

# WHAT DICTATES CONSUMER'S LOYALTY?

---

A QUANTITATIVE STUDY OF A SPORTS RETAILER'S  
LOYALTY PROGRAM MEMBERS

GUSTAV MOBERG

Bachelor Thesis

Stockholm School of Economics

2022



## **What dictates consumer's loyalty? A quantitative study of a sports retailer's loyalty program members**

### **Abstract:**

Since American Airlines launched its first frequent flyer program in the 1980s the usage of customer loyalty programs has spread greatly. Now they are found in many industries in different shapes and forms. Empirical support and research behind loyalty programs as a legitimate marketing method is however double-barreled in terms of positive and negative findings. One side points to generally positive outcomes such as increased retention rate and share-of-wallet. Another side of the research means that other factors like satisfaction are what determine repurchase intentions rather than loyalty program presence. The aim of this study is therefore to examine how the perception of a customer loyalty program, purchase motivation for low prices and satisfaction determines customer loyalty. A self-completion questionnaire for members of a Swedish sports retailer's loyalty program was conducted to examine the research questions. Results display that satisfaction was the only statistically significant predictor of loyalty. Perceived advantages, perceived complexity, and purchase motivation for low prices did not determine loyalty. Additionally, different membership levels at the focal loyalty program turned out to have significant differences in perceived advantages, satisfaction, and loyalty.

### **Keywords:**

Loyalty, Loyalty Programs, Marketing, Perceived Advantages, Perceived Complexity, Purchase Motivation for Low Prices, and Satisfaction.

### **Authors:**

Gustav Moberg (25087)

### **Tutors:**

Patric Andersson, Associate Professor, Department of Marketing and Strategy

### **Examiner:**

Hanna Berg, Research Fellow, Center for Consumer Marketing (CCM)

Bachelor Thesis

Bachelor Program in Business & Economics

Stockholm School of Economics

© Gustav Moberg 2022

# Contents

<b>DEFINITIONS.....</b>	<b>5</b>
<b>1. INTRODUCTION .....</b>	<b>6</b>
<b>1.1. Background .....</b>	<b>6</b>
1.1.1. The wide spread of loyalty programs .....	6
1.1.2. Types of Loyalty Programs .....	7
1.1.3. Golf in Sweden .....	7
<b>1.2. Problem area .....</b>	<b>7</b>
1.2.1 Problem statement .....	8
<b>1.3. Research purpose .....</b>	<b>9</b>
<b>1.4. Delimitations .....</b>	<b>9</b>
<b>1.5. Expected contribution .....</b>	<b>9</b>
<b>1.6. Thesis outline .....</b>	<b>10</b>
<b>2. LITERATURE REVIEW &amp; THEORETICAL FRAMEWORK .....</b>	<b>11</b>
<b>2.1. Literature review approach.....</b>	<b>11</b>
<b>2.2. Overview of loyalty program research .....</b>	<b>11</b>
<b>2.3. Loyalty Program Effects.....</b>	<b>13</b>
<b>2.4. Previous research on the satisfaction-loyalty link .....</b>	<b>14</b>
<b>2.5. Hypotheses development.....</b>	<b>15</b>
2.5.1. Hypotheses overview .....	15
2.5.2. Perceived advantages effect on customer loyalty.....	16
2.5.3. Perceived complexity effect on customer loyalty .....	16
2.5.4. Purchase motivation for low prices effect on customer loyalty .....	17
2.5.5. Brand satisfaction effect on customer loyalty .....	17
2.5.6. Additional measurements of correlation to loyalty .....	18
<b>3. METHODOLOGY .....</b>	<b>19</b>
<b>3.1. Scientific approach .....</b>	<b>19</b>
<b>3.2. Pilot study.....</b>	<b>19</b>
3.2.1. Pilot study insights .....	19
<b>3.3. Main study.....</b>	<b>20</b>
3.3.1. Survey.....	20
3.3.2. Survey flow illustration .....	21
<b>3.4. Variables.....</b>	<b>22</b>

3.4.1.	Indexed dependent variable .....	22
3.4.2.	Indexed independent variables .....	22
3.4.3.	Other variables .....	24
<b>3.5.</b>	<b>Data collection and analysis.....</b>	<b>25</b>
3.5.1.	Data collection.....	25
3.5.2.	Data quality and selection .....	25
3.5.3.	Data analysis.....	26
3.5.4.	GDPR considerations .....	26
<b>3.6.</b>	<b>Reliability and Validity .....</b>	<b>26</b>
3.6.1.	Reliability .....	26
3.6.2.	Validity .....	27
3.6.3.	Survey Evaluation .....	28
<b>4.</b>	<b>RESULTS AND ANALYSIS .....</b>	<b>29</b>
<b>4.1.</b>	<b>Descriptive statistics .....</b>	<b>29</b>
4.1.1.	Sample demographics.....	29
4.1.2.	Analyzing the data.....	29
4.1.3.	Descriptive Statistics by Membership Levels .....	30
4.1.4.	ANOVA and Tukey's HSD test .....	31
<b>4.2.</b>	<b>Variable Correlations.....</b>	<b>31</b>
<b>4.3.</b>	<b>Regression Analysis .....</b>	<b>32</b>
<b>4.4.</b>	<b>Hypotheses Summary.....</b>	<b>34</b>
4.4.1.	Perceived advantages of a loyalty program and loyalty .....	34
4.4.2.	Perceived complexity of a loyalty program and loyalty.....	34
4.4.3.	Purchase motivation for low prices and loyalty .....	35
4.4.4.	Satisfaction and loyalty .....	35
<b>5.</b>	<b>DISCUSSION.....</b>	<b>36</b>
<b>5.1.</b>	<b>Conclusions &amp; Implications.....</b>	<b>36</b>
5.1.1.	Perceived advantages of a customer loyalty program .....	36
5.1.2.	Perceived complexity of a customer loyalty program.....	36
5.1.3.	Purchase motivation for low prices and loyalty .....	37
5.1.4.	Satisfaction with the retailer and loyalty .....	37
5.1.5.	Implications of Membership Levels.....	38
<b>5.2.</b>	<b>Limitations .....</b>	<b>38</b>
<b>5.3.</b>	<b>Conclusion &amp; Final Words .....</b>	<b>39</b>
<b>6.</b>	<b>REFERENCES .....</b>	<b>41</b>
<b>7.</b>	<b>APPENDICES .....</b>	<b>46</b>

## **Acknowledgements**

*I would like to thank...*

### **Patric Andersson**

For exceptional guidance and insights

### **The Focal Firm**

For enabling this study by allowing me to gather data from their customer base

### **The Focal Loyalty Program Members**

For taking their time to participate and answer the questionnaire

### **Fellow Classmates**

For sharing information about their processes in their respective bachelor thesis

### **Friends and family**

For support and patience

## Definitions

**Loyalty:** Includes both the measure of a consumer's likeliness to do repeated purchases at a firm and the likeliness of engaging in loyal behavior such as word-of-mouth.

**Loyalty program:** A marketing strategy designed to encourage consumers to continue to shop at a certain firm.

**Perceived Advantages:** What customers perceive to gain from holding a loyalty program membership (Chang & Wong, 2017)

**Perceived Complexity:** The degree to which it is difficult to understand, learn and use a loyalty program (Chang & Wong, 2017)

**Purchase Motivation for Low Prices:** How eagerly one is motivated by low prices when making purchases.

**Satisfaction:** The extent to which one is satisfied with the focal firm/retailer.

**Focal Firm/Retailer:** The firm which this study collaborated with in gathering data for analysis.

**Focal Loyalty Program:** The focal firm's loyalty program.

# 1. Introduction

Loyalty programs are typically offered to customers with the intention to generate continuous and sustained consumption to create profits. By using coupons, discounts, bonus systems, etc. the idea is to incentivize the clients to return to a particular firm rather than turning to a competitor. The current concept of customer loyalty programs has been around since the 1980s were American Airlines introduced the AAdvantage membership – the first frequent flyer program. American Airlines sought to gain a competitive advantage after the Airline Deregulation Act in 1978 when many airline companies were struggling (Berman, 2006). Since then, loyalty programs have spread across many different industries and can be found in many different shapes and forms.

This thesis will aim to examine which factors determine a consumer's loyalty toward a retailer. The effect of a customer loyalty program will be studied through a Swedish sports retailer which mostly targets golfers. Members of the loyalty program consisting of about 25% women and 75% men that are all above the age of 18. Further, the loyalty program's members are divided into two different categories depending on how much they spend using their account during a calendar year. Consumers who pass the certain threshold are entitled to additional benefits which the others are not.

In addition to examining what implications a loyalty program may have on loyalty, purchase motivation for low prices and satisfaction with the focal retailer will be included to see how these variables correlate to loyalty. By finding out how loyalty programs, purchase motivation for low prices, and satisfaction correlate to loyalty, this study can contribute to understanding how to improve customer loyalty. This goes not only for contributing to the focal firm's operations but hopefully to bestow loyalty studies in general. Particularly loyalty program studies.

## 1.1. Background

### 1.1.1. The wide spread of loyalty programs

Since the initial launch of what we consider the modern loyalty program, it has gained popularity across the world as many companies launch their own versions. Between 2007 & 2009 American citizens' membership in different loyalty reward programs increased by a remarkable 38% reaching 1.8 billion total memberships. This number was approximated to be even higher by 2012 at 2.65 billion loyalty memberships (Kang, Alejandro, & Groza, 2015). Currently, we see customer loyalty programs in both B2B and B2C settings across all different types of industries. A report on loyalty trends for 2021 portrays a wide range of companies as loyalty marketing leaders. Among these leaders in loyalty marketing, we find companies like Nike, Uber, Ikea, American Express, Starbucks, and Disney (Capizzi & Ferguson, 2021).

### 1.1.2. Types of Loyalty Programs

With there being such a wide spread of loyalty programs, it follows that they all do not look the same. Four broad categories of loyalty programs have been defined. Type 1 is usually supermarket programs where members receive discounts at checkout. They are open to all customers whom all receive the same discounts regardless of previous purchase behavior. There is no targeted communication directed at members and neither does the firm keep personal data on their customer base. Type 2 is also open to all members and builds on the concept of receiving for example 1 free upon purchase of a specific number of units. Still, no database of customers is kept linking purchases to different customers. Type 3 builds on members receiving discounts or points based on cumulative purchases. The objective of the program is to make members spend enough to qualify for a discount. Thus, some database of customers must be kept. Type 4 uses targeted offers and mailings. Loyalty program members are segmented based on their purchasing history which consequently means that an extensive database of customer demographics and purchase history must be kept (Berman, 2006). The loyalty program examined in this study could be classified as a Type 4 loyalty program.

### 1.1.3. Golf in Sweden

Since the focal loyalty program is part of a sports retailer's operations with its main target group being golfers in Sweden the current situation for the sport in Sweden will be presented in this section. The Swedish Golf Association is the third largest sports association in terms of members behind soccer and athletics (Centrum För Idrottstatistik, 2022). Golfing in Sweden saw a record-breaking year in 2021 with an 11% increase in the number of association memberships as compared to 2019. The increased number of golfers also translated into more golf being played since 2019 with the amount of "social round" bookings being up 8% since then. Overall Swedish golf experienced a significant upswing during the pandemic and has seen some decreases in participation since the pandemic restrictions were lifted. However, many golfers have stuck around, and the Swedish Golf Association can present prosperous statistics that point towards a larger community as compared to before the pandemic (Svenska Golfförbundet, 2022c).

## 1.2. Problem area

Despite the ever-increasing spread of loyalty and reward programs, there have been concerns raised regarding if they are a well-working marketing method (Magi, 2003). Firstly, the idea that customer loyalty leads to profitability has rather inconsistent empirical evidence. A study found how that customer satisfaction plays an important role in profitability rather than simply having a customer loyalty program. The level of satisfaction/dissatisfaction would determine if a customer made a repurchase rather than



a loyalty program incentive. It is thus difficult to alter a customer's purchasing behavior through the mere presence of a customer loyalty program, there must be satisfaction in play as well (Gandomi & Zolfaghari, 2013). There are also lingering doubts about loyalty programs' effectiveness with an argument being raised that it generates short-term revenue from customers while simultaneously creating future obligations towards the same customers (Shugan, 2005). Further, a study conducted on loyalty card effects on share-of-visits and share-of-purchases found that the effects were only positive when a consumer held only the focal chain's loyalty card at. Thus, when a consumer holds multiple loyalty memberships, they may very well cancel each other out (Magi, 2003).

Contrary to the negative aspects there have also been positive findings regarding the usage of customer loyalty programs. Using a customer loyalty program has been found to boost retention rate (Singh, Jain, & Krishnan, 2008). Studies conducted on a grocery store found that a loyalty program positively influenced customer share of wallet at the focal store (Meyer-Waarden, 2007). Additionally, it has also been established how loyalty programs can make customers less sensitive to negative service encounters when being part of a program for said service (Bolton, Kannan, & Bramlett, 2000). Lastly, the presence of a loyalty program can also facilitate information gathering regarding the customer base if members share personal information and purchasing history through their memberships (Butscher, 2002).

### 1.2.1 Problem statement

Despite the research around customer loyalty and loyalty programs being rather broad there is as previously mentioned some contradictory findings. Both positive (Bolton et al., 2000; Butscher, 2002; Meyer-Waarden, 2007; Singh et al., 2008) and negative (Gandomi & Zolfaghari, 2013; Magi, 2003; Shugan, 2005) examples are displayed in many different contexts. Therefore brands, companies, and retailers may get different pictures of how to retain customers. The uncertainty around loyalty program implications is also of high interest. Empirical differences in positive and negative outcomes mean that it can generate both. The question does then become how companies manage it correctly to be able to use it to their advantage. Hence, this thesis is relevant to the topic of marketing as it may contribute to understanding customer loyalty further and what factors determine it.

To clarify, this bachelor thesis will not examine whether loyalty programs work or not. It will rather consider to which degree loyalty programs affect consumer's loyalty compared to other factors. Therefore, no conclusions will be drawn on how well-working loyalty programs are as a marketing method.

### 1.3. Research purpose

The main purpose of this thesis is to empirically examine how a consumer's loyalty toward a particular retailer is determined by certain factors. In this bachelor thesis, loyalty will refer to both action and behavioral intention loyalty. Hence, loyalty includes both how a consumer acts loyal and their intention to be loyal toward a retailer. Factors hypothesized to determine loyalty will be the perceived advantages and complexity of a loyalty program. Additional factors include purchase motivation for low prices and satisfaction with the focal retailer. The research questions this thesis aim to address is the following:

*What factors determine consumer's loyalty toward a retailer?*

### 1.4. Delimitations

Given that this bachelor thesis examines the effects of loyalty programs there are certain limitations to the sample. A sports retailer's loyalty program has been used to find information about what effects a loyalty program can have. Thus, all who participated in the survey held a membership in this firm's loyalty program which narrows the sample. Further, the retailer operates mostly in Sweden which consequently leads to the choice of conducting the self-completion questionnaire in Swedish to avoid any confusion or misinterpretation of the questions. Choosing not to delimit further was done to simplify the data-gathering process.

Turning to this company itself was a conscious choice as they have an extensive program presenting numerous benefits to their members. Collecting the data from this sample was done partly in one of their warehouses but also from convenient sampling by distributing the survey to subjects fulfilling the sample criteria. The rationale behind the two different data collections is that the retailer is prevalent in selling both online and in-store. Thus, the idea was to reach out to both sets of customers to include both those who shop online and those who visit the stores.

### 1.5. Expected contribution

By examining which factors determine customer's loyalty toward a retailer this bachelor thesis aims to contribute to existing loyalty studies. Results regarding how loyalty programs, purchase motivation for low prices, and satisfaction affect loyalty will of course be of high relevance for the focal firm. However, the results and conclusions drawn can also serve as an example of the bigger picture in customer loyalty studies. Further, this study fits well into a more specific part of loyalty studies i.e., loyalty program studies since the questionnaire has been conducted on members of a certain loyalty program.

## 1.6. Thesis outline

This bachelor thesis aims to answer the question of which factors determine consumer's loyalty toward a retailer in five different sections. These five sections are Introduction, Literature review & theoretical framework, Methodology, Results & analysis, and Discussion. Literature review & theoretical framework cover previous research within relevant areas which has been used to construct the hypothesis. The methodology section describes the approach for carrying out this study. The results & analysis chapter contains the collected data, statistical analyses, and tests conducted as well as generated results. The final part, Discussion, concludes the thesis by discussing the results and limitations of this study.

## 2. Literature review & theoretical framework

*This thesis aims to examine how different factors determine customer loyalty. These factors include perceived advantages of a loyalty program, perceived complexity of a loyalty program, purchase motivation for low prices, and customer satisfaction. Previous research with similar subjects on customer loyalty has been studied to deepen the understanding of the matter. An overview of past loyalty program research has been considered. Literature on loyalty program effects and the satisfaction-loyalty link is of high relevance for this study and has been reviewed in this chapter. Further, the development of the hypothesis for this study is also presented in this chapter.*

### 2.1. Literature review approach

In this study, the hypothesis has been developed from what is already known. This is described as taking a deductive approach under a positivist research tradition. As described by (Bell, Bryman, & Harley, 2018), the positivist approach is an epistemological position that is informed by an objectivist ontological position. The main databases used to find existing research around key subjects were the SSE library and Scopus Review. Literature was found using the search engine in said databases with keywords such as \*loyalty, \*loyalty programs, \*satisfaction, \*price-consciousness, \*effects, \*attitude and \*advantages.

### 2.2. Overview of loyalty program research

An extensive literature review by Chen et al. (2021) was consulted to gain further understanding of loyalty program studies historically. The study considered what had previously been studied for loyalty programs. The study aimed to clarify which theories have been used to explain the adoptions and outcomes of loyalty programs. Additionally, the study examines which industries, variables, and methods have historically been used in loyalty program studies. 131 articles from the past three decades were considered (Chen, Mandler, & Meyer-Waarden, 2021).

From this sample, a broad set of theories were found to have been used to attempt to explain loyalty program membership. However, using no guiding theory in loyalty program studies were most prevalent as that was the case for 38.9% of studies. Social comparison theory was the most common specific theory found in 6.1% of examined studies (see Table 1) (Chen et al., 2021).

**Table 1.** An overview of theories used in previous loyalty program studies.

Theory	Number of studies	%
No guiding theory	51	21.9
Social comparison theory	8	6.1
Social identity theory	7	5.3
Prospect theory	7	5.3
Behavioral learning theory	7	5.3
Other theories	73	57.2

*Note:* Number of studies add up to more than 131 since certain articles reviewed include multiple theories (Chen et al., 2021).

The most prevalent industries for conducting loyalty program research were retailing (54.5%) and hospitality (43.6%) as displayed in Table 2. Worth to note is that 91.8% of the studies in retailing were done in a physical setting and did not consider online retailing. Most studies being done in retailing and hospitality can be explained by the history of loyalty programs. Loyalty programs started out in the airline industry (part of the hospitality industry) which quickly transferred to retailing (Chen et al., 2021).

**Table 2.** An overview of industries used to study loyalty programs in previous research.

Industry	Number of studies	%
Retailing	110	54.5
Hospitality	88	43.6
Other service industries	26	12.9
Products	9	4.5
Other industries	7	3.2
Industry not disclosed	13	6.4

*Note:* Result are based on 202 studies from 127 of the reviewed articles. Some studies cover multiple industries; hence the number of industries exceed number of studies (Chen et al., 2021).

Most studies were conducted in western countries with American and European contexts accounting for 80% of the examined articles (see Table 3). The western world bias and lack of studies on emerging markets such as Asia and Africa can be explained by researchers' location as well as the demand for looking at mature markets. Interest in the Asian market has however increased over time (Chen et al., 2021).

**Table 3.** An overview of locations for previous loyalty program studies.

Theory	Number of studies	%
United states	96	47.5
United Kingdom	14	6.9
Netherlands & Belgium	14	6.9
France	11	5.4
Other European Countries	28	14
Asia	31	15.4
Oceania	10	5
Other countries/not reported	7	3.5

*Note:* Result are based on 202 studies from 127 of the reviewed articles. Some studies use multinational approach leading to number of locations exceeding number of studies (Chen et al., 2021).

As for variables examined in studies, the emphasis for independent variables are mostly loyalty program variables but additionally firm- and consumer-related variables.

Dependent variables include firm performance but mostly focus on consumer-related variables with purchasing behavior as the most common one. Loyalty program and consumer characteristics were also used as mediating and moderating variables in 36% and 47% of the studies respectively. 121 of the studies used a quantitative research approach while 13 used a qualitative research method (total numbers exceed 131 as some articles used mixed methods). Out of the 121 articles using a quantitative research method, 97 used primary data from distributed questionnaires making this the most dominant research method in this field of research. For statistical analysis, regression models and correlational data was the most common approach for analysis (Chen et al., 2021).

### 2.3. Loyalty Program Effects

A recent study by Chang & Wong (2017) examined certain effects and psychological implications of a coalition loyalty program. They used a quantitative research method through a questionnaire that was answered by Happy-Go coalition loyalty program members. Coalition loyalty programs refer to loyalty programs that comprise a collection of benefits that are generated on the same membership when shopping at different non-competing firms. Thus, consumers shopping at selected grocery stores, gas stations, shopping malls, etc. would accumulate “points” on a single membership (Danaher, Sajtó, & Danaher, 2016). The Happy-Go membership included point collection from firms in diet, clothing, accommodation, transportation, education, and entertainment (Happy Go, 2017). Perceived risk, complexity, and advantages with such loyalty programs were measured to examine consumers’ psychological reactance

toward the program which would influence the user's loyalty towards the program. Further, price consciousness was included to find eventual moderating effects. Higher perceived advantages of the loyalty program kept consumers' attention and increase their usage willingness. Complex information and the perceived risk of handing out personal information generated confusion in terms of point redemption as well as unfavorable feelings towards the program. This facilitated psychological reactance towards the program which consequently led to lower levels of loyal behavior. In terms of price-consciousness, it was found to be significant. Price-conscious consumers tended to be more knowledgeable in terms of what value they could get and would show less psychological reactance when the perceived advantage was high. On the other hand, they would show more psychological reactance when the perceived advantage was lower (Chang & Wong, 2017).

## 2.4. Previous research on the satisfaction-loyalty link

It is widely accepted that satisfied customers are more loyal. They tend to exert more loyal behavior such as being less price sensitive, and less influenced by competing offers and they tend to stay as a customer for a longer time than a dissatisfied client (Nam, Ekinci, & Whyatt, 2011). A study on loyalty was conducted in the Turkish Banking Industry context. It mainly examined how customer satisfaction, service quality, the perceived value of services, corporate image, and reputation affected customer loyalty. Most interesting for this context was the fact that customer satisfaction was found to be a predictor of loyalty. The study thus concluded that satisfaction is positively and directly related to customer loyalty. Every satisfied customer can thereby be a loyal one if he or she feels that the service is of adequate quality (Özkan, Süer, Keser, & Kocakoç, 2020).

Despite it making intuitive sense and there being a consensus that satisfied customers stay loyal there have been empirical findings that the level of satisfaction is crucial in terms of predicting customer loyalty. A study by Jones (1996) pointed out that customers who are “merely satisfied” have a high tendency to be lost to competitors. Low or no satisfaction would consequently generate disloyal behavior. Just being satisfied would therefore not be enough. However, when a customer expresses complete satisfaction, they tend to be very loyal to a particular brand (Jones, 1996).

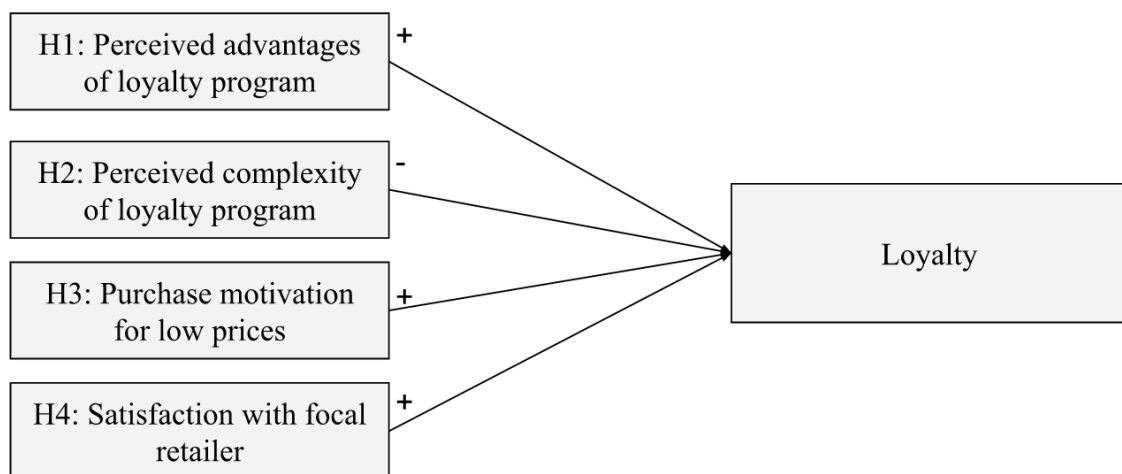
With numerous empirical findings that satisfaction can explain loyalty, it is however important to note that this relationship is very complex. Contradictory findings to a satisfaction-loyalty link can be found in Szymanski & Henard's (2001) study which showed that less than 25% of the variance for repeated purchases could be explained by satisfaction. The correlation between satisfaction and loyalty will however depend on multiple other factors that may influence this relationship. Industry characteristics studied customer segments, the nature of variables in the model, and other present

factors that may moderate or mediate the relationship will play a large role (Kumar, Pozza, & Ganesh, 2013). Further, the measurement of which we measure loyalty also matters. There is a difference between loyal intentions and loyal behavior, consequently which one you chose to measure will yield a different result. Particularly in the retailing context, it has been found that satisfaction has a strong positive effect on repurchase intentions but no direct effect on repurchasing behavior. Repurchase behavior is rather influenced by other factors such as customer and marketplace characteristics (Seiders, Voss, Grewal, & Godfrey, 2005).

## 2.5. Hypotheses development

The aim of this thesis is to examine which factors determine a consumer's loyalty toward a retailer. The hypothesis has been developed based on previous research in the field of loyalty programs and studies around the satisfaction-loyalty link. More specifically the traits and presence of a loyalty program are investigated to determine how it correlates to a consumer's loyalty toward a retailer. Further, purchase motivation for low prices and satisfaction has been added to the model to determine if they correlate to consumer's loyalty.

### 2.5.1. Hypotheses overview



**Figure 1:** To illustrate the individual hypothesis' effects on loyalty a visualization is hereby presented. Considering previous research, Perceived Advantages, Satisfaction, and Purchase Motivation for Low Prices are hypothesized to positively correlate to loyalty. Meanwhile Perceived Complexity is sought out to negatively correlate to loyalty.



### 2.5.2. Perceived advantages' effect on customer loyalty

Generally, perceived advantages can be explained as what the customer perceives to be the benefits of entering and using a customer loyalty program (Kreis & Mafael, 2014). A consumer's participation in a loyalty program is motivated by the possibility to obtain economic (utilitarian) benefits. This refers to special offers in terms of monetary rewards through rebates and discounts. There is also an element of emotional (hedonic) benefits such as exploration and entertainment. Lastly, participation in loyalty programs is driven by social benefits (symbolic) through recognition and special treatment (Wang, Chen, & Chen, 2015). Consumers are found to enjoy rewards, not only in the absolute sense but also in relation to others. Members feel prioritized and the social benefits are fulfilled through a feeling of being treated better than consumers that are not members (Leenheer, van Heerde, Bijmolt, & Smidts, 2007).

When a service is perceived to have a benefit, it is expected to have a positive impact on a customer's intention to accept the service. If a loyalty program provides perceived advantages, the members will feel that they gain superior offerings and are more likely to stay loyal to the program (Chang & Wong, 2017).

With previous research displaying that perceived advantages have a positive impact on customer loyalty, the following is hypothesized:

**H1:** Perceived advantages of the customer loyalty program will positively correlate with consumer's loyalty.

### 2.5.3. Perceived complexity effect on customer loyalty

Perceived complexity of a customer loyalty program can be seen as how difficult a member finds usage of the program to be. The extent to which it is difficult to understand, learn and use the loyalty program all fall under the complexity. These difficulties can be understanding of point or bonus redemption, how one is rewarded or how different members are classified (Demoulin & Zidda, 2009).

According to social cognitive theory, individuals are prone to prefer simple tasks over complex ones. This is due to simple tasks tending to generate more certainty in terms of outcomes from the action. Consequently, this decreases the chances of failure or negative outcomes (Chan, Song, & Yao, 2015). A similar logic holds for loyalty program construction. Simplicity and ease of use need to be considered since it is bound to influence customer participation in the loyalty program. Programs that are too complex create a risk of user misunderstanding the key mechanisms of the program. Findings also suggest that complexity influences a customer's judgment whereas when a poor choice is made it causes greater regret and less satisfaction. Under conditions where a customer views a loyalty program as too complex, there is thus a risk that they

shy away from using it (Chang & Wong, 2017). The following hypothesis is thereby proposed:

**H2:** Perceived complexity of the customer loyalty program will negatively correlate with consumer's loyalty.

#### 2.5.4. Purchase motivation for low prices effect on customer loyalty

Purchase motivation for low prices or price consciousness can dictate a consumer's behavior in the context of using a customer loyalty program. If a customer is sensitive or motivated by low prices it should impact their attitude, usage, and loyalty toward said program. Higher purchase motivation for low prices should lead consumers to more often purchase items that are on sale and to seek more value for their money (Chang & Wong, 2017). According to a study by Magi (2003), it was established that price-conscious customers spend more time looking for low prices and purchase more on discounts than those who do not find the searching time to be worth it. Based on the argument that customers that are motivated by low prices spend more time looking for sales and discounts, it is assumed that they are more aware of the benefits and usage of the program. Based on previous studies and the assumption of price-conscious customers being more aware of loyalty program information the level of purchase motivation for low prices should affect consumer's loyalty. Therefore, the following hypothesis in relation to price consciousness is put forward:

**H3:** Purchase motivation for low prices will positively correlate to consumer's loyalty.

#### 2.5.5. Brand satisfaction effect on customer loyalty

Customer satisfaction and customer loyalty are closely related, corporations all over the world have invested heavily into keeping their customer satisfied with hopes that it keeps them loyal as well. The positive link between the two is there but empirical evidence suggests that more relevant variables need to be accounted for to properly explain and predict customer loyalty. Missing out on using other variables along with satisfaction to explain loyalty can generate inconsistent results since it is possible for satisfied customers to defect due to other reasons (Kumar et al., 2013). The other variables to be paired with satisfaction to explain loyalty can be divided into three different types of characteristics. These are customer, relational, and marketplace characteristics. Customer characteristics refer to variations in people's purchase levels, these are said to have a direct effect on a person's repurchase intention. Relationship characteristics examine the relationship between the firm and the customer. Lastly, marketplace characteristics refer to the interaction between the focal firm and the

customer but additionally competing firms on the market (Seiders et al., 2005). This will be considered when looking at the relationship between satisfaction and loyalty. However, with findings of satisfied customers displaying more loyal behavior (Nam et al., 2011), customer satisfaction correlation to loyalty (Özkan et al., 2020), and the intuitive connection between the two a hypothesis regarding their relationship has been proposed:

**H4:** Satisfaction with the retailer will positively correlate with a consumer's loyalty.

#### 2.5.6. Additional measurements of correlation to loyalty

Since the purpose of this thesis is to examine what factors determine a consumer's loyalty toward a retailer, the different types of loyalty program members will be analyzed more in-depth. The loyalty program members can be divided into three groups. Level One members, Level Two members, and Members unaware of their membership level. How these groups vary in terms of the values for variables will be presented in section 4.1.2.

### 3. Methodology

*This chapter of the bachelor thesis concerns the method that was chosen to analyze the research question of which factors influence a consumer's loyalty. A questionnaire was conducted to capture members' perceptions of a loyalty program, purchase motivation for low prices, satisfaction, and loyalty.*

#### 3.1. Scientific approach

As mentioned previously, the purpose of this thesis is to examine what factors determine a consumer's loyalty toward a retailer. The thesis takes a quantitative scientific approach as numerical data is used to analyze the research questions. It follows a positivist research tradition and builds upon deductive research (Bell et al., 2018). The rationale behind the choice of method is largely based on previous studies' approaches to similar research questions. Important previous research and the overview of loyalty program studies as mentioned in section 2.2.1. present that a vast majority of studies in this field rely on a quantitative research method. A qualitative research method in form of in-depth interviews was considered but was ultimately ruled out. This decision was based on previous research used methods and collecting data to analyze the bigger picture was found more feasible (Chen et al., 2021).

#### 3.2. Pilot study

Prior to launching the questionnaire, a pilot study was performed. The objective was to pre-test the survey to ensure that the main study works as intended. According to (Bell et al., 2018) pre-tests are important for any study, especially when using questionnaires. To perform the pre-test a pilot version of the survey was sent out to 19 respondents who were asked to take the survey while reflecting on the flow, comprehension, formulations, length, and relevance of questions. Each respondent then had the opportunity to provide the author with feedback on the survey either verbally or through text.

##### 3.2.1. Pilot study insights

From sending out the questionnaire to the pilot study group a few points were made regarding the construction of the survey. Firstly, there were two spelling errors that were detected and corrected. Secondly, one statement item formulation was changed to make it shorter and easier to understand. Thirdly, the question about why the respondent joined the loyalty program was changed so that more than one alternative could be selected. Finally, a point was made regarding the length of the entire survey. This was however not altered by the author since removing certain items was not feasible for the

study. Knowing this the author expected more dropouts and unqualified studies as lengthy questionnaires can cause “respondent fatigue” leading to respondents clicking away from the survey (Bell et al., 2018)

### 3.3. Main study

#### 3.3.1. Survey

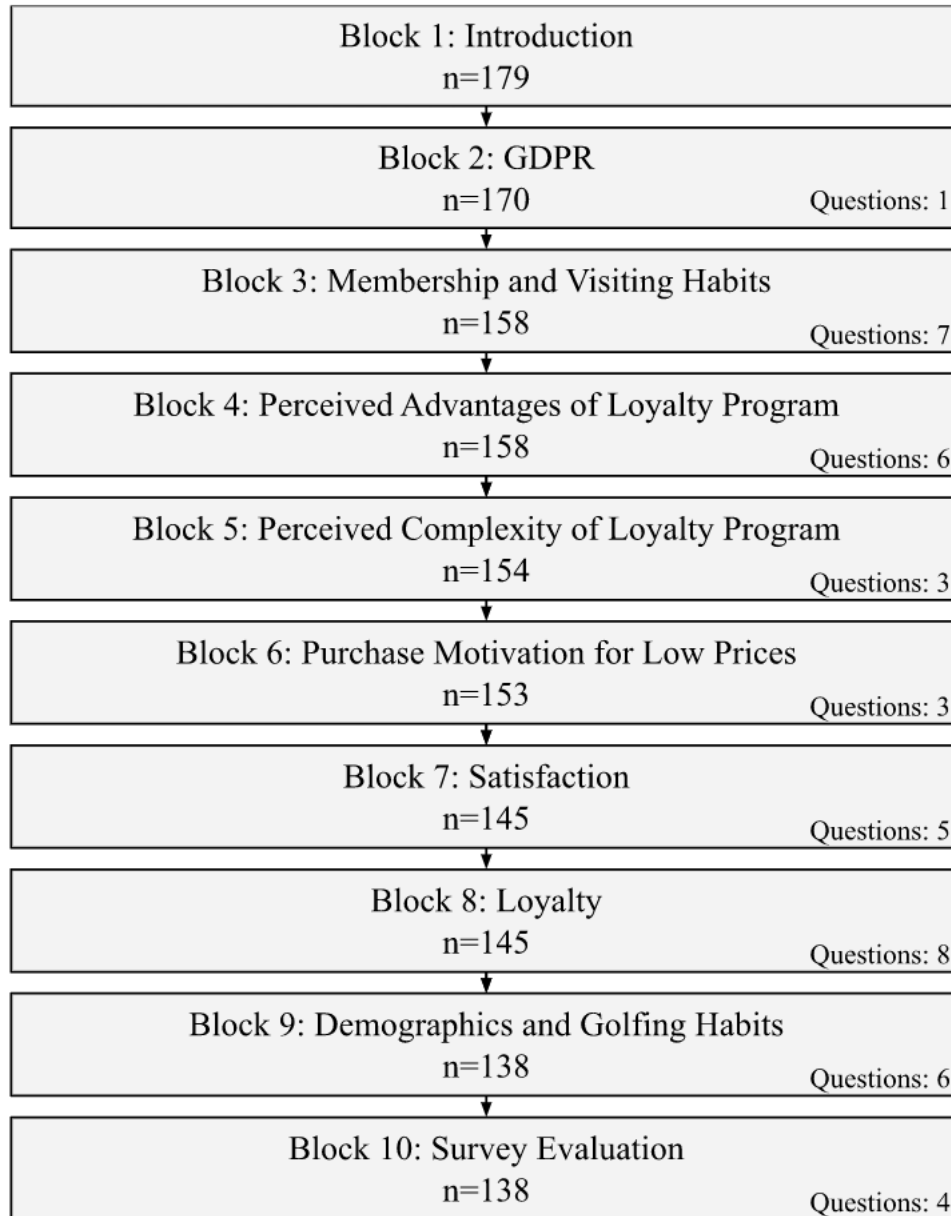
The survey for this thesis was constructed in the program Qualtrics. The program enables anonymous answers for respondents which allows us to follow GDPR guidelines. The survey consisted of 10 different blocks, all with different focal areas. 1) Introduction. 2) GDPR information. 3) Membership and visiting habits. 4) Perceived advantages of the loyalty program. 5) Perceived complexity of loyalty program. 6) Purchase motivation for low prices. 7) Satisfaction. 8) Loyalty. 9) Demographics. 10) Survey evaluation.

The first block presented the aim of the study and the purpose of the questionnaire. Also, the author of the thesis was presented, and the respondent was informed that 1kr would be donated to UNICEF for every response. There was also short information on confidentiality and GDPR before moving on to the second block which contained more detailed information about this. In this block, the respondent had to consent to the GDPR rules to participate in the questionnaire. If they did not consent, they would be automatically transferred to the end of the survey. This question of consent had a “force response” function so that it could not be skipped. Block 3 then consisted of questions regarding their memberships at the focal loyalty program and visiting habits at the company’s physical and online stores.

The following four blocks concerned questions regarding the independent variables in the thesis, i.e., perceived advantages, perceived complexity, purchase motivation for low prices, and satisfaction. For all questions, respondents assessed statements on a 7-point Likert-type scale. The number of items for these variables was six, three, three, and five respectively. All items except for the final two on the satisfaction variable were assessed from 1(disagree completely) to 7(disagree completely). The final two items for the satisfaction variable were formulated in such a way that it was not possible to use the same range. They both asked about satisfaction with the company, in the first the respondent would answer on a range from 1(very dissatisfied) to 7(very satisfied). On the second the respondent was instead presented with 7 different emojis to assess one’s satisfaction. Block eight covered questions for the dependent variable, loyalty. This was also done on a 7-point Likert scale using a total of eight items. The ninth block asked questions about the respondent’s demographics and the tenth block served as an evaluation of the survey itself.

Additionally, an instructional manipulation check was included in Block 7 to make sure that the respondent was paying attention. Respondents who answered this question wrong were assumed to not be paying attention and were thereby removed from the sample. It can therefore be argued that the statistical power of the sample gathered is increased (Oppenheimer, Meyvis, & Davidenko, 2009).

### 3.3.2. Survey flow illustration



**Figure 2:** Flow of the questionnaire distributed to loyalty program members visualized. The number of questions per block and the number of respondents that completed each individual block is also included in this figure.

### 3.4. Variables

This section presents the variables in the thesis and their scales. The dependent variable and the independent variables followed 7-point Likert scales and were consequently indexed. Other variables held different scaling and answering options depending on what was feasible.

#### 3.4.1. Indexed dependent variable

##### **Loyalty**

Loyalty was measured by using findings by Bobâlcă et al (2012) on developing a scale to measure customer loyalty. Loyalty is defined as a process with four distinct phases: cognitive, affective, conative, and action. Cognitive loyalty is defined and measured as the evaluation of an offerings attribute's performance. Affective loyalty refers to an emotional general evaluation. Conative loyalty is defined as a consumer's behavioral intention to keep buying a certain company's products. Lastly, action loyalty includes paying price premiums for a certain company's goods, engaging in positive talk about the company, expressing a preference for the company, and continuing purchases. The study used a 7-point Likert scale, with 1 for total disagreement and 7 for total agreement. However, cognitive loyalty was eliminated from their model due to a lack of validity in their study and will hence not be included as a measurement of loyalty in this bachelor thesis. Affective loyalty was not included in this bachelor thesis' measurement of loyalty since it was deemed to fall outside the thesis scope. Hence it was determined that conative and action loyalty serves as good models for loyalty measurements (Bobâlcă, Gătej(Bradu), & Ciobanu, 2012). Conclusions drawn from their study resulted in this questionnaire adopting the authors' measures for conative and action loyalty to scale the respondent's loyalty. Eight items measured on a 7-point Likert scale with 1 for disagreeing completely and 7 for agreeing completely was used. This is in line with what Bobâlcă et al. (2012) used in their study.

#### 3.4.2. Indexed independent variables

##### **Perceived advantages of loyalty program**

Measuring the perceived advantages of the loyalty program was inspired by a study from Chang & Wong (2017) where they examined levels of psychological reactance based on perceived advantages, complexity, and risks. Further, price-consciousness was examined as a moderator. Statements and items in Chang & Wong's study for measuring perceived advantages included questions regarding the rewards and if they

were of adequate value. The formulations of their three statements were replicated for this study but divided into questions about discounts and other benefits. The rationale behind this decision was that one of the focal firm's loyalty program's most prevalent features is personal discounts for members. Additionally, it was relevant to ensure that respondents are given the opportunity to consider the entirety of the program and not only discounts which might be the first thing that comes to mind when asked about advantages. Therefore, the items for this variable ended up totalling six. Three regarding how the member used and perceived the discounts. Three regarding how the members used and perceived other benefits included in the loyalty program. Like Chang & Wong (2017) this questionnaire uses a 7-point Likert scale stretching from 1 (disagreeing completely) to 7 (agreeing completely) (Chang & Wong, 2017).

### **Perceived complexity of loyalty program**

Like the independent variable of perceived advantages, this independent variable of perceived complexity was fetched from Chang and Wong (2017). The same questionnaire format of a 7-point Likert scale stretching from 1 (disagreeing completely) to 7 (agreeing completely) was used in this study. Unlike the items for perceived advantages that were divided into questions regarding rebates and other benefits, this variable concerned the complexity of the entire loyalty program membership. The three items concerned the complexity of using the membership, the complexity of understanding the membership, and the complexity of understanding membership benefits (Chang & Wong, 2017).

### **Purchase motivation for low prices**

To measure purchase motivation in terms of to which extent the customer eagerly seeks lower-than-expected prices a scale was developed by Völckner (2008). The scale is called *transaction utility* and uses three, 7-point Likert-type items. As intended by Völckner (2008) the questionnaire uses a 7-point scale ranging from 1 (disagree completely) to 7 (agree completely) (Burner & Gordon, 2012). Items include effort taken to find lower prices, joy from purchasing something at discount, and annoyance of spending more than expected on a good (Völckner 2008).

### **Satisfaction with the focal retailer**

Brand satisfaction measurements have been adopted from Chun & Davies' (2006) work. It uses four five-point statements to measure a person's overall satisfaction with a company or brand. The extreme verbal anchors for the first three statements range from 1 (strongly disagree) to 5 (strongly agree). These three statements concerned whether the respondent would recommend the brand to friends/colloques, if they appreciated being associated with the brand and if they felt some sort of belongingness to the brand. The final statement asked how overall satisfied the respondent was with the brand and



uses 1 (very dissatisfied) and 5 (very satisfied) (Burner & Gordon, 2012). In the questionnaire for this thesis, the five-point scale was converted to a Likert-type scale with seven points. The extreme verbal anchors do however remain the same for all statements. Further, the scale was originally labeled “satisfaction with a company” but has been renamed to “satisfaction with the focal retailer” as a name for this variable in the thesis.

After the third statement for this variable, a control question was added to make sure that the respondent paid attention while taking the questionnaire. The respondent was therefore asked to answer “strongly disagree” in the control question. Additionally, a final question with a similar formulation as Chun & Davies’ (2006) final statement was added but with different answering options. Respondents were presented with 7 different smiles staggering from sad to happy where they could express their satisfaction (See appendix 2). Adding this item was done for reliability reasons.

#### 3.4.3. Other variables

##### **Focal firm loyalty program membership**

The opening of the introduction block included questions regarding the respondent’s membership in the focal firm’s loyalty program. The focal firm has two types of members depending on how much money you have spent using the membership. Respondents thus answered which level of membership they held but there was also an option of “I do not know” in case they were unaware. Another question about membership asked what year they became a member program and the reason for joining the loyalty program. Additionally, there was a control question regarding one of the distinct benefits that every member gets upon entering the loyalty program. The different types of memberships as well as membership awareness and attitude were used to find potential differences in different types of members.

##### **Visiting habits at focal firm shopping channels**

The focal sports retailer performs their selling both in-store and online through their websites. They use emails and social media advertising extensively. Two questions were thus formulated regarding visiting frequency at stores and their website. (“How often do you visit the department store” and “How often do you visit the website”). The respondent was presented with five alternatives: 1) Every week, 2) Every month, 3) Every other month, 4) A few times per year/(golf)season and 5) Never.

##### **Respondent’s golfing habits**

This study examines what factors determine customer loyalty using a sports retailer’s loyalty program. The main customer base of the sports retailer is golf players and therefore questions regarding their golfing habits were added. If they play and when they started to play was included. Additionally, a question about the respondent’s value

according to the world handicap system was asked. The world handicap system is a numerical system that measures a golfer's skill, the lower handicap a player has the better he or she is. It allows players on all skill levels to compete against each other (Svenska Golf förbundet, 2022a). The sports retailer's main customer base is golf players in Sweden; hence these questions were included. These golfing habits were later used to draw comparisons against what the Swedish golfing scene looks like as a whole (see section 4.1.1.).

## **Demographics**

Gender, age, and occupation were included as demographical variables in the study. Demographics were also used in the comparison between the sample and golfers in Sweden (section 4.1.1.). Examining potential differences in loyalty in terms of gender, age and occupation were not included in the scope of the thesis.

## **3.5. Data collection and analysis**

### **3.5.1. Data collection**

The self-responder questionnaire was distributed between October 21<sup>st</sup> and November 14<sup>th</sup>. 179 total responses were gathered. Two methods were used to distribute the questionnaire. The first method was reaching out to people through the author's own network to anyone who fulfilled the requirement of holding or previously holding a loyalty program membership at the focal firm. If they did, they were welcome to answer the survey and were also kindly asked to pass it on to anyone who also fulfilled the requirements. The second method was to stand in one of the focal firm's stores and ask customers if they were willing to fill out the questionnaire. They were presented with the opportunity to either fill it out on an iPad or to scan a QR code which enabled them to take the survey on their own phone. Since the focal firm is based in Sweden and most members were assumed to be Swedish it was decided to use Swedish rather than English in the survey. Using English was assessed to create a risk of respondents misinterpreting the questions if they were not in their native language.

### **3.5.2. Data quality and selection**

For a response to be considered valid and usable for analysis certain requirements from the answers had to be met. Firstly, the respondent had to consent to the GDPR regulations presented in Block 2 of the survey. Secondly, respondents had to have answered the control question correctly. Thirdly, they had to have gone through the entirety of the survey.

In total there were 41 people out of the 179 that took the survey that were not considered to have left valid responses. 9 of them did not consent to GDPR, 5 of them did not answer the control question correctly, and 27 of them did not finish the survey.

This left 138 valid responses to be used for analysis. Noteworthy is that 6 respondents left the control question blank when the objective was to fill out “disagree completely”. However, all these respondents had given otherwise complete answers and it was thereby determined to keep these in the final sample since they most likely did not fill it out due to a misinterpretation of the question.

### 3.5.3. Data analysis

Once the questionnaire was closed the gathered data was exported from Qualtrics to Microsoft Excel where the data was manually cleaned and sorted for it to be used in statistical analysis. Additionally, variables were indexed in excel. Making use of Excel was necessary for the next step which was to import the cleaned dataset into the statistical program R v.4.1.2. where further statistical analysis was made.

### 3.5.4. GDPR considerations

Processing and collecting personal data for this thesis follows the EU-level of General Data Protection Regulation (GDPR) (EUR-Lex, 2016). Due to the framework of data collection only, the most necessary personal information needed for in-depth analysis has been collected. These were age, gender, and occupation. Survey respondents were presented with the GDPR regulations and had to agree with the terms and conditions before participating in the survey.

## 3.6. Reliability and Validity

### 3.6.1. Reliability

Reliability concerns whether the chosen measurements in a study measure something consistently or not. It is of particular interest for a quantitative study such as this one (Bell et al., 2018). To assess the reliability of the different variables in this study a common measurement called Cronbach’s alpha was applied. The aim was to test the internal reliability of the indexed variables that were used to find evidence regarding the different factors that affect a customer’s loyalty toward a retailer. These variables were perceived advantages of loyalty programs, the perceived complexity of loyalty programs, purchase motivation for low prices, and satisfaction. Cronbach’s Alpha is widely used as a test for internal reliability. The computed Alpha Coefficient will present a value between 0 and 1. A Cronbach’s Alpha of 0 would indicate no internal reliability while a Cronbach’s Alpha of 1 indicates perfect internal reliability. For many studies, a Cronbach’s Alpha above 0.7 is considered an acceptable level of internal reliability (Bell et al., 2018). This thesis will follow the same rationale and consider values above 0.7 acceptable.

**Table 4:** Summary of Cronbach’s alpha, means, and an observed Cronbach’s alpha from other studies for each indexed variable.

Variable	No. of items	Mean	Cronbach’s $\alpha$	Observed $\alpha$
Perceived Advantages <sup>a</sup>	6	5.18	0.85	0.76
Perceived Complexity <sup>b</sup>	3	1.72	0.87	0.78
Purchase Motivation for Low Prices <sup>c</sup>	3	4.51	0.85	0.72
Satisfaction <sup>d</sup>	5	5.86	0.79	0.85
Loyalty* <sup>e</sup>	8	5.62	0.91	0.79

\*Dependent variable in the thesis

<sup>a</sup> Mean of 1 indicates low perceived advantages of loyalty program, 7 indicates high perceived advantages of loyalty program.

<sup>b</sup> Mean 1 indicates low perceived complexity of loyalty program, 7 indicates high perceived complexity of loyalty program.

<sup>c</sup> Mean of 1 indicates low, 7 indicates high

<sup>d</sup> Mean of 1 indicates low satisfaction with the focal retailer, 7 indicates high satisfaction with the focal retailer

<sup>e</sup> Mean of 1 indicates low loyalty toward the focal retailer, 7 indicates high loyalty towards the focal retailer.

In addition to testing the internal reliability through Cronbach’s Alpha, a question in the Satisfaction variable was repeated but in different answering formats. The question of how satisfied the respondent was with the focal retailer was first asked with the answering range from “very dissatisfied” to “very satisfied” (1-7). Right after this question, another one of similar formulation was to be answered but instead, the 1-7 range was represented by 7 smileys with different expressions. The expressions started sad and got increasingly happier (See appendix 2). This was done to ensure reliability and to make multiple observations and see if the results of the two questions generated similar results. The first question had a mean value of 6.03 while the one using smiley held a mean value of 5.94.

### 3.6.2. Validity

Validity concerns the integrity of conclusions that are generated from research i.e., the ability of a study to measure what it is supposed to and answer its research questions (Bell et al., 2018). A fundamental part of validity as described by Bell et al., (2018) is External Validity. This concerns the question of if a study can be generalized beyond this research context. Established measures have been used for the different variables in the questionnaire and the sample generated is a decent representation of the focal firm’s

entire member population which speaks for the external validity. The method for this thesis is like what has been used in other loyalty program studies which also contributes to validity. However, it is important to recognize that the sample size ideally could have been larger. The adopted questionnaire scales and variables have been translated from Swedish to English to enable respondents to take the questionnaire in their native language. Ultimately this takes away from the validity of the study.

### 3.6.3. Survey Evaluation

The final block of the survey consisted of 4 items where the respondent would evaluate the survey and the study itself. The items concerned if the questions were well formulated, if the presented answering options were easy to understand, if the study was meaningful, and if the questions tried to point the respondent in a certain direction. All 4 questions were evaluated on a 5-point Likert scale. 81% felt that the questions were well formulated. 77% found the answering options easy to understand. 76% found the study meaningful. 81% did not think that the question tried to point them in any direction.

## 4. Results and analysis

*This part of the bachelor thesis presents the results of the study. First, descriptive statistics and differences between loyalty program member groups are presented. Second, correlations among the variables are brought forward. Thirdly, a linear regression model including all variables from the thesis is conducted. Finally, a summary of the results regarding the study's hypothesis is displayed.*

### 4.1. Descriptive statistics

#### 4.1.1. Sample demographics

Considering the respondents of the questionnaire the split between males and females was 69% and 31% respectively. The mean age for the respondents was 37. Further, 95% of them reported being golf players and the average world handicap rating among these respondents was 19.5. Since a large proportion of the focal retailer's clients are golf players in Sweden, a comparison between the sample and statistics from (Svenska Golförbundet, 2022) was made to see if the demographics look similar. Looking at golfers in Sweden the proportion of men and women is 74.4% against 25.6%. The average world handicap rating is 24.3 and the average age is 49. It can therefore be determined that the demographics in the sample look similar to golfers in Sweden. The exception would be a bigger age difference which can be explained by partial convenience sampling. Many of the respondents from the author's network were between the ages of 20 and 29.

As previously mentioned, loyalty program members at the focal firm are divided into two separate groups depending on their spending at the focal retailer. Thereby members can be defined as Level One (lower spending) and Level 2 (higher spending) members. In terms of membership levels within the sample, 30% did not know their membership level while 44% held a Level One membership and 26% held the Level Two Membership. The average member had held a membership in the focal firm's loyalty program since 2018. Further, 20% of the respondents answered the question regarding a distinct benefit of the loyalty program right. (A table with full descriptive statistics can be found in appendix 4).

#### 4.1.2. Analyzing the data

The aim of this thesis was to examine which factors affect consumer's loyalty. Tests used to examine the research question include a one-way ANOVA test, Tukey's HSD test, regression analysis, and Pearson Correlation test. Throughout this section, p-values with a significance level of 5% ( $p < 0.05$ ) will be used to determine the significance of all performed tests.

#### 4.1.3. Descriptive Statistics by Membership Levels

With the aim of this thesis being to examine which factors affect a consumer's loyalty towards a retailer, the differences in means in subject groups were sought out to be tested. These subject groups concern respondents' different membership levels. Since the focal firm's loyalty program contains two levels (Level One and Two) and a certain number of members did not know their level, three separate groups have been identified. "Level One Members", "Level Two Members" and "Members Unaware of Their Membership Level". Descriptive statistics for each member group can be found in Table 5 in panels A, B, and C respectively. Additionally, a One-sample T-test was run for each variable and membership group against the middle value of 4 to determine if the sample means significantly differed from being at the middle of the 1-7 range.

**Table 5:** Descriptive statistics for all loyalty membership groups.

**Panel A:** Descriptive Statistics for Level One Members. (n=61)

Variable	M	SD	Med	Min	Max
Perceived Advantages <sup>a</sup>	5.23	0.94	5.50	2.67	6.50
Perceived Complexity <sup>b</sup>	1.74	1.15	1.33	1.00	5.67
Purchase Motivation for Low Prices <sup>c</sup>	4.36	1.30	4.33	1.67	7.00
Satisfaction <sup>d</sup>	5.91	0.62	6.20	4.20	7.00
Loyalty** <sup>e</sup>	5.69	1.09	5.88	1.88	7.00

**Panel B:** Descriptive Statistics for Level Two Members. (n=36)

Variable	M	SD	Med	Min	Max
Perceived Advantages <sup>a</sup>	5.77	0.59	5.83	3.50	6.50
Perceived Complexity <sup>b</sup>	1.61	0.79	1.33	1.00	4.00
Purchase Motivation for Low Prices <sup>c</sup>	4.33*	1.50	4.83	1.33	6.33
Satisfaction <sup>d</sup>	6.25	0.43	6.40	5.20	6.80
Loyalty** <sup>e</sup>	5.93	0.67	6.25	4.13	6.63

**Panel C:** Descriptive Statistics for Members Unaware of Their Membership Level. (n=41)

Variable	M	SD	Med	Min	Max
Perceived Advantages <sup>a</sup>	4.59	0.98	4.50	2.83	6.33
Perceived Complexity <sup>b</sup>	1.80	0.97	1.33	1.00	4.67
Purchase Motivation for Low Prices <sup>c</sup>	4.91	1.44	5.33	2.00	7.00
Satisfaction <sup>d</sup>	5.44	0.80	5.40	3.20	6.60
Loyalty** <sup>e</sup>	5.25	0.90	5.38	3.25	6.63

*Note:* One sample t-test was conducted for all means to test if membership groups deviated from the center of the scale (M=4) at a significance level of  $p < 0.05$ . \* Indicates that the mean for the given group does not deviate from the center of the scale (M=4).

\*\*Dependent variable in the thesis.

<sup>a</sup> 1 indicates low perceived advantages of loyalty program, 7 indicates high perceived advantages of loyalty program.

<sup>b</sup> 1 indicates low perceived complexity of loyalty program, 7 indicates high perceived complexity of loyalty program.

<sup>c</sup> 1 indicates low, 7 indicates high

<sup>d</sup> 1 indicates low satisfaction with the focal retailer, 7 indicates high satisfaction with the focal retailer

<sup>e</sup> 1 indicates low loyalty towards the focal retailer, 7 indicates high loyalty towards the focal retailer.

#### 4.1.4. ANOVA and Tukey's HSD test

A one-way ANOVA test was conducted to determine if different memberships in the loyalty programs had effects on Perceived Advantages, Perceived Complexity, Purchase Motivation for Low Prices, and Loyalty. The test was carried out to examine potential significant differences in means between the membership holders. See the results from the ANOVA test for all variables in Table 6.

**Table 6:** Results from ANOVA-tests for loyalty membership group's means for all variables in the model.

Variable	<i>SumSq</i>	<i>MeanSq</i>	<i>F-value</i>	<i>p</i>
Perceived Advantages	27.12	13.56	17.6	<0.001**
Perceived Complexity	0.74	0.37	0.36	0.70
Purchase Motivation for Low Prices	9.16	4.58	2.35	0.09
Satisfaction	12.92	6.46	15.8	<0.01**
Loyalty*	9.44	4.72	5.43	<0.01**

\*Dependent variable in the thesis model.

\*\*Statistically significant since  $p < 0.05$ .

For variables Perceived Advantages, Satisfaction and Loyalty a p-value smaller than 0.05 was reported. This indicates that there is a statistically significant difference in means between at least two of the membership groups for these three variables. Tukey's HSD test was then applied to these three variables to examine which membership groups had statistically significant differences from one another. See plots for Tukey's HSD test in Appendix 3.

Tukey's HSD test for multiple comparisons found that the mean Perceived Advantages were significantly different across all membership groups.

Like Perceived Advantages, Tukey's HSD test for multiple comparisons found that the mean difference in Satisfaction was significant across all membership groups.

The Tukey HSD test for Loyalty found that the mean difference between Level 2 members and those unaware of their membership level was significant. The other two compared differences in means were not found statistically significant.

## 4.2. Variable Correlations

The correlation among the variables was also tested. A Pearson Correlation Test was conducted to examine the correlation between the dependent variable and the



independent variables. Additionally, a correlation matrix was added to examine correlation across the independent variables as well.

**Table 7:** Summary of the independent variables' correlation to the dependent variable loyalty.

Variable	Correlation	p-value	t
Perceived Advantages	0.59	<0.001	8.6
Perceived Complexity	-0.39	<0.001	-4.9
Purchase Motivation for Low Prices	-0.21	0.0106	-2.6
Satisfaction	0.73	<0.001	12.5

*Note:* All p-values<0.05 indicate that all correlations are significant.

The strongest support for loyalty determination is found in the satisfaction variable. The correlation between satisfaction and loyalty resulted in 0.73 which can be considered rather high. Perceived Advantages also reported some degree of correlation with 0.59 which can be considered as a moderate relationship to the dependent variable loyalty.

**Table 8.** A correlation matrix displaying correlations between all variables. 1.00 indicates a perfect correlation while 0.00 indicate no correlation.

	PerAd	PerCo	PurchMot	Satisf	Loyalty
Perceived Advantages	1.00	-0.32	-0.18	0.71	0.59
Perceived Complexity	-0.32	1.00	0.23	-0.47	-0.39
Purchase Motivation for Low Prices	-0.18	0.23	1.00	-0.20	-0.22
Satisfaction	0.71	-0.47	-0.19	1.00	0.73
Loyalty	0.59	-0.39	-0.22	0.73	1.00

*Note:* All correlations are significant at  $p < .05$ .

Perceived advantages and loyalty display a noteworthy strong correlation as seen in Table 8. This relationship indicates that how well members perceive the loyalty program advantages and their satisfaction with the retailer are closely linearly related. Further, a negative correlation of -0.47 between perceived complexity and satisfaction is displayed. Even though it's not a strong correlation it indicates that perceiving a loyalty program as complex might spill over to less satisfaction with the retailer itself.

### 4.3. Regression Analysis

To examine what factors affect consumer's loyalty towards a retailer, a multiple linear regression model was run. The different independent variables were tested on the independent variable loyalty under the following model:

$$\text{Loyalty} = \beta_0 + \beta_1(\text{Perceived Advantages}) + \beta_2(\text{Perceived Complexity}) + \beta_3(\text{Purchase Motivation for Low Prices}) + \beta_4(\text{Satisfaction}) + u_i$$

The model generated an R<sup>2</sup>-value of 0.553 meaning that 55.3% of the Loyalty variance in the data can be explained by Perceived Advantages, Perceived Complexity, Purchase Motivation for Low Prices, and Satisfaction. Further, the model's F statistic was 41.157 and found significant at p<0.01.

**Table 9:** Summary of multiple linear regression model output.

	<i>Dependent variable:</i>
	Loyalty
Perceived Advantages	0.145* (0.082)
Perceived Complexity	-0.048 (0.064)
Purchase Motivation for Low Prices	-0.043 (0.041)
Satisfaction	0.814*** (0.121)
Constant	0.376 (0.632)
Observations	138
R <sup>2</sup>	0.553
Adjusted R <sup>2</sup>	0.540
Residual Std. Error	0.658 (df = 133)
F Statistic	41.157*** (df = 4; 133)

*Note:* \*p<0.1; \*\*p<0.05; \*\*\*p<0.01

*Beta Coefficients are unstandardized.*

*Standard error in parentheses.*

As for the first independent variable Perceived Advantages, the reported unstandardized beta coefficient was 0.145. This means that a one-unit increase in how well the advantages of loyalty programs are perceived would generate a 0.145 increase in loyalty. However, the p-value did not pass the threshold of being below 0.05 hence it is not a statistically significant predictor of loyalty.

The second independent variable, Perceived Complexity, in the model generated an unstandardized beta coefficient of -0.048. This means that for every unit increase in how complex a member finds a loyalty program the loyalty is expected to decrease by 0.048. The p-value for this variable is however larger than 0.05 which indicates that this variable is not a statistically significant predictor of loyalty.

The third independent variable, Purchase Motivation for Low Prices, ended up with an unstandardized beta coefficient of -0.043. This indicates that for every unit increase for a respondent to be more motivated to search for lower prices the loyalty was expected to decrease by 0.043. The p-value for this variable was not smaller than 0.05 either meaning that this variable is not a statistically significant predictor of loyalty.

The fourth and final independent variable of Satisfaction had an unstandardized beta coefficient of 0.814. This indicates that for every 1 unit increase in satisfaction, loyalty is expected to increase by 0.814 according to the model. The p-value for this variable was smaller than 0.05 meaning that Satisfaction was a statistically significant predictor of loyalty in the model.

#### 4.4. Hypotheses Summary

Decisions regarding the outcome of the hypotheses in the model are based on the statistical analysis performed earlier in this chapter.

##### 4.4.1. Perceived advantages of a loyalty program and loyalty

Results show that the Perceived Advantages effect on Loyalty was not significant in the regression model as the p-value did not meet the threshold of being below 0.05 (see Table 9). Further, a moderate correlation of 0.59 between Perceived Advantages and Loyalty was found (see Table 7). There is however not enough empirical evidence to conclude that there is support for this hypothesis. Hence, H1 is not supported.

---

H1	Perceived advantages of the customer loyalty program will positively correlate with consumer's loyalty.	Not supported
----	---	---------------

---

##### 4.4.2. Perceived complexity of a loyalty program and loyalty

Results indicate that the Perceived Complexity of a loyalty program was not a significant predictor of loyalty ( $p = 0.451$  in Table 9). Additionally, no significant correlation between Perceived Complexity and Loyalty was found. There is no empirical support for H2.

---

H2	Perceived complexity of the customer loyalty program will negatively correlate with consumer's loyalty.	Not supported
----	---	---------------

---

#### 4.4.3. Purchase motivation for low prices and loyalty

Results indicate that Purchase Motivation for Low Prices was not a significant predictor of loyalty ( $p = 0.3029$  in Table 9). Additionally, no significant correlation to loyalty was found. There is no empirical support for H3.

---

H3	Purchase motivation for low prices will positively correlate to consumer's loyalty.	Not supported
----	---	---------------

---

#### 4.4.4. Satisfaction and loyalty

Results show that satisfaction with a retailer is a significant predictor of loyalty ( $p = <0.001$ ) with a Beta coefficient of 0.81 (see Table 9). Additionally, there is strong a correlation of 0.73 between satisfaction and loyalty (see Table 7). There is therefore empirical support for H4.

---

H4	Satisfaction with the retailer will positively correlate with a consumer's loyalty.	Supported
----	---	-----------

---

## 5. Discussion

*The purpose of this thesis has been to examine which factors determine consumer's loyalty towards a retailer. Results from the previous chapter will be discussed in this section.*

### 5.1. Conclusions & Implications

#### 5.1.1. Perceived advantages of a customer loyalty program

Despite there not being enough empirical support for the perceived advantages of a customer loyalty program to positively correlate to loyalty, I argue that this variable is still important. Had a different significance level of 10% been used rather than 5%, this variable would have turned out significant in the regression model (see Table 9). Additionally, a moderate correlation of 0.59 between Perceived Advantages and Loyalty (see Table 7) was found. There is also a strong correlation of 0.71 between Satisfaction (which was the only empirically supported predictor of loyalty) and Perceived Advantages as seen in Figure 4. This variable can therefore have a more indirect effect on loyalty, and I argue that it shall not be overlooked.

Previous research, such as the coalition loyalty program study by Chang & Wong (2017), found support for Perceived Advantages to positively correlate to loyalty. Slightly different and weaker data in favor of this may be explained by communication of advantages of the program. 30% of the sample did not know their membership level and only 20% answered the question regarding a distinct loyalty program benefit correctly. Therefore, members may not have realized what benefits come with the loyalty program. This implies that communicating benefits and advantages to consumers/members is of utmost importance.

#### 5.1.2. Perceived complexity of a customer loyalty program

As for the perceived complexity of a customer loyalty program, it did not have any effect on loyalty. A very small Beta Coefficient of -0.048 in the regression model in Table 9 and no significance points towards no relationship. It also presented a rather weak correlation to the loyalty variable of -0.39 in the Pearson Correlation test (see Table 7). This contradicts findings from Chang & Wong (2017) who found support for psychological reactance from perceived complexity which hence disrupted loyal behavior. Their study was however conducted in a coalition loyalty program context which may be viewed as generally more difficult to manage. The loyalty program studied in this thesis concerns only one retailer/firm and is assumed to be more user-friendly and easier to understand in comparison. Values for the perceived complexity

variable was very low across the entirety of the sample indicating that most user had no issues with understanding the program.

Considering the results of this study and previous research by Chang & Wong (2017) I believe that the perceived complexity of a loyalty program can be viewed as a hygiene factor for loyalty programs. Low complexity has no effect on loyalty, and more complexity seems to disrupt loyalty. This implies that a user-friendly and low-complex loyalty program is preferred since the counterpart impacts loyalty in a negative way.

#### 5.1.3. Purchase motivation for low prices and loyalty

As shown in Table 9 there is no significant relationship between loyalty and purchase motivation for low prices. Neither are there any remarkable correlations to loyalty nor any other variables in the model. These findings are different from what is seen in previous research. It is suggested that consumers with a greater purchase motivation for low prices spend more time and energy to look for discounts (Magi 2003). These are many times found in loyalty programs and the focal firm's loyalty program provides discounts for its members. Thereby the hypothesis of loyalty to correlate with purchase motivation for low prices was put forward.

Results not lining up with studies from reviewed literature may have to do with the nature of the gathered sample. Svenska Golförbundet (2022b) suggests that 4 out of 5 golfers will continue to prioritize golf despite uncertain economic times. Given that much of the focal firm's customer base is golf players this suggests that these clients might be less motivated by low prices. Hence, the result of no correlation to loyalty. This implies that this type of consumer alone might deviate from the status quo but overall, I argue that purchase motivation for low prices can still play a role in the usage of customer loyalty programs since it often provides rebates for the user.

#### 5.1.4. Satisfaction with the retailer and loyalty

Satisfaction turned out to be the main and only predictor of loyalty in the regression model of this thesis (see Table 9). Additionally, there was a strong significant correlation between satisfaction and loyalty of 0.73 as seen in Table 7.

These results are like previous research on the satisfaction-loyalty link which suggests that these two are closely connected (Nam et al., 2011; Özkan et al., 2020). Considering the study by Jones (1996) regarding that highly satisfied customers tend to be more loyal provides another interesting insight. The mean satisfaction with the retailer from the entire sample was 5.86 (see Table 4). I consider this level of satisfaction to be high which means that the result of this study follows the logic provided in Jones' (1996) study. This implies that the more satisfied a customer is with a retailer, the more likely they are to be loyal.

#### 5.1.5. Implications of Membership Levels

The focal loyalty program can be described as a Type 4 loyalty program where targeted mailings and offerings are presented to the member. Additionally, members are segmented based on their previous purchasing history (Berman, 2006). This implies that a firm ends up with different types of members. In this study, these members turned out to have significant differences in means for Perceived Advantages, Satisfaction, and Loyalty (see table 6). Level Two members had the highest Loyalty as well as the highest Perceived Advantages and Satisfaction which were the two variables that held the strongest correlation to loyalty. These Level Two members spend the most using their membership and get additional benefits from it. This difference implies that the Level Two members are more loyal, and I argue that a “high tier membership” can in fact facilitate loyalty. This is also in line with what Leenheer et al. (2007) established regarding members feeling prioritized. As consumers are granted additional rewards, they experience that they are treated better in relation to others which can generate positive feelings towards a retailer.

#### 5.2. Limitations

The chosen data collection method comes with certain limitations. The data was partly collected by reaching out to people in my own network and asking them to pass the survey on to people around them. This was done in the hope to create a snowball effect and generate answers. However, since the web-based survey was an open link possible to pass on, there are risks that the survey reached people that were not meant to answer it. Hence, the possibility of some respondents not meeting the requirements of holding a membership in the focal loyalty program is present. Even though someone who does not hold such a loyalty program membership is likely to disregard the survey the possibility shall not be overlooked.

The respondents were all members of the loyalty program meaning that those who are not members are left out. Any differences between members and non-members were therefore not possible to examine.

It is also noteworthy that answers are based on the respondent's own judgement and misinterpretations of questions might occur. Here, there is a risk that respondents fail to answer what reflects reality. For example, when presented with the statement whether one recommends the focal retailer to friends and colleagues, it is easy to simply agree completely. However, this might not be the case and is maybe something that the respondent might do. This can be done both on purpose and by mistake.

A limitation of this study which is highly worth noting regards the relationship between loyalty and satisfaction. As previously mentioned, satisfaction is a significant predictor of loyalty and the only significant variable in the thesis model. However, I find it

important to discuss that this relationship may go the other way around. The question becomes what came first, the chicken (satisfaction) or the egg (loyalty)? Are people loyal because they are satisfied or satisfied because they are loyal? It is very hard to know for sure in this case. Additionally, there might be even more factors that influence loyalty that was not included in this study.

Since the data has only been collected during one relatively short time period this hinders general conclusions (Bell et al., 2018). Given that the main customer base for the focal sports retailer is golfers in Sweden this has even further implications. The data was partly gathered in-store. Golf is a seasonal sport in Sweden whereas most play is done during the summer. With the data gathering process taking place in late October and November it is possible that only a certain type of golfers might have visited the store and answered the survey. This would be the golfers that are more “hardcore” and dedicated to the game. The data could have optimally been gathered during a longer time or preferably in the summer when golfers in Sweden are the most active. It might have generated more significant and relevant data as a broader set of golfers could have been reached. However, this was not possible within the scope of this bachelor's thesis.

Continuing the topic of data quality, the issue of multicollinearity needs to be discussed as well. As seen in Table 8 there are some significant correlations between independent variables, particularly between satisfaction and loyalty. Despite this having some potential implications, it raises issues for the regression model in this bachelor's thesis. With the correlation between independent variables, the results of this model are less statistically reliable and are to be treated with caution.

### 5.3. Conclusion & Final Words

The purpose of this thesis was to examine which factors determine a consumer's loyalty toward a retailer. Hopefully, the findings in this thesis can be examined by marketers and firms to understand customer loyalty further and grasp the implications of a customer loyalty program. Satisfaction turned out to be the lone empirically supported factor for loyalty determination. In hindsight, I do however believe that the implications of the other variables in the thesis (perceived advantages, perceived complexity, and purchase motivation for low prices) may play a role in loyalty. Perhaps not directly but in more subtle or indirect ways. The different membership levels at the focal loyalty program turned out to generate significant differences in perceived advantages, satisfaction, and loyalty. Level 2 members displayed the highest loyalty of the three different groups. Therefore, in this context, satisfaction and loyalty program levels are what determine customer's loyalty toward a retailer.





## 6. References

- Bell, E., Bryman, A., & Harley, B. (2018). *Business research methods*
- Berman, B. (2006). Developing an effective customer loyalty program. *California Management Review*, 49(1), 123-148. doi:10.2307/41166374
- Bobâlcă, C., Gătej(Bradu), C., & Ciobanu, O. (2012). Developing a scale to measure customer loyalty. *Procedia Economics and Finance*, 3, 623-628.  
doi:[https://doi.org/10.1016/S2212-5671\(12\)00205-5](https://doi.org/10.1016/S2212-5671(12)00205-5)
- Bolton, R. N., Kannan, P. K., & Bramlett, M. D. (2000). Implications of loyalty program membership and service experiences for customer retention and value. *Journal of the Academy of Marketing Science*, 28(1), 95-108.  
doi:10.1177/0092070300281009
- Burner, I. I., & Gordon, C. (2012). *Marketing scales handbook* (6th Edition ed.). USA: GCBII Productions.
- Butscher, S. A. (2002). *Customer loyalty programmes and clubs* (2nd ed.). Aldershot: Gower.
- Capizzi, M. T., & Ferguson, R. (2021). Loyalty trends for the twenty-first century. *The Journal of Consumer Marketing*, 22(2), 72-80. doi:10.1108/07363760510589235
- Centrum För Idrottstatistik. (2022). Medlemmar - idrottsstatistik. Retrieved from <https://idrottsstatistik.se/foreningsidrott/medlemmar/>

- Chan, S. H., Song, Q., & Yao, L. J. (2015). The moderating roles of subjective (perceived) and objective task complexity in system use and performance. *Computers in Human Behavior*, 51, 393-402. doi:10.1016/j.chb.2015.04.059
- Chang, H. H., & Wong, K. H. (2017). Consumer psychological reactance to coalition loyalty program: Price-consciousness as a moderator. *Service Business*, 12(2), 379-402. doi:10.1007/s11628-017-0353-6
- Chen, Y., Mandler, T., & Meyer-Waarden, L. (2021). Three decades of research on loyalty programs: A literature review and future research agenda. *Journal of Business Research*, 124, 179-197. doi:10.1016/j.jbusres.2020.11.057
- Danaher, P. J., Sajtos, L., & Danaher, T. S. (2016). Does the reward match the effort for loyalty program members? *Journal of Retailing and Consumer Services*, 32, 23-31. doi:10.1016/j.jretconser.2016.05.015
- Demoulin, N. T. M., & Zidda, P. (2009). Drivers of customers' adoption and adoption timing of a new loyalty card in the grocery retail market. *Journal of Retailing*, 85(3), 391-405. doi:10.1016/j.jretai.2009.05.007
- Gandomi, A., & Zolfaghari, S. (2013). Profitability of loyalty reward programs: An analytical investigation. *Omega (Oxford)*, 41(4), 797-807. doi:10.1016/j.omega.2012.10.003
- Happy Go. (2017). Happy-go membership info. Retrieved from <https://www.happygocard.com.tw/official/event/2019DOCOMO/faq.html>

- Jones, T. O. (1996). Why satisfied customers defect. *Journal of Management in Engineering*, 12(6), 11. doi:10.1061/(ASCE)0742-597X(1996)12:6(11.2)
- Kang, J., Alejandro, T. B., & Groza, M. D. (2015). Customer-company identification and the effectiveness of loyalty programs. *Journal of Business Research*, 68(2), 464-471. doi:10.1016/j.jbusres.2014.06.002
- Kreis, H., & Mafael, A. (2014). The influence of customer loyalty program design on the relationship between customer motives and value perception. *Journal of Retailing and Consumer Services*, 21(4), 590-600. doi:10.1016/j.jretconser.2014.04.006
- Kumar, V., Pozza, I. D., & Ganesh, J. (2013). Revisiting the Satisfaction–Loyalty relationship: Empirical generalizations and directions for future research. *Journal of Retailing*, 89(3), 246-262. doi:10.1016/j.jretai.2013.02.001
- Leenheer, J., van Heerde, H. J., Bijmolt, T. H. A., & Smidts, A. (2007). Do loyalty programs really enhance behavioral loyalty? an empirical analysis accounting for self-selecting members. *International Journal of Research in Marketing*, 24(1), 31-47. doi:10.1016/j.ijresmar.2006.10.005
- Magi, A. W. (2003). Share of wallet in retailing: The effects of customer satisfaction, loyalty cards and shopper characteristics. *Journal of Retailing*, 79(2), 97-106. doi:10.1016/S0022-4359(03)00008-3

- Meyer-Waarden, L. (2007). The effects of loyalty programs on customer lifetime duration and share of wallet. *Journal of Retailing*, 83(2), 223-236.  
doi:10.1016/j.jretai.2007.01.002
- Nam, J., Ekinci, Y., & Whyatt, G. (2011). Brand equity, brand loyalty and consumer satisfaction. *Annals of Tourism Research*, 38(3), 1009-1030.  
doi:10.1016/j.annals.2011.01.015
- Oppenheimer, D. M., Meyvis, T., & Davidenko, N. (2009). Instructional manipulation checks: Detecting satisficing to increase statistical power. *Journal of Experimental Social Psychology*, 45(4), 867-872. doi:10.1016/j.jesp.2009.03.009
- Özkan, P., Süer, S., Keser, İ K., & Kocakoç, İ D. (2020). The effect of service quality and customer satisfaction on customer loyalty: The mediation of perceived value of services, corporate image, and corporate reputation. *International Journal of Bank Marketing*, 38(2), 384-405. doi:10.1108/IJBM-03-2019-0096
- Seiders, K., Voss, G. B., Grewal, D., & Godfrey, A. L. (2005). Do satisfied customers buy more? examining moderating influences in a retailing context. *Journal of Marketing*, 69(4), 26-43. doi:10.1509/jmkg.2005.69.4.26
- Shugan, S. M. (2005). Brand loyalty programs: Are they shams? *Marketing Science (Providence, R.I.)*, 24(2), 185-193. doi:10.1287/mksc.1050.0124
- Singh, S. S., Jain, D. C., & Krishnan, T. V. (2008). Research note--customer loyalty programs: Are they profitable? *Management Science*, 54(6), 1205-1211.  
doi:10.1287/mnsc.1070.0847

Svenska Golfförbundet. (2022a). Handicap. Retrieved from <https://golf.se/for-spelaren/regler--handicap/varldshandicapsystemet/>

Svenska Golfförbundet. (2022b). Pitch 24 - budgetplanerig för osäkra tider. Retrieved from <https://www.youtube.com/watch?v=ATLhM1MT90k&t=1083s>

Svenska Golfförbundet. (2022c). Statistik. Retrieved from <https://golf.se/om-golfsverige/analyser-och-statistik/statistik/>

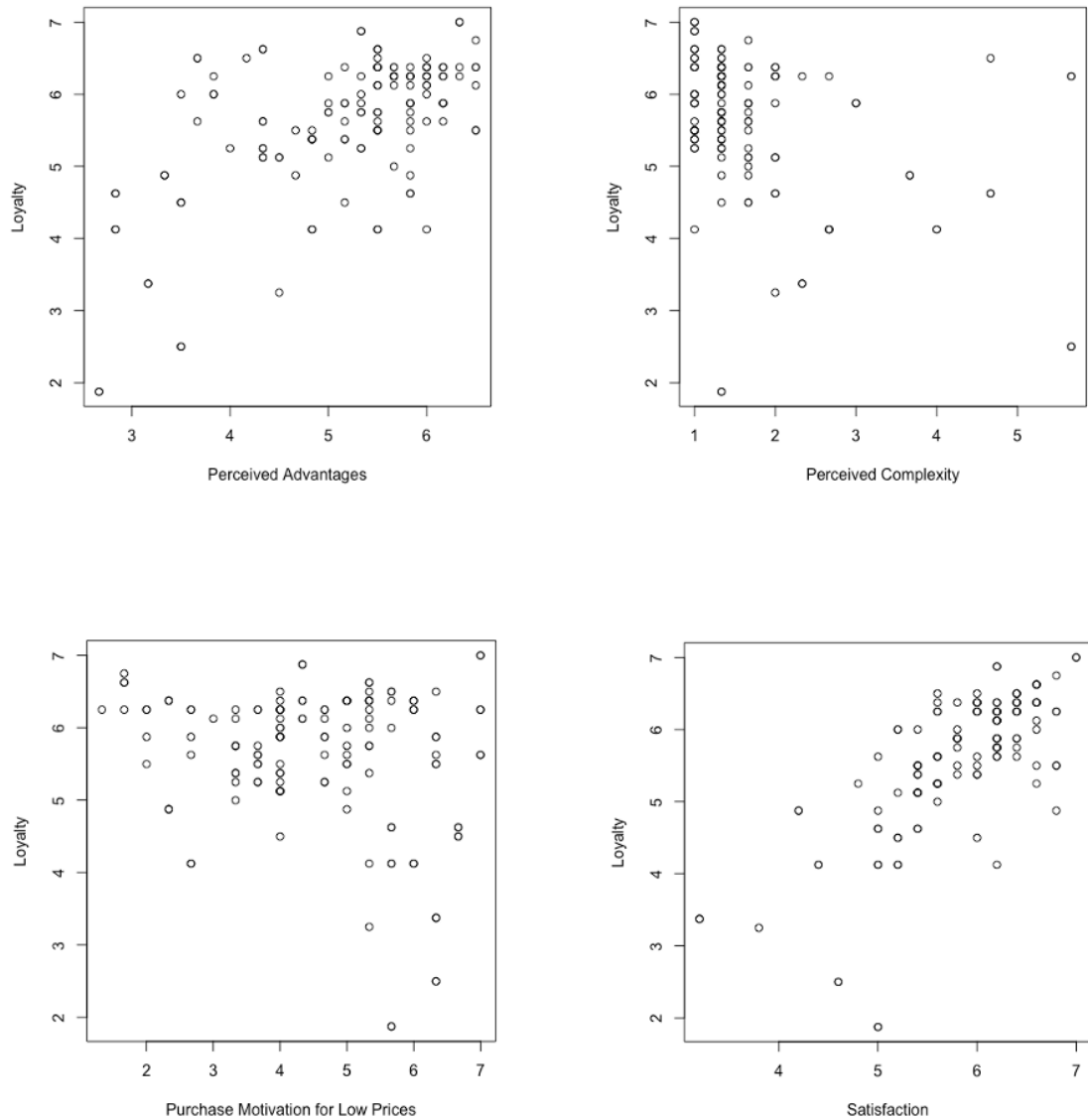
Szymanski, D. M., & Henard, D. H. (2001). Customer satisfaction: A meta-analysis of the empirical evidence. *Journal of the Academy of Marketing Science*, 29(1), 16-35. doi:10.1177/009207030102900102

Wang, E. S., Chen, L. S., & Chen, I. F. (2015). The antecedents and influences of airline loyalty programs: The moderating role of involvement. *Service Business*, 9(2), 257-280. doi:10.1007/s11628-013-0226-6

## 7. Appendices

### Appendix 1

#### Correlation plots



**Figure 3:** All independent variables in the thesis (Perceived Advantages, Perceived Complexity, Purchase Motivation for Low Prices, and Satisfaction) separately plotted against the dependent variable (Loyalty).

## Appendix 2

### Questionnaire

*This appendix contains the entire questionnaire used for data gathering. Certain information is hidden since the focal firm is not to be disclosed.*

#### Block 1 - Introduction

Enkät om kundlojalitet – berätta vad du tycker!

Hej!

Här får du medverka i en enkät som är en del av mitt kandidatprojekt i marknadsföring på Handelshögskolan i Stockholm. Syftet med undersökningen är att utreda hur konsumenters lojalitet gentemot ett varumärke påverkas av olika faktorer. I detta fall just för dig som är medlem [REDACTED]  
[REDACTED] Enkäten tar ca 5 minuter att besvara.

Dina rättigheter är skyddade enligt GDPR, alla svar du lämnar är anonyma och den insamlade datan kommer att raderas efter projektet är slutfört. För varje besvarad enkät kommer Ikr att doneras till UNICEF.

Du kan starta enkäten när du är redo – tack för din medverkan!  
Vänligen,  
Gustav Moberg (25087@student.hhs.se)



## Block 2 – GDPR

Informationen i denna undersökning behandlas enligt GDPR-ramverket. Vänligen ta del av informationen nedan:

### Studentens projekt

Som en väsentlig del av utbildningsprogrammet vid Handelshögskolan i Stockholm gör inskrivna studenter ett individuellt examensarbete. Detta arbete bygger ibland på undersökningar och intervjuer kopplade till ämnet. Deltagande är naturligtvis helt frivilligt och denna text är avsedd att ge dig nödvändig information som kan röra ditt deltagande i studien eller intervjun. Du kan när som helst återkalla ditt samtycke och dina uppgifter kommer därefter att raderas permanent.

### Sekretess

Allt du säger eller anger i undersökningen kommer att hållas strikt konfidentiellt och kommer endast att göras tillgängligt för handledare och kursadministration.

### Säker lagring av data

All data kommer att lagras och bearbetas säkert av Handelshögskolan i Stockholm och kommer att raderas permanent när det projektet är slutfört.

### Inga personuppgifter kommer att publiceras

Uppsatsen som skrivits av studenterna kommer inte att innehålla någon information som kan identifiera dig som deltagare i undersökningen.

### Dina rättigheter enligt GDPR

Du är välkommen att besöka <https://www.hhs.se/sv/om-oss/data-skydd/> för att läsa mer och få information om dina rättigheter relaterade till personuppgifter.

Jag har tagit del av informationen och samtycker till att delta i

- ☐ enkätundersökningen. Vänligen fyll i dina initialer samt dagens datum för komma vidare till enkäten.

- ☐ Jag samtycker inte med informationen och vill inte delta i undersökningen

### Block 3 - Membership and Visiting Habits

Min medlemsnivå är:

<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Vet ej
-----------------------	-----------------------	------------------------------

Varför blev du medlem [redacted] (du kan välja flera alternativ)

☐ Värdefulla förmåner

☐ Enkelt att bli medlem

☐ Fick frågan vid köp

☐ En känsla av samhörighet

☐ För att hålla reda på mina köp

☐ Annat

Vilket år blev du medlem [redacted]

Hur ofta besöker du [redacted] varuhus?

☐ Varje vecka

☐ Varje månad

☐ Varannan månad

☐ Någon gång per år/säsong

☐ Aldrig

Hur ofta besöker du [REDACTED] webbsida?

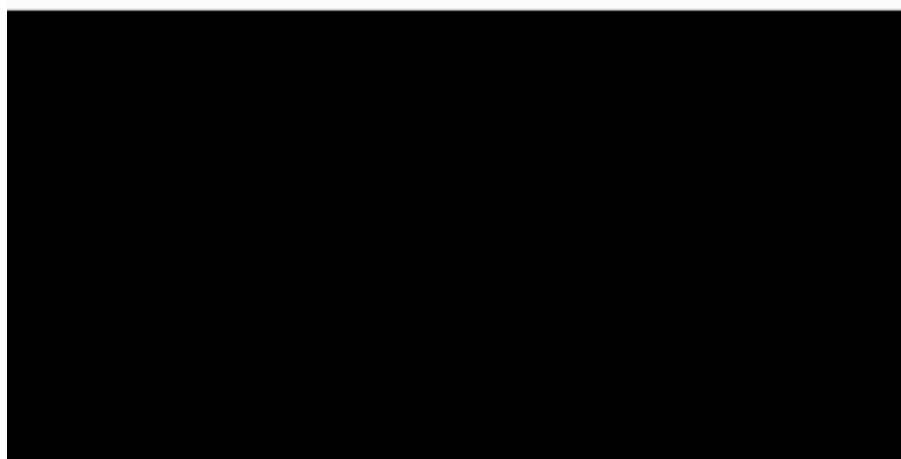
☐ Varje vecka

☐ Varje månad

☐ Varannan månad

☐ Någon gång per år/säsong

☐ Aldrig



Vad handlade du senast på [REDACTED]

*Note: The entirely blocked out question concerned a specific benefit of the loyalty program and was included to examine whether members knew about the benefit or not. It would however reveal too much information regarding the focal firm and has hence been hidden.*

## Block 4 - Perceived Advantages of Loyalty Program

Vänligen ange hur väl du instämmer med följande påståenden angående fördelar med ett medlemskap [REDACTED]

	Instämmer inte alls	Instämmer huvudsakligen inte	Instämmer troligtvis inte	Tveksam	Instämmer troligtvis	Instämmer huvudsakligen	Instämmer helt
Jag utnyttjar alltid rabatterna jag får genom mitt medlemskap	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag är nöjd med rabatterna jag får genom medlemskapet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag tycker att rabatterna har ett tillräckligt högt värde	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Instämmer inte alls	Instämmer huvudsakligen inte	Instämmer troligtvis inte	Tveksam	Instämmer troligtvis	Instämmer huvudsakligen	Instämmer helt
Jag utnyttjar alltid förmånerna jag får genom mitt medlemskap	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag är nöjd med förmånerna jag får genom medlemskapet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag tycker att förmånerna har ett tillräckligt högt värde	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Block 5 - Perceived Complexity of Loyalty Program

Vänligen ange hur väl du instämmer med följande påståenden om användarvänligheten med [REDACTED]

	Instämmer inte alls	Instämmer huvudsakligen inte	Instämmer troligtvis inte	Tveksam	Instämmer troligtvis	Instämmer huvudsakligen	Instämmer helt
Det är svårt att använda medlemskapet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Det är svårt att förstå sig på medlemskapet i sin helhet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Det är svårt att förstå förmånerna som erbjuds i medlemskapet	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Block 6 - Purchase Motivation for Low Prices

Vänligen ange hur väl du instämmer med följande påståenden gällande köpmotivation.

Jag är villig att anstränga mig extra för att hitta ett lägre pris än vad jag först förväntade mig

Instämmer inte alls	Instämmer huvudsakligen inte	Instämmer troligtvis inte	Tveksam	Instämmer troligtvis	Instämmer huvudsakligen	Instämmer helt
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Att utnyttja ett reducerat pris ger mig en känsla av glädje

Instämmer inte alls	Instämmer huvudsakligen inte	Instämmer troligtvis inte	Tveksam	Instämmer troligtvis	Instämmer huvudsakligen	Instämmer helt
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Jag blir irriterad om jag måste spendera mer pengar än jag förväntat mig på en vara

Instämmer inte alls	Instämmer huvudsakligen inte	Instämmer troligtvis inte	Tveksam	Instämmer troligtvis	Instämmer huvudsakligen	Instämmer helt
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Block 7 – Satisfaction








Vänligen ange hur väl du instämmer med följande påståenden

	Instämmer inte alls	Instämmer huvudsakligen inte	Instämmer troligtvis inte	Tveksam	Instämmer troligtvis	Instämmer huvudsakligen	Instämmer helt
Jag skulle rekommendera [REDACTED] till mina vänner och kollegor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag är nöjd över att vara associerad med [REDACTED]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag har en samhörighet med [REDACTED]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Det är viktigt att vara uppmärksam medans du genomför enkäten. Vänligen välj "instämmer inte alls".	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Vänligen svara hur du känner gentemot påståendet nedan

	Väldigt missnöjd	Huvudsakligen missnöjd	Troligtvis missnöjd	Tveksam	Troligtvis nöjd	Huvudsakligen nöjd	Väldigt nöjd
Vänligen ange hur övergripande nöjd du är med [REDACTED]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Vänligen svara hur du känner gentemot påståendet nedan

							
Hur tillfredställd är du med [REDACTED]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Block 8 – Loyalty

Vänligen ange hur väl du instämmer med följande påståenden

	Instämmer inte alls	Instämmer huvudsakligen inte	Instämmer troligtvis inte	Tveksam	Instämmer troligtvis	Instämmer huvudsakligen	Instämmer helt
Jag handlar hos [REDACTED] eftersom jag verkligen tycker om varumärket	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag föredrar [REDACTED] över andra [REDACTED]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag köper hellre produkter från [REDACTED] än andra återförsäljare	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag känner mer tillhörighet till [REDACTED] än andra återförsäljare	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag har mer intresse för [REDACTED] än andra återförsäljare	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Vänligen ange hur väl du instämmer med följande påståenden

	Instämmer inte alls	Instämmer huvudsakligen inte	Instämmer troligtvis inte	Tveksam	Instämmer troligtvis	Instämmer huvudsakligen	Instämmer helt
Jag rekommenderar [REDACTED] till de som frågar om råd om golf-köp	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag talar gott om [REDACTED] till andra	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Jag ser [REDACTED] som mitt förstahandsval för golf-produkter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Block 9 - Demographics and Golfing Habits

Kön

Man <input type="radio"/>	Kvinna <input type="radio"/>	Icebinär <input type="radio"/>	Vill ej ange <input type="radio"/>	Annat <input type="radio"/>
------------------------------	---------------------------------	-----------------------------------	---------------------------------------	--------------------------------

Hur gammal är du?

Sysselsättning

Arbetande <input type="radio"/>	Student <input type="radio"/>	Pensionär <input type="radio"/>	Annat <input type="radio"/>
------------------------------------	----------------------------------	------------------------------------	--------------------------------

Spelar du golf?

☐ Ja

☐ Nej

Vilket år började du spela golf?

Vad har du för handicap?

*Note: Final two questions only visible if the respondent replied yes to the fourth question in this block.*

## Block 10 - Survey Evaluation

Slutligen kommer några frågor om enkätkonstruktionen

	Instämmer inte alls	Instämmer troligtvis inte	Tveksam	Instämmer troligtvis	Instämmer helt
Frågorna var välformulerade	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Svarsalternativen var lätta att förstå	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Undersökningen kändes meningsfull	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vissa frågor försökte påverka mitt svar i en viss riktning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

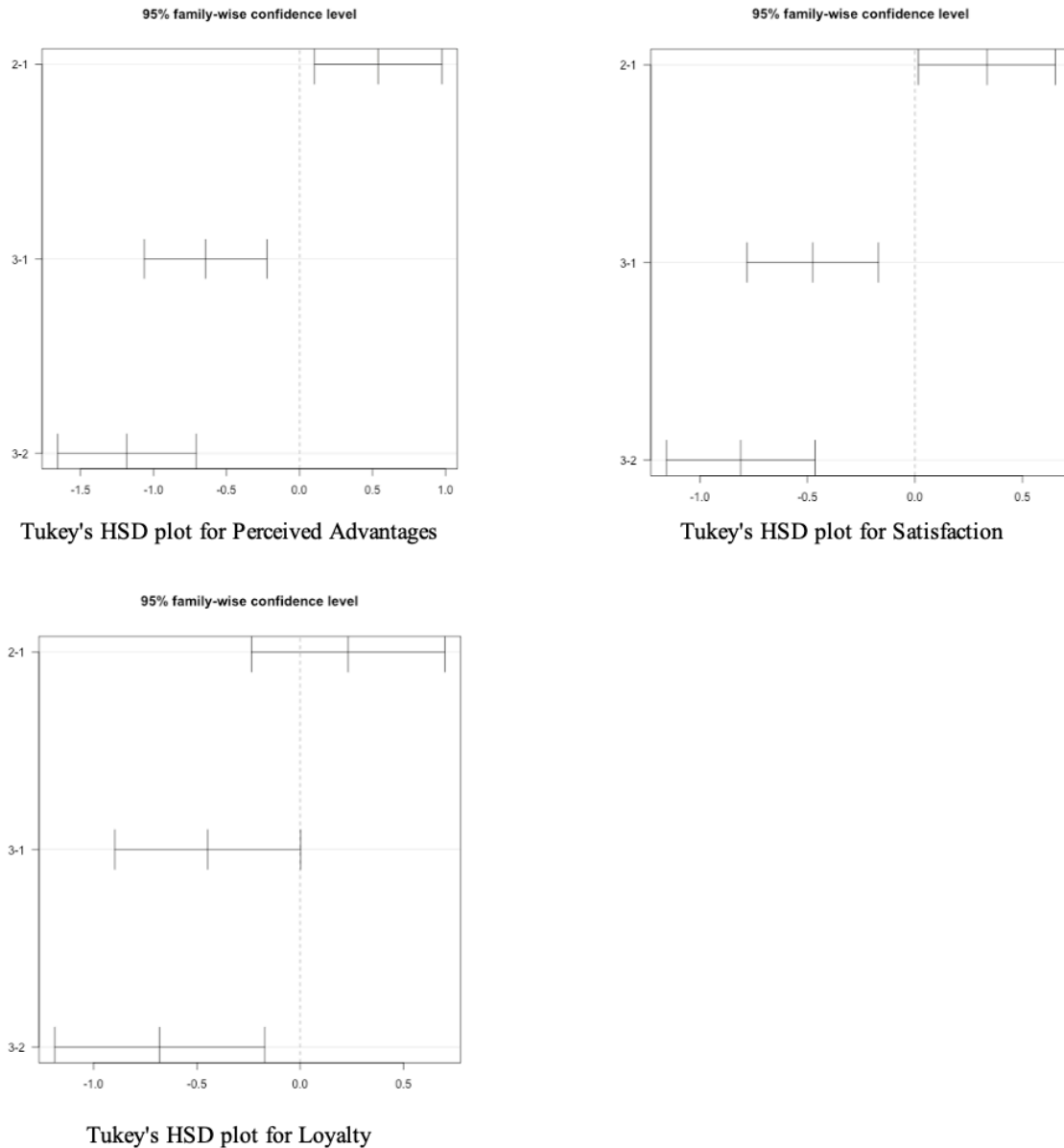
## Survey ending

Tack för att du svarade på den här enkäten!

Ditt svar bidrar till projektet och 1kr kommer doneras till UNICEF som tack för att du tog dig tiden.

## Appendix 3

### Plots for Tukey's HSD test



**Figure 4:** Tukey's HSD test plotted for the testing if means between the different membership groups differ significantly in terms of Perceived Advantages, Satisfaction and Loyalty. The values on each y-axis display which member groups have been compared to one another (1 represent the Level One member, 2 represent the Level Two members, and 3 represents the members unaware of their membership level). Values on each x-axis indicate the differences in mean between the compared group. Means are considered significantly different when the 95% confidence interval does not cross the 0-point of difference in means.



## Appendix 4

### Full descriptive statistics

**Table 5:** Descriptive statistics for the entire sample. (n=138)

<b>Panel A: Gender</b>		%			
Male (n=95)		69%			
Female (n=43)		31%			
<b>Panel B: Age</b>		Mean	Median	Min	Max
Age		37	31	20	80
<b>Panel C: Occupation</b>		%			
Work (n=100)		72%			
Retired (n=27)		20%			
Study (n=11)		8%			
<b>Panel C: Membership</b>		%			
Level One Member (n=61)		44%			
Level Two Member (n=36)		26%			
Member unaware of their membership level (n=41)		30%			
Right answer in pointing out distinct loyalty program benefit		20%			
<b>Panel D: Membership motive</b>		n			
Good benefits		100			
Easy to become a member		38			
Got the opportunity to become member at purchase		79			
Belonging		4			
Ability to keep track of purchases		13			
Other		4			
<b>Panel D: Visiting habits</b>		Store visit	Web visit		
Respondents visiting weekly		2	11		
Respondents visiting monthly		23	47		
Respondents visiting every other month		29	32		
Respondents visiting a few times per year		79	35		
Respondents who never visit		5	13		
<b>Panel D: Golfing habits</b>		n	Mean	Median	Min Max
Does not play golf		7			
Plays golf		131			
Handicap (n=131)			19.5	16.3	2 54
Number of years playing golf (n=131)			13	20	0 51

*Note:* Number of observed responses in Paned D totals to more than 138 since respondents had the opportunity to select multiple answers.