me myself

& My Loyalty Program

A quantitative study on the consumer effects of communicating the use of tailoring within a loyalty program

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ABSTRACT

In the current competitive business environment companies strive to build closer ties with its customers. Two of the marketing initiatives that firms are increasingly investing in are *one-to-one marketing* and *loyalty programs*. These have been described as two separate CRM-activities and aim at strengthening relationships and loyalty between the brand and customer. Interestingly, loyalty programs offer a great context where one-to-one marketing can be enforced by tailoring marketing communication towards individual members.

In this thesis, we merge the two research fields in order to study the effect of using tailored offers within a loyalty program. The study also explores the two main methods of tailoring; system-initiated personalization and customer-initiated customization.

Our study uses a quantitative approach and finds that tailoring affects attitudes and intentions towards the loyalty program through an indirect effect of perceived relevance. Furthermore, it partly supports the additional mediating effect of perceived convenience when using personalization. It also fully supports the additional mediating effect of perceived control when using customization. Lastly, no findings could confirm whether personalization or customization is to prefer within a loyalty program.

Keywords: One-to-one Marketing, Tailoring, Personalization, Customization, Loyalty Program

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1. INTRODUCTION

In this first part of the thesis, we will introduce the overall subject and explain why it is relevant to research. We will furthermore present the research questions that we aim to answer, the purpose of the study, the expected knowledge contribution and the outline of the thesis.

1.1 Background

In the hyper competitive business environment today, companies run after key success factors to attain advantages over competitors (Kotler & Keller, 2009). Doing so, they seek to better understand consumer wants and needs while also trying to stand out in the marketplace and build closer ties to its customers (Jobber, 2010; Kotler & Keller, 2009). Popular activities to improve relationships and loyalty among customers stretches from interactive and personalized marketing to formal initiatives such as loyalty programs. These activities often go under the common marketing field of **Customer Relationship Management**, CRM and are constantly under development (Butscher, 2002; Kotler & Keller, 2009; Jackson, 2007).

One important contribution to the development is the improvements in technological systems and highly sophisticated solutions. These have the ability to both collect and store heavy amount of consumer data, also known as Big Data, while also providing the opportunity to co-create with a mass-market on an individual level (Johnson, 2015, Franke et al., 2009; Pepper & Rogers, 1996). Companies can now apply a customer-oriented strategy and communicate with its customers in a one-to-one manner in a way not possible before (Johnson, 2015; Rust & Huang, 2014; Pepper & Rogers, 1996).

One-to-one marketing takes place when a company segments its customers on an individual level. This enables firms to **tailor** their communication towards each individual based on the consumer's profile (Johnson, 2015; Rust & Huang, 2015; Sundar & Marathe, 2010; Kotler & Keller, 2009; Peppers & Rogers, 1996). Why companies want to apply a one-to-one strategy and tailor their communication is because it creates new possibilities to be **relevant** to each individual consumer (Keyzer et al, 2015).

One context where companies have the opportunity to execute one-to-one marketing and tailor the communication is within **loyalty programs** (Butscher 2002; Peppers & Rogers, 1997). Within these programs, it is possible to adjust the marketing mix to the customer's preferences as information flows frequently between the member and the brand (Johnson 2015; Kotler & Keller, 2009; Butscher 2002; Peppers & Rogers, 1997).

1.2 Problematization and Research Gap

Both tailoring and loyalty programs, as marketing phenomena, has had an increased interest among academics the past decades and are still today subjects of research (Chung et al., 2015; Franke et al., 2009; Lewis, 2004). However, it could be argued that these two customer relationship building activities both needs to be further research separately as well as together.

The starting-point of this thesis was a request from Scandinavian leading consultancy company within customer management, Kaplan. According to the company's COO, Linda Hellström (2016), there is a gap between research and reality, a result of fast moving improvements in industry technology. One-to-one marketing initiatives within loyalty programs are improving successively, and with a clear focus on system-driven personalization.

In the academic world, previous research on tailored communication has often taken place in online contexts, where generally a positive effect has been found (Keyzer et al., 2015; Sundar & Marathe, 2010; Chung et al., 2015; Shapira et al., 2009; Ansari & Mela., 2003; Zhang & Krishnamurthi., 2004). As tailored communication is becoming increasingly common within loyalty programs, it is relevant to research in this context as well. Since a new context could potentially mean new outcomes. This is in line with reasoning by Keyzer et al. (2015).

Furthermore, previous research has found varying results of the overall effects of loyalty programs with an indication of positive outcomes (Söderlund & Colliander, 2005; Leenheer et al., 2007; Liu 2007; Meyer-Waarden, 2007). Continuous research is needed to further establish when and why a loyalty program can be successful. The ability to tailor communication within these programs could be a success factor (Butscher., 2002; Peppers & Rogers, 1997).

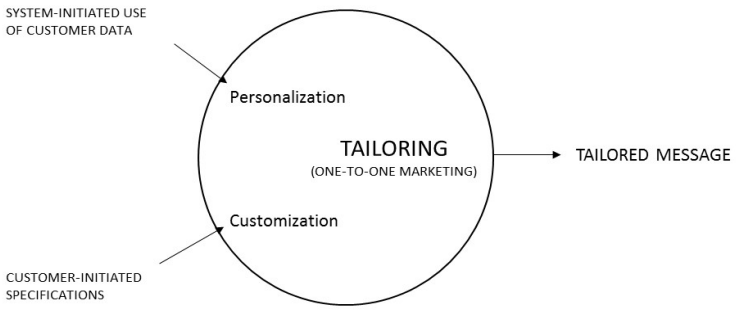
1.2.1 Personalization and Customization

The concept of one-to-one marketing, can be divided into two main categories depending on how the information is collected; personalization and customization (Neeraj et a.,l 2008; Sundar & Marathe, 2010) Personalization takes place when the firm decides what marketing mix is suitable for an individual based on *collected customer data* and thereby *tailor* the content to the reciver (Peppers & Rogers, 1997; Peppers et al., 1999; Shaffer & Zhang, 2002). Customization takes place when the customer actively *specifies* one or more preferred elements in the marketing mix and thereby *tailors* the communication it will receive (Sundar & Marathe, 2010; Kalyanaraman & Sundar, 2008).

As research have found that the two methods of tailoring partly have different appealing aspects, it is relevant to research both (Sundar & Marathe, 2010). Personalization is today the dominated and desirable method within loyalty programs, and according to practitioners it is expected to grow due to the convenience it offers customers (Hellström, 2016). However, as researchers have found, there are positive aspects of customization, which can easily be forgotten. Having a choice can still be considered desirable and appealing to the modern customer. We therefore think it is relevant to research not only tailoring effects, but also personalization and customization separately.

One-to-one marketing (tailoring), personalization and customization are terms that are frequently used for the same meaning. For this thesis, as we will research different aspects of tailoring, we will separate the terms personalization and customization depending on data collection methods. The terms will be used in line with research by Sundar and Marathe (2010) and Neeraj et al. (2008). However, we want to make the readers note that the terms are often mixed and used in various ways by other authors, also referred to in this thesis.

For the research that has studied the effects of a tailored message (no matter what method was used to collect data), we will refer to it as *tailoring* or *one-to-one marketing*. For research focusing on the collection of customer data, *personalization* will be used. Finally, research studying the active customer specifications will be referred to as *customization*. This is illustrated in the model below.



1.3 Purpose

The introductory purpose of this thesis is to integrate research within the field of CRM in order to provide new insights. Specifically, this study aims to increase the knowledge about one-to-one marketing within the context of loyalty programs. We have chosen to focus on the consumer effects when communicating the use of tailoring at large, and personalization and customization separately. In line with Kramer (2007), Kramer et al. (2007) and Keyzer et al (2015), who emphasizes the importance of the consumer perceiving messages as tailored, we will focus on the communicative and perceived aspects. ***The main purpose of this study is to research the consumer effects when communicating the use of tailoring within a loyalty program***. The following four research questions have been chosen:

RQ 1: *What are the consumer effects of communicating the use of* ***tailoring*** *within a loyalty program?*
RQ 2: *What are the consumer effects of communicating the use of* ***personalization*** *within a loyalty program?*
RQ 3: *What are the consumer effects of communicating the use of* ***customization*** *within a loyalty program?*
RQ 4: *Is* ***personalization or customization*** *to prefer within a loyalty program?*

1.4 Expected Knowledge Contribution

With this thesis, we aim at providing academics and practicing marketers with a deeper and broader understanding of tailored communication in the context of loyalty programs. We will do this by building on and develop existing research further within the field of CRM.

This thesis mainly builds on the arguments by Keyzer et al. (2015) and Sundar and Marathe (2010). Keyzer et al. (2015) points out the importance of perceived personalization and relevance, which is also the starting point in our thesis. Furthermore, Keyzer et al. (2015) also argued that new contexts can bring new outcomes which is why our results will be relevant to the academics as we test this in a loyalty program. The first contribution is therefore that we test this logic in a new context.

The second contribution of this thesis is the test of personalization and customization. This was done by Sundar and Marathe (2010) in the context of a news-aggregator website. They argued that personalization and customization might get different outcomes, as they are appealing for different reasons. This will be built on also in our study where contributions can be made for a new context.

1.5 Thesis Outline

This thesis is divided into seven main chapters. The first part is the Introduction (1) where a background was provided for the thesis subject and the chosen research questions. The second chapter, Theory (2), presents the theoretical framework and the hypotheses. In this chapter, existing research is described within the field of marketing communication, tailoring, loyalty programs, personalization and customization. The third chapter, Method (3) describes the process of designing and performing the study. Here, choices and the analytical tools used are described. Lastly, the chapter ends with a discussion of the quality of the study.

The fourth chapter, Results (4), thoroughly presents the results from the study and establishes whether the hypotheses are supported or rejected. In the fifth chapter, Study 2 (5), an additional study is carried out to test our results in another aspect of a loyalty program. The sixth chapter, Analysis (6), the results are analyzed and connected to the theoretical framework. The final chapter, Discussion and Conclusion (7), aim at giving an answer to the research questions while also providing conclusions. In this chapter implications will be provided for academics and practitioners. We will conclude by discussing limitations and criticism to our study and provide suggestions for future research.

2. THEORETICAL FRAMEWORK

In this chapter the theoretical framework will be presented together with formulated hypotheses. Firstly, central theory and research of marketing communication is presented with a focus on tailoring and how it affects consumers. Furthermore, relevant theory for the context of a loyalty program is explained. Following this, personalization and customization will be examined separately with a focus on the consumer perspective of the data collection.

2.1 Marketing Communication

Marketing communication is one of the main tools that a company can use in order to reach desirable results (Jobber, 2010; Dahlén & Lange, 2009; Kotler & Keller, 2009). It is defined as "The means by which firms attempts to inform, persuade, and remind consumers - directly or indirectly - about the products and brands they sell" (Kotler & Keller, 2009). The amount of existing research on marketing communication and its effects on consumers and consequently on the company's short- and long-term results is extensive (Dahlén & Lange, 2009). By communicating with the target audience, the company has a greater chance of gaining awareness and knowledge among consumers and affects their attitudes toward the company. Likewise, it can increase the consumer intentions and behaviors towards the company and thereby directly influence the financial results (Jobber, 2010; Dahlén & Lange, 2009; Kotler & Keller, 2009).

Technically, marketing communication is what separates the actual product or service from the communicated and perceived one (Dahlén & Lange, 2009). It has the power to give attention to the product in the marketplace as well as affect the perceived value of the offer. Two products, similar to each other on an objective level, can therefore vary in terms of perceived value. This in turn can also lead to higher consumer attention motivation (Hoyer & MacInnis, 2008). Focusing on improvements in the communicated product and the perceived benefits are therefore a key mission of the marketer, where an increase in such value can have a direct effect on consumers' attitudes and intentions (Dahlén & Lange, 2009). Knowing the preferences of the target audience thus become an important task in order to know what is viewed as relevant benefits that can increase the perceived value of the product or service (Johnson, 2015; Kotler & Keller, 2009). Advertising and other means of communication therefore need certain accuracy and relevancy to be effective. Generally, the better the accuracy in meeting the consumers needs and wants, the greater the effect (Kotler & Keller, 2009; Hoyer & MacInnis 2008). From a short- and a long-term perspective, this is crucial in order to be seen and chosen by the consumers as well as building relationships and loyalty (Kotler & Keller, 2009; Dahlén & Lange, 2009).

2.1.1 Tailored Communication

There are various ways of how companies can increase accuracy and relevancy for the target audience, where tailoring is a commonly used strategy (Keyzer et al., 2015; Sundar & Marathe, 2010; Kotler & Keller, 2009; Neeraj et al., 2008; Blom, 2000). It refers to the degree and way that communication or other aspects of the marketing mix is being tailored based on information about consumers or their specified preferences. The scale of the degree to which tailoring can be executed ranges from: *one-to-all*, through *one-to-segment* to *one-to-one* (Neeraj et al., 2008; Peppers & Rogers, 1997). One-to-all means that the company communicates in the same way with all its customers and that a low level of tailoring is used. Segmented tailoring, one-to-segment, takes place when the company has categorized its consumers into segments and communicates differently with each segment. Fully tailored, one-to-one, means that the company tailors one or more aspects of the communication to individual consumers (Jobber, 2010; Hoy & Milne, 2010; Neeraj et al., 2008; Hawkins et al., 2008; Shaffer & Zhang, 2002; Peppers & Rogers, 1997).

As tailoring demands more resources in terms of technological solutions, analytical systems, market communication systems and competences, it is often more expensive to apply than simply using non-tailoring (Kotler & Keller, 2009).

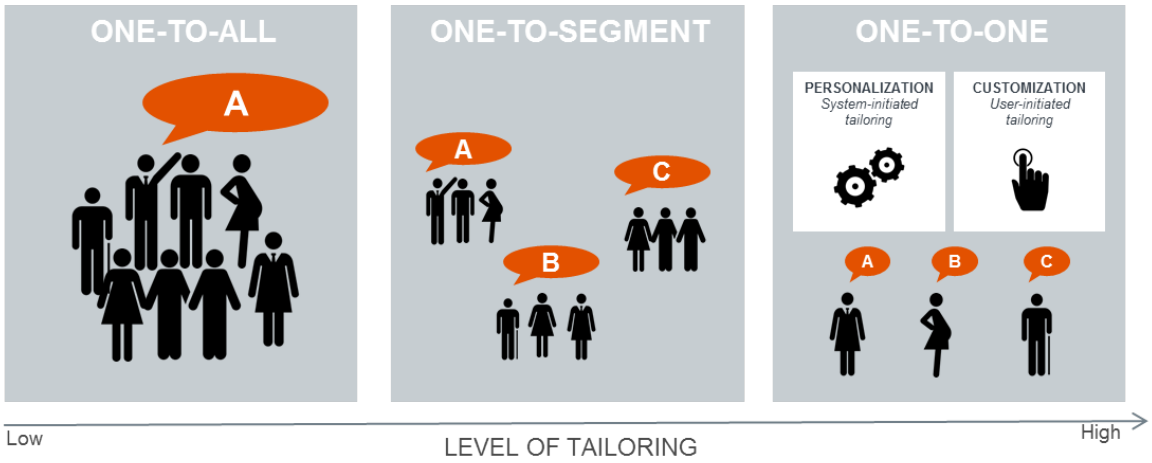


Illustration based on literature review made by the authors of this thesis.

2.1.1.1 Requirements for one-to-one marketing

In order to realize one-to-one marketing, two streams of information are required. First of all, the company needs to understand their individual customers' preferences. Information such as the customers needs, behaviors, demographics, interests and similar variables are therefore preferred and needed in order to be able to create tailored messages that are relevant to each consumer (Kotler & Keller, 2009). Consequently, the company must make sure that they either have the resources and skills needed to collect, identify and analyze the behavior of individual consumers in the database, or make sure that they provide the consumers with the opportunity to specify their preferences by themselves (Sundar & Marathe, 2010).

To further realize one-to-one marketing, the company also needs straight access to communicate directly with the individual customer. The marketer has to make sure that the tailored message reaches the specific consumer, or the value of tailoring will be lost (Neeraj et al. 2008). Typical channels where it is used are online contexts such as social media and other online platforms (Keyzer et al., 2015; Sundar & Marathe, 2010; Jobber, 2010). However, it is also common to make phone calls, or send tailored postal mail and email (Kotler & Keller, 2009).

2.2 Consumer Effects

Tailored communication can have both short- and long-term benefits. Firstly, consumers tend to notice tailored offers to a greater extent, as the content is usually more accurate and relevant for them. This leads to greater levels of awareness, process of message, attitude formations and finally purchase rates achieved for such communication (Keyzer et al., 2015; Petty et al., 2002). Secondly, this in turn helps building relationships as the company can be associated with greater marketing effort, creating more relevant offers and listening to the consumer's needs (Jobber, 2010; Kotler & Keller, 2009; Dahlen & Lange, 2009; Peppers & Rogers, 1997).

The most essential and commonly researched communication effects that a company wants to achieve with its communication are favorable behavior and attitude formations towards the brand, product or service (Jobber, 2010; Dahlén & Lange, 2009). When it comes to tailored communication in specific, the main reason why companies apply a one-to-one strategy is because it allows them to

be more relevant and accurate when communicating with customers (Sundar & Marathe, 2010; Anand & Shachar, 2009; Neeraj et al., 2008; Noar et al., 2009; Pavlou & Stewart, 2000; Blom 2000). In fact, the final outcomes of improved consumer **attitudes** and **intentions**, with a mediating effect of **perceived relevance**, is what generally has been researched within this field and been found to have an effect (Keyzer et al., 2015, Noar et al., 2009; Blom, 2000).

2.2.1 Attitudes

Attitude is a measurement of the overall evaluation that express how much we like or dislike an object, issue, person, or action (Hoyer & MacInnis 2008; Petty et al 1997). Consumer attitudes have been found to have a positive effect on behavior and loyalty towards the companies (Dahlén & Lange, 2009; Hoyer & MacInnis, 2008)

Research on tailored communication has shown that the effectiveness of the marketing communication can increase by the degree of tailoring. The attitude towards the communication, the brand and the context it is delivered through has also been shown to increase when tailoring the communication (Keyzer et al., 2015; Neeraj et al., 2008; Kalyanaraman & Sundar, 2006; Pavlou & Stewart, 2000; Tam & Ho, 2005).

Kramer (2007) and Kramer et al. (2007) argued that it is more important that the consumer perceive the communication as tailored to their individual profile, rather than it is actually personalized. This was also proved in a very recent study by Li (2016). Li found also confirmed that a personalized message can be perceived as non-personalized and that a non-personalized message can be perceived as personalized. This again illustrates the importance of perceived tailoring to the individual consumer's profile.

Keyzer et al. (2015) argues that perceived tailoring could change attitudes and subsequent behavior in two ways. On the one hand, it can be perceived as a stronger argument and more persuasive when evaluating, which is effecting the processing of the message. It is more likely to be interpreted positively when it is matched to the individual (Petty et al., 2002). Also, people might have more confidence in their evaluation of a tailored message. On the other hand, it can also serve as a simple and heuristic cue that leads to positive evaluation (Keyzer et al., 2015). The underlying explanation is the link to the self-relevance (Petty et al., 2002).

However, when it comes to the causal relationship between tailoring and attitude, it is important to notice that an inverted U-shape relationship has been found. Meyers-Levy and Peracchio (1996) argues that a moderate level of tailoring is preferable as overuse of self-referent messages can decrease the persuasive effectiveness. There is a limit when too much tailoring can cross the invasion of privacy line. For example, this is crossed when the consumer does not understand how and why the company has used personal information about them (Sundar & Marathe, 2010, Keyzer et al, 2015, White et al., 2008).

2.2.2 Intentions

Intensions are defined as propositions that the individual makes about himself or herself in relation to a future act in which he or she is the acting subject (Hoyer & MacInnis, 2008). It has been found that intentions and actual behavior often has a high correlation (Fishbein & Ajzen, 1977).

The intentions and actual behavior by consumers has been shown to increase in a favorable way when tailoring is used in (Keyzer et al., 2015; Howard & Kerin, 2004; Petty et al., 2002). Howard and Kerin (2004) found that tailored direct marketing messages often leads to higher advertising response rates. Research on tailoring in different digital channels has also shown that it increases the

advertising effectiveness compared to non-tailored communication in channels where tailoring is possible. This means that the customers intentions and actions towards the tailored communication has to been greater than for non-tailored (Neeraj et al., 2008; Kalyanaraman & Sundar, 2006; Tam & Ho, 2005; Pavlou & Stewart, 2000).

2.2.3 Perceived Relevance

Research on tailored communication has found that the favorable responses generated in terms of attitudes and intentions are primarily mediated by the effect of increased perceived personal relevance (Keyzer et al., 2015; Sundar & Marathe, 2010; Anand & Shachar, 2009; Kalyanaraman & Sundar, 2006; Iyer et al., 2005). This was also concluded in a literature review made by Noar et al. (2009). Whether the consumer plays an active or passive role, a tailored content is argued to increase personal relevance (Sundar & Marathe, 2010).

Why consumers see tailored messages as relevant is because they find it to be self-relevant, meaning that it is clearly information about them that has been used as a base to form the messages and thereby it becomes relevant (Kim & Sundar, 2008; Kalyanaraman & Sundar, 2006; Tam & Ho, 2005). Further, higher degree of perceived personal relevance increase consumers' motivation to process the message (Hoyer & MacInnis, 2008).

Similarly, from a company perspective, Blom (2000) also found that the primary reason to why companies takes on a one-to-one strategy is because they want to increase the perceived relevance of their marketing communication to each receiver (Blom, 2000; Sundar & Marathe, 2010).

To summarize, the main purpose of marketing communication is to increase the perceived value of the offer and thereby increase the likeliness to be noted, liked and chosen by consumers. Tailoring the marketing, using an one-to-one strategy, is a commonly used method to increase the accuracy. Studies have shown that tailoring can increase attitudes and intentions due to increase in perceived relevance. As marketing communication can affect perceived benefit of an offer, it is possible that merely communicating the use of tailoring could have an effect on perceived relevancy. Using the logic of Keyzer et al. (2015) and Petty et al. (2002), the perceived level of tailoring will have an effect of the consumer attitudes and intentions.

2.3 Loyalty Programs

As described in the previous chapter, two basic requirements needs be met in order to realize one-to-one marketing. Firstly, the company need access to detailed consumer information (Keller & Kotler, 2009) Secondly, one-to-one marketing also require a channel to communicate directly with individual consumers. One marketing context, which can meet these requirements, are loyalty programs (Kotler & Keller, 2009; Kumar & Shah, 2004; Peppers & Rogers, 1996).

A loyalty program, in this case, refers to programs usually adopted in retail and service industries, which typically provide the consumer with preferential treatment and better deals in order to maintain a relationship with the best customers and build loyalty (Söderlund & Colliander, 2015; Kumar and Shah, 2004; Allaway et al., 2003). To enter these programs, consumers usually have to provide personal contact information, which enables one of the two necessary streams of information (Kotler & Keller, 2009; Butscher, 2002). Recruiting members to these programs is therefore often an important goal (Kotler & Keller, 2009).

Furthermore, many loyalty programs keep track of consumers' purchase patterns when it comes to such as product selection, spending, use of vouchers, store visiting frequency and loyalty etc. (Jobber, 2010). This builds up useful data to tailor relevant offers. Also, as contact is already established with

the members, consumers can also themselves provide the company with information about their preferences (Peppers & Rogers, 1996; Kotler & Keller, 2009).

These programs have in some empirical studies shown a positive effect on customer loyalty (Leenheer et al., 2007; Liu, 2007; Meyer-Waarden, 2007). According to Söderlund (2001) loyalty programs can be seen as an additional product attribute that has been added to the overall offering. Affecting the consumer attitudes towards such program could therefore lead to improve overall consumer evaluations (Söderlund, 2001).

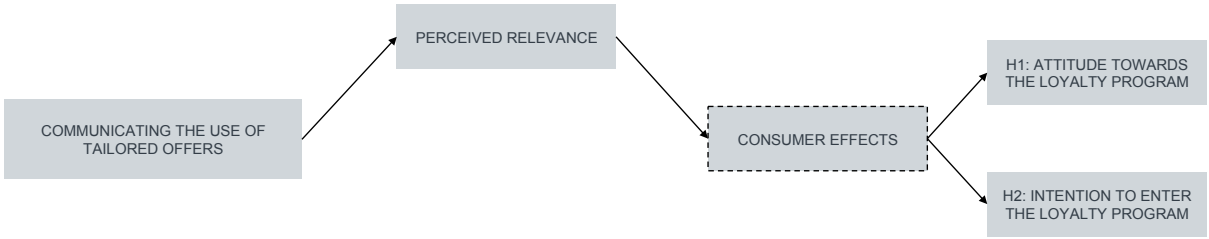
According to previous research, tailored marketing have positive effects on attitudes and intentions among consumers. The relationship have been proved to be mediated by perceived relevance which is, not surprisingly, also one of the key reasons to use one-to-one marketing. One explanation is an increase in actual accuracy; another explanation is that consumers find it more self-relevant when companies have noticeable used personal information about them.

For a loyalty program, the same causal relationship is likely to be found. Even though some researchers argue that the context can change this causal relationship, a loyalty program creates a natural context where tailored and direct marketing are used towards consumers. For example, when entering the program, consumers actively share personal data such as contact information in order to get offers.

By merely communicating the use of tailored offers within the loyalty program, it is likely to be perceived as more relevant. As perceived relevancy has the possibility to increase the value of the products and services of the company, it is likely that it in this context will increase attitude and intentions towards the loyalty program.

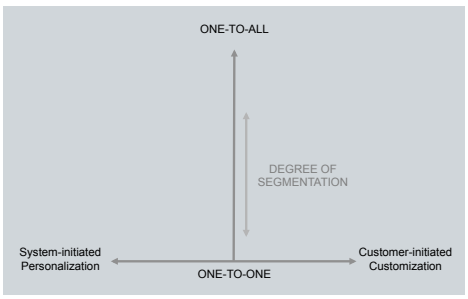
H1: Communicating the use of tailored offers will through the mediating effect of perceived relevance have a positive effect on the attitude towards the loyalty program.

H2: Communicating the use of tailored offers will through the mediating effect of perceived relevance have a positive effect on the intention to enter the loyalty program.



2.4 Personalization and Customization

Neeraj et al. (2008) and Serino et al. (2005) separates the two methods of tailoring based on consumer preferences (personalization) and consumer specifications (customization). These two have further been referred to as system-initiated personalization and customer-initiated customization when they have been studied in an online context by Sundar and Marathe (2010).



Illustation derived from Neeraj et al. (2008)

2.4.1 What differs Personalization?

Personalization takes place when communication or other aspects of the marketing mix is tailored to individual consumer based on consumer data, which is analyzed by advanced technological systems (Sundar & Marathe, 2010). It is a common tailoring method, and it is used to increase relevance without needing active participation by the customer. It has been argued that customers do not need the same level cognitive effort to perceive such communication. Sundar & Marathe (2010), argues that compared to customization, convenience could be a critical mediating factor for the success of personalization.

2.4.1.1 Perceived Convenience

As consumers tends to unconsciously save as much mental energy as possible, effective marketing communication makes the purchase process easier for the consumer who generally is looking for a relevant offer to satisfy their need (Nordfält, 2011). One advantage of system-initiated personalization, is that it is easy to use and demands very little effort from the user and therefore, perceived convenience is argued to be a mediator of personalization (Sundar & Marathe, 2010). When tested in the context of an online news aggregator, Sundar and Marathe (2010), partly found support for convenience and argued that it needed to be further researched.

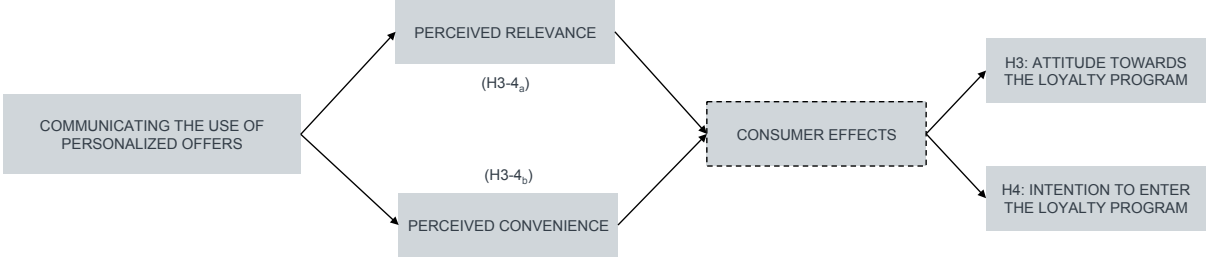
According to Berry et al. (2002), convenience has been acknowledged to increase in importance since consumers are constantly looking for ways to save time and energy. This phenomenon has driven the increase of convenience in services across many industries worldwide. Technological processes and competitive business environments have fueled this development. Marketers use time-oriented benefits in promotions, and consumers are generally motivated to use convenience as a basis for making purchase decisions (Berry et al., 2002).

Furthermore, previous studies have shown that the convenient aspect will increase the likelihood of something being adopted and liked (Sundar & Marathe, 2010; Dellaert & Stremersch, 2005; Huffman & Kahn, 1998). Research on diffusion of innovation, for example, has shown that technologies that are convenient to use are adapted to a greater extent by the majority of users (Davis, 1989; Sundar & Marathe, 2010). Similar findings have been found within retailing where consumers most of the time will chooses the first option that is good enough because they do not have the time or energy to look for the potentially best alternative, thereby choosing the convenient option (Nordfält, 2011).

Theories on one-to-one marketing predict positive consumer effects of personalization, through an indirect effect of perceived relevance and perceived convenience. Therefore, these mediators are likely to apply when communicating the use of personalization within a loyalty program and thereby affect attitudes and intentions.

H3: Communicating the use of personalized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived convenience, have a positive effect on the attitude towards the loyalty program.

H4: Communicating the use of personalized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived convenience, have a positive effect on the intention to enter the loyalty program.



2.4.2 What differs Customization?

Customization takes place when the customer is given the opportunity to serve as the communication source, meaning that the customer is given the opportunity to actively shape the nature and course of the content (Sundar & Marathe, 2010; deCharmes, 1968). The idea of offering customization from a company perspective is that the data about the customer can become even more accurate. This allows the company to know about the customers expressed changes in wants and needs, and thereby individualize communication even better (Sundar & Marathe, 2010; Adomavicius & Tuzhilin, 2005). It also allows the company to invite the customers to engage with the brand and form a stronger relationship to it (Jobber, 2010).

Sundar and Marathe (2010) discuss the possibility of consumer agency being an appealing factor of customization. When customers' have the ability to choose and make their voice heard, they are likely to perceive the situation as being under their control. In fact, perceived control is discussed by Sundar and Marathe (2010) and Bright and Daugherty (2012) as a potential key success factor of customization.

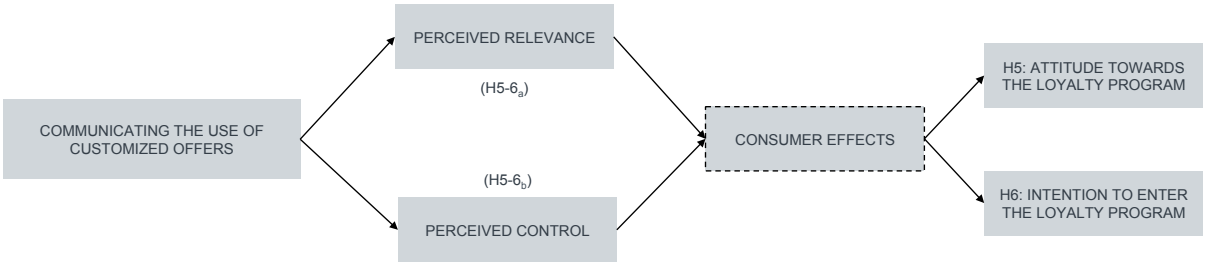
2.4.2.1 Perceived Control

Perceived control means that the consumer beliefs that she or he is responsible for the outcome of a given situation (Sundar & Marathe, 2010; deCharmes, 1968). To control is a human desire, and in marketing, increase in perceived control has been linked to more pleasant services and consumption experiences for consumers (Bright & Daugherty, 2012; Sundar & Marathe, 2010; Chandran & Morwitz, 2005; Faranda, 2001). Furthermore, perceived control is argued to make the consumer more satisfied, as human beings generally feel more content when being in control of a situation (Sundar & Marathe, 2010).

Tailoring has been found to improve consumer effects through higher perceived relevance. Furthermore, the causal relationship between customization and positive consumer effects is also argued to be mediated by perceived control. Therefore, for customization, both perceived relevance and perceived control is likely to mediate the relationship of attitudes and intentions within a loyalty program.

H5: Communicating the use of customized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived control, have a positive effect on the attitude towards the loyalty program.

H6: Communicating the use of customized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived control, have a positive effect on the intention to enter the loyalty program.



2.4.3 What will be most effective in a loyalty program?

Whether personalization or customization is to prefer has no simple answer (Sundar & Marathe, 2010). Existing research have contradicting results regarding the effects of customization compared to personalization. Some have found that customization can lead to confusion for the consumers because of the complexity of making choices and thereby result in lower levels of satisfaction compared to personalization (Chung et al., 2015; Neeraj et al, 2008; Dellaert & Stremersch 2005; Huffman & Kahn 1998) Others have found that customization on the other hand can be more appreciated than personalization due to the customer having a sense of agency meaning that the consumer is in control and can affect the outcome of the situation (Sundar & Marathe, 2010).

Even though the agency model argues that consumers like customization because it gives them the opportunity to decide for themselves, there is a lot of research on consumer decision and choices that indicates that choices can be more of a burden than a benefit to consumers in their daily life (Dellaert & Stremersch 2005; Huffman & Kahn 1998). According to Huffman and Kahn (1998) and Dellaert and Stremersch (2005) it can be hard for consumers to understand the value of the output resulting from customization in comparison to the complexity of choosing and the energy they spend on taking the decisions (Neeraj et al., 2008; Dellaert & Stremersch, 2005; Huffman & Kahn, 1998). Customization could therefore be less appealing compared to personalization (Miceli et al., 2007).

Furthermore, the preferences of tailoring method can be affected by various factors and change under different conditions. A study carried out by Sundar and Marathe (2010), proved that some factors do in fact matter. If a consumer is highly interested and knowledgeable in a product, the willingness to spend time and energy might be higher than for those less interested and engaged (Sundar & Marathe, 2010). In addition, how concerned a consumer is about privacy can affect the attitudes towards the use of personal data, wheres more privacy concerned consumers could favor customization (Sundar & Marathe, 2010; Chellappa & Sin, 2005; Fox et al., 2000) Not all customer want their data to be stored, something the marketer must take into account (Phelps, 2000).

In the upcoming sections we will present two potential influencers of the relationship between personalization and customization.

2.4.3.1 Product Involvement

The concept of involvement has been defined in many different ways. According to Hoyer and MacInnis (2008), it can be defined as self-reported arousal or interest in an offering, activity, object or decision. Research has shown that the more consumers are involved in a brand or product, the more willing they are to devote resources in form of money, time and energy to maintain a relationship with the product or brand (Hoyer & MacInnis, 2008; Park et al., 2010). A typical object of involvement can be a product or retail category where the consumer typically enjoys shopping for such products and see them as important (Hoyer & MacInnis, 2008).

In the study by Sundar & Marathe (2010) where customization and personalization was compared against each other in a web context, it was found that consumers that were power users preferred customization. Power usage was defined as a measure of the respondents' involvement, interest, knowledge and usage of Internet and computers.

Furthermore, according to Bendapudi and Leone (2003), customization may lead to frustration among consumer because of low knowledge or involvement. This in turn may lead to confusion and dissatisfaction for the consumer (Huffman & Kahn, 1998) Thus, too many choices may not be positive unless the customer has the knowledge or interest in the product or brand, and thus feels

that he or she wants to put energy into making choices. For consumers with low involvement and interests, personalization may therefore be more appreciated since it reduces the choices and makes it convenient for the consumer (Ansari & Mela, 2003).

2.4.3.2 General Privacy Concern

Personalization thrives on data. However, not all consumers want companies to collect and store personal information about them (Phelps, 2000). Therefore, customization has been found to be favored by consumers with general high privacy concerns (Neeraj et al., 2008, Kotler & Keller, 2009; Chellappa & Sin, 2005; Sundar & Marathe, 2010).

Aguirre et al. (2015) argued that personalized communication could potentially remind the consumer of that data about them have been used and thereby make the consumers less positive towards the personalization and increase the feeling of vulnerability. Resulting in lower communication effectiveness. This because the consumer perceive that the company has collected information about them for reasons and in ways they do not understand. This in turns, can lead to lower response rates of personalized communication and the phenomena is called the personalization paradox (Aguirre et al., 2015).

Furthermore, White et al. (2008) found that the effectiveness of personalized emails can decrease when the degree of personalization is high due to privacy concerns among the receivers. This due to the consumers not thinking that the company should have that much information about them or do not think that the company should use their personal information as a base for communication.

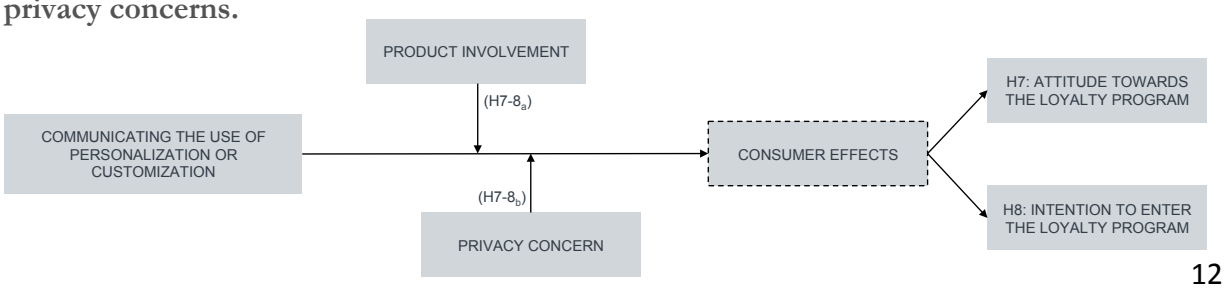
Lastly, similar findings were uncovered in the study on customization and personalization conducted by Sundar and Marathe (2010). In a low privacy context, specifically knowledgeable users, were found to have more positive attitudes towards customization. It was discussed that participants perhaps were concerned that data about them would be distributed to third parties. This has earlier been discussed by Fox et al. (2000) as well (Sundar & Marathe, 2010).

While using tailoring overall have been shown to have positive effects on attitudes and intentions through an indirect effect of perceived relevance, there is no given answers whether companies should choose personalization or customization. The relationship has been proven to be influenced by moderators. In line with arguments by Sundar and Marathe (2010), involvement and privacy concerns might be moderators explaining the relationship.

In the context of a loyalty program, product involvement is likely to affect how much time and energy consumers wants to spend on customization in the program. Furthermore, the consumer's general privacy concerns could affect the preferences of customization and personalization, as customization offers self-as-source while personalization tracks customer data.

H7: The preference for personalization or customization, in terms of attitude towards the loyalty program, will be moderated by (a) the level of product involvement and (b) general privacy concerns.

H8: The preference for personalization or customization, in terms of intention to enter the loyalty program, will be moderated by (a) the level of product involvement and (b) general privacy concerns.



3. RESEARCH METHOD

In this chapter we will present and motivate the method and approach used to test generated hypotheses. Furthermore, the research design and experiment variables are explained. We will also describe thoroughly the performed study containing a main study and pre-test, after which we will explain the choice of analytical tools. Finally, we will discuss the quality of the study, including the validity and reliability.

3.1 Choosing The Subject

The starting point of this thesis is to gain more knowledge about one-to-one marketing, and more specifically the use of such strategy within a loyalty program. We have chosen to research tailoring as it is a common phenomenon in today's larger loyalty programs where companies have the possibility to tailor the content of their communication to individual consumers (Xie et al., 2013). In this thesis, a loyalty program is considered to have members who have actively chosen to enter a specific brand's program to get certain benefits. This is a typical loyalty program for retailers and service sector (Söderlund & Colliander, 2015).

The motivation behind our choice of subject is primary due to the trend in the marketplace where more and more business-to-consumer companies invest in programs and technologies that enables one-to-one marketing. This is a frequently discussed subject at the leading consultancy firm within customer management in Scandinavia, Kaplan (Hellström, 2016). The need for more research is requested. As technology advances fast, the gap between research and reality grows.

In prior chapter we have presented research proving the positive effects of tailoring communication and offers to customers' individual needs. However, as this can differ when put in another context or channel it is relevant to study further (Keyzer et al., 2015). By performing this study, we hope to contribute to a wider and deeper understanding of tailored communication within a loyalty program-context, as well as giving marketers and researchers clues of how to make a loyalty program more successful and valuable.

3.2 Defining Research Approach

A deductive approach has been used in this thesis to answer the research questions. Firstly, a literature review was made on existing research on market communication, loyalty programs, tailoring, personalization and customization. Based on this theoretical framework, hypotheses were created from which expected conclusions could be made of the upcoming empirical study (Bryman & Bell, 2011; Jacobsen, 2002).

The deductive approach is appropriate since other studies and existing research creates a good starting-point and theoretical base within the chosen subject for our research questions and hypotheses. The negative aspect of this is the possible limitation to review solely the information that we personally find relevant for the research questions and data collection (Jacobsen, 2002). However, to base our study on existing research is suitable to be able to contribute to the specific field of theory. Moreover, it will make our conclusions more applicable and comparable to the findings of other studies.

This thesis furthermore uses a quantitative approach with an experimental study. A survey, including one pre-study, has been carried out in order to test the formulated hypotheses and thereby answer the research questions. This approach is used in an attempt to grasp the generalizability and extent of a phenomenon where a population is being research based on certain parameters (Bryman & Bell,

2011). The questionnaires used in this thesis include given-answer options, where knowledge have been collected in beforehand to ensure that the respondents have the possibility to summarize their answers and opinions in the set alternatives (Jacobsen, 2002).

For this experiment, we have used an extensive research method in order to be able to generalize the results (Jacobsen, 2002). Our ambition is to draw conclusions, which could be useful for far more loyalty programs than used in this specific study. The downside of this method is that we direct and control the respondents' answers in such way that we give them given answers to choose from (Jacobsen, 2002). Furthermore, if we did not have the ambition to generalize the results, we could have also includes more dependent variables that would have been relevant for the specific chosen loyalty programs, brands and product category.

3.3 Experiment Design

In order to be able to measure consumer effects and thereby answer the research questions, various advertisements for a loyalty program have been used in an experiment. The choice to use advertisements was chosen to represent the marketing communication aspect of our subject. This was also used by Keyzer et al. (2015). Furthermore, this is usually a common space where tailoring is appearing in loyalty programs.

For the main study, we have chosen to use an advertisement for the loyalty program as such, trying to recruit new members by using tailoring as a program benefit. Recruiting members to the program is an important task of the marketer (Kotler & Keller, 2009). Also, it can be argued as a good way to test *communicated* one-to-one marketing, with more focus on perceived than actual tailoring.

The advertisement was accompanied by a questionnaire to measure evaluations, attitudes and intentions as consumer effects. Two different stimuli were used in the experiment; one designed as **PERSONALIZATION** and one as **CUSTOMIZATION**. Together, they both represent a *tailored group of ads*. A third control-group has been used to represent a **NON-TAILORED** alternative. Table 3:1 illustrates the construct of the main study. A pre-study was carried out in order to ensure that the different stimuli were perceived as different as intended.

Table 3:1 - The Tested Groups

Level of Tailoring	Tailoring Group	Measurements	N
Tailored	Customization	Evaluations, Attitude, Intention	30
		Evaluations, Attitude, Intention	30
	Personalization	Evaluations, Attitude, Intention	30
		Evaluations, Attitude, Intention	30
Non-tailored	Non-tailored	Evaluations, Attitude, Intention	30
		Evaluations, Attitude, Intention	30

3.3.1 Choice of Brands and Product Category

For the advertisements, two brands and one overall product category were chosen. We wanted a product category that most people in the population (Sweden) could relate to in order for them to be able to make believable evaluations about the ads. For this reason, the grocery industry was chosen. Within this category, loyalty programs are common (Leenheer & Bijmolt, 2008).

Generally well-known brands were chosen in order to further make it believable for the respondents to consider entering the loyalty program. COOP and ICA were chosen as they have the greatest share in the market for groceries in Sweden (Euromonitor International, 2016). The choice of using two brands was to decrease the impact of the specific brand factors on the results as this is generally the downside of using familiar brands (Chen, 2001). Doing this, we could increase the validity and make the results more generalizable.

3.4 Pretest: The Stimuli of the Ads

A pre-study was carried out in order to ensure the stimuli in the advertisements represented the three different types of tailoring. In total, 6 ads were created: 2 brands (ICA and COOP) x 3 versions (Personalization, Customization and Non-tailored). Table 3:2 illustrates how the main study was constructed with respect to each ad. This thesis uses stimuli sampling, a concept which will later be explained, as the answers from the respondents exposed to the same tailoring group (Personalization, Customization or Non-tailored) will be merged into one (see table 3:2).

Table 3:2 - The Advertisements

Tailoring Group	Brand	Merged Group 1	Merged Group 2	N
Personalization	ICA	SIGN-UP_Tailored	SIGN-UP_Personalization	15
	COOP	SIGN-UP_Tailored	SIGN-UP_Personalization	15
Customization	ICA	SIGN-UP_Tailored	SIGN-UP_Customization	15
	COOP	SIGN-UP_Tailored	SIGN-UP_Customization	15
Non-tailored (Control group)	ICA	SIGN-UP_Non-tailored	SIGN-UP_Non-tailored	15
	COOP	SIGN-UP_Non-tailored	SIGN-UP_Non-tailored	15

3.4.1 Choice of Experiment Stimuli and Advertisement Design

For the advertisements we wanted realistic ads with a clear perceived difference between the tailoring groups. We therefore used existing ads by the brands, and adopted the content to represent a personalization, customization and lastly a non-tailored version. In order to pursue "cateris paribus" we kept everything identical between the ads, besides the texts representing the manipulation stimuli. The designs were found on the companies' websites (ICA.se, COOP.se).

In the PERSONALIZATION version, the texts were based on literature review on system-initiated personalization. The focus text used was "Discount on your most frequently purchased products!" (translated "Rabatt på dina mest köpta varor!"). Furthermore, additional texts in the ad were explanatory with an intended system-as-source focus (see appendix). Serino et al. (2005) describes personalization as customer preferences, which is applied here as the loyalty program promise discounts on the customer's most frequently purchased items.

In the CUSTOMIZATION version, the texts were based on the literature review of customization. "Choose your own discounts!" (translated "Välj själv dina rabatter!") was the focus of the ad. Same as for the personalization-version, an additional text were added but with a consumer-as-source focus (see appendix). Serino et al. (2005) describes customization as customer specifications, which was applied here by promising the customer the opportunity to specify their choice.

In the NON-TAILORED version, the text "New discounts every week!" were chosen (translated "Nya rabatter varje vecka!"). This text, and the additional text in the ad had no indication of tailoring and was based on industry standards which had been collected from desktop research. The purpose was to use an ad that gave neither the option for the customer to choose nor to receive an offer based on their personal information. See appendix for ads.

For all versions a short scenario text were presented in order to give the respondent a context. All scenarios were the same (see appendix).

3.4.2 Survey design

The questions used in the survey were created based on literature review and definitions. Each respondent were exposed to and answered questions for all 3 versions of an ad (the Personalization, Customization and Non-tailored version). Meaning that the respondent got to see 3 ads from the same brand (ICA or COOP). For this pre-study, we had a total of 60 respondents (30 for each questionnaire). The three ads that were presented to the respondents followed a varying order between the questionnaires. This was done in order to reduce order effects (Söderlund, 2005).

Each questionnaire further consisted of three statements per ad, on which the respondents were asked to what extent they agreed on a 7-degree Likert scale. The range went from 1 = Do not agree to 7 = Fully agree (Söderlund, 2005). The first statement aimed to test the level of perceived tailoring (**Tailored_level**): "The offers in this loyalty program will be fully tailored to my personal profile" (translated: Erbjudandena i den här kundklubben kommer vara helt anpassade efter min personliga profil). This statement was derived from the study by Keyzer et al (2015). It was further adapted to our context.

The second and third statement aimed to test the level of customization (**Customization_level**) in order to be able to separate the personalization and customization versions. The statement used were: "This loyalty program gives me the opportunity to specify what I prefer" (translated: Den här kundklubben ger mig möjlighet att ange vad jag föredrar) and "This loyalty program gives me the opportunity to tailor what offers I receive" (Translate: Den här kundklubben ger mig möjlighet att skräddarsy vilka erbjudanden jag får). This was based on literature review of one-to-one marketing, and the definition used by Sundar and Marathe (2010) and Kalyanaraman and Sundar (2008). The evaluations from the statements were merged, as the Cronbach's Alpha-values were on a satisfying level (see table 3:3).

Table 3:3 - Cronbach's Alpha of Customization_Level

Personalization	Customization	Non-tailored
0,809	0,797	0,953

3.4.3 Data Collection

The surveys were carried out among students at Stockholm School of Economics and KTH Royal Institute of Technology in April 2016. 60 students took part in the study, where 40 % were women and 60% were men. The average age were 22,8 the youngest respondent was 20 and the oldest 30 years old.

3.4.4 Results

The results of this pre-study is presented here as the outcomes were needed to ensure that the manipulation stimuli were useful and therefore could be used in the main study. The results were analyzed in SPSS with a **paired sample t-test** in order to compare the relevant means.

Table 3:4 - Mean Comparison Analysis – Paired Sample t-test

Variable	Personalization	Customization	Non-tailored
Tailored_level	5,77^{N}	5,70^{N}	2,77^{CP}
Customization_level	3,93^{CN}	6,23^{PN}	2,18^{CP}

^{N} Significant difference from Non-tailored version on a 5 % level (p≤0,05)
^{P} Significant difference from Personalization version on a 5 % level (p≤0,05)
^{C} Significant difference from Customization version on a 5 % level (p≤0,05)

The results showed that the non-tailored ad in terms of tailored_level ($X_{NON\text{-}TAILORED}$ = 2,77) is significantly lower than for the two tailored versions: $X_{PERSONALIZATION}$ = 5,77 (p≤0,05) and $X_{CUSTOMIZATION}$ = 5,70 (p≤0,05). We can therefore establish the non-tailored ad as less tailored then the tailored group of ads.

Furthermore, in terms of customization_level, the personalization ad ($X_{PERSONALIZATION}$ = 3,93) gets significantly lower (p≤0,05) evaluations than the customization ad in terms of customization_level ($X_{CUSTOMIZATION}$ = 6,23). We can therefore separate the two tailored versions in terms of the customization_level.

To sum up, the advertisements can be used for the purpose of representing a tailored group of personalization and customization, and a non-tailored alternative.

3.5 Main Study

The purpose of the main study in this thesis is to answer the research questions of what the consumer effects are of communicating tailoring (in general), personalization and customization (specifically), and lastly what tailoring method is to prefer within a loyalty program. In order to do this, advertisements (designed as described in the pre-test) have been used in a survey of 90 respondents.

Each respondent got to answer questions regarding one ad she or he were exposed to. This means that the respondents only got to evaluate one of the 6 ads. The survey took around 5 minutes to answer. The advertisements were printed in the questionnaire so the respondents could look at it as many times they wanted.

3.5.1 Selection of Respondents

The main study of this thesis took place in April 2016. For this quantitative study, the advertisements were allocated to 90 participants who was recruited from students of two schools: Stockholm School Economics and KTH Royal Institute of Technology similar to the method used by Söderlund and Colliander (2015).

Table 3:5 shows the demographic distribution between the main study and the pre-study. The demographic profile can be considered relatively equal and comparable between the pre-study and the main study.

Table 3:5 - Demographics of Respondents

	N	Students	Age	Gender
Pre-study	60	Student: 100 % Non-student: 0 %	Mean: 22,8 Median: 23 Min: 20 Max: 30	Women: 40% Men: 60%
Main Study	90	Student: 100 % Non-student: 0 %	Mean: 22,3 Median: 22 Min: 20 Max: 29	Women: 51,1% Men: 48,9 %

As we have chosen to use existing brands and loyalty programs, the respondents were asked whether or not they are members of the specific program in reality. This was done in order to limit an effect on our answers and to therefore ensure the distribution were similar between the groups of the test. The results found that were no significant difference between the groups in member distribution ($p=0,30$). Thus indicating that the random distribution canceled out membership differences between the treatment groups.

Table 3:6 – Membership allocation

Customization	Personalization	Non-tailored
Members: 30,0% Non-members: 70,0%	Members: 30,0% Non-members: 70,0%	Members: 46,7% Non-members: 53,3%

The selection of respondents, based on these variables, were therefore balanced. Both regarding demographics, but also for the tailoring groups in terms of membership distribution.

3.5.2 Survey Design

The questionnaire was constructed by a total number of 7 statements and questions, excluding demographics, membership and manipulation check (see appendix). They were derived from previous studies and adapted to our context.

The questionnaire was kept short in line with reasoning by Söderlund (2005) to avoid response bias and tiredness among the respondents. Only the most important questions were therefore included in the questionnaire to achieve high quality in the data collected. Furthermore, the respondents were asked to evaluate all statements and questions on a 7-point Likert scale (Malhotra & Birks, 2007; Söderlund, 2005).

3.5.3 Experiment Stimuli and Measurements

This section will describe what parameters were used to test the formulated hypotheses. All variables in the survey were translated into Swedish since the survey was conducted on the Swedish market. For this reason, the expressions of some questions have been adapted to the translated language.

3.5.3.1 Manipulation and Independent Variables

The independent variables used in this experiment were personalization and customization, which together constituted a tailored group of advertisements. These were established in the pre-test and was compared to a non-tailored version (control-group). See table 3:2 for groupings of ads and their given terms.

The statements used to measure tailored_level and customization_level in the pre-study, were also included in the main study questionnaire. As the results were similar to the pre-tests and no other conclusions could be drawn, we chose not to further present this in the thesis.

3.5.3.2 Dependent Variables

Following section will describe what dependent variables were used in the study to test our hypotheses. See appendix for full questionnaire.

Attitude toward Loyalty Program

The attitude towards the loyalty program was measured using a three-item semantic differential scale ranging from 1 to 7: bad/good, dislike/like and negative/positive. The measurements have been used before by Modig et al. (2014) and Brown and Stayman (1992). The three questions produced an index (Attitude_LP) with a Cronbach's Alpha of α =0,977.

Intention to Sign Up

The intention to sign up for the loyalty program was formulated in line with an intention-question previously used by Rosengren and Dahlén (2013) who measured purchase intention. For this thesis, the question was therefore shaped into a sign-up version to serve its full meaning. The intention was measured using a three-item semantic differential scale ranging from 1 to 7: unlikely/likely, improbable/probably, do not want/want to, in response to the question: "Would you sign up for this loyalty program?". The three questions produced an index (Intention_S) with a Cronbach's Alpha of α=0,966.

Perceived Relevance

Perceived relevance was measured using a two-item semantic differential scale ranging from 1 to 7: not relevant/ relevant, not useful/ useful. The measurements were derived from Keyzer et al. (2015). The two questions produced an index (Relevance) with a Cronbach's Alpha of α =0,927.

Perceived Convenience

Perceived convenience was measured using a three-item semantic differential scale ranging from 1 to 7: cumbersome/ not cumbersome, need for mental effort/ no need for mental effort, hard to use/easy to use, as a response to the question: "What is your opinion of the offer in the ad?" The index was derived from Sundar and Marathe (2010) who originally used a six-item semantic differential scale. However, in order to fit the purpose of this study, the three items that were perceived as suitable for this study were selected. The three questions produced an index (Convenience) with a Cronbach's Alpha of α =0,752.

Perceived Control

To measure the perceived level of control, measurements was derived from Sundar and Marathe (2010) and adapted to fit the purpose of this study. Sundar and Marathe (2010) measured the respondent's perceived control of the website using an index consisting of statements measuring the different aspects of the website. To serve the purpose of this study, the same logic was used but instead different aspects of a loyalty program were tested. The respondents were asked to evaluate the following three statements on a 7-point Likert scale ranging from 1=Do not agree to 7=Completely agree: "I believe that I am in control of my membership in this loyalty program", "I believe that I am in control of the offers I receive through this loyalty program" and "I believe that I am in control of what is sent to me from this loyalty program". The three statements produced an index (Control) with a Cronbach's Alpha of α =0,876.

Privacy Concern

A question to measure the respondent's general privacy concern was derived from Phelps et al. (2000). The respondents were asked to answer the question "In general, how concerned are you about the ways that companies use personal information about you?" on a 7-point Likert scale ranging from 1=Not very concerned to 7=Very concerned.

Product Involvement

To measure the respondent's involvement in the product category, three statements were derived from Michaelidou and Dibb (2005) (Hoyer & MacInnis, 2008). Michaelidou and Dibb (2005) used 15 different questions to test the level of involvement in the category of clothes. Since our study has another focus and since we wanted to keep the questionnaire short, only the most suitable statements were selected and adapted to the category of groceries. The respondents were asked to evaluate the following three statements on a 7-point Likert scale ranging from 1=Do not agree to 7=Completely agree: "I like shopping for groceries", "It is true that groceries interests me" and "Groceries are more important to me than other products". The three statements produced an index (Product Involvement) with a Cronbach's Alpha of α =0,846.

3.6 Analytical Tools

The results that was generated from the pre-study and the main study was analyzed in the statistical program SPSS. In all part studies, frequencies and descriptive were used to observe the distribution of certain parameters, mainly demographics.

In the pre-study, a paired sample t-test was made in order to be able to compare the means of the respondents' evaluations between the different versions (Personalization, Customization and Non-tailored) of the ads. In this study, an index were made for the two customization statements. This was approved with a Cronbach's Alpha test (Malhotra & Birks, 2007). In this introductory state, it was also decided to merge the COOP ads and ICA ads into groups. The results of the pre-study were tested at a significance level of 5 %.

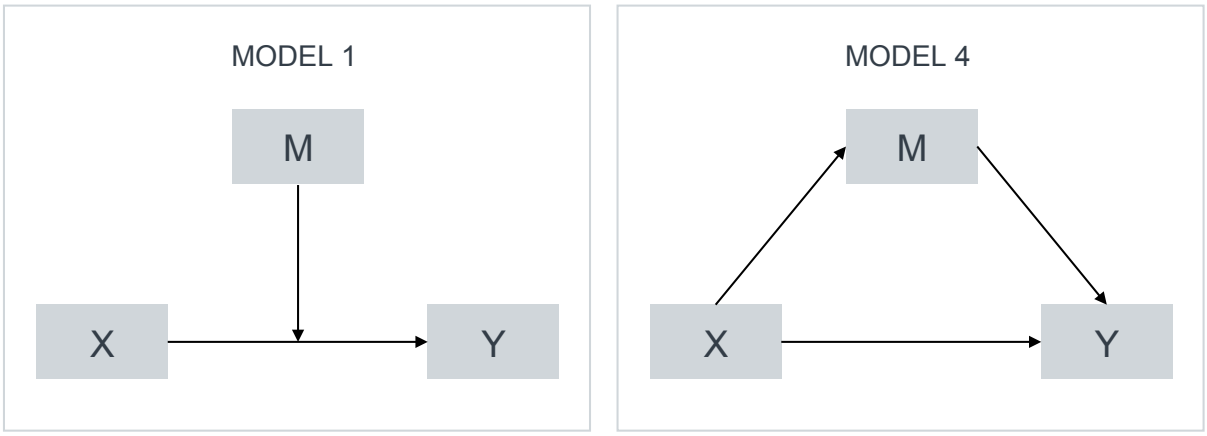
In the main study, a mean comparison was made for (a) the tailored groups versus the non-tailored group, and (b) between personalization, customization and the non-tailored group. For the first hypothesis the personalization and customization groups were merged based on the tailoring message. For the mean comparison between the tailored and non-tailored groups, independent sample t-tests were made. Furthermore, for the mean comparison between the personalization, customization and non-tailored groups, one-way Anovas were made. For this thesis, we have chosen to accept a p-value of $p<0,05$ in line with (Bryman & Bell, 2011).

Lastly, each treatment group (Personalization, Customization and Non-tailored) had 30 respondents. Why normal distribution was assumed (Jacobsen, 2002).

3.6.1 Mediation and Moderation Analysis

In this thesis, we are measuring two variables that explain a relationship between the independent and the dependent variables. Hayes (2013) states that "The outcome of an empirical study is more impressive, more influential, and more helpful to our understanding of an area of scientific inquiry if it establishes not only *whether* or *if X* affects *Y* but also *how* and *when* that relationship holds or is strong versus weak." A mediator represents the *how* ("Model 4"), and a moderator the *when* ("Model 1"). In this thesis, both mediators and moderators have been used, as was formulated already in the hypotheses. Model 3:1 and 3:2 illustrate their role in the causal relationships.

Model 3:1 **Model 3:2**



Pictures based on model templates for PROCESS for SPSS and SAS 2013-2016, developed by Andrew F. Hayes and The Guilford Press

The mediation and moderation analyses contribute to a more useful understanding of the link between chosen variables (Preacher & Hayes, 2004; Hayes & Matthes, 2009). An add-on to SPSS was used to be able to do these analyses in a convenient way. PROCESS MACRO, was developed by Andrew Hayes and was free to download. In this statistical test, model 1 were used for the moderation analysis and model 4 for the mediation. We used 5000 bootstrapping samples which is generally what is recommended, and in line with Colliander et al. (2015).

3.7 Quality of Research

The validity and reliability of the study conducted are two very important aspects to consider in order to achieve a high quality of research conducted according to Bryman and Bell (2011). The reliability of the study refers to the consistency and persistency of the results over time. The validity of the study refers to if the study fulfills its purpose and actually measures what is intended to. According to Söderlund (2005) it also refers to what extent systematic measurement errors have been avoided. Both the aspect of reliability and validity has been considered when conducting this study.

3.7.1 Internal Validity

Weber and Cook (1972) describes the internal validity as following: "A study is internal valid if its findings were caused by the experiment treatment" (Söderlund, 2010). For this study, it refers to if the manipulations (personalization, customization and non-tailored) were the factor in the ads that led to the respondent evaluating the ads in different ways. In order to ensure this, we applied "cateris paribus" between the versions as described in previous section in this chapter. Furthermore, a pre-study was conducted to ensure a perceived difference according to our intentions.

3.7.2 External Validity

The external validity refers to the ability to generalize the results from the study (Söderlund 2010). The external validity is high if the same result can be generated using other respondents or using other loyalty programs. Using mainly students as respondents have received critic before, but are often used in a convenience sample (Bryman & Bell, 2011).

Furthermore, we chose two different brands to increase the external validity of the study. By using two different brands, we aimed to isolate the results from brand-specific associations. This is called stimuli sampling and can be done by merging several stimuli to represent one group. This is in line with Wells and Windschitl (1999) who argued that this is a method more researchers should use even though it is not that common. Two stimuli are better than one, however, it would have been even better if several were used (Wells and Windschitl, 1999). In this thesis, though, as the scope is relatively small the decision was made to use two.

3.7.3 Reliability

Reliability refers to whether and to what extent a study can be replicated (Bryman & Bell, 2011). In this thesis, the reliability was obtained by randomly allocating the various questionnaires to the different respondents. Furthermore, a homogeneous approach have been used when designing the advertisements in order to isolate the tailoring effect so that it can be replicated in other loyalty program contexts. In general, influencing factors between the treatment groups have been limited in all ways possible by the authors.

In order to achieve a high degree of internal reliability, we used only acknowledged and well known journals and books to find indexes that had been used before when measuring the same variables as in this study. For the chosen variables, reliability tests were also carried out where only a satisfying level of Cronbach's alpha was accepted in line with Malhotra & Birks (2007).

4. RESULTS

In this section the results of the study performed will be presented. The results regarding if tailored communication is to prefer compared to non-tailored in a loyalty program will first be presented. In the following section, we will go deeper into tailored communication and present the results on what mediates attitudes and intentions towards the loyalty program when personalization is used and when customization is used. Lastly, the concepts of personalization and customization will be compared against each other and moderators of involvement and privacy concerns will be investigated to understand when what strategy is to prefer.

4.1 Communicating Tailored Offers in a Loyalty Program

Table 4:1 – Mean Comparison Analysis – Independent Sample t-test

	Tailored	Non-tailored	Mean difference	Significance
Attitude toward the loyalty program (Attitude_LP)	5,50	4,43	1,07	0,000
Intention to sign up (Intention_S)	4,79	3,40	1,39	0,001

The results in table 4:1 shows that attitudes towards the loyalty program was significantly higher for the tailored ($Attitude_LP_{TAILORED}$= 5,50) than for the non-tailored version ($Attitude_LP_{NON\text{-}TAILORED}$= 4,43). The same was found for the intentions to sign up, as the tailored ($Intention_S_{TAILORED}$= 4,79) was significantly higher than for the non-tailored version ($Intention_S_{NON\text{-}TAILORED}$= 3,40). In order to fully answer hypothesis 1 and 2, the mediation analysis will be presented next.

4.1.1 Hypothesis 1, Attitude Towards the Loyalty Program

Model 4:1

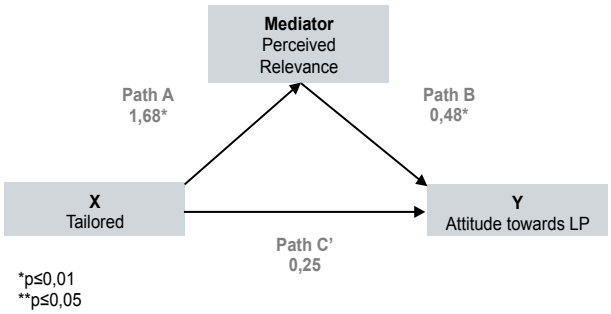


Table 4:2

Total indirect effect	Total direct effect
Effect relevance: 0,81 LLCI: 0,3993 ULCI: 1,4238	Effect: 0,25 LLCI: -0,2599 ULCI: 0,7660

95 % Confidence interval
LLCI: Lower limit confidence interval, ULCI: Upper limit confidence interval

The mediation analysis shows that perceived relevance is fully mediating the relationship between communicating tailored offers and the attitude towards the loyalty program. The results are illustrated in model 4:1, which shows that communicating the use of tailoring (X) predicts the mediator of perceived relevance (M) (Path A = 1,68). Perceived relevance (M) further predicts the attitude towards the loyalty program (Y) when controlling for communicating tailored offers (X) (Path B = 0,48). This is significant.

Furthermore, in Table 4:2, the total indirect effect is presented (0,81). While no direct effect could be found, an indirect effect could be statistically proven. **Hence, hypothesis 1 can be supported.**

H1: Communicating the use of tailored offers will through the mediating effect of perceived relevance have a positive effect on the attitude towards the loyalty program.	Accepted

4.1.2 Hypothesis 2, Intention to Sign Up for the Loyalty Program

Model 4:2

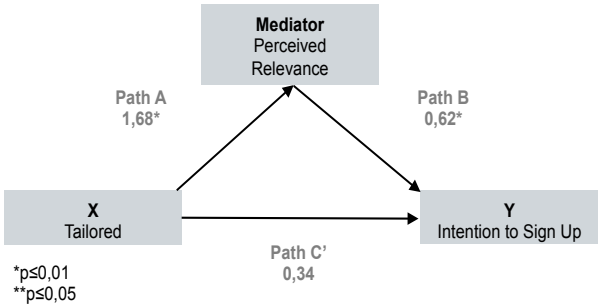


Table 4:3

Total indirect effect	Total direct effect
Effect relevance: 1,05 LLCI: 0,5138 ULCI: 1,7635	Effect: 0,34 LLCI: -0,4725 ULCI: 1,1597

95 % Confidence interval
LLCI: Lower limit confidence interval, ULCI: Upper limit confidence interval

The mediation analysis shows that perceived relevance is fully mediating the relationship between communicating tailored offers and the intention to sign up for the loyalty program.

The results in model 4:2 shows that communicating the use of tailored offers (X) predicts the mediator of perceived relevance (M) (Path A = 1,68). Perceived relevance (M) further predicts the attitude towards the loyalty program (Y) when controlling for communicating tailored offers (X) (Path B = 0,62). This is significant.

Furthermore, in table 4:3, the total indirect effect is presented (1,05). While no direct effect could be found an indirect effect could be statistically proven. **Altogether, hypothesis 2 can be supported.**

H2: Communicating the use of tailored offers will through the mediating effect of perceived relevance have a positive effect on the intention to enter the loyalty program.	Accepted

4.2 Communicating Personalized Offers in a Loyalty Program

Table 4:4 – Mean Comparison Analysis – Independent Sample t-test

Dependent Variable	Mean Personalization	Mean Non-tailored	Mean Difference	Sig.
Attitude_LP	5,64	4,43	1,21	0,000
Intention_S	4,64	3,40	1,24	0,013
Relevance	5,93	4,32	1,62	0,000
Convenience	5,47	4,42	1,04	0,002

Table 4:5 show that the personalized ad generate more positive attitudes towards the loyalty program ($Attitude_LP_{PERSONALIZATION}$= 5,64) and higher intention to sign up ($Intention_S_{PERSONALIZATION}$= 4,64) than the non-tailored version ($Attitude_LP_{NON\text{-}TAILORED}$= 4,43, $Intention_S_{NON\text{-}TAILORED}$= 3,40). It also show that the personalized ad is perceived as significantly more relevant ($Relevance_{PERSONALIZATION}$= 5,93, $Relevance_{NON\text{-}TAILORED}$= 4,32) and convenient ($Convenience_{PERSONALIZATION}$= 5,47, $Convenience_{NON\text{-}TAILORED}$= 4,42). The following section will test hypotheses 3 and 4 through mediation analyses.

4.2.1 Hypothesis 3, Attitude Towards the Loyalty Program

Model 4:3

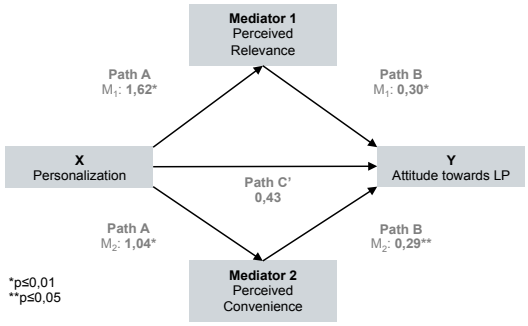


Table 4:5

Total indirect effect	Total direct effect
Effect relevance: 0,48 LLCI: 0,1530 ULCI: 0,9651 Effect convenience: 0,30 LLCI: 0,0015 ULCI: 0,7378	Effect: 0,43 LLCI: -0,1626 ULCI: 1,0283

95 % Confidence interval
LLCI: Lower limit confidence interval, ULCI: Upper limit confidence interval

The mediation analysis shows that both perceived relevance and perceived convenience is fully mediating the relationship between communicating personalized offers and the attitude towards the loyalty program.

The results illustrated in model 4:3 shows that communicating the use of tailored offers predicts the mediator of perceived relevance (M_1)(Path A_{M1} = 1,62) and perceived convenience (M_2)(Path A_{M2} = 1,04). The two mediators further predicts the attitude towards the loyalty program (Y) when controlling for communicating tailored offers (X) (Path B_{M1} = 0,30) and (Path B_{M2} = 0,29). These conclusions are significant. Furthermore, in table 4:5, the total indirect effect is presented which is (0,48) for relevance and (0,30) for perceived convenience. While no direct effect could be found, an indirect effect could be statistically proven. **Hence, hypothesis 3 can be supported.**

H3: Communicating the use of personalized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived convenience, have a positive effect on the attitude towards the loyalty program.	Accepted	(a) (b)

4.2.2 Hypothesis 4, Intention to Sign Up for the Loyalty Program

Model 4:4

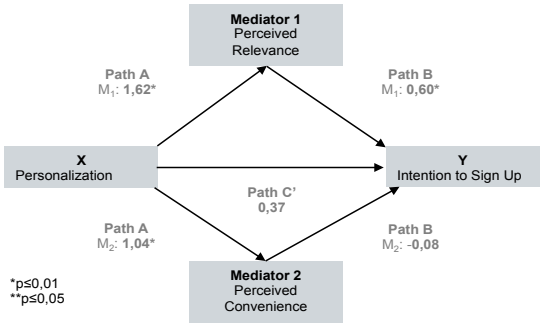


Table 4:6

Total indirect effect	Total direct effect
Effect relevance: 0,96 LLCI: 0,4498 ULCI: 1,6958 Effect convenience: -0,08 LLCI: -0,5132 ULCI: 0,3494	Effect: 0,37 LLCI: -0,6229 ULCI: 1,3572

95 % Confidence interval
LLCI: Lower limit confidence interval, ULCI: Upper limit confidence interval

The mediation analysis shows that perceived relevance is fully mediating the relationship between communicating personalized offers and the intention to sign up for the loyalty program. The analysis also shows that no mediating effect of perceived convenience could be found.

The results in model 4:4 shows that communicating the use of personalized offers predicts the mediator of perceived relevance (M_1) (Path A_{M1} = 1,62) and the mediator of perceived convenience (M_2) (Path A_{M2} = 1,04). Perceived relevance (M_1) further predicts the intention to sign up for the loyalty program (Y) when controlling for communicating personalized offers (X) (Path B_{M1} = 0,60) and this is significant. However, the mediator of perceived convenience cannot statistically be proven to predict the intention to sign up for the loyalty program (X).

Furthermore, in table 4:6, the total indirect effect is (0,96) for perceived relevance. While no direct effect could be found, an indirect effect could be statistically proven for relevance. The total indirect effect (-0.08) for perceived convenience could not be statistically proven. **Hence, hypothesis 4 can partially be accepted.**

H4: Communicating the use of personalized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived convenience, have a positive effect on the intention to enter the loyalty program.	Partially accepted	(a) (b)

4.3 Communicating Customized Offers in a Loyalty Program

Table 4:7 – Mean Comparison Analysis – Independent Sample t-test

Dependent Variable	Mean Customization	Mean Non-tailored	Mean Difference	Sig.
Attitude_LP	5,36	4,43	0,92	0,007
Intention_S	4,93	3,40	1,53	0,002
Relevance	6,07	4,32	1,75	0,000
Control	5,53	2,60	2,93	0,000

Table 4:7 show that the customized version generated more positive attitudes towards the loyalty program (Attitude_LP$_{CUSTOMIZATION}$= 5,36) and higher intention to sign up (Intention_S$_{CUSTOMIZATION}$= 4,93) than the non-tailored version (Attitude_LP$_{NON\text{-}TAILORED}$= 4,43, Intention_S$_{NON\text{-}TAILORED}$= 3,40). It also show that the customization ad was perceived as significantly more relevant (Relevance$_{CUSTOMIZATION}$= 6,07, Relevance$_{NON\text{-}TAILORED}$= 4,32), and the respondent perceived to have more control (Contol$_{CUSTOMIZATION}$= 5,53, Control$_{NON\text{-}TAILORED}$= 2,60). The following section tests hypotheses 5 and 6 through mediation analyses.

4.3.1 Hypothesis 5, Attitude Towards the Loyalty Program

Model 4:5

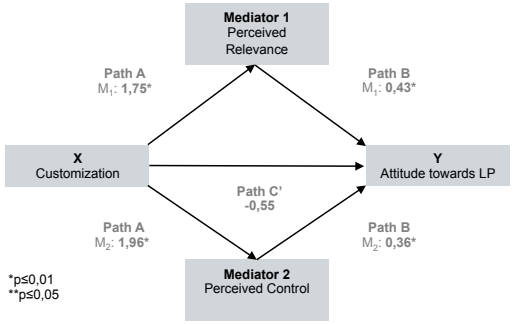


Table 4:8

Total indirect effect	Total direct effect
Effect relevance: 0,76 LLCI: 0,3723 ULCI: 1,3283 Effect control: 0,71 LLCI: 0,3335 ULCI: 1,4281	Effect: -0,55 LLCI: -1,1400 ULCI: 0,0454

95 % Confidence interval
LLCI: Lower limit confidence interval, ULCI: Upper limit confidence interval

The mediation analysis shows that perceived relevance and perceived control is fully mediating the relationship between communicating customized offers and the attitude towards the loyalty program.

The results in model 4:5 shows that communicating the use of customized offers predicts the mediator of perceived relevance (M_1) in both ads (Path A_{M1} = 1,75) and the mediator of perceived control (M_2) (Path A_{M2} = 1,96). Both the mediators further predicts the attitude towards the loyalty program (Path B_{M1} = 0,43),(Path B_{M2} = 0,36). These conclusions could be statistically proven. Furthermore, in table 4:8, the total indirect effect is presented which is (0,76) for perceived relevance and (0,71) for perceived control. While no direct effect could be found, an indirect effect could be statistically proven. **Hence, hypothesis 5 can be accepted.**

H5: Communicating the use of customized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived control, have a positive effect on the attitude towards the loyalty program	Accepted	(a) (b)

4.3.2 Hypothesis 6, Intention to Sign Up for the Loyalty Program

Model 4:6

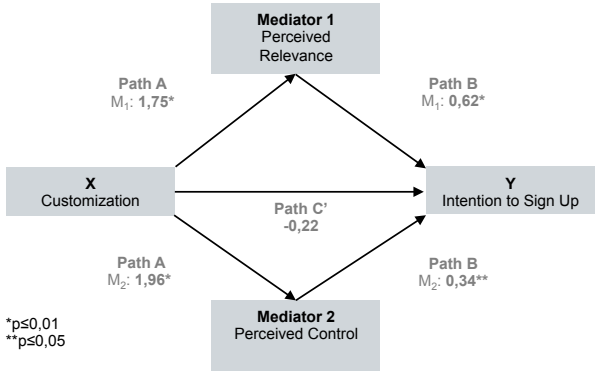


Table 4:9

Total indirect effect	Total direct effect
Effect relevance: 1,09 LLCI: 0,5346 ULCI: 1,9110 Effect control: 0,66 LLCI: 0,0708 ULCI: 1,4061	Effect: -0,22 LLCI: -1,1827 ULCI: 0,7486

95 % Confidence interval
LLCI: Lower limit confidence interval, ULCI: Upper limit confidence interval

The mediation analysis shows that perceived relevance and perceived control is fully mediating the relationship between communicating customized offers and the intention to sign up for the loyalty program.

The results illustrated in model 4:6 shows that communicating the use of customized offers predicts the mediator of perceived relevance (M_1) (Path A_{M1} = 1,75) and perceived control (M_2) (Path A_{M2} = 1,96). Both perceived relevance (M_1) and perceived control (M_2) further predicts the attitude towards the loyalty program (Y) when controlling for communicating customized offers (X) (Path B_{M1} = 0,62) and (Path B_{M2} = 0,34). These conclusions are significant.

Furthermore, in table 4:9, the total indirect effect is presented which is (1,09) for perceived relevance and (0,66) for perceived control. While no direct effect could be found, an indirect effect could be statistically proven. **Hence, hypothesis 6 can be accepted.**

H6: Communicating the use of customized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived control, have a positive effect on the intention to enter the loyalty program.	Accepted	(a) (b)

4.4 Customization vs. Personalization

In this part we will present the results of comparing customization and. Firstly, a mean comparison is presented in order to get an overview of the relationships. Secondly, the moderation analyses are presented.

Table 4:10 Mean Comparison – One-way Anova

	Non-Tailored	Personalization	Customization
Attitude_LP	4,43^{PC}	5,64^{N}	5,36^{N}
Intention_S	3,40^{PC}	4,64^{N}	4,93^{N}
Relevance	4,32^{PC}	5,93^{N}	6,07^{N}
Convenience	4,42^{P}	5,47^{N}	n/a
Control	2,97^{C}	n/a	4,92^{N}

^{N} Significant difference from Non-tailored version on a 5 % level (p≤0,05)
^{P} Significant difference from Personalization version on a 5 % level (p≤0,05)
^{C} Significant difference from Customization version on a 5 % level (p≤0,05)

Table 4:10 presents mean comparisons between the treatment groups. For the attitude towards the loyalty program, no significant difference can be found between the two tailored versions ($Attitude_LP_{PERSONALIZATION}$= 5,64; $Attitude_LP_{CUSTOMIZATION}$= 5,36). Same conclusion can be draw for the intention to sign up ($Intention_S_{PERSONALIZATION}$= 4,64; $Intention_S_{CUSTOMIZATION}$= 4,93) and the perceived relevance ($Relevance_{PERSONALIZATION}$= 5,93; $Relevance_{CUSTOMIZATION}$= 6,07).

4.4.1 Hypotheses 7 and 8, Moderation Analyses

Table 4:11 Moderator Analysis and 95 % confidence interval

Independent variable	Dependent variable	Interaction effect product involvement	Interaction effect privacy concern
Customization = 0 Personalization = 1	Attitude_LP	Effect: -0,06 LLCI: -0,4362 ULCI: 0,3209	Effect: 0,03 LLCI: -0,2983 ULCI: 0,3543
Customization = 0 Personalization = 1	Intention_S	Effect: -0,29 LLCI: -0,8308 ULCI: 0,2446	Effect: 0,12 LLCI: -0,3864 ULCI: 0,6270

95 % Confidence interval
LLCI: Lower limit confidence interval, ULCI: Upper limit confidence interval

The moderation analysis presented above tested the two proposed moderators; product involvement and general privacy concerns. These were not proven to have an interaction effect of the relationship between the independent variables customization and personalization and the dependent consumer effect variables. **Hence, hypothesis 7 and 8 are not supported.**

H7: The preference for personalization or customization, in terms of attitude towards the loyalty program, will be moderated by (a) the level of product involvement and (b) general privacy concerns.	Not accepted	(a) (b)
H8: The preference for personalization or customization, in terms of intention to enter the loyalty program, will be moderated by (a) the level of product involvement and (b) general privacy concerns.	Not accepted	(a) (b)

4.5 Summary of Results

H1: Communicating the use of tailored offers will through the mediating effect of perceived relevance have a positive effect on the attitude towards the loyalty program.	Accepted	
H2: Communicating the use of tailored offers will through the mediating effect of perceived relevance have a positive effect on the intention to enter the loyalty program.	Accepted	
H3: Communicating the use of personalized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived convenience, have a positive effect on the attitude towards the loyalty program.	Accepted	(a) (b)
H4: Communicating the use of personalized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived convenience, have a positive effect on the intention to enter the loyalty program.	Partially accepted	(a) (b)
H5: Communicating the use of customized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived control, have a positive effect on the attitude towards the loyalty program	Accepted	(a) (b)
H6: Communicating the use of customized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived control, have a positive effect on the intention to enter the loyalty program.	Accepted	(a) (b)
H7: The preference for personalization or customization, in terms of attitude towards the loyalty program, will be moderated by (a) the level of product involvement and (b) general privacy concerns.	Not accepted	(a) (b)
H8: The preference for personalization or customization, in terms of intention to enter the loyalty program, will be moderated by (a) the level of product involvement and (b) general privacy concerns.	Not accepted	(a) (b)

5. Study 2

As the results from our study generally proved a positive effect of tailoring, we chose to continue our research in a second study where we tested the same hypotheses (with small adjustments). Doing this, we aimed at increasing the generalizability of our conclusions.

As both recruitment and retention is important for loyalty programs, we wanted to replicate our own study inside the program. Specifically, we wanted to test consumer effects amongst members when receiving tailored offers. Doing this, we used a campaign ad and measured the intentions to utilize offers instead of the intention to enter the program. See appendix for slightly adjusted hypotheses (9-16).

5.1 Method

As this study was a replication of Study 1, the same research method was generally applied. For this reason, only the aspects that were specific for the new study will be described in the following section. If not mentioned here, it was an exact replica of the previous study.

In this study, we chose to keep the existing well-known brands in order for the respondents to be able to picture themselves as a member of the program. 6 campaign ads were in total created: 2 brands (ICA and COOP) x 3 versions (Personalization, Customization and Non-tailored). The table 5:1 illustrates how the study is constructed with respect to each ad and merged groups, similar to Study 1.

Table 5:1 - The Advertisements

Tailoring Group	Brand	Merged Group 1	Merged Group 2	N
Personalization	ICA	CAMPAIGN_Tailored	CAMPAIGN_Personalization	15
	COOP	CAMPAIGN_Tailored	CAMPAIGN_Personalization	15
Customization	ICA	CAMPAIGN_Tailored	CAMPAIGN_Customization	15
	COOP	CAMPAIGN_Tailored	CAMPAIGN_Customization	15
Non-tailored (Control group)	ICA	CAMPAIGN_Non-tailored	CAMPAIGN_Non-tailored	15
	COOP	CAMPAIGN_Non-tailored	CAMPAIGN_Non-tailored	15

Two pre-studies were carried out in order to ensure two factors. Firstly, we wanted to choose products for the campaign that are generally relevant for the respondents in our study. This was chosen to make the ad as believable as possible, which is in line with the reasoning by Söderlund and Colliander (2015). For the same reason, a specific group of respondents were chosen to be able to make such choice. We chose university students for this study as well. Potential margin of error is expected to be the same in all tested groups. Secondly, another pre-study was conducted to the stimuli of the groups. This was to ensure that the respondents perceived the three versions of the ads as clearly different before designing the finished study.

5.1.1 Pretest 1: Choice of Products within the Category

In order to design the campaign ads, specific products within the grocery category had to be chosen. We wanted to be as realistic as possible so that the respondents in the main study would find the ads believable and therefore make the results more valid. It is easier to take on a role in a scenario, if the scenario is realistic (Söderlund, 2015).

5.1.1.1 Design

To generate these products, we conducted a list of products that had been used in similar campaign ads during the last year. In total, 15 products from the grocery category were chosen from existing advertisements targeting students. Doing so, the products were in general relevant to the chosen group of respondents, which will be more described in the main study. To get an indication which one of these products the students themselves would choose, a question were designed. The question was based on the definition of customization with a focus on choice and specification. We asked the respondent to specify their preferences: "Which of the following products would you like to get an offer on and purchase in a grocery store?". The question was asked in Swedish (see questionnaire in appendix). The respondents could choose up to 4 products, as this was the number of offers used in the campaign ad.

5.1.1.2 Data Collection

The data was collected in April 2016 from students of two schools in Stockholm; Stockholm School of Economics and KTH Royal Institute of Technology. 30 respondents took part in the survey, where 53,3 % were women and 46,7 % men. The average age were 23,4 where the youngest respondent were 19 and the oldest 38 years old.

5.1.1.3 Results Pretest

The sub-categories, the products, with highest vote in the population were: Juice, Salmon, Frozen chicken filet and Avocado (see appendix for table of results). These were therefore chosen to be used in the campaign in order to make the advertisements more believable.

5.1.2 Pretest 2: The manipulation of the Ads

A replica was constructed of the pre-test of Study 1 in order to establish a personalization, customization and non-tailored version of the ads.

The design of the campaign ads were also based on existing ads from ICA and COOP. Similar versions were used in order to ensure "cateris paribus", and the number of 4 products were chosen inspired by the original email-ads. The four products from pre-study 1 were put into the ads, as the results showed that these would be most realistic if the target group were to choose themselves. The pictures of the products were taken from previous existing ads. In order to keep the logic of "cateris paribus", the same products and brands were used for both of the ICA and COOP ad. In total, 6 version were created: 2 brands (ICA and COOP) x 3 types of tailoring (Personalization, Customization, Non-tailored) = 6 CAMPAIGN ads.

For all the ads, scenario texts were used. This was added for two reasons: (1) to clarify the difference between the situations, and (2) to give the respondents some background information of the situation including the loyalty program context and if any tailoring had been done. Scenarios are a common method within marketing research (Söderlund, 2010). For example, Aguirre et al. (2015), used scenarios when researched tailoring on social media. Our scenarios form the campaign ad was derived and inspired by these. They created a scenario where the respondent was firstly going to image himself as a member of the social media platform Facebook, and secondly that he was an active member.

For the PERSONALIZATION version, the text was again based on literature review on system-initiated personalization. Here, we wanted a clear focus on the company's use of customer data to create the presented offer. The focus text was "Here you find discount on your previously purchased products and items we think you like" (translated: "Nedan finner du rabatter på sådant du tidigare köpt och sådant som vi tror du gillar"). This text was intended to have a clear company- and system-

as-source focus. The scenario for this ad explained that the respondents was a member of the presented loyalty program and had previously bought the products in the ad (see appendix for scenario and ad).

For the CUSTOMIZATION version, the text was based on literature review on customer-initiated customization. Here, we wanted a clear focus on the customer's specification and choice of offers. The focus text was "Here you find discount on products that you have chosen to get a discount on" (translated: "Nedan finner du rabatt på sådant som du valt ut att få erbjudande om"). This text was intended to have a clear customer-as-source focus. The scenario for this ad explained that the respondents was a member of the presented loyalty program and had previously selected to get offers on the products in the ad (see appendix for scenario and ad).

For the NON-TAILORED version, the text was based on literature review on one-to-one marketing where one-to-all were presented as an opposite alternative. It was also inspired by observed industry standards in email-advertisements. We wanted to include a text that indicated that no tailoring, neither personalization or customization, had taken place and that all members had received the same offer. The focus text was "Here you find the discounts of the week" (translated: "Nedan finner du veckans varor"). The scenario for this ad explained that the respondents was a member of the presented loyalty program and got an email with offers (see appendix for scenario and ad).

5.1.2.1 Survey design

Same survey design was used from testing the manipulations for the advertisements of Study 1. The measurements of tailored_level and customization_level were included in the survey. Cronbach's Alpha for customization_level was on a satisfying level (Malhotra & Birks, 2007).

5.1.2.2 Data collection

The surveys were carried out among students at Stockholm School of Economics and KTH Royal Institute of Technology in April 2016. 60 students took part in the study, where 56,7 % were women and 43,3% were men. The average age were 23, the youngest respondent were 19 and the oldest 28 years old.

5.1.2.3 Results

The results of this pre-study is presented here as the outcomes were needed to ensure that the manipulation stimuli were useful and therefore could be used in the main study. The results were analyzed in SPSS with a paired sample t-test in order to compare the relevant means. See appendix for results.

CAMPAIGN: The results showed that the non-tailored campaign ad ($X_{NON\text{-}TAILORED} = 2,73$) was significantly lower than for the two tailored versions in terms of tailored_level: $X_{PERSONALIZATION} = 5,40$ ($p \leq 0,01$) and $X_{CUSTOMIZATION} = 6,23$ ($p \leq 0,01$). Also for this type of ad we could therefore establish the non-tailored ad as less tailored than two tailored versions. Lastly, the personalization ad ($X_{PERSONALIZATION} = 3,33$) got significantly ($p \leq 0,01$) lower evaluations in terms of customization_level than the customization ad ($X_{CUSTOMIZATION} = 5,95$). We can therefore ensure there is a difference in customization_level between the personalization and customization ads.

To sum up, the campaigns can be used for the purpose of representing a tailored group of personalization and customization, and a non-tailored alternative.

5.1.3 Experiment Design

Study 2 took place in April 2016. For this quantitative study, the scenarios with attached advertisements were allocated to 90 students who were recruited from two schools: Stockholm School Economics and KTH Royal Institute of Technology.

We wanted the sub-categories to be believable and relevant for the respondents, therefore, we chose a specific group of consumers with specific preferences to represent the respondents. Students is a group that generally have specific preferences when it comes to groceries as their budget is limited and they are often seen as one segment of consumers by companies as ICA and COOP (Jobber, 2010).

Using mainly students as respondents have received critic before, but were chosen because they represent a typical needs based segment for the category of groceries (Hellström, 2016). This might potentially have affected the external validity of the result but were considered necessary in this case as it provided the opportunity to create more realistic scenarios in respect to the researched subject of one-to-one marketing. To create the same level of realistic scenarios would not been possible if a more heterogeneous group of respondents had been chosen, and therefore, the choice of students probably increased the trustworthiness of the study rather than the opposite.

See appendix for demographics and member distribution. The results found that there was no significant difference between the groups in membership distribution for Study 2 (p=0,29). Thus indicating that the random distribution canceled out membership differences between the treatment groups.

5.1.3.1 Survey design

Same survey design was applied. See appendix for Cronbach's Alpha of the variables. Instead of intention to sign up, we tested intention to utilize offer.

The intention to utilize offers in the loyalty program was tested with the same three-item semantic differential scale used to measure the intention to sign up but now as a evaluation of the statement: "Would you utilize any of these offers?" Again the statement had been used before by Rosengren and Dahlén (2013) to measure purchase intention and therefore had to be adapted to serve the purpose of this study. The three items produced an index (Intention_U) with a Cronbach's Alpha of a =0,900.

5.2 Results Study 2

5.2.1 Communicating Tailored Offers in a Loyalty Program

Table 5:3 – Mean Comparison Analysis – Independent Sample t-test

	Tailored	Non-tailored	Mean difference	Significance
Attitude toward the loyalty program (Attitude_LP)	5,46	4,60	0,86	0,003
Intention to utilize the offer (Intention_U)	5,81	5,37	0,44	0,127

For the campaign, similar findings were found for the attitudes toward the loyalty program as for the recruitment ad. The tailored version (Attitude_LP$_{TAILORED}$= 5,46) were significantly higher than the non-tailored version (Attitude_LP$_{NON\text{-}TAILORED}$= 4,60). However, no difference between the tailored (Intention_U$_{TAILORED}$= 5,81) and the non-tailored (Intention_U$_{NON\text{-}TAILORED}$= 5,37) version could be statistically proven in terms of the intention to utilize the offers in the ad. Only a tendency was observed.

To sum up, from the mean comparison it can be concluded that communicating the use of tailored offers within a loyalty program has positive effects on the attitudes towards the loyalty program. However, the mean comparison could not prove this relationship for the intention to utilize the offers within the ad. In order to fully answer hypotheses 9 and 10, mediation analyses will be presented next.

5.2.1.1 Hypothesis 9, Attitude Towards the Loyalty Program

Model 5:1

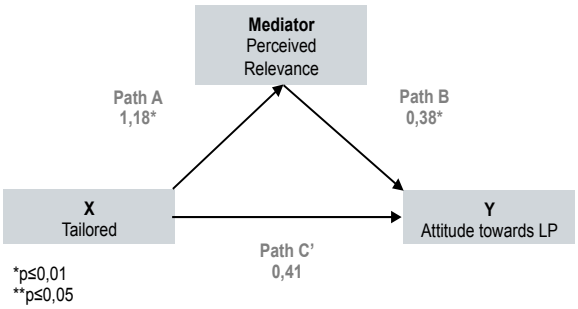


Table 5:4

Total indirect effect	Total direct effect
Effect relevance: 0,44 LLCI: 0,1191 ULCI: 0,9349	Effect: 0,41 LLCI: -0,1210 ULCI: 0,9485

95 % Confidence interval
LLCI: Lower limit confidence interval, ULCI: Upper limit confidence interval

The mediation analysis shows that perceived relevance is fully mediating the relationship between communicating tailored offers and the attitude towards the loyalty program, similar to findings in study 1. The results are illustrated in model 5:1, which shows that communicating the use of tailoring (X) predicts the mediator of perceived relevance (M) (Path A = 1,18). Perceived relevance (M) further predicts the attitude towards the loyalty program (Y) when controlling for communicating tailored offers (X) (Path B = 0,38). This is significant.

Furthermore, in table 5:4, the total indirect effect is presented for the campaign (0,44). While no direct effect could be found, an indirect effect could be statistically proven. **Hence, hypothesis 9 can be fully supported.**

H9: Communicating the use of tailored offers will through the mediating effect of perceived relevance have a positive effect on the attitude towards the loyalty program.	Accepted

5.2.1.2 Hypothesis 10, Intention to Utilize offers in the Loyalty Program

Model 5:2

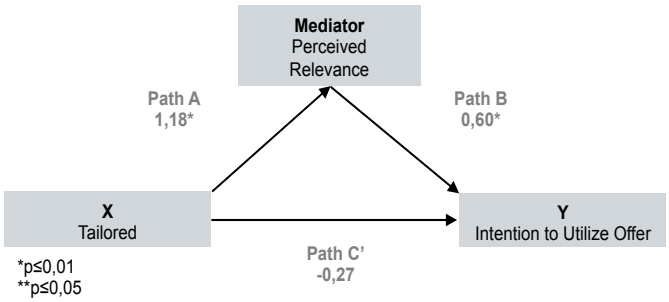


Table 5:5

Total indirect effect	Total direct effect
Effect relevance: 0,71 LLCI: 0,2876 ULCI: 1,1301	Effect: -0,27 LLCI: -0,7217 ULCI: 0,1798

95 % Confidence interval
LLCI: Lower limit confidence interval, ULCI: Upper limit confidence interval

The mediation analysis shows that perceived relevance is fully mediating the relationship between communicating tailored offers and the intention to utilize offers in the loyalty program.

The results in model 5:2 further shows that communicating the use of tailored offers (X) predicts the mediator of perceived relevance (M) (Path A = 1,18). Perceived relevance (M) further predicts the attitude towards the loyalty program (Y) when controlling for communicating tailored offers (X) (Path B = 0,60). This is significant.

Furthermore, in table 5:5, the total indirect effect is presented (0,71). No direct effect could be found but interestingly a negative direct effect was indicated. However, as a positive indirect effect could be statistically proven, **hypothesis 10 can therefore be supported.**

H10: Communicating the use of tailored offers will through the mediating effect of perceived relevance have a positive effect on the intention to utilize offers in the loyalty program.	Accepted

5.2.2 Communicating Personalized Offers in a Loyalty Program

Table 5:6 – Mean Comparison Analysis – Independent Sample t-test

Dependent Variable	Mean Personalization	Mean Non-tailored	Mean Difference	Sig.
Attitude_LP	5,44	4,60	0,84	0,015
Intention_U	5,77	5,37	0,40	0,265
Relevance	5,85	4,77	1,08	0,011
Convenience	5,20	4,70	0,50	0,143

For the CAMPAIGN ad, table 5:6 shows that the personalized version generated more positive attitudes towards the loyalty program ($Attitude_LP_{PERSONALIZATION}$= 5,44) than the non-tailored version ($Attitude_LP_{NON\text{-}TAILORED}$= 4,60). This could however not be statistically proven for the intention to utilize the offer ($Intention_U_{PERSONALIZATION}$= 5,77 $Intention_S_{NON\text{-}TAILORED}$= 5,37). It also shows that the personalized ad is perceived as significantly more relevant ($Relevance_{PERSONALIZATION}$= 5,85, $Relevance_{NON\text{-}TAILORED}$= 4,77) but could not be proven for perceived convenience ($Convenience_{PERSONALIZATION}$= 5,20, $Convenience_{NON\text{-}TAILORED}$= 4,70).

The following section will test hypotheses 11 and 12 through mediation analyses.

5.2.2.1 Hypothesis 11, Attitude Towards the Loyalty Program

Model 5:3

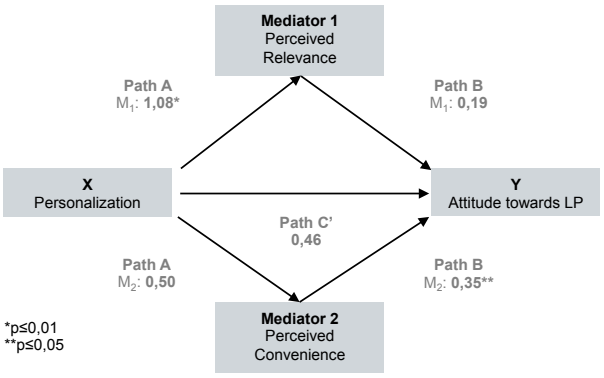


Table 5:7

Total indirect effect	Total direct effect
Effect relevance: 0,21 LLCI: -0,0763 ULCI: 0,8107 Effect convenience: 0,17 LLCI: -0,0178 ULCI: 0,6340	Effect: 0,46 LLCI: -0,1548 ULCI: 1,0786

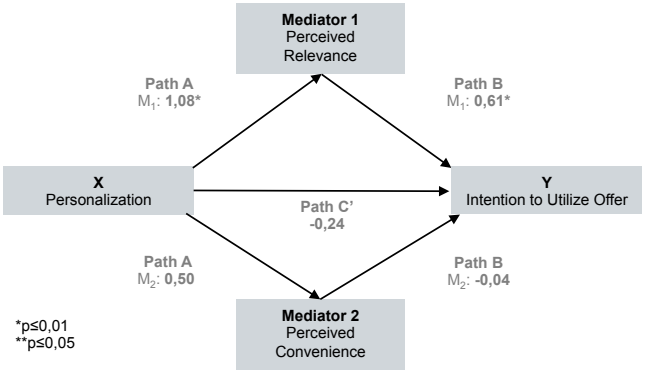
95 % Confidence interval
LLCI: Lower limit confidence interval, ULCI: Upper limit confidence interval

The mediation analysis shows that no mediating effect of relevance or convenience could be found for the CAMPAIGN ad. The results illustrated in model 5:3 show however that communicating the use of personalized offers in the CAMPAIGN ad predicts the mediator of perceived relevance (M_1) (Path $A_{Campaign\ M1}$ = 1,08) but only the tested mediator of perceived convenience (M_2) (Path $B_{Campaign\ M2}$ = 0,35) predicts the attitude towards the loyalty program. No mediating effect could therefore be statistically proven. **Hence, hypothesis 11 cannot be supported.**

H11: Communicating the use of personalized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived convenience, have a positive effect on the attitude towards the loyalty program.	Not Accepted	(a) (b)

5.2.2.2 *Hypothesis 12, Intention to Utilize offers in the Loyalty Program*

Model 5:4 **Table 5:8**



Total indirect effect	Total direct effect
Effect relevance: 0,66 LLCI: 0,1757 ULCI: 1,1974 Effect convenience: -0,02 LLCI: -0,2682 ULCI: 0,1086	Effect: -0,24 LLCI: -0,7991 ULCI: 0,3192

95 % Confidence interval
LLCI: Lower limit confidence interval, ULCI: Upper limit confidence interval

The mediation analysis shows that perceived relevance is fully mediating the relationship between communicating personalized offers and the intention to utilize offers in the loyalty program. The analysis also shows that no mediating effect of perceived convenience could be found.

The results in model 5:4 further explains that communicating the use of personalized offers predicts the mediator of perceived relevance (M_1) (Path A_{M1} = 1,08). Perceived relevance (M_1) further predicts the intention to utilize offers in the loyalty program (Y) when controlling for communicating personalized offers (X) (Path B_{M1} = 0,61) and this is significant. The mediator of perceived convenience (M_2) can however not be statistically be proven to be predicted by personalization or to predict the intention to utilize offers in the loyalty program.

Furthermore, in table 5:8, the total indirect effect is (0,66) for perceived relevance. No direct effect could be found, but an indirect effect could be statistically proven for perceived relevance. Lastly, the indirect effect of perceived convenience (-0,02) were not statistically proven. **Hence, hypothesis 12 can partially be accepted.**

H12: Communicating the use of personalized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived convenience, have a positive effect on the intention to utilize offers in the loyalty program.	Partially accepted	(a) (b)

5.2.3 Communicating Customized Offers in a Loyalty Program

Table 5:9 – Mean Comparison Analysis – Independent Sample t-test

Dependent Variable	Mean Customization	Mean Non-tailored	Mean Difference	Sig.
Attitude_LP	5,47	4,60	0,87	0,007
Intention_U	5,84	5,37	0,48	0,165
Relevance	6,03	4,77	1,27	0,001
Control	5,00	2,97	2,03	0,000

For the CAMPAIGN ad, table 5:9 shows that the customization version generated more positive attitudes towards the loyalty program ($Attitude_LP_{CUSTOMIZATION}$= 5,47) than the non-tailored version ($Attitude_LP_{NON\text{-}TAILORED}$= 4,60). This could however not be statistically proven for the intention to utilize the offer ($Intention_U_{CUSTOMIZATION}$= 5,84 $Intention_S_{NON\text{-}TAILORED}$= 5,37). It also shows that the customization ad is perceived as significantly more relevant ($Relevance_{CUSTOMIZATION}$= 6,03, $Relevance_{NON\text{-}TAILORED}$= 4,77), and the respondent perceived to have more control ($Contol_{CUSTOMIZATION}$= 5,00, $Control_{NON\text{-}TAILORED}$= 2,97). The following section will test hypotheses 13 and 14 through mediation analyses.

5.2.3.1 Hypothesis 13, Attitude Towards the Loyalty Program

Model 5:5

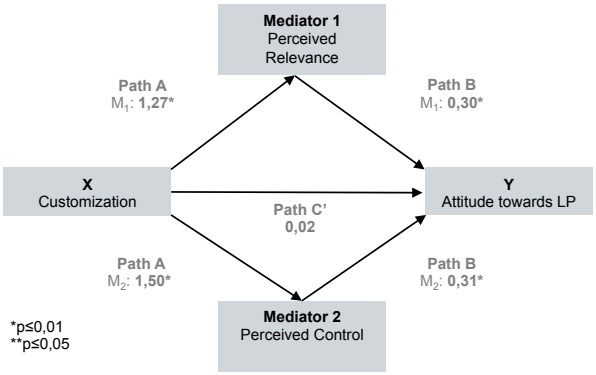


Table 5:10

Total indirect effect	Total direct effect
Effect relevance: 0,38 LLCI: 0,1128 ULCI: 0,8374 Effect control: 0,47 LLCI: 0,1743 ULCI: 0,9673	Effect: 0,02 LLCI: -0,5484 ULCI: 0,5868

95 % Confidence interval
LLCI: Lower limit confidence interval, ULCI: Upper limit confidence interval

The mediation analysis shows that perceived relevance and perceived control is fully mediating the relationship between communicating customized offers and the attitude towards the loyalty program with regards to both the sign-up and the campaign ad.

The results in model 5:5 shows that communicating the use of customized offers predicts the mediator of perceived relevance (M_1) (Path A_{M1} = 1,27) and the mediator of perceived control (M_2) (Path A_{M2} = 1,50). Both the mediators further predicts the attitude towards the loyalty program, (Path B_{M1} = 0,30) and (Path B_{M2} = 0,31). These conclusions could be statistically proven.

Furthermore, in table 5:10, the total indirect effect is presented for the campaign, which is (0,38) for perceived relevance and (0,47) for perceived control. While no direct effect could be found, an indirect effect could be statistically proven. **Hence, hypothesis 13 can be accepted.**

H13: Communicating the use of customized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived control, have a positive effect on the attitude towards the loyalty program	Accepted	(a) (b)

5.2.3.2 *Hypothesis 14, Intention to Utilize offers in the Loyalty Program*

Model 5:6

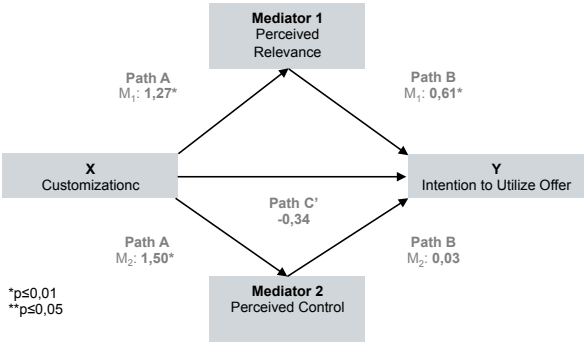


Table 5:11

Total indirect effect	Total direct effect
Effect relevance: 0,77 LLCI: 0,3528 ULCI: 1,2458 Effect control: 0,04 LLCI: -0,1835 ULCI: 0,2589	Effect: -0,34 LLCI: -0,9145 ULCI: 0,2394

95 % Confidence interval
LLCI: Lower limit confidence interval, ULCI: Upper limit confidence interval

The mediation analysis shows that perceived relevance is fully mediating the relationship between communicating customized offers and the intention to utilize offers in the loyalty program. The analysis also shows that no mediating effect of perceived control could be proven.

The results in model 5:6 shows that communicating the use of customized offers predicts the mediator of perceived relevance (M_1) (Path A_{M1} = 1,27) and the mediator of perceived control (M_2) (Path A_{M2} = 1,50) . Perceived relevance (M_1) further predicts the intention to utilize offers in the loyalty program (Y) when controlling for communicating customized offers (X), (Path B_{M1} = 0,61) and this is significant. The mediator of perceived control can however not be statistically be proven to predict the intention to utilize offers in the loyalty program.

Furthermore, in table 5:11, the total indirect effect is (0,77) for relevance. While no direct effect could be found, an indirect effect could be statistically proven for perceived relevance but not for perceived control. **Hence, hypothesis 14 can partially be accepted.**

H14: Communicating the use of customized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived control, have a positive effect on the intention to utilize offers in the loyalty program.	Partially accepted	(a) (b)

5.2.4 Customization vs Personalization

Table 5:12 Mean Comparison– One-way Anova

	Non-tailored	Personalization	Customization
Attitude_LP	4,60^{PC}	5,44^{N}	5,47^{N}
Intention_U	5,37	5,77	5,84
Relevance	4,77^{PC}	5,85^{N}	6,03^{N}
Convenience	4,70	5,20	n/a
Control	3,10^{C}	n/a	4,60^{N}

^{N} Significant difference from Non-tailored version on a 5 % level (p≤0,05)
^{P} Significant difference from Personalization version on a 5 % level (p≤0,05)
^{C} Significant difference from Customization version on a 5 % level (p≤0,05)

Table 5:12 presents mean comparisons between the treatment groups. For the attitude towards the loyalty program, no significant difference can be found between the two tailored versions ($Attitude_LP_{PERSONALIZATION}$= 5,44; $Attitude_LP_{CUSTOMIZATION}$= 5,47). Same conclusion can be draw for the intention to utilize the offers ($Intention_S_{PERSONALIZATION}$= 5,77; $Intention_S_{CUSTOMIZATION}$= 5,84) and the perceived relevance ($Relevance_{PERSONALIZATION}$= 5,85; $Relevance_{CUSTOMIZATION}$= 6,03).

5.2.4.1 Hypothesis 15 and 16, Moderation Analyses

Table 5:13 Moderator Analysis and 95 % confidence interval

Independent variable	Dependent variable	Interaction effect product involvement	Interaction effect privacy concern
Customization = 0 Personalization = 1	Attitude_LP	Effect: -0,16 LLCI: -0,6435 ULCI: 0,3264	Effect: -0,05 LLCI: -0,3962 ULCI: 0,2954
Customization = 0 Personalization = 1	Intention_U	Effect: -0,41 LLCI: -0,8444 ULCI: 0,0315	Effect: 0,22 LLCI: -0,0848 ULCI: 0,5287

The moderation analysis presented in table 5:13 illustrates the results of the two proposed moderators; product involvement and general privacy concerns. No significant interaction effect could be found for the moderators in this context, similar to our study 1. **Hence, hypothesis 15 and 16 are not supported.**

H15: The preference for personalization or customization, in terms of attitude towards the loyalty program, will be moderated by (a) the level of product involvement and (b) general privacy concerns.	Not accepted	(a) (b)
H16: The preference for personalization or customization, in terms of intention to enter the loyalty program, will be moderated by (a) the level of product involvement and (b) general privacy concerns.	Not accepted	(a) (b)

5.2.4.2 Summary of Results Study 2

H9: Communicating the use of tailored offers will through the mediating effect of perceived relevance have a positive effect on the attitude towards the loyalty program.	Accepted	
H10: Communicating the use of tailored offers will through the mediating effect of perceived relevance have a positive effect on the intention to utilize offers in the loyalty program.	Accepted	
H11: Communicating the use of personalized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived convenience, have a positive effect on the attitude towards the loyalty program.	Not accepted	(a) (b)
H12: Communicating the use of personalized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived convenience, have a positive effect on the intention to utilize offers in the loyalty program.	Partially accepted	(a) (b)
H13: Communicating the use of customized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived control, have a positive effect on the attitude towards the loyalty program	Accepted	(a) (b)
H14: Communicating the use of customized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived control, have a positive effect on the intention to utilize offers in the loyalty program.	Partially accepted	(a) (b)
H15: The preference for personalization or customization, in terms of attitude towards the loyalty program, will be moderated by (a) the level of product involvement and (b) general privacy concerns.	Not accepted	(a) (b)
H16: The preference for personalization or customization, in terms of intention to enter the loyalty program, will be moderated by (a) the level of product involvement and (b) general privacy concerns.	Not accepted	(a) (b)

6. ANALYSIS

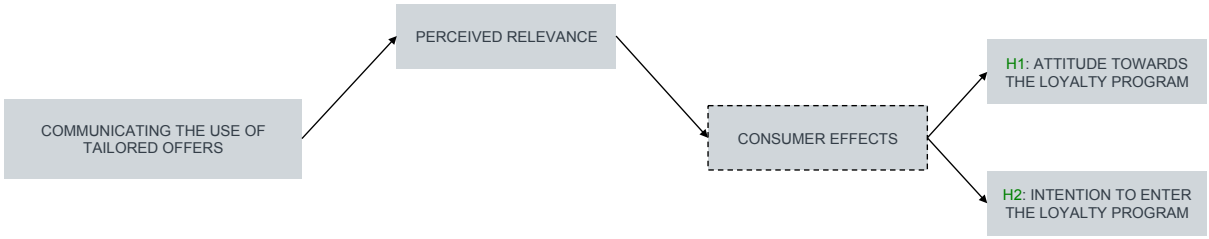
In this chapter, the results and hypotheses will be analyzed. The analyses will be built on the presented theory and previous research in combined with the results generated in the studies of this thesis. The chapter follows the structure of the four hypotheses groups; tailoring, personalization, customization, and lastly personalization versus customization. The results from the two tests are simultaneously analyzed as the purpose of the studies were complementary. To create clarity, we will call the advertisements from the first study SIGN-UP and the ones from the second study CAMPAIGN.

6.1 Communicating Tailored Offers in a Loyalty Program

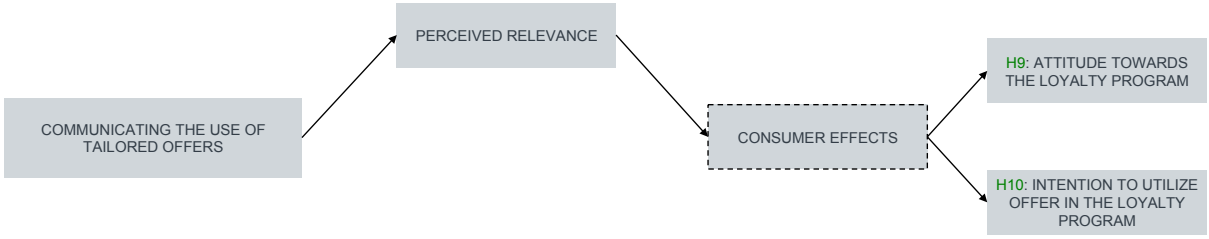
It can be concluded that communicating the use of tailored offers compared to non-tailored generates more positive attitudes toward the loyalty program. Our study showed that for both SIGN-UP and CAMPAIGN, the attitude of the treatment groups exposed to the tailored versions were higher than for those exposed to the non-tailored. This is in line with previous research by Keyzer et al. (2015), Neeraj et al. (2008), Kalyanaraman and Sundar (2006), Pavlou and Stewart (2000) Tam and Ho (2005) and Noar et al. (2007).

Furthermore, we can also conclude that the intention to join the loyalty program and utilize offers within the program were greater when communicating tailored offers. These results are also in line with previous research by Keyzer et al. (2015), Petty et al. (2002), Pavlou and Stewart (2000), Tam and Ho (2005), Howard and Kerin (2004), Neeraj et al. (2008) and Kalyanaraman and Sundar (2006).

Model 6:1 – Study 1, Sign Up



Model 6:2 – Study 2, Campaign



Our results show that perceived relevance is a mediator of the relationship between communicating the use of tailored offers and the attitude towards the program, the intention to sign-up and to utilize offers in the loyalty program. As Keyzer et al. (2015) and other previous studies also proved, perceived relevance is an important explanation for the causal relationship. The results are further in line with the literature review made by of Noar et al. (2009).

What is interesting about these results is the fact that we could generally affect the respondents perceived level of relevance by simply communicating the use of tailoring. This is in line with Keyzer et al. (2015) and Kramer (2007) who argues that the important part of tailoring is that the customer perceives it as tailored. As Li (2016) found, a non-personalized message can in fact be perceived as personalized.

As Keyzer et al. (2015) further argued, perceived tailored messages could be found as a stronger argument leading to biased evaluation or used as a heuristic cue for being more relevant. Drawing lines to our studies, it could explain why statistically higher levels of evaluations were generated for the tailored conditions.

The further interesting part of these results is that they were found in a loyalty program context. Thus, indicating that the respondents accept tailoring as a marketing strategy within loyalty programs, when found more relevant. Meyers-Levy and Peracchio (1996) argued that companies need to use a moderate level of tailoring in order for consumers to find it positive. Using this logic, our tailored advertisements were either perceived as being on a moderate level, or the context of a loyalty program increases the level of acceptance. Although, these are only speculations and would need to be further researched in order to draw conclusions.

Lastly, what is important to notice is the direct effect of tailoring on the intention to utilize the offer in study 2. Here, we find indications of negative effect if not perceived as relevant. Meaning that what potentially occurred, was that the respondent was exposed to the tailored campaign but did not find it relevant (for example, due to it being scenario-based). If this was the case, it once again proves the importance of relevance. These conclusions could be drawn for tailoring as a group, but also for personalization and customization separately.

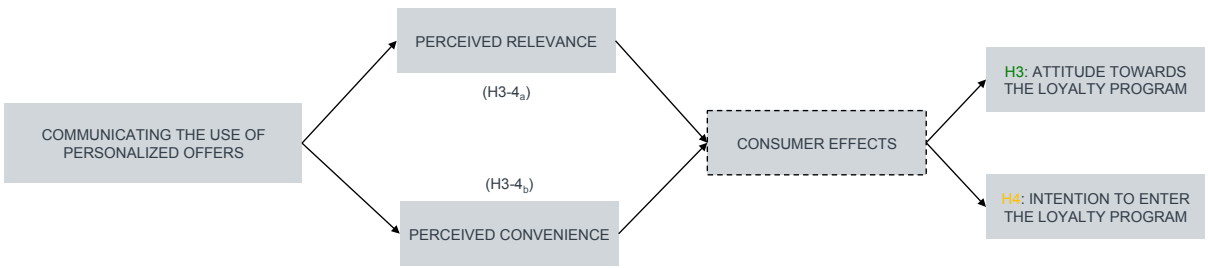
To conclude, hypotheses 1, 2, 9 and 10 were fully accepted as model 6:1 and 6:2 illustrates. This indicates that companies should communicate tailored offers within their loyalty programs, with a focus on increasing perceived relevance, if they want to generate more positive results in term of attitudes and intentions. As Söderlund (2001) argues, the evaluations of a loyalty program is likely to be added to the full overall evaluation of the company's offering.

6.2 Personalization in a Loyalty Program

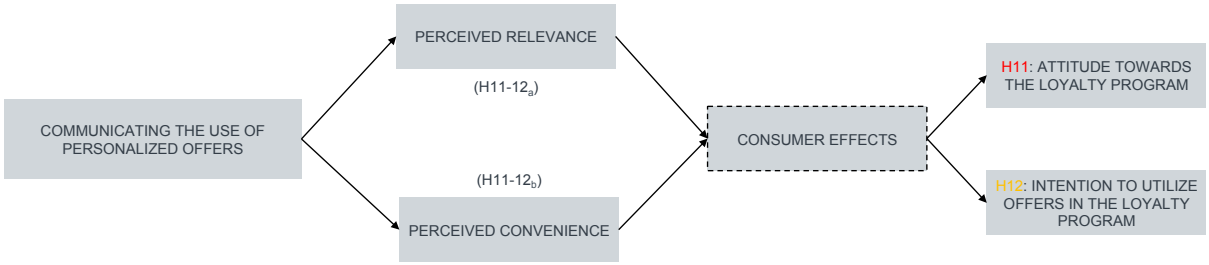
As personalization is carried out by the company and not by the consumer, it has been argued to increase the perceived convenience as well as the relevance. This because the customer receives communication that has been tailored to its personal profile without taking any part in the actual tailoring, making it both relevant and convenient (Sundar & Marathe, 2010; Neeraj et al., 2008; Keyzer et al., 2015; Noar et al., 2009; Blom, 2000).

The mean comparison between communicating the use of personalization and non-tailoring showed some support of existing research. Personalization generated higher mean values on all dependent variables for the SIGN-UP ad. For the CAMPAIGN ad, the attitude towards the loyalty program and perceived relevance was found significant higher than for non-tailored. No support for neither the perceived convenience nor the intention to utilize offers for the CAMPAIGN ads were found.

Model 6:3 – Study 1, Sign Up



Model 6:4 – Study 2, Campaign



The results show that perceived relevance and perceived convenience are both fully mediating the relationship between personalization and the attitude towards the program in the SIGN-UP study. This means that promising the use of personalization within a loyalty program is creating positive attitudes towards the program because it is perceived to be more relevant and convenient for the customer. This is in line with partly the arguments by Keyzer et al. (2015) in terms of relevance, and partly the descriptions by Sundar and Marathe (2010).

Furthermore, the results of the CAMPAIGN in regards to the attitude towards the loyalty program, showed that relevance was predicted by personalization but that only convenience could be proven to predict the attitude towards the program. This could both be an indicator of that something else than personalization is predicting the convenience in the campaign. It could also be a result of the number of respondents in the survey (n=30 per treatment group). The result as of now shows a tendency of convenience and relevance being mediators of personalization and attitude. Sundar and Marathe (2010) had similar conclusions for convenience as they also could only partly support it. However, as we actually found it in the SIGN-UP study, it might be possible to find in this context as well with another method used. For example, a larger sample or actual personalization instead of scenario-based.

Altogether for hypothesis 3, we can conclude that if a company wants its customers to form positive attitudes towards the loyalty program, personalization is to prefer over non-tailoring, which is liked due to its increased relevance and convenience. Hypothesis 11 was rejected but a tendency could be found.

The results of hypothesis 4 and 12 showed that relevance is fully mediating the relationship between communicating the use of personalization and the intention to sign up and utilize offer in the loyalty program. This is in line with previous findings in this study and research by Keyzer et al. (2015), Neeraj et al. (2008), Kalyanaraman and Sundar (2006), Tam and Ho (2005), Howard and Kerin (2004), Pavlou and Stewart (2000) and Petty et al. (2002).

Generally, our studies only found partly support for convenience as a mediator. While convenience has been argued to have a mediating effect, Sundar and Marathe (2010) also found partly proof of such indirect effect. The conclusion might be that convenience does play a role, however not as strong as relevance. This also supports the argument by Keyzer et al (2015) of perceived relevance being the primary mediator of personalization and consumer effects.

To sum up, personalization is generally recommended over non-tailoring in a loyalty program. As were discussed in the analysis of tailoring as a group, ensuring perceived relevance is the key for this conclusion.

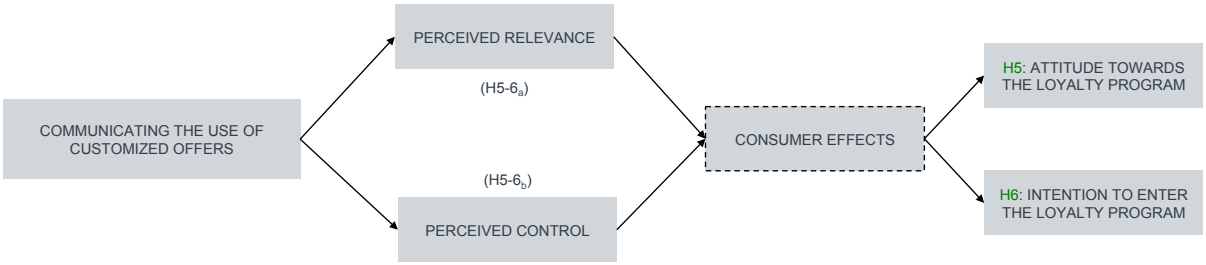
6.3 Customization in a Loyalty Program

Customization takes place when the consumer is actively specifying its preferences to a company in order to receive a tailored treatment. Since the consumer acts as source, it has been argued to both increase the relevance and control perceived by the consumer (Sundar & Marathe, 2010).

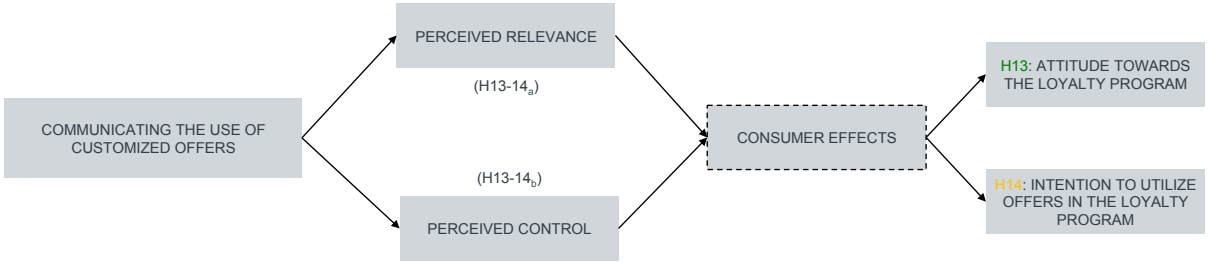
The mean comparison between customization and non-tailoring showed that customization is to prefer when it comes to generating better attitudes and intentions to sign up for the loyalty program. This is in line with the descriptions by Sundar and Marathe (2010) and Jobber (2010). Customization further increased the perceived control and relevance. This is also consistent with discussion and literature review by Sundar and Marathe (2010), which could only partly support in their study.

However, this conclusion could not be made for the intention to utilize the offer, which is in line with findings of personalization.

Model 6:5 – Study 1, Sign Up



Model 6:6 – Study 2, Campaign



The results for hypotheses 5, 6 and 13 show that both relevance and control are fully mediating the relationship between customization and the measured consumer effects. This is in line with arguments by Sundar and Marathe (2010). Their study showed partly support of this argument, while our study could confirm it. The results therefore contribute to the previous research by confirming the importance of perceived control, while also broadening it to include the context of loyalty programs.

The results for hypothesis 14, where perceived relevance was found to fully mediate the relationship between customization and intention to utilize offers, is in line with our other results and previous arguments for tailoring by Keyzer et al (2015), Anand & Shachar, (2009), Noar et al. (2009), Neeraj et al. (2008), Pavlou and Stewart (2000) and Blom (2000). A mediating effect of control could however not be found. This might indicate that control does not affect the actual purchase behavior but rather influence the membership experience of a loyalty program. However, an increase in attitudes might according to marketing communication theory affect the attention paid to advertisements in loyalty programs. This is in line with the arguments by Hoyer and MacInnis (2008) who states that

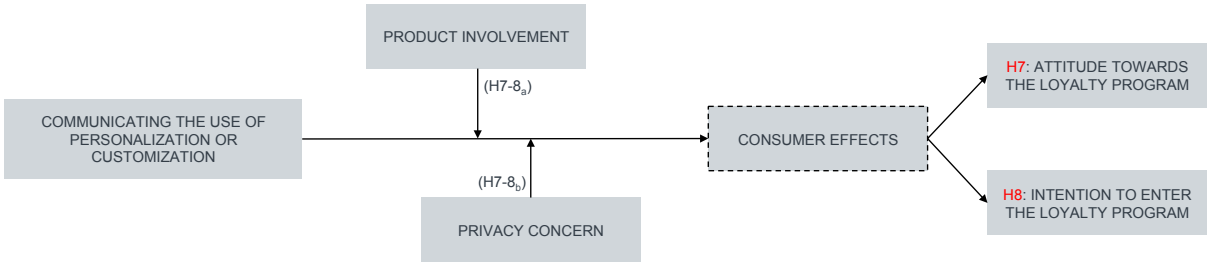
the consumer becomes more motivated to process information if they find the perceived value higher.

To sum up, customization is generally recommended over non-tailoring in a loyalty program. As were discussed for the merged tailored group, perceived relevance is of the uttermost importance. In this context, perceived control was also found to play an explanatory role.

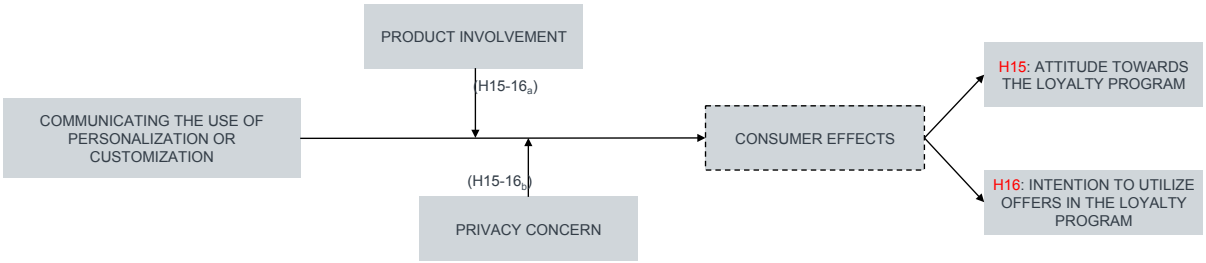
6.4 Customization versus Personalization

As were recognized by Sundar and Marathe (2010), there is no simple answer of what should be preferred as a tailoring method. The mean comparisons for personalization and customization, in both studies, showed no significant differences. The following analysis is based on the tests of the proposed moderators.

Model 6:7 – Study 1, Sign-Up



Model 6:8 – Study 2, Campaign



The moderation analyses could not support hypotheses 7, 8, 15 and 16 as neither product involvement nor general privacy concerns were proved to moderate the relationship in non of the studies. What have been found in other contexts and research for tailoring were not found to hold in the context of a loyalty program.

One explanation to why privacy did not moderate in this context might depend on the fact that the customers to a greater degree understand how and why information about them is used in a loyalty program. This is in line with the logic by White et al. (2008) who argued that customers do not appreciate personalization when they believe that the company has too much information and should not use it as a base for communication. In a loyalty program context, customers might be more accepting of the fact that the information is used. For example, as the customer actively enters the program in order to receive communication and benefits from the company, the use of personalization within the program might be expected, sought after and understood by the customer. This is also what could be confirmed when testing the recruitment advertisements in study 1. For the same reason, the personalization paradox described by Aguirre et al (2015) might not have been applied here.

Furthermore, a membership of a loyalty program is in theory a relationship-building tool (Kotler and Keller, 2009). When customers have a relationship with a brand, the concern of privacy might not apply to them as much as to unknown brands or contexts. As we used generally well-known brands, this could have affected the results. However, these are our speculations and would need further research to be confirmed.

When it comes to involvement, the customization versions of the ads could have been expected to be evaluated higher as argued by Sundar and Marathe (2010). This is also in line with the logic by Hoyer and MacInnis (2008) and Park et al. (2010) who argued that higher involvement makes the customer more willing to devote time and energy to the product. Why our results did not support this, might be due to the context of a loyalty program or a result of our choice of product category. For groceries, the difference in levels of involvement between customers might not shift as much as needed to in order to get the expected effect. The results might have been different if we would have used another product category. However, these are only speculations.

To sum up, no proven differences were found between personalization and customization in a loyalty program. The proposed moderators did not influence these results.

7. CONCLUSION AND DISCUSSION

In this section of the thesis, we will summarize and discuss our findings and answer the research questions presented in the first chapter. Further, we will discuss the theoretical and managerial implications of the findings. Lastly, methodological reflections and suggestions for further research will be discussed.

Previous research has proved positive effects of tailoring. One-to-one marketing theory primary puts relevance as a key explanation (Noar et al 2009; Kotler & Keller, 2009). Keyzer et al (2015) discuss the importance of perceived level of tailoring after the individual consumer's profile and the perceived level of relevance. Dahlén and Lange (2009) explains that the communicated, the perceived, benefits can increase the value of the product. This logic was the base for our research, as we set out to research perceived tailoring in the context of a loyalty program.

The depth of our thesis was further constituted by the choice to separate tailoring as a strategy into the two methods of collecting information; personalization and customization. For this, we used the arguments by Sundar and Marathe (2010) as a direction. As relevance is argued to be an explanation to the positive effect of the tailored message, convenience and control has rather been associated and explained by the method of collecting information. With this argument, personalization should be more convenient and customization should provide the customer with more control. However, as both methods results in a tailored message, they both should impact perceived relevance.

In the end, we wanted to test the reasoning by Keyzer et al (2015) and Sundar and Marathe (2010) in the context of a loyalty program. We put focus on perceived benefits and on the differences of personalization and customization. Altogether this was the base for the four research questions that was presented in the first chapter. The final answers and conclusions to these questions will now be presented.

Q1: *What are the consumer effects of communicating the use of* ***tailoring*** *within a loyalty program?*
It can be confirmed that the context of a loyalty program provide similar opportunities for marketers as found in other contexts in regards to tailoring. Communicating the use of tailored offers within a loyalty program have in this study been found to have a positive effect on the attitude towards the loyalty program, the intention to enter and the intention to utilize offers within the program. Furthermore, all these causal relationships were found to be explained by perceived relevance, that turned out to play an important role.

Within a loyalty program, tailoring is therefore recommended as a strategy in terms of increasing attitudes and intentions due to its impact on perceived relevance. Since attitudes and intentions are likely to influence the actual behavior and in the long run lead to loyalty, it can be argued that tailoring is to prefer also from a sales perspective. Furthermore, it is likely to influence the effectiveness of the marketing effort positively since tailoring makes the messages more self-relevant for consumers.

Q2: *What are the consumer effects of communicating the use of* ***personalization*** *within a loyalty program?*
This study found that when communicating the use of personalized offers within a loyalty program, it generates higher levels of attitudes compared to when non-tailored is communicated. When tested in the first study with the recruitment ad, the causal relationship was found to be explained by perceived relevance and convenience.

Furthermore, we found that, when communicating the use of personalization, it generates stronger intentions to enter the loyalty program and to utilize offers in the program due it being perceived as more relevant.

These results tells us that tailoring, in the form of personalization, is to be recommended over non-tailoring in a loyalty program. It generates higher levels of attitudes and intentions, and the consumer perceives the loyalty program as attractive due to it primary offering relevance and partly convenience.

Q3: *What are the consumer effects of communicating the use of* ***customization*** *within a loyalty program?*
The study conducted showed that when communicating the use of customized offers within a loyalty program, it has a positive effect on the attitude towards the loyalty program and the intention to enter the program. This was found to depend on it being perceived as relevant and for providing the customer with control. Furthermore, the intention to utilize offers in the loyalty program was also found to increase with customization, through a mediation of perceived relevance.

It can be concluded that customization is to be recommended over non-tailoring in the context of a loyalty program. This is explained by perceived relevancy and by providing the customer with a feeling of control.

Q4: *Is* ***personalization or customization*** *to prefer within a loyalty program?*
This study could not statistically prove that their is a difference in attitudes and intentions generated by personalization compared to customization and vice versa. Since this has been found in an online context before, the conclusion that can be drawn is that the context of a loyalty program provides other conditions. Why the customer's level of general privacy concern did not moderate in this case might depend on system-initiated personalization being expected and accepted in a loyalty program. This might be because the consumers enter the program in order to receive benefits and uphold a relationship with the company. Also, it is likely that customers to a greater degree understand why and how information about them is collected and used within a loyalty program.

Why the customers' level of involvement in the category did not moderate the relationship might be a result of the chosen product category. Groceries are a category where the level of involvement might not be that radically different between customers. The results might have been different if we would have used another product category. All that actually can be concluded for this last research question is that more research is needed to find the answer.

To conclude, based on our finding there is no given answer to what method to choose. However, there is a drawback with customization that is worth mentioning. As our study find that tailoring is recommended over non-tailoring due to the increase in relevance, it is important that the chosen method actually results in a tailored outcome. Using customization, the company relies on the actions made by customers. It is therefore important to use personalization for the members who doesn't customize for themselves. With this logic, personalization would be the better choice because it ensures tailoring. Although, by adding on customization as an option an increase in the feeling of control among members can be achieved. This way, a win-win situation would be achieved by offering both methods. Since the combination of customization and personalization were not tested these are only our qualified speculations based on the results actually found.

7.1 Theoretical Implications

This study contributes to the academics within the overall field of marketing and CRM. More specifically our results are relevant on the one hand for researchers of one-to-one marketing, and on the other hand researchers of loyalty programs. Our study supported that the two CRM-initiatives are compatible.

Furthermore, our results are highly relevant and interesting to academics for two main reasons. Firstly, for testing communication of personalization and customization in the context of a loyalty program. Here some theories were supported and others rejected. Generally, our study strengthened existing research on the positive effects of tailoring. Secondly, we contribute by emphasizing and testing the importance of the perceived aspect of tailoring and other benefits. Our study supported that tailoring as a concept is appealing to consumers if perceived as primary relevant. We proved that the loyalty program is more appealing when communicating the use of personalization and customization.

7.2 Managerial Implications

Based on the findings of our studies, we recommend practitioners within the field of loyalty programs to apply the practice of tailoring from the perspective of attitudes, intentions and perceived relevance. Communicating the use of tailoring is found positive in our studies, implying that companies should not only account for a more *accurate* message to each individual, but also account it as a communicative benefit increasing the value of the program.

As both personalization and customization were found to be favorable, both could be recommended to companies. No moderating effects were found in our study, but have been proved to exist in others. That some customers would prefer convenience, and some control, is not unlikely even though our proposed characteristics was not proven. A combination of personalization and customization could be argued as a good solution. That way, the company can provide the consumers with the option to customize (hence provide a sense of control) while still guarantee a tailored outcome. Since customization relies on the customer putting in the effort, it could be too risky to only offer customization given that we found that tailoring is clearly much better than non-tailoring.

Furthermore, what is remarkable with our findings, are the results of our first study. Promising a tailored loyalty program in before hand is found to be appealing to potential members. For both personalization and customization, the tailoring stimuli were generally triggering positive evaluations. This is useful for marketers who are trying to recruit more members to their programs.

What marketers however need to note, is that the financial aspect was not included in our thesis and therefore not completely accounted for in our recommendations. Improved attitudes and intentions can lead to actual behaviors, which can increase sales and long-term loyalty. However, tailoring is also much more expensive than non-tailoring.

To conclude, there is a trend of using tailoring in loyalty programs due to the development of highly technological solutions. Our studies confirm that this is a recommended strategy. Furthermore, as tailoring is becoming more common, it is possible that it will transform into a hygiene factor. In this rapid development, soon it might not be a choice for companies but a must. What were further not mentioned in this thesis are other values of using tailoring. One example being business development and service improvement as the company learns more about their customers. Applying a one-to-one strategy can thereby make the company more customer-oriented and data-driven at a large.

7.3 Method Reflections and Suggestions for Future Research

In this thesis, one overall product category was used to test our hypotheses; groceries. The purpose was that our respondents would all be able to relate to the product in order to make the scenarios believable. The critique of this method could be argued that (1) only one category was tested making it less generalizable, and (2) the choice of product category might have affected the results for our proposed moderators. If other product categories triggers higher differences in involvement, and are sensitive in terms of privacy, our moderation analyses might have had an effect. For this reason, we suggest a replicated study for other product categories.

Furthermore, we also used two generally known brands on the Swedish market 2016. This decision was also made in order to make the scenarios more believable. However, it would be interesting to test similar stimuli for unknown brands trying to recruit members. It would also be relevant to replicate the study in another market and in another time. Cultures and market structures can influence consumers preferences, which could affect the opinions about both tailoring and loyalty programs. Also, as tailoring becomes more and more common in loyalty programs, the effects might change over time. For example, current motivators can become hygiene factors. What is effective today, might merely be a necessity tomorrow.

Our study was a scenario-based experiment. In reality, the campaign advertisements would be actually tailored and the ads would also be found in a natural environment. For example, our respondents were asked to look at the ad and actively evaluate it, which would not occur in reality. This is likely to have impacted our results. It would be interesting to replicate our study, and compare differences, in a real context where actual tailoring can take place. It is possible that this would enhance our results.

As we were inspired by partly the arguments by Keyzer et al. (2015) and partly Sundar and Marathe (2010) that tested tailoring in other contexts, we also recommend others to try it in additional marketing and service contexts.

Lastly, in our study we used discounts as the object of tailoring. Other aspects of a loyalty program would also be interesting to study in order to test if our findings would be similar. Also, as discussed in implications for marketers, as both personalization and customization is perceived as positive it would be relevant and interesting to combine the two. Perhaps there would be synergy effects of using both personalization and customization in a loyalty program, promising relevancy while offering convenience *and* control.

In general, we suggest further research on the theme of "Me, Myself and My Loyalty Program".

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Website Coop, https://www.coop.se/betalkort-och-bank/ 2016-05-13

Website ICA, https://www.ica.se/ica-kort/ansok-om-ica-kort/ 2016-05-13

8.3 Interview

Hellström, Linda, COO, Kaplan, Stockholm, Sweden Interview 2016-01-21

9. Appendix

9.1 Study 1

9.1.1 The Advertisements

9.1.1.1 Personalization version

Föreställ dig följande situation:

Du uppmärksammar följande annons om COOP kundklubb. Vänligen kolla på annonsen och svara på frågorna på nästa sida utifrån dina preferenser.

Translation of scenario: *"You notice the following ad about XX loyalty program. Please observe the ad and answer the questions on the next page based on your preferences."*



Translation focus text: *"Discount on your most frequently purchased products!"*
Translation explanatory text: *"Apply for a XX and get discounts on your most frequently purchased products every week. From us you will get discounts on what we see what you have purchased earlier and what we think you would like. Apply for XX here"*

9.1.1.2 Customization version

Föreställ dig följande situation:

Du uppmärksammar följande annons om XX kundklubb. Vänligen kolla på annonsen och svara på frågorna på nästa sida utifrån dina preferenser.

Translation of scenario: *"You notice the following ad about XX loyalty program. Please observe the ad and answer the questions on the next page based on your preferences."*



Ansök om Coop-Medmera och välj själv vad du vill ha rabatt på

Hos oss får du alltid ta del av nya rabatter varje vecka. Du kan dessutom själv välja vilka varor du vill ha rabatt på.

> Ansök om Coop -Medmera och välj dina rabatter och erbjudanden här



Ansök om ICA-kort och välj själv vad du vill ha rabatt på

Hos oss får du alltid ta del av nya rabatter varje vecka. Du kan dessutom själv välja vilka varor du vill ha rabatt på.

> Ansök om ICA-kort och välj dina rabatter och erbjudanden här

Translation focus text: ***"****Choose your own discounts!****"***

Translation explanatory text: *"Apply for a XX and choose you own discounts. From us you will get new discounts every week. You can also choose what products you want a discount on. Apply for a XX and choose your own discounts and offers here."*

9.1.1.3 Non-tailored version

Föreställ dig följande situation:

Du uppmärksammar följande annons om XX kundklubb. Vänligen kolla på annonsen och svara på frågorna på nästa sida utifrån dina preferenser.

Translation of scenario: *"You notice the following ad about XX loyalty program. Please observe the ad and answer the questions on the next page based on your preferences."*





Translation focus text: *"New discounts every week!"*
Translation explanatory text: *"Apply for a XX and receive new discounts every week. From us you will get new discounts every week. Apply for a XX here"*

9.1.2 Questionnaire Pretest

Hej!
Vi är två studenter från Handelshögskolan i Stockholm som skriver vårt examensarbete inom marknadsföring. Du kommer att få föreställa dig 3 olika scenarier med tillhörande annonser och efterföljande frågor till vardera. Vi är intresserade av dina tankar, känslor och åsikter kring dessa.

Tack för att du tar dig tid att svara på denna enkät!

Det är sammanlagt 3 frågor per scenario där du ringar in en siffra på en skala mellan 1 och 7 som du tycker är mest passande. Inga svar är rätt eller fel.

Lycka till!

SCENARIO 1
Föreställ dig följande situation:
(see scenarios and advertisements)

1. **Hur väl instämmer du med följande påståenden?**

Erbjudandena i den här kundklubben är/kommer vara helt anpassade efter min personliga profil
Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Den här kundklubben ger mig möjlighet att ange vad jag föredrar
Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Den här kundklubben ger mig möjlighet att skräddarsy vilka erbjudanden jag får
Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

SCENARIO 2
Föreställ dig följande situation:
(see scenarios and advertisements)

2. **Hur väl instämmer du med följande påståenden?**

Erbjudandena i den här kundklubben är/kommer vara helt anpassade efter min personliga profil
Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Den här kundklubben ger mig möjlighet att ange vad jag föredrar
Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Den här kundklubben ger mig möjlighet att skräddarsy vilka erbjudanden jag får
Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

SCENARIO 3

Föreställ dig följande situation:

(see scenarios and advertisements)

3. **Hur väl instämmer du med följande påståenden?**

Erbjudandena i den här kundklubben är/kommer vara helt anpassade efter min personliga profil

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Den här kundklubben ger mig möjlighet att ange vad jag föredrar

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Den här kundklubben ger mig möjlighet att skräddarsy vilka erbjudanden jag får

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

ÄR DU STUDENT? Ja Nej

KÖN: Kvinna Man

ÅLDER:_____

9.1.3 Questionnaire Main Study

Hej!
Vi är två studenter från Handelshögskolan i Stockholm som skriver vårt examensarbete inom marknadsföring. Följande frågor berör en situation med tillhörande annons du kommer att få läsa och titta på. Vi är intresserade av dina tankar, känslor och åsikter kring detta.

Tack för att du tar dig tid att svara på denna enkät!

Det är sammanlagt 7 övergripande frågor där du ringar in en siffra på en skala mellan 1 och 7 som du tycker är mest passande. Inga svar är rätt eller fel.

Lycka till!

Föreställ dig följande situation: (see scenarios and advertisements)

1. Skulle du gå med i denna kundklubb?

Osannolikt	1	2	3	4	5	6	7	Sannolikt
Inte troligt	1	2	3	4	5	6	7	Troligt
Vill inte gå med	1	2	3	4	5	6	7	Vill gå med

2. Vad är dina åsikter om <u>erbjudandet</u> i annonsen?

Osmidigt	1	2	3	4	5	6	7	Smidigt
Kräver eftertanke	1	2	3	4	5	6	7	Kräver ingen eftertanke
Svårt att använda	1	2	3	4	5	6	7	Lätt att använda
Inte relevant	1	2	3	4	5	6	7	Relevant
Inte användbart	1	2	3	4	5	6	7	Användbart

3. Hur väl instämmer du med följande påståenden?

Jag upplever att jag kommer ha kontroll över mitt medlemskap i den här kundklubben

Stämmer inte alls	1	2	3	4	5	6	7	Stämmer helt

Jag upplever att jag kommer ha kontroll över vilka erbjudanden jag får i den här kundklubben

Stämmer inte alls	1	2	3	4	5	6	7	Stämmer helt

Jag upplever att jag kommer ha kontroll över vad som skickas till mig i den här kundklubben

Stämmer inte alls	1	2	3	4	5	6	7	Stämmer helt

4. Vad är dina åsikter om den här <u>kundklubben</u>?

Dålig	1	2	3	4	5	6	7	Bra
Ogillar	1	2	3	4	5	6	7	Gillar
Negativt	1	2	3	4	5	6	7	Positivt

5. **Hur väl instämmer du med följande påståenden?**

Erbjudandena i den här kundklubben kommer vara helt anpassade efter min personliga profil

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Den här kundklubben ger mig möjlighet att ange vad jag föredrar

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Den här kundklubben ger mig möjlighet att skräddarsy vilka erbjudanden jag kommer att få

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Kort information om dig

6. **Hur väl instämmer du med följande påståenden?**

Jag gillar att handla livsmedel

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Det är sant att livsmedel intresserar mig

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Livsmedel är viktigare för mig än andra produkter

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

7. **Hur känner du generellt inför att företag använder personlig information om dig?**

Inte alls bekymrad 1 2 3 4 5 6 7 Väldigt bekymrad

ÄR DU MEDLEM I DEN HÄR KUNDKLUBBEN? Ja Nej

ÄR DU STUDENT? Ja Nej

KÖN: Kvinna Man

ÅLDER:_____

9.2 Study 2

9.2.1 Hypothesis

H9: Communicating the use of tailored offers will through the mediating effect of perceived relevance have a positive effect on the attitude towards the loyalty program.

H10: Communicating the use of tailored offers will through the mediating effect of perceived relevance have a positive effect on the intention to utilize offers in the loyalty program.

H11: Communicating the use of personalized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived convenience, have a positive effect on the attitude towards the loyalty program.

H12: Communicating the use of personalized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived convenience, have a positive effect on the intention to utilize offers in the loyalty program.

H13: Communicating the use of customized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived control, have a positive effect on the attitude towards the loyalty program

H14: Communicating the use of customized offers will, through the mediating effect of (a) perceived relevance, and (b) perceived control, have a positive effect on the intention to utilize offers in the loyalty program.

H15: The preference for personalization or customization, in terms of attitude towards the loyalty program, will be moderated by (a) the level of product involvement and (b) general privacy concerns.

H16: The preference for personalization or customization, in terms of intention to enter the loyalty program, will be moderated by (a) the level of product involvement and (b) general privacy concerns.

9.2.2 Questionnaire Pretest 1

Hej!

Vi är två studenter från Handelshögskolan i Stockholm som skriver vårt examensarbete inom marknadsföring. Tack för att du tar dig tid att svara på denna enkät! Inget svar är rätt eller fel.

Lycka till!

Vilka av följande produkter är du mest intresserad av att få erbjudanden om och att köpa i en mataffär? *(Välj **max 4** av produkterna nedan)*

Pasta____

Pesto____

Chips____

Hushållspapper____

Handdiskmedel____

Tandkräm____

Tacosås____

Juice____

Ägg____

Lax____

Bryggkaffe____

Avokado____

Tvättmedel____

Yoghurt____

Fryst kycklingfilé____

ÄR DU STUDENT? Ja Nej

KÖN: Kvinna Man

ÅLDER:_____

9.2.3 Results Pretest 1

Product Category	Number of votes
Pasta	5
Pesto	7
Chips	4
Kitchen paper	9
Detergent	0
Toothpaste	1
Taco sauce	0
Juice	10
Eggs	4
Salmon	19
Filter coffee	9
Avocado	19
Washing powder	7
Yogurt	7
Frozen chicken filet	15

Number of respondents: 30

9.2.4 The Campaigns

9.2.4.1 Personalization version

Föreställ dig följande situation:

Eftersom du är medlem i XX kundklubb får du varje vecka ett mailutskick med erbjudanden. Du har tidigare köpt varorna i annonsen som du nu får erbjudande om. Vänligen kolla på annonsen och svara på frågorna på nästa sida utifrån dina preferenser.

Translation of scenario: *"Since you are a member of XX loyalty program, you receive an email each week with offers. You have previously purchased the products in the ad. Please observe the ad and answer the questions on the next page based on your preferences."*



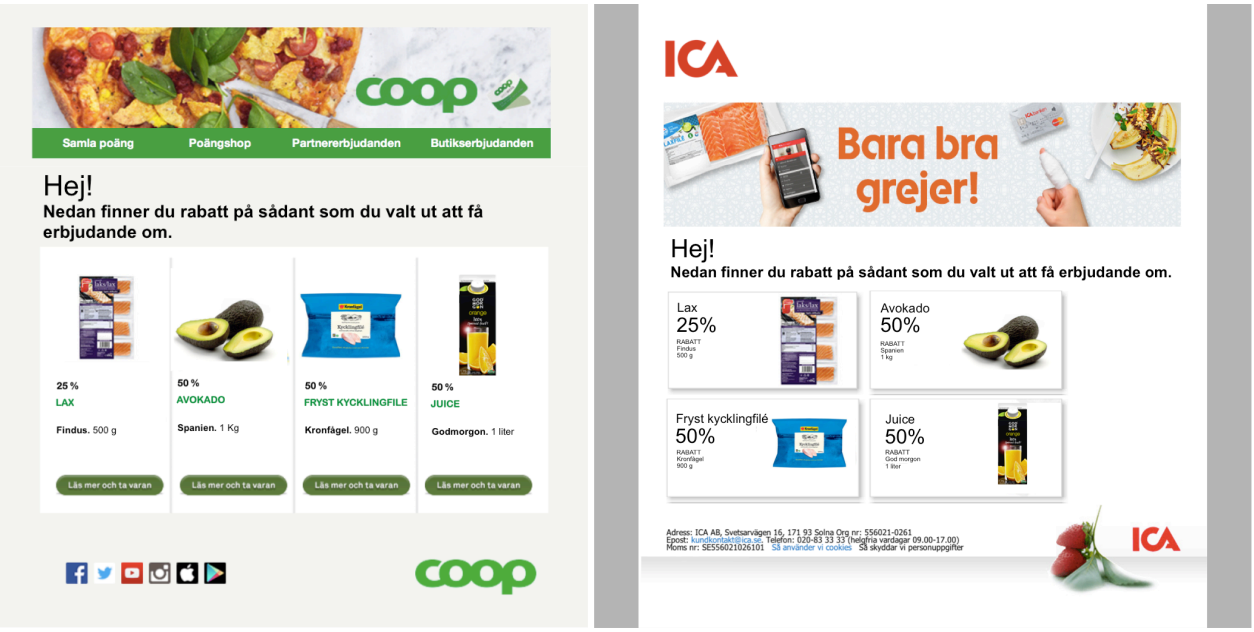
Translation of focus text in the ad: *"Here you find discount on your previously purchased products and items we think you like"*

9.2.4.2 *Customization version*

Föreställ dig följande situation:

Eftersom du är medlem i XX kundklubb får du varje vecka ett mailutskick med erbjudanden. Du har själv varit inne på XX hemsida och kryssat för att du önskar få erbjudande om lax, avokado, fryst kycklingfilé och juice. Vänligen kolla på annonsen och svara på frågorna på nästa sida utifrån dina preferenser.

Translation of scenario: *"Since you are a member of XX loyalty program, you receive an email each week with offers. You have previously visited the XX webpage and filled in that you wish to get an offer on salmon, avocado, frozen chicken filet and juice. Please observe the ad and answer the questions on the next page based on your preferences."*



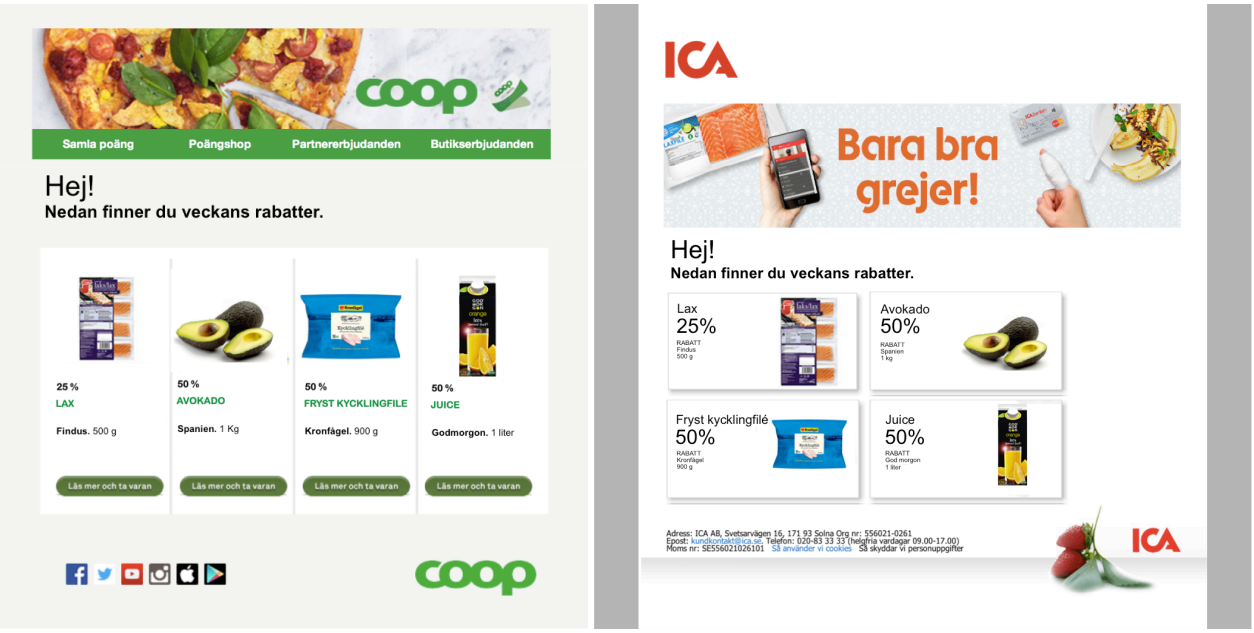
Translation of focus text in the ad: *"Here you find discount on products that you have chosen to get a discount on"*

9.2.4.3 Non-tailored version

Föreställ dig följande situation:

Eftersom du är medlem i XX kundklubb får du varje vecka ett mailutskick med erbjudanden. Vänligen kolla på annonsen och svara på frågorna på nästa sida utifrån dina preferenser.

Translation of scenario: *"Since you are a member of XX loyalty program, you receive an email each week with offers. Please observe the ad and answer the questions on the next page based on your preferences."*



Translation of focus text in the ad: *"Here you find the discounts of the week"*

9.2.5 Results Pretest 2

Variable	Personalization Ad	Customization Ad	Non-tailored Ad
Tailored_level	5,40^{N}	6,23^{N}	2,73^{CP}
Customization_level	3,33^{CN}	5,95^{PN}	2,17^{CP}

^{N} Significant difference from Non-tailored version on a 5 % level ($p \leq 0,05$)
^{P} Significant difference from Personalization version on a 5 % level ($p \leq 0,05$)
^{C} Significant difference from Customization version on a 5 % level ($p \leq 0,05$)

9.2.6 Questionnaire Main Study

Hej!
Vi är två studenter från Handelshögskolan i Stockholm som skriver vårt examensarbete inom marknadsföring. Följande frågor berör en situation med tillhörande annons du kommer att få läsa och titta på. Vi är intresserade av dina tankar, känslor och åsikter kring detta.

Tack för att du tar dig tid att svara på denna enkät!

Det är sammanlagt 7 övergripande frågor där du ringar in en siffra på en skala mellan 1 och 7 som du tycker är mest passande. Inga svar är rätt eller fel.

Lycka till!

Föreställ dig följande situation: (see scenarios and campaigns)

1. Skulle du ta del av något av dessa erbjudanden?

Osannolikt	1	2	3	4	5	6	7	Sannolikt
Inte troligt	1	2	3	4	5	6	7	Troligt
Vill inte gå med	1	2	3	4	5	6	7	Vill gå med

2. Vad är dina åsikter om <u>erbjudandet</u> i annonsen?

Osmidigt	1	2	3	4	5	6	7	Smidigt
Kräver eftertanke	1	2	3	4	5	6	7	Kräver ingen eftertanke
Svårt att använda	1	2	3	4	5	6	7	Lätt att använda
Inte relevant	1	2	3	4	5	6	7	Relevant
Inte användbart	1	2	3	4	5	6	7	Användbart

3. Hur väl instämmer du med följande påståenden?

Jag upplever att jag kommer ha kontroll över mitt medlemskap i den här kundklubben

Stämmer inte alls	1	2	3	4	5	6	7	Stämmer helt

Jag upplever att jag kommer ha kontroll över vilka erbjudanden jag får i den här kundklubben

Stämmer inte alls	1	2	3	4	5	6	7	Stämmer helt

Jag upplever att jag kommer ha kontroll över vad som skickas till mig i den här kundklubben

Stämmer inte alls	1	2	3	4	5	6	7	Stämmer helt

4. Vad är dina åsikter om den här <u>kundklubben</u>?

Dålig	1	2	3	4	5	6	7	Bra
Ogillar	1	2	3	4	5	6	7	Gillar
Negativt	1	2	3	4	5	6	7	Positivt

5. **Hur väl instämmer du med följande påståenden?**

Erbjudandena i den här kundklubben kommer vara helt anpassade efter min personliga profil

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Den här kundklubben ger mig möjlighet att ange vad jag föredrar

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Den här kundklubben ger mig möjlighet att skräddarsy vilka erbjudanden jag kommer att få

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Kort information om dig

6. **Hur väl instämmer du med följande påståenden?**

Jag gillar att handla livsmedel

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Det är sant att livsmedel intresserar mig

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

Livsmedel är viktigare för mig än andra produkter

Stämmer inte alls 1 2 3 4 5 6 7 Stämmer helt

7. **Hur känner du generellt inför att företag använder personlig information om dig?**

Inte alls bekymrad 1 2 3 4 5 6 7 Väldigt bekymrad

ÄR DU MEDLEM I DEN HÄR KUNDKLUBBEN? Ja Nej

ÄR DU STUDENT? Ja Nej

KÖN: Kvinna Man

ÅLDER:_____

9.2.7 Demographics Main Study

	N	Students	Age	Gender
Pre-study 1	30	Student: 100 % Non-student: 0 %	Mean: 23,4 Median: 22,5 Min: 19 Max: 38	Women: 53,3% Men: 46,7%
Pre-study 2	60	Student: 100 % Non-student: 0 %	Mean: 23 Median: 23 Min: 19 Max: 28	Women: 56,7% Men: 43,3%
Main Study 2	90	Student: 100 % Non-student: 0 %	Mean: 23,7 Median: 23 Min: 18 Max: 42	Women: 51,1% Men: 48,9 %

9.2.8 Cronbach's Alpha Dependent Variables Main Study

Attitude_LP (3 items)	Relevance (2 items)	Convenience (3 items)	Control (3 items)	Involvement (3 items)	Privacy (1 item)
0,96	0,90	0,70	0,84	0,78	n/a