system of marketing actions which aims to make customers more loyal by developing personalized relationships with them (Meyer-Waarden, 2008). It rewards a customer who frequently returns to buy a product or service from a business (Bose and Rao, 2011).

The objective of a loyalty card program is to increase the proportion of loyal customers by rewarding those who are regular shoppers (Worthington and Fear, 2009). This results in incrementing sales revenue and increase in company profitability (Uncles et al., 2003).

Loyalty program schemes ultimately enable companies to forge a relationship with the customer based on interactivity and individualization together with personalized marketing techniques and communication. They serve as strategic tools to differentiate and individualize the marketing mix by making use of the customer behavior information recorded by the programs (Worthington and Fear, 2009). Loyalty programs are different from other marketing activities such as advertising and branding as they are more direct to increase average purchase frequency and shopping amount (Sharp & Sharp, 1997).

A loyalty card program falls in the category of defensive marketing with focus on existing customer retention and extracting more value from them, as opposed to other marketing activities that focus on gaining new customers. They identify, maintain and increase the output of the best customers of a business by pursuing value-added and long-term focused relationships (Meyer-Waarden, 2008). They specifically focus on repeat purchase over time and do not benefit customers with a single purchase. Hence, it is important to point out that scratch cards and coupons do not fall in loyalty programs.

There are a number of reasons for businesses introducing loyalty programs such as rewarding loyal customers, generating customer data to understand them better, to manipulate consumer behavior and be defensive from their competitors (O'Malley, 1998). By offering rewards and incentives, customers are motivated to try new products, increase purchase consumption and pay higher prices. Moreover, companies can target customers better and save costs by efficiently targeting their customers and recognizing their purchase patterns.

All customers of a business are not equal, and it is imperative for the business to treat their best customers with the best value. This will maximize loyalty and profitability. Companies which deliver increased value to profitable customers can turn them into loyal customers who become even more profitable over time. A carefully designed loyalty scheme targets the valuable customer segments and discourage customers who are not so valuable (O'Brien & Jones, 1995).

Loyalty card rewards may be monetary-based such as real cash, bonus points and vouchers or special treatment-based to persuade customer's attitudinal attachment like trust and assurance. A customer's reaction such as purchase decision or repeat purchase takes place only if the perceived benefits of the reward outweigh the associated costs such as membership fees, repeat purchase obligations and switching costs (Meyer-Waarden, 2008). According to Verhoef (2003), customers prefer monetary based rewards whereas special treatment rewards have limited influence on relationship quality. Therefore, if a loyalty program is planned and executed with a strategic and sustainable approach, it can accelerate loyalty among members and encourage them to behave as company's most profitable customers (O'Brien & Jones, 1995).

STRUCTURE OF LOYALTY PROGRAM:

Loyalty card program members are issued cards which are similar to bank credit card style and contain bar codes to identify each member when conducting their transactions (Worthington and Fear, 2009). Generally, customers do not have to pay any membership fee to enroll in loyalty card programs. The card is used to monitor and keep a database of purchase transactions by the members and to redeem rewards which accumulate corresponding to their spending patterns (Worthington and Fear, 2009).

Berman (2006) classified loyalty programs into four categories based upon the complexity of the program. These are:

1. **TYPE 1** provides each member with the same discount regardless of their purchasing history. These programs are able to attract a large number of customers as membership is open to all consumers and registration is easy. They do not encourage repurchasing behavior and reward card ownership rather than loyal behavior.
2. **TYPE 2** rewards make a customer eligible for a free product or service when a certain number of qualifying purchases have been made by them. The business usually does not

maintain a customer database as the consumers keep a detailed account of their purchases. These programs are easy to imitate by competitors and do not offer differential rewards to customers.

3. **TYPE 3** programs offer members points based on their purchase history. For this, a business is required to maintain a customer database to track member's purchases. These programs often have program tiers to reward heavy purchasers. Most of the Type 3 programs do not lead to closer relationship with their members as they communicate same messages to all members.
4. **TYPE 4** offer members targeted communication, mailings, promotion and rewards based on their past purchases. Companies need to develop and maintain a complex database with customer demographics and purchase history which should also be able to administer a complex reward programs to its members.

It is not feasible for a company to expand their value proposition to all customers as some are more valuable than others (Reichheld et al., 1996). Hence, it is a big challenge for marketers to serve their most valuable customers without discriminating against others. A business might lose economic and operational resources if they under-satisfy more valuable customers and over-satisfy fewer valuable consumers (O'Brien & Jones, 1995). A loyalty program segments customer flexibly which reduces costs and has a substantial influence on the program's effectiveness (McCall & Voorhees, 2010).

OBJECTIVE OF LOYALTY PROGRAMS:

A loyalty program should have an impact on both the differentiation loyalty and purchase loyalty on purchasing behavior of customers (Meyer-Waarden, 2008). Differentiation loyalty increases the preference level of the customers towards the brand and also reduces their level of sensitivity towards other competing brands. Consequently, customers are keen to pay more and purchase more within the same brand (Reichheld et al., 1996). Bolton et al., (2000) demonstrates that rewards program which provide excellent service and prompt redemption process of the rewards allow customers to become less price-sensitive.

Behavioral changes of loyalty card customers represent purchase loyalty which is used to evaluate a loyalty program effectiveness. Accordingly, rewarding repeat-purchase behavior and pressure of required points accumulation create a preference impact and increase in purchase frequency until the customer earns the gratification (Meyer-Waarden, 2008). Also, earning potential future rewards through points accumulation and purchase encourage card members to increase their buying behavior (Taylor & Neslin, 2005). This rewarded behavior creates a positive effect on customers and compels them to stay in this relationship with the store or brand for some time.

As discussed, loyalty programs are more likely to increase repeat purchase and usage frequency than increasing market share for a brand. In comparison to other marketing programs, loyalty schemes have an increased impact on average purchase and repeat frequency than on market

penetration. This is because these schemes are most attractive to heavy buyers and existing buyers of the brand and its products (Ehrenberg, 1988). From a financial perspective, a successful loyalty program will have a better impact on increasing shareholder value by increasing the probability of future earnings and revenue. This is because an organization's market value is determined by its future income streams and the risks associated with those streams (Copeland, Koller, & Murrin, 1990).

A loyalty program can provide a company with several long-term benefits which makes the company more likely to provide higher quality service to its customers. As the relationship between the consumer and organization strengthens, marketing costs will decrease to convince customers to return.

Loyalty programs can provide psychological and emotional value to the customers as some of them feel that the card creates a sense of belonging towards the brand and generates a feeling of being heard and cared by the company (Uncles et al., 1994). However, loyalty does not automatically arise when a customer is enrolled in the program (Mauri, 2003). The customer should use the card as often as possible and every time he/she visits the store.

Many researchers have discussed whether loyalty cards promote loyal behavior through different perspectives. Bellizzi & Bristol (2004) and Divett et al. (2003) argue that loyalty cards do not promote loyal behavior and a customer's loyalty cannot be bought by companies or flashy deals. On the other hand, Sharp & Sharp (1997) and Demoulin & Zidda (2008) conclude that loyalty card holders are more loyal towards a brand than non-card holders and such schemes have a positive impact on customer loyalty.

CUSTOMER PERCEIVED BENEFITS OF LOYALTY PROGRAMS:

According to value perception, the benefits of a loyalty program have been categorized by researchers into: utilitarian benefits, hedonic benefits and symbolic benefits (Mimouni-Chaabane and Volle, 2010). Utilitarian benefits are mainly instrumental, functional and cognitive. Customers are attracted to such benefits as they seem to offer some means to an end. Berman identified two types of utilitarian benefits: point accumulation to spend on chosen rewards and direct discounts at check-out counter. The reward can be in the form of points, real cash or vouchers and enables the customer to 'convert' the value of such rewards into an equivalent cash value (Furinto et al., 2009).

Hedonic benefits are more aesthetic, non-instrumental, experiential and personally gratifying benefits. As customers enjoy unique experiences and have joyful experiences, hedonic needs are being fulfilled. These rewards could be knowledge about new products, personalized treatment or purchase and service convenience (Berman, 2006; Capizzi et al., 2005).

Symbolic benefits are connected at evoking customer's feelings coupled with the desire for expression, self-esteem and social approval. This can be generated by a feeling of superiority over other non-members through gold cards and special seating areas (Nunes et al., 2008). The

loyalty program membership can also create a sense of belonging to a group or a company (Dowling & Uncles, 1997).

DO LOYALTY PROGRAMS CREATE CUSTOMER VALUE?

As discussed, the function of a loyalty card is to reward repetitive behavior and collect consumer data. However, in many cases, the loyalty program is adopted very early without much thought (Dowling and Uncles, 1997). Organizations use it to enhance their market share (Wansink, 2003, Evans and Moutinho, 1999) which makes it difficult to achieve true customer value (Liljander and Roos, 2002). This has created an environment where customers have lost interest in loyalty card points and don't associate it with value preferring reduced prices instead (Wansink, 2003). Steyn et al., (2010) argue that due to a rapid increase in number of loyalty schemes in the market, customer fascination with the program has reduced, where members face "loyalty card fatigue" and "loyalty overload".

An extensive research suggested that there is little empirical evidence to whether loyalty programs are considered as valuable by members and whether they contribute to brand loyalty (Yi and Jeon, 2003; Meyer-Waarden, 2009). In 2005, Shugan claimed that loyalty schemes only generate short-term customer revenue but produce long-term future obligations to the customers. Such programs often ask customers to trust the organization, which in return for current shopping, will reward them in the future (Shugan, 2005). An organization's centricity on rewards in a loyalty program has been ascribed as lacking the loyalty effect (Hoffman et al, 2008; Kwong et al., 2011).

According to Butscher (2002), loyalty programs only offer price reductions and such discounts cannot create loyalty among customers. This perception of loyalty cards creates a situation where customers are only loyal to the rewards and the card and not to the brand (Ergin et al, 2007, Dowling and Uncles, 1997, Rothschild and Gaidis, 1981).

Another criticism levelled at loyalty programs is that they are not as effective as price reductions (Humby et al, 2003). Shabi (2003) argues that loyalty programs can make customers less receptive to price deductions. However, in 1999, Mintel (2001) conducted research which revealed that a third of customers preferred price reduction rather than point accumulation and reward generation in their loyalty program. Another research conducted in 2002 by KPMG revealed that 30% respondents indicated preference towards reduced prices instead of accumulating points (Matheson, 2003).

Additionally, customer frustration with loyalty schemes can create dissatisfaction. Customers face frustrations in their loyalty programs such as worthlessness, inaccessibility and redemption costs (Bose and Rao, 2011).

CHAPTER 3: RESEARCH METHODOLOGY:

The purpose of this chapter is to justify the research methods and research design decisions implemented within the study. It is vital to choose a research methodology relative to the theme and capacities of the researcher. The methodology employed in this study has been derived from the “Research Onion Framework” by Saunders et al., (2009) and provides the basis for presentation of all stages in the research. The framework consists of six layers namely:

- Research Philosophy
- Research approach
- Research strategy
- Research choices
- Time horizon
- Data collection and data analysis

RESEARCH PHILOSOPHY:

Even though philosophical ideas and notions remain largely concealed in research, they can still impact research practice and therefore need to be identified (Creswell, 2009). Holden and Lynch (2004) mention that philosophical review is an integral part of the research process because it increases the possibilities for the researcher and enriches his/her research skills. It also enhances the confidence of the researcher that they are using the appropriate methodology for the study.

Research philosophy is an idea which relates to the way through which data and information about a phenomenon can be gathered, used and analyzed. It directly represents the significant assumptions of the investigator and acts as a base for developing further research strategy.

According to Saunders, Lewis and Thornhill (2009) “the research philosophy you adopt contains important assumptions about the way in which you view the world”. Hence, research philosophy directly provides support to the researcher in carrying out the study in an effective manner and as such, overall results can be obtained easily as anticipated by the researcher before starting out the research.

According to Saunders et al. (2012) they are three main types of research philosophy (1) positivism, (2) realism, and (3) interpretivism.

POSITIVISM:

The positivism research philosophy is based on the belief that reality can be observed from an unbiased and impartial viewpoint. It is associated with epistemology and is regarded as the philosophy of knowing. In positive philosophy, the world is seen in an objective manner which follows universal laws and causes (Saunders et al., 2012) and adheres to the view that only factual knowledge gained through observation is correct.

Positivism considers science to be the only method to establish true knowledge and objective reality (Wagner et al., 2012) and applies a scientific method to test theories and describe experiences through measurement (Mackenzie and Knipe, 2006). In this philosophy, the role of the researcher is restricted to data collection and data interpretation is carried out with an objective approach. Furthermore, the findings derived from the study are observable and quantifiable (Saunders et al., 2012).

According to Saunders et al, (2012), the main aim of positivism is to produce general laws which can be used to predict in terms of probability, if not with an absolute certainty. Bryman and Bell (2014) describe positivism as an epistemological stance which encourages the application of procedures and methods of natural sciences to the study of social realism and beyond.

Saunders et al., (2012) states that positivism holds an accurate and value-free knowledge of possible things around us. It considers the possibility that human beings and their actions can be studied as objectively as the natural world.

The author repudiated positivism because it is affected by objectivity and neutrality from social actors. As it is believed that there is only one true social reality experienced by all social beings, there will be little space available for the researcher to adjust and modify the material gathered from the data. In the current research, the researcher construction perception which was based on the respondent's interviews and opinions.

REALISM:

Saunders et al., (2012) defined realism as an epistemological position which is related to scientific enquiry. Qualitative and quantitative data are a part of this paradigm. The principle of realism philosophy is that objects exist independently of the human mind. This view is the opposite of idealism philosophy which preserves the belief that only the human mind and its content exist.

They are two types of realism: (1) the critical realism, (2) and the direct realism. Critical realism states that humans perceive sensations of reality and not direct reality itself. In this belief, there are two steps to experience the world; firstly, that the object exists in reality, and they conduct sensations, and secondly, the human mind processes these sensations to provoke them through senses. Critical realism states how our senses often deceive us and argues that what we experience are sensations but not necessarily an accurate or perfect interpretation of things in the real world.

Bryman and Bell (2014) points out that although the realism research approach has quite a few similarities to positivism, it also takes into consideration the subjective nature of the research. The two major aspects that the realism philosophy shares with positivism are: the belief that natural and social sciences should utilize the same kind of approach in terms of data collection and analysis, and commitment towards the belief that there is an external reality to which human beings should focus their attention (Bryman and Bell, 2014).

Realism philosophy is not relevant to present research because it overlooks personal judgement and actions of people. More specifically, it accepts the existence of a reality independent of human beliefs and behavior (Wagner et al., 2012). Current research is based on people opinions and attitude towards retail loyalty programs.

INTERPRETIVISM

The guiding principle for interpretivism philosophy is the study of social phenomena in their natural state (Hair et al., 2003). Interpretivism is defined as the philosophy which is concerned with the question of how individuals make sense of the world around them and how the researcher should not be influenced by the preconceptions of the world (Bryman and Bell, 2007). Saunders et al., (2012) describe interpretivism as an epistemology which advocates the importance for a researcher to understand humans in their role as social players.

This research philosophy considers the researcher to understand and interpret the elements of the study and directly integrate human interest into the research. Moreover, this philosophy is based on the notion that access to reality can only be achieved with the help of social constructs which includes shared meaning, language and instruments.

This aspect of social constructs is really important for the positioning of the study because researchers who decide to use interpretive position are focused on the understanding of what is happening in a given context. However, perceptions of different actors may change at different stages and consequently, different realities can be possible. It is linked with the philosophical position of idealism and is used to group together diverse approaches considering social constructionism and phenomenology.

As the main characteristic of an interpretivism approach is to understand people's ideas and views in relation to their world (Thomas, 2009), the researcher has adopted the interpretivism philosophy for this study. It is a transactional and subjectivist position allowing for the dynamic interaction between researcher and participants. Since reality is socially constructed, this is vital to capture and describe the participants' past experiences (Saunders et al., 2012). The research carried out was not influenced by human interpretation or bias. The researcher remained neutral and detached from the research so that he does not influence the findings, as the researcher was looking for casual relationships in the data in an objective manner.

RESEARCH APPROACH:

Research approach consists of a plan and procedure that mentions the steps of broad assumptions along with comprehensive and detailed methods of data collection, analysis and interpretation (Saunders et al., 2012).

It takes into consideration several choices and decisions so that the research can be carried out with an appropriate technique (Bryman and Bell, 2014). Research approach provides a concrete base for the study and helps in attaining accurate findings, as expected by researcher. It is imperative that the researcher reflects and deliberates the right choice of approach for their

respective study. By doing so, the researcher can make an informed decision regarding the research design and the strategies which can be most effective for the research topic.

The two broad methods of research approaches are; deductive and inductive.

In deductive approach, the researcher develops theories and hypothesis which is tested by a scientific method using deduction (Collis and Hussey, 2013). The hypothesis is derived from an already existing theory, to determine if the theory holds true for their specific area of research. This approach is suitable for explaining casual relationships amongst variables and is often used for quantitative measurement methods (Saunders et al., 2009). The approach starts with an expected design that is established and tested against the observation and aims to find a pattern with them. Results start from specific to general and flow with development of theory and concepts and concludes with their validation (Thomas, 2009).

Conversely, an inductive approach emphasizes on exploratory data analysis, whereby the researcher observes and conducts the research to observe if any patterns are visible. In inductive stance, theory is the outcome of the research. In other words, the process of induction involves drawing inferences and interpretations, which can be generalized, out of observations (Bryman and Bell, 2007). This approach starts by constructing a theory based on research, and the collecting the data which is used to explore that phenomenon. The data analysis helps the researcher to articulate a theory and a conceptual framework.

After a review and critical analysis of the literature and existing theories regarding retail loyalty programs, it was apparent to the researcher that an inductive approach must be chosen. This choice is justified due to the extensive and prevalent usage of retail loyalty cards and the abundance of theories related to customer perception and consumer buying behavior. It was not possible to test one specific theory to capture various factors which influence customer perceptions on brand loyalty regarding retail loyalty programs. This inductive approach is related to a transactional and subjectivist position, which allows for a dynamic interaction between researcher and participant. This also permitted the researcher for multiple expressions of the meaning of an event or issue and interpretation of data.

RESEARCH STRATEGY:

A research strategy can be defined as a “general plan of how the researcher will go about answering the research question(s)” (Saunders, 2012). It is an organized and systematic connection between philosophy and subsequent choice of methods to gather and interpret data. According to Saunders et al., (2012), the choice of research strategy is guided by research question and objectives, level of existing knowledge, time and other resources available for this type of research along with the philosophical underpinnings.

It is important to highlight that not one strategy is necessarily better than another. However, by choosing the appropriate strategy, the researcher will be better equipped to answer the research question and subsequent research objectives. Some research strategies are more

efficient and lend themselves better to quantitative, qualitative and mixed method research designs.

The objective of this study is to investigate customer perception on brand loyalty regarding retail loyalty programs. Given the complexity of the subject, it was deemed necessary by the researcher to focus on a brand/organization which follows this business practice. Hence, the researcher decided to focus primarily on Dunnes Stores through its successful Value Club Rewards Program which makes this research into a case study.

There are two types of research strategies, namely, exploratory and descriptive. Exploratory research is a type of research design which is flexible and unstructured in nature and involves content which might not be interpreted through quantitative measures (Malhotra and Birks, 2007). This type of research design generally includes a non-representative small sample size (Malhotra and Birks, 2007). Common methods which are used to collect data for this research design include focus groups, observation, interviews, grounded theory and ethnography, which allows respondents to express their views and opinions relative to the research question (Kolb, 2008).

The choice to adopt an exploratory research design would be appropriate for this research as it will allow the researcher to get a greater understanding of the participant's ideas, thoughts and opinions in conjunction to the research question and research objectives from a small sample size. Since this research design allows for flexibility the researcher can ask additional questions for further elaboration.

On the other hand, descriptive research is not suitable for this research as it requires prior knowledge about the environment or the problem being studied. Moreover, it is too structured and does not allow for flexibility.

RESEARCH CHOICE:

Different types of research problems call for different kinds of research approaches (Creswell, 2009). Choosing a qualitative, quantitative or a mixed methods research design is a vital part of the study which allows the researcher to make this study more concrete by choosing the appropriate tool. The author of this study had to take into account the research philosophy, research approach and strategy before deciding on the research choice.

The researcher agrees with Davies's (2007, p. 574) observation that "a good qualitative research has equaled, if not exceeded, quantitative research in status, relevance, and methodological rigor." Data can be gathered from several different sources. The terms qualitative and quantitative data are widely used in management and business research (Saunders et al., 2009).

Qualitative data is predominantly used for any data collection instrument, which generates or uses non-numerical data and is associated with an interpretive methodology. This is because

the researcher has to try and develop a better understanding about the context of the research to explore a particular phenomenon.

Compared to that, quantitative technique is mainly used for any data collection that generates or uses numerical data and is associated with a positivist methodology (Collis and Hussey, 2009; Saunders et al., 2009,). The quantitative research is a collection of data using one or several tools such as questionnaires and surveys in order to generate numeric data through analysis of statistics, graphs and charts. It is common to associate quantitative data to positivism because of the highly structured method of this philosophy. It can also be more linked with the deductive approach when researchers use data to test a theory.

Furthermore, when applying an interpretive paradigm, a major challenge for the researcher is to use a technique which will preserve the integrity of the data. Collecting background information and understanding the qualitative data within the context is extremely important and crucial for the thesis's topic. This is described as contextualization, where data about the context can relate to time and location (Collis and Hussey, 2009,).

A ***mono-method qualitative research*** selection was chosen for this study, where one single data collection instrument, namely focus group discussions, have been used to conduct the research (Saunders et al., 2012). The discussions within the group collected data through discovering opinions, reasons and participants' experiences without using numerical data (Creswell, 2009). Analysis of this qualitative data has been carried out using non-numerical (qualitative) procedures. Qualitative research will allow the researcher to get an insight regarding understanding, feelings, ideas, perception and behavior of people (Malhotra and Birks, 2007).

According to Kolb (2008), qualitative research uncovers a participant's opinions, beliefs and attitudes rather than facts. As this research is dealing with customer's perception, the researcher felt using qualitative research method would be appropriate as it will provide a greater insight and better understanding of what consumers think about loyalty programs and brand loyalty. This method provides greater flexibility as the researcher can ask questions mid-way through the discussion as and when the need arises. The researcher would also get an opportunity to grasp a better understanding of the participants' feelings as the researcher can visually see the body language and reactions of participants. The researcher feels that there is no necessity to collect data which can be quantified through scales or number.

Mixed method or triangulation approach can be appropriate in certain cases however, using both of them may prove costly and time consuming (Creswell, 2009). Moreover, the researcher should avail one research methodology if small to medium sized research projects are being undertaken.

TIME HORIZONS:

This is the final layer of the research onion before reaching the core which highlights the time horizon over which the researcher undertakes the research. A key consideration when conducting research is to decide the design of the study based on the number of contacts with the study population.

There are two different approaches in terms of time horizon stipulated by Saunders et al. (2012). The longitudinal time horizon, also referred to as a “diary” perspective, requires gathering data over a long period of time and the cross-sectional, also known as “snap shot” time horizon. Cross sectional approach studies a “particular phenomenon at a particular time” compared to the longitudinal perspective, which studies “changes and development over time”.

The cross-sectional study is very popular in academic research as the researches are mostly time constrained or limited by resources (Saunders et al., 2009; Collis and Hussey, 2009). This research is *cross-sectional* due to its time constraint as well as due to the study of a particular phenomenon. The researcher interviewed a cross-section of the population to analyze their perceptions regarding loyalty programs and its impact on brand loyalty. This type of design is appropriate for studies (academic studies like this, which are usually time constrained) focused on finding out the occurrence of a phenomenon, situation, problem or issue at a certain moment in time by taking a sample of the population.

DATA COLLECTION:

The collection of qualitative data is related with the interpretivist methodology and results in findings of a high degree of validity in contrast to the collection of quantitative data, which results in findings of a high degree of reliability (Collis and Hussey, 2009). Data collection is regarded as one of the toughest tasks which needs proper hard work, planning and patience so that information which is gathered can be beneficial for the entire study.

Data collection, data interpretation and analysis constitute the heart of any business research. This is because conclusions derived from the study can only be as good as the data and the arguments based upon it. Collecting and analyzing such data is associated with cost and time constraints and as such, a good rationale is required about how much data collection is enough (Kolb, 2008).

Precautions must be taken in advance of collecting data otherwise it can adversely affect the validity and reliability of the study being carried out. Different methods can be used to collect data and vary from each other based on structure, quantifiability and obtrusiveness. The two sources of data collection widely used to obtain information and accomplish the aims and objectives of any research are primary and secondary.

The qualitative phase was studied by gathering qualitative information by means of two focus groups made up of consumers who were members of Dunnes Value Club card program. The

aim of the focus groups was to establish attitudes and opinions regarding various forms of LPs, their reward systems and their attitudes and opinions on the objectives of the loyalty scheme.

FOCUS GROUPS:

Focus group is a form of an interview which consists of a small group of people sharing similar characteristics and are present to discuss their views and opinions on a specific topic (Saunders et al., 2012). It is a discussion group with an objective moderator who introduces the topic to the group and leads the discussion in a manner that is both non-structured and normal. The objective of a focus group is that the importance and emphasis is on the ongoing discussion within the group, rather than the contribution from the interviewer (Bryman and Bell, 2014).

Normally, 6 to 12 respondents can form a part of the focus group where the participants discuss a specific phenomenon by answering open-ended questions which helps the researcher to gain a better understanding about the perspective of the group (Collis and Hussey, 2009). These discussions help to generate useful insight and point out direction on the best way to carry out additional research. Focus groups are said to be cost-effective and offer in-depth information within two hours, which is a great advantage when compared to individual interviews (Saunders et al., 2012).

In this research, focus groups were used to discover topics which revealed how potential respondents thought, felt and talked about the subject topic (Blair, Czaja and Blair, 2014). According to Saunders et al., (2012), focus groups are useful to address issues that individual members might not have given much consideration to under normal circumstances. Such discussions also help to relieve the pressure off an individual who is not expected to answer every question themselves. The moderator can allow the exchange of information and ideas to take place, drawing participants back to the topic under discussion when necessary, while he/she fades into the background.

This section of the study directed at Value Club card members assisted in generating insight into members' understanding of how they perceived the benefits that they receive when belonging to the Value Club card program and how it impacts their perception of brand loyalty towards Dunnes.

SAMPLING AND RECRUITMENT FOR THE FOCUS GROUPS

The population from which the focus group participants were drawn is defined as all members enrolled in Value Club Rewards program offered by Dunnes in Dublin, Ireland. The population was delineated to Leopardstown area in Sandyford for convenience purposes as sampling for this stage was a non-probability method where members of the population did not have a known probability of being selected. The non-probability method used was convenience sampling where candidates were selected that were willing and available to participate (Sekaran and Bougie 2010). According to Saunders et al., (2012), convenience sampling is the

most frequently used method to gather members for a focus group. It saves time and money, but still integrates the requirement of considering the characteristics of the group.

Members were recruited by email from a mixture of acquaintances, work associates and willing customers. The only requirement was that participants had to be a member of the Dunnes Value Club Rewards program. The researcher aimed at having a total of 14 participants divided into 2 focus group, however managed to have only five candidates in one focus group and four in the other. Five participants could not be a part of this study due to unforeseen circumstances. As focus group results do not necessarily need to be generalized to the greater population, this method is considered satisfactory (Zikmund and Babin, 2010)

Two focus groups were held in Dublin at a local coffee shop that had a separate meeting room that ensured there were no disturbances. Participants were asked to arrive half an hour before the scheduled time, to ensure that the session would begin on time. Participants were invited to partake in refreshments. Bryman and Bell (2014) recommend the provision of refreshments as both an incentive and a way to settle down participants.

Before the discussion started, the moderator went through a list of basic rules to ensure smooth functioning of the group. The moderator conducted the session and was assisted by an observer who took down notes as the discussion proceeded. Each session was audio recorded with the help of the moderator's smartphone. The audio recording was transcribed word for word into text. Each participant involved in the focus group discussion was emailed a copy of the transcript of the session and invited to comment on any statement associated with themselves. This was done to establish validity and avoid any ethical issues which could arise.

Discussions explored customer's perceptions of loyalty cards and its effect on brand loyalty. The focus group discussions were conducted according to a pre-designed guide which consisted of questions and themes. They were structured in such a way that the moderator was able to interrogate the main issues under study and at the same time allowing respondents to raise their opinions without any interruption from the moderator (Wel, et al. 2011). The moderator was also accountable for ensuring that every member had an equal chance to participate in the discussion, so preventing any specific individual from dominating the discussion (Saunders et al., 2012). The expectation was that the focus group sessions would result in responses that were both unstructured and spontaneous for respondents' genuine feelings and opinions on the topic to be elicited.

DATA ANALYSIS

The audio data was transcribed to a spreadsheet format to be analyzed. The analysis process began by using the data reduction method wherein the non-relevant data was not transcribed. This allowed the researcher to focus solely on the meaningful data keeping in accordance with the research objectives of the study. The audio recording was once again checked to make sure that no relevant data was missed. Post transcribing the data, thematic analysis was carried out to group the data into different and recurring themes, which would assist the researcher to

answer the research question (Collis and Hussey, 2009). Thematic analysis can be described as segregating data based on different themes (Saunders et al., 2009).

VALIDITY IN QUALITATIVE PHASE:

Validity in qualitative research is necessary to establish whether the findings of the study are authentic relative to the researcher, the participant and/or the reader (Cresswell, 2009). The various concerns that should be addressed in order to establish this validity are truth value, trustworthiness, applicability, consistency and neutrality (Kolb, 2008). Both Cresswell (2009) and Kolb (2008) identified several ways through which the above issues can be addressed. They are listed below along with the term used to describe each aspect.

ASPECT	NATURALISTIC TERM	METHOD
TRUTH VALUE	Credibility	Member checks. Taking the final report back to participants to establish their agreement on the accuracy of the findings. Triangulation. Check evidence from different sources and verify. This will include the quantitative data. Peer debriefing. Approach other academics who are willing to question and discuss. Discussion of any negative or contrary information improves credibility.
APPLICABILITY	Transferability	Use description that is rich and thick and will take readers to the scene.
CONSISTENCY	Dependability	Code-recode procedure. Coding and then repeating the procedure two weeks later.
NEUTRALITY	Confirmability	Ensure objectivity. Reflect on any possible bias and remove it if evident.

Source: Adapted from: Cresswell 2003: 201-203; Guba 1981: 80

The methods used in the study to establish validity of the participants included member checks and peer debriefing. Transcribed discussion reports and interviews were given back to the respondents to check and pass any comments as appropriate. Most participants indicated satisfaction with only a few suggesting minor grammatical alterations. In addition, one of the participants added a few notes, where the recording had been inaudible to the moderator. Peer debriefing was held after the discussion by the moderator with the members as well as fellow academics, once the material was written. This also helped to ensure credibility in the study.

To ensure objectivity, the focus group included both a moderator and interviewer in the discussion. An external individual was used to transcribe the audio material for the focus group to remove any possible bias. The written material was examined and written up more than once, and tables were used to summarize and categorize statements of the participants. All this was done to ensure the qualitative data had sufficient validity.

ETHICAL ISSUES WITH QUALITATIVE RESEARCH:

Several ethical issues were taken into consideration for the qualitative phase. According to Saunders et al., (2012), a researcher is morally responsible towards their respondents and future researchers to ensure that their study is conducted according to strict ethical standards. The research considered the ethical guidelines stated by Dublin Business School and made sure they were adhered to.

All members of the focus group were provided with a letter of information and informed consent at the beginning of the session. The nature of the study was also clearly mentioned to them – initially, in the letter of information and again before the discussion began. This is important to make sure that no participant felt that they have been coerced into participating (Bryman and Bell, 2014). The participants were assured that they could withdraw from the focus group if they wish to at any point. The candidates were also informed that although the subject matter was not sensitive, anonymity would be guaranteed to the extent that no names would be attached to any statements that were given during the focus group discussion. Each session was recorded and the reasons for recording was explained to the participants and specified in the informed consent form.

LIMITATIONS:

Research limitations refer to the influences that are outside the control of the researcher. They are considered as shortcomings faced during the study and conditions which cannot be controlled by the researcher. This acts as a restriction on the conclusion derived from the study (Saunders et al., 2012). Moreover, in every study, limitations are present which can affect the research and need to be mentioned so that the readers know about them. It is well known that no study is free from any bias in spite of the various precautions which might be taken by the researcher.

The initial limitation encountered for this study was that of time. Due to this the researcher was unable to conduct a pilot study focus group before conducting the actual focus group discussion.

Conducting a focus group was a challenge as the moderator had to make sure that all the participants had an equal opportunity to express their view points. This study is based on present purchasing buying behavior and may be subjected to change depending on the advancement in technology and the style of living.

CHAPTER 4: DATA ANALYSIS

INTRODUCTION:

This chapter comprises the presentation, analysis and interpretation of the findings resulting from the study. The chapter will present the findings of the two focus group discussions conducted for the study. The data has been analyzed using thematic analysis and noticed that there were some recurring themes that arose throughout the discussion. The name of the participants in the first focus group are coded with 'A' and for second focus group with 'B'.

SECTION 1:

This section explores the customers' perception about brand loyalty and to investigate the factors which they perceive are important for brand loyalty to exist among customers.

FACTORS INFLUENCING CUSTOMER PERCEPTION OF BRAND LOYALTY:

To determine the respondents' views about brand loyalty, the interviewer asked the respondents to describe what they perceived about brand loyalty based on their purchasing behavior. This was done to determine and establish whether a common consensus exists among respondents. Most of the participants had different opinions about brand loyalty. However, these opinions did not appear contradicting but seemed connected to each other. A recurring theme in the data was that brand loyalty led to repeat purchases of the product from the same brand or organization.

#B3: I should be satisfied with the product I have used so that I can use it again and again. It should not matter to me that there are other brands in the market. The product should be satisfying, not just with quality but also with price and looks. There should be a positive message from the company.

#B1: Brand loyalty is when I buy a product from the same brand again and again. I will do this if I have purchased from that brand before and was satisfied with their product. Then I will not think about other brands.

#A1: If you have trust on a brand, you can become loyal to the brand.

The replies of the respondents suggest that both attitudinal factors and behavioral actions represent loyalty. It appears that prior to any behavioral action taking place, an attitude must be developed for that action to occur.

EXPERIENCE:

Another recurring theme that helped define brand loyalty was the previous experience of the respondents with the brand. One of the focus group participants mentioned personal experience with the brand and how it can influence his brand loyalty. He gave an example that he had tried almost every smart phone brand in the market but was loyal towards a brand which is not very popular currently only because of his past experience.

#B3: In certain cases, I am a brand loyal customer. Specially, when it comes to technology such as smartphones and laptops. As I am a photographer, I want my phone to have an amazing picture quality. I have almost used all smartphone brands and the one I like most is Google Pixel even so more than I Phone. I would choose Pixel 2 over any other phone. I have always been loyal to Google Pixel.

Another participant mentioned that any negative experience with a preferred brand can cause the customer to switch brands. This was noticed when a participant described her negative experience with a clothing brand.

#B1: I have been loyal to zara for a long time. I really like their clothes; the quality is very good, and they are not very expensive. I remember that before I used to shop at H and M when I saw their advertisements on tv. I went to their store and bought some tops. They were low price and seemed stylish. But when I washed them couple of times, they became loose and did not fit me anymore. Then I tried zara and noticed the difference and since then I have been loyal to them.

Another theme to emerge from this discussion when the same participant mentioned that she would recommend her positive and negative experiences with the brand to friends and family.

#B1: Now I tell my friends and family members to try and buy from zara always.

MARKETING CAMPAIGNS:

Another theme to emerge from this discussion was that participants were affected by advertisements and campaigns run by big brands. One of the participants mentioned that even though she was not a brand loyal consumer, sometimes she was influenced by marketing campaigns which featured famous celebrities and it would influence her decision to be loyal towards a brand.

#A5: For me, it is more about convenience and marketing. This is because I follow famous celebrities and so if the brand is doing good marketing campaigns, I will be loyal to that brand.

PRICE, SATISFACTION AND PERCEIVED QUALITY:

During the discussion, it was observed that price, satisfaction and perceived quality were the most important factors for loyalty to exist towards the brand. This was reflected when participants mentioned that they would be loyal to a brand only if the prices were economical.

#B3: Quality of the products should be the same. Prices from the brand should be also consistent and not fluctuate too much.

#A1: For me the most important aspect for loyalty to exist is quality of the product. I cannot compromise on quality. The product should meet my expectations.

#A2: For me price is also important. Quality with good price should satisfy my needs.

#A3: Satisfaction from the product is necessary.

#B1: I think its all about value. And I think value comes from two things: price and quality of product. You see, there has to be a balance between price and quality. If there is then the brand can have my loyalty.

#B2: I am a brand loyal customer. So, loyalty back from the brand is very important. Good discounts, vouchers and good points system for the customer.

#B3: It is very important for the price to not be too high or too low. Should be economical. At the same time, the brand should offer the same type of quality. There should be some trust and passion from me towards the product which a brand launches. At the end of the day, I should be satisfied with the product I am using and not compromise on quality and price.

From this discussion it is clear that loyal customers and brand loyalty is perceived to be affected by some attitudinal drivers such as satisfaction, perceived quality and price. This attitude is then demonstrated by the customer in the form purchasing a product from the same company or brand continuously. The responses indicate that attitudinal factors such as trust and satisfaction act as a stimulus to influence loyal behavior.

However, there were some negative opinions among participants in both focus groups who mentioned that they would prefer reduced prices rather than being loyal towards a brand.

#A5: I am not a brand conscious customer, so don't believe in brand loyalty. I prefer to watch my own wallet and prefer reduced prices.

#B4: In this day and age, brand loyalty is not as good as it used to be. Loyalty from the brand has gone downwards compared to 10-15 years ago. Everyone shops around to get the best deal including me.

SECTION 2:

This section explores the attributes of the Value Club card based on customers' perceptions. It presents the benefits and drawbacks of the Value Club card as perceived by the members.

PERCEIVED BENEFITS AND DRAWBACKS ABOUT DUNNES VALUE CLUB CARD

PERCEIVED BENEFITS:

Participants were firstly asked to comment on the aspects which they like about their Value Club card. Most of them mentioned that they like to get discounts on certain products which included money vouchers and redeeming points earned from their purchases at Dunnes.

#A1: I have been using the Dunnes Value Club card for six months and I like the discounts which they provide. This is because I shop from them on a regular basis, so it benefits me.

#A3: I like discounts as well

#B1: I have been using that card for more than two years and I like the points they give me. Like promotional offers and vouchers. I can save some money even though its not that much.

#B2: Dunnes gives me great offers with vouchers and money off groceries and clothes. Since I use shop regularly at Dunnes, I like to save up the points and use them as often as possible.

#B3: The thing I like about Dunnes is the quality and when it comes to the Club card it is the reward points when I purchase at Dunnes. For e.g., when I purchase products for some amount, I get offers to buy products worth 50euro for free. However, I do not use my points regularly as I am a student, I have to look after my budget. There are other stores similar to Dunnes which provide me with same products but when I want quality, I always opt for Dunnes and that's when my Value Club card helps me a lot.

Some participants mentioned that they would prefer the cash back method employed by some other retailers.

#A5: I like the cash back which gives me a sense of belonging to the brand. Since I am price-conscious I like instant cash back and discounts more.

#B1: I use another loyalty card where I don't have to collect any points. When I go back to their shop they just give me discount or cash back at the till. Its not so much, only 4 or 5% off like what I buy, but I get off like instantly. So no need to wait and shop and collect points like this Club card.

These responses clearly indicate that the major perceived benefit of the Value Club card is monetary rewards offered to customers for their existing purchase behavior. It is clear that the primary motive of the respondents is to reap the monetary rewards offered by the loyalty scheme instead of providing loyalty towards Dunnes.

DRAWBACKS:

On the contrary, when participants were asked to comment on what they disliked about their Value Club card, all participants contributed with inputs with unwanted email communication and privacy concerns being the most irritating part.

#A3: I don't like my personal information to be stored with the company.

#A5: I do not like the spam email the company send me all the time. I lose my trust with the brand and sometimes I unsubscribe from them, but I still continue to receive them.

#B3: I do not like unwanted emails. They are useful to some extent as they let me know of special offers but getting emails every day is a headache for me. I do not want my personal information and email id to be used in such a reckless way.

Another major dislike about the Club card was that if the points were not used within a stipulated period of time they would expire. One participant mentioned that this can make him lose trust in the company.

#B2: If you lose your card or forgot your card, the procedure to get your points back is difficult. Points can expire if not used within a certain period of time. This makes me lose trust in the loyalty scheme. I think I go to shop at the same store all the time but if I lose my points, then what's the point of going back again and again which makes me lose trust and I am getting nothing for my loyalty towards the brand.

#B1: I check my email and dunnes account from time to time to know how many points I have collected. This is because once I did not use my points by last date and they expired.

#A1: I have to carry that card to the store. In the morning, even when I have to buy milk, I have to carry my card otherwise I will lose points. I think they should develop an app for the card because I always carry my phone.

Another participant felt that the offers were not clear and too complicated sometimes which made him dislike the loyalty card.

#A2: Whenever I used to buy products from Dunnes, they used to give me points. I am using the card for past eight months and after six months, the store told me that I would get discount on a product. When I went back later, I did not get the discount on the products that I wanted, and the staff did not have much idea. There were some hidden terms and conditions which stated that I could not get discounts on certain products.

#B4: I have not studied too much about my card because when I got the brochure and I registered with it I did not see everything available with it. All I care about is the points I can save every time I shop at Dunnes.

These results indicate that ineffective communication from the brand Dunnes and the lack of understanding regarding redemption of points among certain customers are the major drawbacks of the Club card.

SECTION 3:

This section explores the whether the respondents were satisfied with the perceived benefits and drawbacks of the Value Club card.

SATISFACTION LEVEL WITH VALUE CLUB CARD:

The discussion then proceeded to the participants' level of satisfaction with the Value Club card. One participant mentioned that he takes full advantage of the points offered under the loyalty scheme which makes him satisfied while another participant mentioned that monetary benefits pleased her to some extent.

#A1: I am fully satisfied with the Club card because I use it regularly. I know how to use it and I keep track of how many points I have. So that I can make the most out of my card. Whenever I go to shop at Dunnes, I ask the customer service to check my points and they give me information with regards to expiry of my points and till what time I can use them.

#A3: I am satisfied as I can save money.

#B2: I feel I am satisfied with the Club card. I feel that it is good to give out vouchers so very often and save money which everyone wants nowadays. It is also very simple to operate and handy.

#B1: Getting off some money for doing something that I have to do makes me happy and satisfied. But again, it looks like everyone in market is doing it so its not a big deal nowadays. Like I get discounts and vouchers from other shops as well. But, overall, I would say I am satisfied.

Only one participant seemed to take a neutral stance on his satisfaction as he mentioned that he uses the Club card only for certain categories of products.

#B3: When it comes to buy certain products, I am satisfied with the Club card. I don't prefer it for technology or clothes, the Club card is of no use to me as these sections are not covered by the loyalty scheme. I would rate it a 7 out of 10.

However, most of the participants indicated that their major dissatisfaction was the amount of points rewarded in exchange for their shopping. They felt that the brand should reward loyal customers more handsomely by giving more benefits and avoid expiry of points.

#A1: I expect some more discounts as I shop regularly at Dunnes. This is because I have earned more points at Tesco and M&S which are their competitors. Some of my friends are using their card as well and they tell me that I am at the losing side.

#A2: After using the card I am getting only 15% discount on certain products. Another friend of mine uses a Spar rewards card and sometimes gets up to 40% discount and he has only been using the card for three months.

#B3: Not much to be dissatisfied about except if they could increase the rewards.

#B1: Again, I have to say the rewards. I feel they give so little. They are such a big brand and have so much money they can for sure give me little more discounts. The value is not there you see. The money I spend at their store and what I get back from them is not fair.

Another theme to emerge from the discussion was the expiry of points and difficulty to attain rewards, which also caused dissatisfaction among a few respondents.

#B1: As I said before, I forgot to redeem points and when I asked customer service about that they just said that once points are expired, they are gone. I complained to them and told everyone I knew what happened. I felt that I was shopping quite often at their store but suddenly its not worth it.

#B2: If I forget my card, I don't have any easy way to get my points back.

#A2: The main thing I dislike is the transparency between the consumer and the brand. The store did not explain the terms and conditions properly. There is a definite communication gap regarding Club cards between the brand and me.

#A5: I have faced some terms and conditions issue and I lose trust in them. Sometimes, I think it is a scam. It is just a marketing gimmick to trick people. So, I don't invest so much money in the brand and card which is a huge dissatisfaction for me.

Some other reasons expressed for dissatisfaction by participants included privacy concern and too many cards in the market which have reduced their value. The same participant also indicated that he would be more satisfied if the Club card was multi-purpose and could be used at other stores. While one participant mentioned that when she registered for the Club card, it took a long time to arrive by post and she lost some points.

#B4: I guess there is not enough broadcast about the card except saving points. There could be a way to use them somewhere else or some other places as with student leap card. Maybe get discounts at some other shops to get more savings.

#B4: I have got too many cards and it is just a piece of equipment. Every brand has the same type of cards and it clutters my wallet.

#A4: When I registered for a loyalty card in my country, I got the card immediately. However, here I had to wait some days here for my card to arrive by post which was frustrating.

#A3: I sometimes lose trust as I am concerned about my privacy.

SECTION 4:

This section will explore the opinions of the participants regarding their satisfaction with Dunnes and whether the Club card played any role in their loyalty towards Dunnes.

SATISFACTION WITH DUNNES AND ROLE OF CLUB CARD:

The participants were then asked to express their level of satisfaction and mention any reasons for their satisfaction with the brand Dunnes.

#A1: I would say that I am fully satisfied with Dunnes because their quality is superior compared to other brands such as Aldi, Lidl or even Tesco. With their prices and quality, I am very satisfied with Dunnes.

#A2: I agree with #A1 as Dunnes offer superior product quality.

#A5: I am satisfied because apart from quality, they have excellent customer service and their stores are very convenient and easy to find anywhere in Dublin.

#B2: I think Dunnes offer very good high-end products which are good value for money. Their stores are nice and modern, and their customer service is always helpful as every time I ring them, they help me out.

#B1: Yes definitely. I really like them as a brand. They have very good products better than tesco I think. And the prices as not so high. Little expensive than these discounted stores aldi and lidl, but I think its worth it. Their service is also good because when I complained about the expired points they handled it very well and told me and explained me very calmly so yes I am satisfied with Dunnes.

#B3: It has never been the cheapest supermarket around like Tesco or Lidl, but they do have a better quality of products just like SuperValu and Dunnes stores are just as competitive, if not cheaper than SuperValu.

#B4: I am satisfied with Dunnes when it comes to quality and I would give it a nine out of ten. I have other options but if I want quality products, I prefer to shop at Dunnes. Also, Dunnes are very organized and you will not be lost as they are spacious and have really appealing stores.

It is interesting to note that despite offering higher prices compared to the competitors, almost all respondents are very satisfied with the brand and offered positive comments. The main reasons noted were excellent product quality, appealing stores and convenient locations which makes the respondents satisfied. This indicates that customers perceive value in Dunnes products and are willing to overlook increased prices.

The final discussion revolved around whether the Value Club card served its actual purpose of fostering feelings of loyalty towards Dunnes. There were mostly neutral or negative responses with only one participant acknowledging his great feeling of loyalty towards Dunnes and two other participants indicating a comparatively lesser opinion.

#A1: I am a regular user and know how to use my Value club card. I make sure I don't waste my points and sometimes I shop more to earn more points. The loyalty scheme definitely encourages me to shop more at Dunnes.

#B3: Yes, to some extent because sometimes I get good rewards. It is value for money as sometimes I don't have to pay the entire amount.

#B2: Only to some extent because if they don't have a certain brand that I am looking for, then I would shop somewhere else. But for the product quality, I would be mindful to go to Dunnes because of my points. I often find myself going back to Dunnes because of their loyalty scheme.

Most of the participants mentioned that their loyalty could not be exclusively attributed to the Value Club card, but there were several other additional factors which resulted in their choice of Dunnes stores.

#A2: Possessing the card does not encourage me that much. However, the quality of products offered by Dunnes encourages me. I won't buy a product just to get points in the card. I shop at Dunnes because the store is nearby, and their products are good quality at good prices.

#B4: Sometimes even when I go in there, I forget to use it. For me, Dunnes store is closest to my home and distance to the store is more important than the actual store. Specially, when I have

to pick up few bits of items here and there. They also have a large range of products than some smaller grocery shops near my house.

#B1: Presently no the card does not have much effect on me when I have to go to dunnes. I feel for me it has become a bonus to get that discount. But I don't think much about the card when I go to dunnes.

#A4: If there are better offers at some other store, I would shop there.

#A5: I have no love for loyalty cards and it does not encourage me to be more committed to Dunnes. I would prefer reduced prices and it does not affect my purchasing decisions.

This discussion indicates that there are several other reasons with perceived quality of products, price and convenience playing the most important role in the choice of store. It is clear that monetary rewards offered by the Club card program only have a minor impact on building brand loyalty towards Dunnes.

CHAPTER 5: DISCUSSION:

Although loyalty programs are widely used by companies as a marketing tool, there is still some doubt regarding their overall contribution, with some researchers mentioning that they have been successful, while others claiming that they are unwanted and unnecessary expense for the organization. Hence, it is important for everyone involved in these schemes to have a better understanding about how the benefits offered by them can translate to building brand loyalty. There is still limited understanding in this area. Despite extensive research and academic debate in this field, there is still room for further research as answers have been either contradictory or inconclusive.

In order for the loyalty programs to be more effective, a better understanding is needed to explain whether rewards programs and their perceived benefits help to create increased brand loyalty between the customer who is a member of the program and the brand which offers such program. The aim of this study is to investigate how different perceptions of the benefits and drawbacks of the Dunnes Value Club card program contribute towards brand loyalty for Dunnes. This study contributes towards an increasing field of research which has theoretical as well as practical significance in the Irish FMCG and retail market.

In order to achieve this aim, five research objectives were generated:

OBJECTIVE 1: TO UNDERSTAND THE FACTORS WHICH INFLUENCE CUSTOMER PERCEPTION ON BRAND LOYALTY

In order to understand the perception of the participants regarding brand loyalty, an open-ended question was asked by the researcher in both focus groups to get an insight about their views and opinion about brand loyalty. Some of the participants described brand loyalty as their ability or tendency to purchase and repurchase products from the same brand irrespective of other options available in the market. This definition of brand loyalty by the focus group participants is in agreement with the definitions stated in the literature review section, specifically the definitions mentioned by Oliver (1999) and Wood (2004). The replies of the respondents suggest that both attitudinal and behavioral actions represent loyalty.

As the researcher already mentioned in literature review, customer perception is defined by previous experience and personal opinions (O'tara,2011). This view was presented by members of both focus groups when they mentioned that experience played a major role to influence their purchasing decisions. It was observed that an optimistic and positive experience with their preferred brand helped them to stay faithful. It was also noted in both focus groups that any negative experience with a brand can make them switch to another brand. It was also interesting to note that any negative experience with a preferred brand can make a customer to switch their loyalty towards the better brand irrespective of their preferred brand.

According to Watson and Hill (2015), advertisements and media campaigns can also influence a customer's perception about brand loyalty. This statement was supported by a participant who

mentioned that her brand perception can rely on advertisements as it allowed her to gain more information about the brand their products in the marketplace (Samanta, 2014). While another participant mentioned that marketing campaigns and advertisements can also have a negative impact on customer buying behavior. This was elaborated when she mentioned that a popular marketing campaign convinced her to buy a product from a brand, but it did not meet her expectations which led to a negative experience with the brand (Rao, 2007).

Another factor that could influence the customer's decision to be loyal to a brand was the recommendation of friends and family. This observation was similar to the research conducted by Khalid et al., (2013) where they state that customer perception can be influenced through word-of-mouth recommendations from friends and family.

Cadogan and Foster (2000) mention in their study that price is a major factor for a customer's buying decision and this view was observed to be in agreement throughout the discussion in both the focus groups. It was observed that most of the participants repurchased the items from the same company as it was economical, and they got good quality products compared to competitors. One participant mentioned that he was willing to pay higher price for his preferred brand and his buying decision in not easily influenced by price. This argument falls in line with the study of Keller (2003) where he mentions that loyal customers are willing to pay a premium price for their preferred brand.

Perceived quality was another emerging factor from the discussion. According to a study conducted by Srivastava (2007), better perceived quality from customer towards a product increases their satisfaction level which was visible during the discussion. While there could be other situational factors such as convenience and availability of certain brands, this finding supports Srivastava (2007) that revealed that perceived quality is a very important variable for loyal consumers.

Another theme that most participants mentioned in the discussion was their satisfaction with the brand. Most of them stated that if they are satisfied with the quality of the product offered by the company, it would encourage them to repurchase the product from the brand again, which was also reported by Ha and John (2010) in their research. It was also noticed that brand loyal customers have a tendency to spread positive word-of-mouth recommendations by sharing their positive past experiences with the brand. This finding also supports that study conducted by Dick and Basu (1994).

It is important to state that customer loyalty is not only a behavioral measure but also includes an attitudinal aspect. This was depicted in the results when loyal behavior of respondents was found to be influenced by attitudinal factors such as satisfaction, trust and perceived value. Hence, based on the results, both attitudinal and behavioral approach are a more appropriate assessment of customer loyalty.

OBJECTIVE 2: TO DETERMINE THE PERCEIVED BENEFITS AND DRAWBACKS OF DUNNES VALUE CLUB CARD

PERCEIVED BENEFITS:

A major theme to emerge from this section of the discussion was the availability of rewards, savings and incentives offered from Dunnes in their loyalty scheme. As far as rewards were concerned, almost all participants appeared to enjoy monetary rewards, especially when the members were well-informed and the process to understand or redeem the award was easy. This is in line with the findings of Taylor & Neslin (2005) where they mention earning rewards through point accumulation can increase buying behavior of card members. This also makes them establish a link between their buying behavior and the loyalty program. This was observed by Palmatier et al., (2006) where they mention that customers value relationships when there is perception of incentives and benefits from any exchange which occurs.

Consumers felt that the ability to be rewarded for their normal daily buying and purchasing behavior was attractive which increased their satisfaction levels. The findings indicate that attainment of rewards for an action or behavior that does not require any additional effort from the Value Club member is a primary attraction of the Value Club card program. Moreover, if the customers were already regular shoppers at the store and bought products affiliated with these programs, this was perceived to be an additional advantage. The fact that customers only have to swipe their Club Card and put in little effort to accumulate points has contributed to the popularity of this program.

Communication plays a crucial role in loyalty programs and development of loyalty. According to Munger (1996), effective communication can strengthen brand loyalty as it can have a positive impact on consumers. It seemed from the discussion that direct communication, which is mostly in the form of email, can enable to bridge the gap between the member and the brand. Some members commented that this communication made them feel valuable by the company and gave them a sense of belonging. Thus, it appears that communication can enhance the loyalty process.

DRAWBACKS:

On a negative note, some of the respondents were unhappy with the 'clutter' of emails they receive in their inbox and felt that it needed attention from the company. They mentioned that too much unwanted and unnecessary information is provided which has a negative impact on the communication process between the brand and the consumer. Hence, the large volume of communication can also discourage the member's interest and can result in confusion and information overload.

Despite being satisfied with the Club card due to its perceived benefits, some of the members pointed out that in this digital age the wallet is being replaced with smartphones. The results from the focus group discussion clearly indicate that customers find a smartphone app format for the loyalty program to be more convenient and appealing than a physical card. However, an

app download can look like an easy task, but it is not done for any price. The time period for app trial is low and if the customer does not see any inherent value with the app, it will most likely be deleted.

To summarize, as indicated in the study, it is crucial that communication with the Value Club card members be structured in a convenient manner so that members can relate to it easily and understand it better. This will help increase their satisfaction levels with the program which in turn, will improve their loyalty towards the brand. In this way, the effects of communication can be maximized so that the communication can be perceived to be tailored to the customers' specific needs and be relevant to them.

Another drawback of the Value Club card mentioned by some respondents relates to the structure and redemption of points from the card. This was evident when one participant mentions that expired points had made her frustrated and lose some trust with the brand. This finding is in line with the research of Bose and Rao (2011).

OBJECTIVE 3: TO EXAMINE THE LEVEL OF SATISFACTION WITH DUNNES VALUE CARD PROGRAM

The findings of the focus group discussion indicate that customers who display increased awareness about their rewards and regularly check their email communication are more satisfied with the Club card program compared to customers who were less aware about the rewards.

The findings also suggest that there are several other factors which can explain why certain participants perceived value in the rewards offered by the Value Club card scheme. Firstly, accumulation of points was perceived by the respondents as a form of psychological reward which gave them satisfaction. For example, as a member shops and spend at Dunnes, points get accumulated which can, at some point in the future, be redeemed and transformed to gain a tangible reward. Secondly, these members can wait for that time so that they can collect enough points to convert it into a satisfactory reward

The satisfaction seems to stem from the monetary value of the points associated with the Club card. It is clear that the Irish retail market is 'flooded' with loyalty card schemes from other retailers which has contributed to lower perceived value of the Value Club card and its benefits among members. This lower perceived value has created a low level of satisfaction among members, who view the Club card as just 'another piece of equipment' among the multitude of cards available in the marketplace.

A significant finding from the discussion, which was not reported in the literature, is that gratitude and recognition are two major aspects which can have a major influence on the effectiveness of loyalty programs such as Value Club card schemes in gaining customer loyalty. According to the findings, gratitude and recognition is perceived as a sign of value by the

members. It was noted that members regard the benefits offered by Club Card program as a sign of gratitude and recognition for their effort when they purchase products from Dunnes.

This can be one of the main reasons why certain members enrolled in the program were dissatisfied with the rewards they received. If members perceive that there is an imbalance between the perceived value of the reward offered and the money and effort spent to gain that reward, it can suggest that there might be a lack of gratitude and recognition from the brand towards those members. This can cause an increase in their dissatisfaction levels with the brand as well as the loyalty scheme, which makes them less loyal towards Dunnes.

The value of rewards offered by Dunnes seem to lack any inherent perceived value as respondents observed a disparity between their efforts and the lack of recognition of those efforts by the brand. This can be considered a major reason for lack of satisfaction from the respondents towards the Value Club card. This lack of satisfaction and perceived value in the Club card does not encourage loyalty towards the Value Club card program. As a result, the customers do not display any loyal behavior towards the card because they feel that their commitment is not being valued.

OBJECTIVE 4: TO EXAMINE THE LEVEL OF SATISFACTION WITH DUNNES

It was clear from the results that almost all respondents were satisfied with Dunnes and their products. High levels of satisfaction resulted from a combination of results such as superior product quality compared to its competitors' offerings, highly appealing stores, good customer service and convenient locations. While all participants acknowledged that Dunnes offers slightly expensive products, the higher prices did not appear to impact their satisfaction towards the brand. These findings are consistent with Reichheld et al., (1996) which state that loyal customers tend to pay more and buy more from the same brand.

A consensus among participants was that satisfaction is very important to build brand loyalty. Satisfaction towards Dunnes comes in various forms for respondents. The most prominent ones appear to develop through high quality product attributes and convenience. Researchers have suggested that there is a direct relationship between satisfaction and loyalty (Dick and Basu, 1994) which is supported by the results.

It is important to note that while some members felt that informed and timely communication was important between Dunnes and the customer, others felt that it was an intrusion into their personal lives and violated their privacy.

As already identified perceived value is a pertinent component of satisfaction and brand loyalty. However, value is an abstract concept (Dodds et al.,1991). This was depicted in the results where respondents mentioned value for money, value in rewards and value in communication.

OBJECTIVE 5: TO ANALYZE THE ROLE OF VALUE CLUB CARD IN BUILDING BRAND LOYALTY TOWARDS DUNNES

As already discussed, building brand loyalty requires a combination of several aspects such as satisfaction, price, perceived quality and previous experience.

It is clear that most of participants are not satisfied with the Value Club card. The major reason for low satisfaction level is the poorly perceived value of the Club Card rewards in the eyes of the consumers. The members feel that there is an inequality between the benefits they receive and their efforts towards the brand. This lack of recognition from Dunnes has a detrimental effect on the satisfaction of members which affects their loyalty to the Value Club card program. The results are in line with the findings of Yi and Jeon (2003) and Meyer-Waarden (2009) where they mention little evidence to support the notion that loyalty cards can increase brand loyalty.

Price does not seem to have a major impact on the satisfaction of customers. This is because members recognize the superior quality of products that they receive from Dunnes. As one respondent mentioned, as long as customers perceive 'value-for-money' for the products they are buying, they are willing to spend more. Since perceived value is a way that an organization can build loyalty (Evanschitzky, et al., 2012), the lower perceived value of the Club card results in lower level of loyalty among the members.

It might be proposed that the attraction of loyalty programs is based on customers getting rewards for their existing purchasing behavior. It is also apparent that the primary objective of respondents in this study is to merely reap the rewards offered by the brand rather than providing loyalty to the product or organization. However, it cannot be said with absolute certainty that customer loyalty programs do not encourage loyalty. Since a number of participants already visited Dunnes stores regularly, it supports the possibility that acquisition, and maintenance of customers' repeat purchases can lead to a long-term relationship resulting in loyal behavior.

The discussion revealed that respondents valued incentives but bundled together 'incentives', 'vouchers' and Club card points which indicates that the influence of Value Club card incentives on customer loyalty is not as strong as the influence of Dunnes. The research also reveals that the Value Club card has more of a supporting role and function to encourage repeat purchase behavior among members which can increase loyalty over time. This is again supported by literature (Bridson et al., (2008), Stauss et al (2005), O'Malley (1998), Uncles et al (2003), Yi and Jeon (2013)).

CHAPTER 6: CONCLUSION:

The purpose of this exploratory research was to investigate customer perception of retail loyalty programs and its role in building brand loyalty with a special emphasis on Dunnes and their Value Club card program. The literature review pointed out that loyalty card programs such as the Club card scheme is a crucial marketing tool which offers a multitude of benefits, both for the customers as well as the brand. The Value Club card program has provided Dunnes with very detailed and extensive data on their customers' buying habits, tastes and preferences. This information has helped Dunnes to compete fiercely with its competitors to sustain its position among the three leading grocery retailers in Ireland and develop effective market strategies.

However, by examining the results in the context of meeting the objectives of this study, the research concludes that the role of Value Club card in building brand loyalty is not significant. It was noted that even though loyalty did exist among some card holders, the research revealed that the Value Club card alone was not responsible for it. The research identified that several factors were necessary in order to achieve a loyal customer base and develop brand loyalty. According to the study, components such as customer satisfaction, perceived value and communication play an influential role in developing customer loyalty. These aspects were found to assist the Value Club card in the process of building loyalty.

Results indicate that without these components being established and maintained, customer retention and loyalty would not occur despite the brand offering incentives and rewards. This was noticed when some respondents mentioned that they do not use their card very often and sometimes, sometimes even forgetting to use it. This indicates that simply discounts and rewards are not enough to keep customers loyal towards Dunnes.

The study also recognized that most of the respondents appeared to be loyal to Dunnes because of superior product quality, convenience and to a lesser extent, incentives. They also identified other factors such as price, attractive stores and convenience as more important reasons for their repeated patronage of Dunnes.

Additionally, the study showed that modern-day consumers have evolved in this digital age and new perceptions, buyer power and attitudes has deeply altered the value of the Club card. This was evident when some respondents replied that they think loyalty schemes and rewards are marketing gimmicks by brands and customers are more interested in finding the best deal in the market.

It has been observed that brand loyalty primarily attracts a customer towards a particular organization and loyalty towards the loyalty program encourages the customer to spend more. Although, the objective of the Club Card program is to provide resistance towards competitors' retailers, findings from this study suggest that members only exhibit weak resistance towards competitors' retailers as most of them offer the same rewards and discounts which reduces the value of those rewards.

While there were some negative perceptions about the Value Club card among some of the program members sampled, there was a general consensus which indicated that loyalty programs are a good defensive strategy to instill and promote customer loyalty and defend the brand against competitor influences.

The findings suggest that Value Club card members view rewards and benefits as a form of gratitude and recognition from the brand and if there is an imbalance between the value of those rewards and their efforts to purchase from the brand, negative perceptions about the brand can occur.

The research concludes that Dunnes' customers are highly satisfied and hence, more likely to be loyal to Dunnes than their Value Club card program. It is clear that customers gain economically from the card but do not experience a psychological feeling of gaining from the program. This is in line with the findings of Krithika and Ganesh (2013).

The findings also point out certain inefficiencies in Dunnes Value Club card program which has reduced its effectiveness as a marketing tool to improve brand loyalty. It appears that the loyalty program has not evolved with time and has not adapted to the new tastes, attitudes, behavior and demands of the present-day consumers. The accumulation of points in the Club card requires a lot of spending and considerable amount of time and effort from the program member, which can often leave them dissatisfied. This can negatively impact the customer satisfaction and loyal behavior of customers.

However, it cannot be said that the Club Card plays absolutely no part in building brand loyalty as it was evident that some active participants prefer to shop at Dunnes to accumulate more points and gain further rewards.

Loyalty cards are an important component among various efforts by an organization designed to increase customer loyalty towards a brand. They provide the organization with an opportunity to build long term customer loyalty. However, it is not the sole aspect to develop brand loyalty among consumers. Results of this study point out that customers also focus heavily on several other aspects namely, quality, price, convenience and appealing stores which all add up to customer satisfaction and customer loyalty.

CHAPTER 7: SELF REFLECTION AND LEARNING STYLES:

INTRODUCTION:

This section of the dissertation will focus on self-reflection and an assessment of my learning styles with respect to the completion of my Masters' in Business Administration (MBA) program and this dissertation. Saunders et al., (2012) explained that reflection is always a key component of learning. It is important to evaluate this learning experience and how it contributes to my personal and professional development and its benefits for further learning.

MY LEARNING STYLE:

The learning style theories show students which learning methods are most suitable for them. Although all theories are not applicable, it is very important to reflect on how a student gains new knowledge and learns more information and how such experiences can change one's mindset. Moreover, learning styles are dependent on current situation and challenge. At DBS, my studies have shown me that it always beneficial to reflect on both personal and professional learning experiences consciously.

Even though there are several models about different learning style theories in the academic literature, I will use the famous model of Kolb and the concept of Honey and Mumford.

Kolb states that the learning style theories goes through four stages of learning process cycle. These stages are "a concrete experience, a reflective observation, an abstract of conceptualization and an active experimentation" (Kolb and Kolb, 2005). As per these cycles, Kolb developed four learning styles.

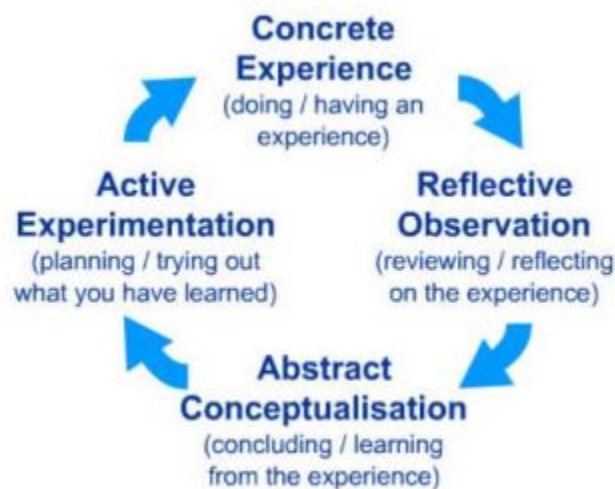


Figure 21: Four-Stage-Learning Cycle (Source: McLeod, 2017)

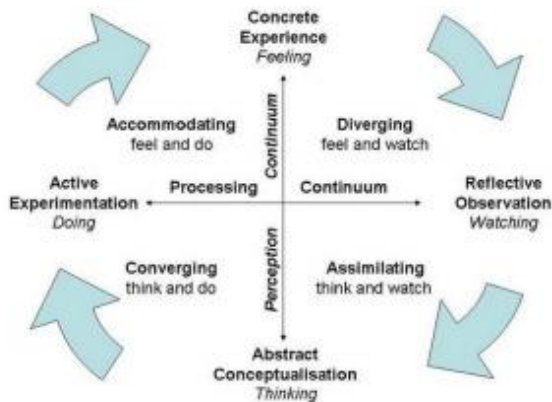


Figure 23: Kolb's Learning Cycle and Learning Styles (Source: McLeod, 2017)

	Active Experimentation (Doing)	Reflective Observation (Watching)
Concrete Experience (Feeling)	Accommodating (CE/AE)	Diverging (CE/RO)
Abstract Conceptualization (Thinking)	Converging (AC/AE)	Assimilating (AC/RO)

Figure 22: Two-by-Two Matrix of Kolb's Learning Styles (Source: McLeod, 2017)

The learning styles consist of different phases of the cycle. I consider myself to be in the category of accommodating learning style. This is because, I know from my previous experiences that I prefer to take an active role while seeking new challenges and experiences. However, depending on the current situation or challenge, I can also use another learning style.

Honey and Mumford (1989) also developed a well-known concept called "Learning Styles Questionnaire (LSQ)" which is based on Kolb's idea. It is based on four different learning styles: The Activist, The Reflector, The Theorist and The Pragmatist, whereby the individual had to answer a questionnaire to determine his suitable learning style.

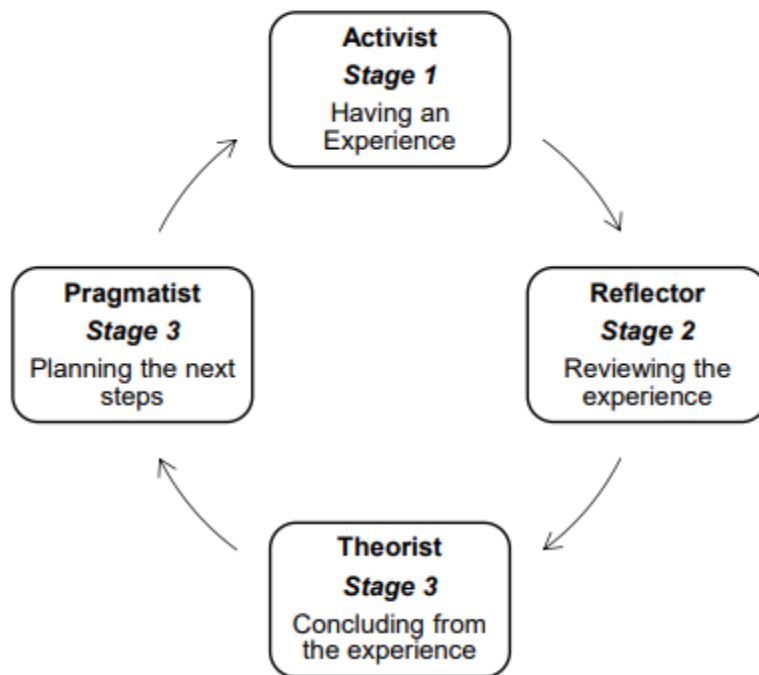


Figure 24: Learning Styles and Cycle by Honey and Mumford

I completed my questionnaire during the Personal and Professional Development course in semester 2 to find out my preferred learning style. The answers showed that I am an Activist and rely on intuition than logic. I am attracted to new experiences and challenges and like to learn things by doing them. However, I also got high score for the category of Reflector, which indicates that I can use another learning style to adapt to different situations and challenges.

MBA LEARNING EXPERIENCE:

The overall knowledge and experience acquired during the program has been of immense benefit to me as it is very relevant to modern day approach of conducting business. The course is very comprehensive and includes a variety of aspects which has helped me to think differently and in a critical manner.

The past academic year has been a huge learning experience for me. I have faced many changes in my life with the most significant being having to give up full-time employment in marine engineering to return to an academic institution and pursue higher studies. I have always been interested in the business industry and wanted to gain more knowledge and become qualified in this sector. The Masters' program has helped me to develop a wide range of skills from various techniques such as how to write an academic paper, how to enhance personal and professional skills to specific technical skills in the area of marketing, finance and international management. This will enable me to resell these skills in my future job interviews and use them in future career growth.

Being from an engineering background, I was a little nervous at the start of the program. However, that anxiety was soon overcome by the excellent delivery of all modules in the first semester. My learning style has changed considerably as I have become more aware of my own strengths and weaknesses associated with submission of challenging academic assignments.

REFLECTIONS:

I have assessed my reflection of the dissertation through Gibbs Reflective Cycle.

GIBBS REFLECTIVE CYCLE:

DESCRIPTION:

I can still recall the class of Research Methods 1 where everyone in the classroom was told to decide on a topic for their first proposal and presentation. This was the first hurdle as I had to find an industry that I would enjoy studying in detail for considerable amount of time. Since coming to Ireland, I developed a fascination with the grocery retail market as it operated differently compared to my home country's retail market.

After spending a few weeks, I decided to approach the retail loyalty programs in Dublin as I found that it was an issue to be explored in greater detail as there was a certain gap in knowledge and it was very valuable.

Time flew by and soon I was in RM 2 in second semester along with other intensive business strategy and marketing courses. The focus in RM2 was to narrow my initial topic even further and clearly define and polish my research objectives. I learnt the entire process of research methodology, how to write an effective literature review and effectively critique various theories of authors to identify gaps. I learnt how to conduct interviews and focus group discussions and analyze data and draw conclusions from obtained findings.

Even after submission of RM 2 proposal, I had to change my initial topic a few times at the beginning of the dissertation phase. Once the final topic was decided, I faced a huge hurdle to write the literature review. The biggest challenge was to decide on the various themes which had to be included in the LR section. There were new challenges in each and every section. For e.g. deciding the type of questions I would ask in focus group discussions to effectively capture the items I wanted to search was another major obstacle. I found myself constantly second-guessing which questions to include and which to discard. Data analysis was comparatively smooth as I was confident to present my data. The focus group discussion was the most exciting and interesting part of the dissertation as it allowed me to interpret, correlate and present my data in a coherent and concise manner.

FEELINGS:

I went through a lot of feelings at various stages of the dissertation phase. It was exciting to study and handle such a large-scale research study independently without any prior experience. At times, there were feelings of stress and anxiety when I had to adhere to different timelines and proceed with several steps at the same time. I often felt that I was second guessing my decisions specially with regards to my research objectives. However, these emotions were expected, and I felt that I handled them well without putting extra pressure on myself.

EVALUATION:

For me, the most challenging part during the study was settling on a strong research question and deciding subsequent research objectives. I knew that these aspects of the study would affect my entire research. Honestly, at the beginning of the dissertation I was not confident in my ability to research a particular topic and as a result, the first few weeks of the thesis phase was a struggle. My inability to stick to one research question and objectives resulted in delaying me with the dissertation. However, after meeting and consultation with my supervisor, I grew confident and took charge of research to continue the journey.

The most enjoyable part of the research was during data collection where I had to conduct two focus group discussions with the Dunnes Value Club card holders. I have never conducted this type of research previously and was little skeptical about my abilities to conduct this discussion effectively. However, conducting this discussion has been a great learning experience for me, both on a personal and professional level. The qualitative approach gave me great insight into the retail industry and I thoroughly enjoyed conducting the research and analyzing the data.

CONCLUSION:

At the end, I am satisfied with the completion of my thesis along with the research, communication and time management skills. However, looking back it is clear to me that I could have done certain things and taken some steps differently which would have made the research process easier. I wish that I could have been more decisive in my selection of topic and research objectives. This would have saved me a lot of time, effort and stress from the beginning of the dissertation. I also wish that I could have learnt more about the actual process of dissertation and how it works, as I have never done one before.

ACTION PLAN:

At the beginning of the thesis phase, the task seemed impossible to me as I was overcome by self-doubt. However, after finishing the dissertation, I have a better understanding and confident in my ability to conduct a large-scale independent research. I have improved my critical ability, research and time management skills considerably. But most importantly, I have learned to trust my guts and instincts and have faith in my abilities to make appropriate contextual decisions.

To summarize, the entire Masters' program and the dissertation has been a great opportunity and experience for me. I have improved several skills such as team work, researching and critical thinking which make me confident to re-start my career as a professional.

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APPENDIX 1:

FOCUS GROUP INTERVIEW AND GUIDE:

Overall questions asked in both focus groups. Elaborative questions asked as discussion developed.

1. What is your opinion about brand loyalty?
2. What do you think is necessary for loyalty to exist towards a brand?
3. What do you like about your Value Club card?
4. What do you dislike about your Value Club card?
5. Would you say that you are satisfied with the Value Club card? Why?
6. What are the things that you are dissatisfied about with your Value Club card?
7. Would you say that you are satisfied with Dunnes which offers the program? Would you pick the brand over competitors?
8. Does the loyalty card encourage you to be more committed to shop at Dunnes?
9. Is there anything else you would like to say before we finish up?

TRANSCRIPT FOR FOCUS GROUP 1:

DATE: December 23, 2018; 18:00-19:00

BACKGROUND ON THE PARTICIPANTS:

3 Female university students aged 23-28 and 2 working professionals

A1: Working in a restaurant

A2: Software working professional

A3: M. Sc. Computer Science student

A4: Diploma student

A5: M.Sc. Networking student

1. What is your opinion about brand loyalty?

#A1: I definitely believe in brand loyalty. I have several brands which I follow like in shoes, I only buy Nike shoes and I have been loyal to them for past 15 years. I believe if you have trust on a brand, you become loyal to them.

#A2: It is the tendency of the customer to prefer one brand over another. I prefer Puma shoes because I think they are more comfortable than other brand shoes.

#A3: I think brand loyalty is a good way to buy from same brand again.

#A4: I agree with #A3. I follow a company in Korea called "Luttematte" where I go everyday to buy food and groceries.

#A5: I believe that brand loyalty is not necessary for everyone. I am not brand-conscious so I believe in cheaper things to buy. I believe in prices and as I am not brand-conscious I don't believe strongly in brand loyalty.

2. What do you think is necessary for loyalty to exist towards a brand?

#A1: It varies from person to person. For me the most important aspect for loyalty to exist is quality of the product. I cannot compromise on quality. I have to test the product to make sure it is according to my expectations. If you have trust on a brand, you can become loyal to the brand.

#A2: I agree with A1. I prefer price with quality. Quality with good price which can satisfy customer's needs. It varies from person to person but I prefer the satisfaction from the product with good quality and price.

#A3: Satisfaction is what I expect from the product. If I am satisfied, I am happy.

#A4: Price and quality is important for me.

#A5: I agree with A4. In my opinion, for me, it is more about convenience and marketing. This is because I follow famous celebrities and so if the brand is doing good marketing campaigns, I will get convinced and will be loyal to that brand.

3. What do you like about Dunnes Value Club card?

#A1: I have been using the Dunnes Value Club card for six months and I like the discounts which they provide. This is because I shop from them on a regular basis, so it benefits me.

Moderator: Only discounts or anything else?

#A1: Prime one is discount and another thing is they have nice stores. I like to go there.

#A2: I don't like the card that much. Whenever I used to buy products from Dunnes, they used to give me points. I am using the card for past eight months and after six months when I collected points, the store told me that I would get discount on a product. When I went back later, I did not get the discount on the products that I wanted, and the staff did not have much idea. There were some hidden terms and conditions which stated that I could not get discounts on certain products.

#A3: I like discounts because it is necessary to me.

#A4: I like points when I buy products from Dunnes. If I get enough points, I can use them to get reward.

#A5: I like the cash back system because it gives me a sense of belonging to the brand. I don't really like the Value Club card since I am price-conscious I like instant cash back and discounts more.

Moderator: Do you feel you are connected to the company?

#A5: If I get instant discounts and cash backs then I feel connected to the company.

4. What do you dislike about the Dunnes Value Club card?

#A1: I have to carry that card. In the morning, even when I have to buy milk, I have to carry my card otherwise I will lose points. In this age, where I can carry my ATM card in my phone, I think it is outdated. I think they should develop an app for the card because I always carry my phone.

#A2: I dislike the transparency of communication between the brand and me. There is a communication gap and should be clear in their terms and conditions.

#A3: I don't like that my personal information is stored with the company. I am concerned about my privacy.

#A4: I think the points expire very soon only after 3 months. I think its short time and I want more time, maybe 1 or 2 years.

#A5: I do not like the spam email the company send me all the time. Sometimes I unsubscribe from them, but I still continue to receive them.

5. Do you think you are satisfied with the Value Club card?

#A1: I am fully satisfied with the Club card because I use it regularly. I know how to use it and I keep track of how many points I have. So that I can make the most out of my card. Whenever I go to shop at Dunnes, I ask the customer service to check my points and they give me information with regards to expiry of my points and till what time I can use them.

#A2: I have already mentioned that I am not satisfied. Last time I asked them how many points I got and I had nearly 400points. I did not get a great discount but a little deal which satisfied me little. I was expecting more discount as I got only 15% discount. Its better to get something than nothing.

#A3: I prefer the card because of the points.

#A4: I am satisfied as I can save money.

#A5: I get a positive feeling of getting back. Its very simple to operate and easy to scan the card.

6. Do you think you are dissatisfied with the Value Club card?

#A1: I expect some more discounts as I shop regularly at Dunnes. This is because I have earned more points at Tesco and M&S which are their competitors. Some of my friends are using their card as well and they tell me that I am at the losing side. If they want my loyalty, they better give me better discounts.

#A2: After using the card I am getting only 15% discount on certain products. Another friend of mine uses a Spar rewards card and sometimes gets up to 40% discount and he has only been using the card for three months.

#A3: I can lose trust because of my privacy information.

#A4: When I registered for a loyalty card in my country, I got the card immediately. However, here I was surprised as I had to wait some days here for my card to arrive by post which was frustrating.

#A5: I have faced some terms and conditions issue and I lose trust in them. Sometimes, I think it is a scam. It is just a marketing gimmick to trick people. So, I don't invest so much money in the brand and card which is a huge dissatisfaction for me.

7. Do you think you are satisfied with brand Dunnes which offers this program?

#A1: I would say that I am fully satisfied with Dunnes because their quality is superior compared to other brands such as Aldi, Lidl or even Tesco. With their prices and quality, I am very satisfied with Dunnes. I think they have the best quality at the best prices.

#A2: I agree with #A1 as Dunnes offer superior product quality. I am satisfied with Dunnes in terms of quality and price.

#A3: I agree with A1 and A2. I think quality is very important, so I prefer Dunnes because they give high quality products.

#A4: I like the quality of Dunnes especially in-home care products.

#A5: They have high quality product range and customer service is good. The best part is their stores are everywhere in Dublin.

8. Does this loyalty program encourage to be more committed to shop at Dunnes?

#A1: Of course, I do. I am a regular user and know how to use my Value club card. I make sure I don't waste my points and sometimes I shop more to earn more points. The loyalty scheme definitely encourages me to shop more at Dunnes.

#A2: Possessing the card does not encourage me that much. However, the quality of products offered by Dunnes encourages me. I won't buy a product just to get points in the card. I shop at Dunnes because the store is nearby, and their products are good quality at good prices. They should give better customer experience with relation to the card.

#A3: I think it is value for money so I look at competitors.

#A4: I agree with A2. If there are offers somewhere I go there.

#A5: I have no love for loyalty cards and it does not encourage me to be more committed to Dunnes. I would prefer reduced prices and it does not affect my purchasing decisions.

TRANSCRIPT FOR FOCUS GROUP 2:

DATE: December 27, 2018; 18:00-19:00

BACKGROUND ON PARTICIPANTS:

1 female working professional, 2 male working professional and 1 student

1. What is your opinion about brand loyalty?

#B1: Brand loyalty is when I buy a product from the same brand again and again. I will do this if I have purchased from that brand before and was satisfied with their product. Then I will not think about other brands.

Moderator: Do you think you are a brand loyal consumer?

#B1: Yaa, I think so. However, before I become loyal to a brand I see if there is any value in it. Like for example, I am close to my family and have some close friends as well and so I get their recommendations about the brand and their products.

Moderator: Can you give an example?

#B1: Lets see. Well I have been loyal to zara for long time now. I really like their clothes, you can see the quality is very good and they are not very expensive. I remember that before that I used to shop at H and M. I went to their store and bought some tops. They were low price and seemed stylish. But when I washed them couple of times, they became loose and did not fit me anymore. Then I tried zara and noticed the difference and since then I have been loyal to them. Now I tell my friends and family members to try and buy from zara always.

#B2: I think it is very important for supermarket or store. There are so many offers like superclub cards, vouchers and stuff like that.

Moderator: Do you think you are a brand loyal consumer?

#B2: I think I am a brand loyal customer. I would chose a store over another store if I had a loyalty card of that store.

#B3: I should be satisfied with the product I have used so that I can use it again and again. It should not matter to me that there are other brands in the market. The product should be satisfying, not just with quality but also with price and looks. There should be a positive message from the company.

#B4: In this day and age, brand loyalty is not as good as it used to be. Loyalty from the brand has gone downwards compared to 10-15 years ago. Everyone shops around to get the best deal including me.

2. What do you think is necessary for loyalty to exist towards a brand?

#B1: I think its all about value. And I think value will come from two things: price and quality of product. Like if I think I am paying a lot of money for a poor-quality product I will not be satisfied. And then I will lose trust with the brand and not be loyal to them. But, if I pay more money and get good quality product that I wanted, then I will be happy and satisfied. This will make me loyal.

Like for example with zara. I paid more money than in H and M but I got good quality top and jeans, like I wanted. So you see, there has to be a balance between price and quality. If there is then the brand can have my loyalty.

#B2: I am a brand loyal customer. So, loyalty back from the brand is very important. Good discounts, vouchers and good points system for the customer.

#B3: It is very important for the price to not be too high or too low. Should be economical. At the same time, the brand should offer the same type of quality. There should be some trust and passion from me towards the product which a brand launches. At the end of the day, I should be satisfied with the product I am using and not compromise on quality and price

Moderator: Do you think you are a brand loyal consumer?

#B3: In certain cases, I am a brand loyal customer. Specially, when it comes to technology such as smartphones and laptops. As I am a photographer, I want my phone to have an amazing picture quality. I have almost used all smartphone brands and the one I like most is Google Pixel even so more than I Phone. I would choose Pixel 2 over any other phone. I have always been loyal to Google Pixel.

#B4: Having products consistently of the same quality. Not trying to shop and change brands. Build customer base and not have prices fluctuate too much.

3. What do you like about your Value Club card?

#B1: I have been using that card for more than two years now and I like the points they give me whenever I shop at Dunnes. Like promotional offers and vouchers and stuff like that. I can save some money even though its not that much. Its like they give me reward for shopping at their store. So ya I like that.

Moderator: Do you use your points regularly?

#B1: Yess. I use them and check them to see how many points I have in my card. I check my email and dunnes account from time to time to know how many points I have collected. This is because once it happened that I did not use my points and they expired. So now I check their email and stuff from time to time to make sure I don't lose points again. The emails and vouchers also make me happy sometimes like makes me feel important and connected to the Dunnes.

#B2: Dunnes gives me great offers with vouchers and money off groceries and clothes. Since I use shop regularly at Dunnes, I like to save up the points and use them as often as possible.

#B3: The thing I like about Dunnes is the quality and when it comes to the Club card it is the reward points when I purchase at Dunnes. For e.g., when I purchase products for some amount, I get offers to buy products worth 50euro for free. However, I do not use my points regularly as I am a student, I have to look after my budget. There are other stores similar to Dunnes which provide me with same products but when I want quality, I always opt for Dunnes and that's when my Value Club card helps me a lot.

#B4: same concept as other cards as of saving money. The more you buy the more you get off. I have not studied too much about my card because when I got the brochure and I registered with it I did not see everything available with it. All I care about is the points I can save every time I shop at Dunnes.

4. What do you dislike about your Value Club card?

#B1: One thing I don't like about it is that I have to do lot of shopping from dunnes to get some good discount or award. Like, I think when I spend 100euro I get like 1 euro voucher off you know. I think they are asking me to spend too much for so little reward. But its like I get something for just buying and shopping, so I guess its not bad. I think I would feel more bad if I did not get anything from them.

Ohh another thing I don't like is that I use another loyalty card where I don't have to collect any points. Like when I go back to their shop they just give me discount. Its not so much also, but I get off then and there, like instantly. So no need to wait and shop and collect points and get off like this Club card.

#B2: If you lose your card or forgot your card, the procedure to get your points back is difficult. Points can expire if not used within a certain period of time. This makes me lose trust in the loyalty scheme. I think I go to shop at the same store all the time but if I lose my points, then what's the point of going back again and again which makes me lose trust and I am getting nothing for my loyalty towards the brand.

#B3: I do not like unwanted emails. They are useful to some extent as they let me know of special offers but getting emails every day is a headache for me. I do not want my personal information and email id to be used in such a reckless way.

#B4: I have got too many cards and it is just a piece of equipment. Every brand has the same type of cards and it clutters my wallet.

5. Would you say you are satisfied with value club card?

#B1: More or less I think so. As I said now, getting off some money for doing something that I have to do makes me happy and satisfied. But again it looks like everyone in market is doing it

so its not a big deal nowadays. Like I get discounts and vouchers from other shops as well. But ,overall, I would say I am satisfied.

#B2: I feel I am satisfied with the Club card. I feel that it is good to give out vouchers so very often and save money which everyone wants nowadays. It is also very simple to operate and handy.

#B3: When it comes to buy certain products, I am satisfied with the Club card. I don't prefer it for technology or clothes, the Club card is of no use to me as these sections are not covered by the loyalty scheme. I would rate it a 7 out of 10.

6. What are the things you are dissatisfied about?

#B4: I guess there is not enough broadcast about the card except saving points. There could be a way to use them somewhere else or some other places as with student leap card. Maybe get discounts at some other shops to get more savings.

#B1: Again I have to say the rewards. I feel they give so little. They are such a big brand and have so much money they can for sure give me little more discounts. The value is not there. The money I spend at their store and what I get back is not really fair.

I was using the card and my points expired when I did not use them. I complained to them and told everyone I knew what happened. I felt that I was shopping quite often at their store but suddenly its not worth it.

#B2: If I forget my card, I don't have any easy way to get my points back.

#B3: Not much to be dissatisfied about except if they could increase the rewards.

7. Would you say that you are satisfied with the brand Dunnes which offers the program? Or would pick the brand over competitors?

#B1: With dunnes yes definitely. I really like them as a brand. They have very good products better than tesco I think. I have kids and whenever we go to dunnes they really like it there. Like there stores are very spacious and wide. And the prices as well not so high. Little expensive than these discounted stores aldi, lidl but I think its worth it. Their service is also good like when I complained about the expired points they handled it very well and told me and explained me very calmly so you can say I am satisfied with dunnes.

#B2: I think Dunnes offer very good high-end products which are good value for money. Their stores are nice and modern, and their customer service is always helpful as every time I ring them, they help me out.

#B3: It has never been the cheapest supermarket around like Tesco or Lidl, but they do have a better quality of products just like SuperValu and Dunnes stores are just as competitive, if not cheaper than SuperValu.

#B4: I am satisfied with Dunnes when it comes to quality and I would give it a nine out of ten. I have other options but if I want quality products, I prefer to shop at Dunnes. Also, Dunnes are very organized and you will not be lost as they are spacious and have really appealing stores.

8. Does the loyalty card encourage you to be more committed to shop at Dunnes?

#B1: No, well yes maybe to some extent. But not so much. If they gave me more discounts or awards maybe I would go there and buy more regularly. But presently no the card does not have much effect on me when I have to go to dunnes. I feel for me it has become like a bonus to get that discount. But I don't think much about the card when I go to dunnes.

#B2: Only to some extent because if they don't have a certain brand that I am looking for, then I would shop somewhere else. But for the product quality, I would be mindful to go to Dunnes because of my points. I often find myself going back to Dunnes because of their loyalty scheme.

#B3: Yes, to some extent because sometimes I get good rewards. It is value for money as sometimes I don't have to pay the entire amount.

#B4: Sometimes even when I go in there, I forget to use it. For me, Dunnes store is closest to my home and distance to the store is more important than the actual store. Specially, when I have to pick up few bits of items here and there. They also have a large range of products than some smaller grocery shops near my house.