A quantitative study of the attitudes towards loyalty programs among students

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Abstract
Title: A quantitative study of the attitudes towards loyalty programs among students

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Background: In today’s global market, companies strive to gain a competitive position and attract as many customers as possible. One of the most important factors within the retail industry is customer loyalty. Loyalty program have become a common tool for companies to carry out in order to attract and keep customers and make them loyal to the company. However, little research has been conducted to understand what attitude customers have towards the programs. Are they really that value adding and effective for customers as companies think they are?

Purpose: The purpose of this paper is to describe students’ attitudes towards loyalty programs within the grocery retail industry. To get an understanding of what offerings that are attractive within a membership in a loyalty program, as well as to see if a membership affects the behavior of customers.

Method: This quantitative study has been carried out by a deductive approach with questionnaires as the data collection method. The research design has been based on a descriptive design.

Conclusion: The study found that students have favorable attitudes towards the usage of loyalty programs. Further, the attitudes toward offering segmented loyalty programs were also favorable from students. The study also found signs that indicated that membership in ICA’s loyalty program, lead to an increase in frequency of store visits. Additionally the research also found that student’s value economical benefits as the most attractive offerings in a loyalty program, such as discounts and personally customized discount.

Keywords: Attitude, loyalty program, frequency, segmentation, offerings, ICA.
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1.0 Introduction

In the 1980’s, frustration was raised both from customers as well as among cashiers with complaints that handling of cash desks took time and was complicated at the Swedish grocery company ICA. The supervisors also had complaints that it took time to take care of payments and it also implied some extra unnecessary costs for the store. With these complaints from customers, cashiers and supervisors, the head office at ICA started a negotiation with the different banks in Sweden in order to reduce the extra charges as well as make the procedure easier and more efficient both for the staff and customers. The Swedish banks decided that they could not do anything about the problem that ICA faced, due to, to many “small transactions”, which made it uninterested for the bank as there was nothing for them to be gained. ICA then decided to solve the problem by themselves, their solution became the “ICA – card”, (ICA.se A 2008).

The basic motivation and idea with the ICA – card was to make it payments transactions easier at the cash desks and to decrease the mass marketing that grocery retailers most commonly used at this time and instead focus on marketing at a more individual level, customized for the customers, (ICA.se A 2008).

Finally in 1990 ICA launched their own ICA – card. It had been a hard time for the organization to develop a card that that would work in the system. The board of directors was not very satisfied with the result and viewed it as a “step back in time”. However, in order to stay competitive in the market, the board of directors at ICA took the decision that the ICA – card should be implemented in two steps: first it should serve as a privilege card and secondly as a card that customers could pay with in the store. In 1994 this was completed and customers could easily and more efficiently pay with their ICA – card in the store. Since then, the ICA – card has been developed and updated continuously.

It is from the customers that companies learn what is good or bad and what can be changed or not. It is from the customers needs, wants and preferences that the companies can develop products and services in order to stay competitive in the market, (Elinder 1993). ICA listened to their customers in the 1980’s and could out from that develop their company and improve it in order to satisfy the customers and build a relationship in order to make them loyal to the company, (ICA.se A 2008).
Loyalty programs are built up on the ambition that customers and companies should have a mutual relationship with exchanges from each other that could lead to a profitable investments for both parts, (Elinder 1993).

Today several companies have loyalty programs. In 2005 more than 60% of European and American customers belong to at least one grocery store loyalty program, and the memberships are increasing annually (Meyer-Waarden & Benavent 2009). What almost all loyalty programs carried out by companies have in common is that they want to increase the customers’ loyalty to the company. The companies that succeed in the market are those companies that manage to create incentives for customers to make purchases at a higher frequency, higher quantities as well as stay loyal to the company for a long period of time. But how can companies then achieve these factors? The answer is in many cases a well thought out strategy whose purpose is to create some sort of customer loyalty, (Elinder 1993). The ICA – card was one of the first loyalty programs in the world that was carried out by a grocery company. The card that had its starting point from a company instead of a bank was a rarity for its time, (ICA.se A 2008).

1.2 Problem Discussion

The grocery retail market has expanded during the last decades, with an increasing number of retailers as well as a broader selection of products, which have lead to that the market have become more and more competitive. In addition the tendency of customers to become more demanding and less loyal to their retailers, this has lead to that the retail companies strive to gain a competitive position on the market and attract as many customers as possible. In order to become more attractive for the customers, the retailers have been forced to break free from traditional customer satisfaction concepts and instead adopted proactive strategies, which insist them in building and sustaining a competitive edge, (Wong & Sohal 2003).

A subject that arguably has become one of the most important factors within the retail industry is customer loyalty. Long-term loyalty is one of the most difficult things to create, yet also one of the most vital to obtain success, (Wright & Sparks 1999). Across many different industries, including the airline industry, hotel, banks, car rental companies and food stores, companies have tried to formalize their relationship with customers through loyalty programs in order to build a competitive advantage, (Daryanto et al. 2010). The main focus have not been on attracting new customers, instead on keeping and expanding the relationship with existing customers, since it has been found that long-term customers are more profitable
than temporary customers, (Gustafsson et al. 2004). The importance of loyalty is quite visible in the Swedish retail industry where a vast majority has adopted some sort of loyalty program, (Apéria 2001; Ohlsson et al. 2005). The reasons behind the retail industries strategic movement for increased customer loyalty are many, especially with the current decrease in competitive advantages to exploit. The increased competitiveness has lead to three major factors influencing the need for customer loyalty. Firstly the European retail industry is fully developed and saturated, which means that growth is no longer a major alternative to obtain greater profits. Secondly the need for lower costs increases with the strong competition in the industry. Third and lastly the competition from low-price alternatives forces the retailers to cooperate with suppliers. These factors are also amplified by the fact that the customers purchase behavior has shifted during the decade, as they are no longer loyal to one retail store, but instead spread the purchases over several stores. This has lead to a need to satisfy the existing customers as to get them to return with higher frequency as well as purchase in higher quantities, rather than trying to obtain new customers, (Apéria 2001).

The majority of American customers belong to one or several loyalty programs, as well as in the UK, where the majority also participate in at least one customer loyalty program, (Daryanto et al. 2010; Nor-Asiah et al. 2007). The phenomena of loyalty program is not only restricted to America and UK, loyalty programs have been established across Europe and several other countries in the world. Companies today spend a lot of effort and money to build strong and effective loyalty programs. Companies keep databases of what customers are interested of in order to increase sales and receive higher profit. However, despite the popularity within industries of using loyalty programs, little research and knowledge is known about the underlying factors driving customer behavior relevant to these kinds of relationship programs, (Nor-Asiah et al. 2007). A recent market survey have reported that fewer than half of loyalty program members view these programs as value adding and that the impact of loyalty program on customers is below what companies expect, (Daryanto et al. 2010). Loyalty programs have also shown to become so common that their effectiveness on customers can be questioned. There are so many different loyalty programs that the customers’ simply just sign up to get a discount and does not become loyal or increase the quantity of products purchased. This has resulted in that customer participate in several different loyalty programs and without interest collect their points out of routine, rather than feeling challenged to spend more on each shopping trip or to shop more frequently, (Gustafsson et al. 2004). In addition the high costs of maintaining loyalty programs require
that the companies become more and more effective in gathering data of what the customers actually consume from the loyalty program. E.g. of wasted resources in the retail industry could be blindly sending out discounts without any information of what the majority of customers consume, resulting in no increase of store visits and money lost on paper print and distribution. A suggestion made from researchers is to segment the loyalty programs to better satisfy each segment of the market in an effort to reduce costs and increase the effectiveness of the loyalty programs, (Elinder 1993). However the researcher had not examined what the customers’ opinions toward a segmentation of the loyalty programs.

Loyalty programs are an incredibly effective tool when it comes to collecting data about customers shopping frequency, tolerance of price increases and customer maintenance. It helps the companies to get a good insight of customers shopping patterns and behavior. However, loyalty programs are not that appropriate to generate information about customers’ attitudes towards the programs themselves, (Allaway et al. 2006). The loyalty programs are widely used all over the world, however, little research has been made towards investigating if loyalty programs are perceived as value adding or not by customers, (Youjae & Hoseong 2003). Further more, few studies have been conducted exploring what external factors that might have influence on the success of loyalty programs, (Liu & Yang 2009).

The question is then, what does customer really think about loyalty programs supplied by different companies? As stated earlier, previous research suggests that more than half of the members in loyalty programs view these programs as not adding any value, (Daryanto et al. 2010). What is then the meaning for companies to carry out loyalty programs when customers do not find it beneficial? Some researchers give the explanation that customers are always searching for some sort of economical advantage and motivate that search as the reason behind why loyalty programs are successful, (Stauss et al. 2001; Butscher 2000). Further more, 70% of customers in the grocery retail industry are always seeking for alternative retailers to their current grocery retailer in order to find the best possible price and offer, (Omar et al. 2007). The fact that customers join a loyalty program does not at all have to mean that he/she will stay loyal to the brand, (Allaway et al. 2006).

Loyalty program membership is in its mature stage in both Europe and the U.S and customers are facing a risk in entering a long-lasting membership of boredom with the loyalty programs as a result of not receiving any value, (Omar et al. 2007). Because of these factors it is important to investigate the impact and the attitudes that customers have towards these loyalty programs. Are they really that value adding and effective for the customers as companies
think they are? In order to investigate what customers’ attitudes are towards loyalty programs as well as what in the programs that the customers feel are attractive or value adding the following purpose was created.

**1.2 Purpose**

The purpose of this paper is to describe students’ attitudes towards loyalty programs within the grocery retail industry. To get an understanding of what offerings that are attractive within a membership in a loyalty program, as well as to see if a membership affects the behavior of customers.

**1.3 Delimitations**

As a result of limited resources both in time and finances, the research was delimited to investigating the attitudes among students located in the vicinity of the authors, more precisely the Växjö University area in Sweden. Additionally, the research delimited itself to investigating a specific loyalty program offering; therefore the empirical data was collected around one grocery retailer, ICA.
2.0 Literature Review

The literature review is constructed using different sub-chapters that are related to the purpose of the research. The first sub-chapter is attitudes, where a discussion about the description of attitudes as well as how it can affect or lead to certain behavior is presented. Continued by a review over the literature around the theory of multi-attribute models, its field of research and how it can be used as to investigate what attributes people desire as to understand the attitude and possibility to lead to behavior. Lastly the concept of loyalty programs is discussed.

2.1 Attitudes

Attitudes are defined as favorable or unfavorable feelings towards an object, (Katz 1960; Ajzen 2005). Where in the field of marketing and consumer behavior the object represents concepts such as products, advertisement, internet sites, prices, people, product uses, services, brands and issues, (Solomon 2009; Schiffman & Kanuk 2004). Attitudes which cannot be directly observed need to be researched using measures on the subjects’ positive or negative responses, verbal or behavioral. The measure can then illustrate their true attitudes towards the researched object, (Katz, 1960; Schiffman & Kanuk 2004; Ajzen 2005). There exists a general belief among researchers that attitudes are not something an individual is born with, but rather learned through experiences and external influences such as friends, family and advertisements, (Schiffman & Kanuk 2004; Solomon 2009). In the fields of psychology, economics and social behavior there have been interests in trying to predict behavior by analyzing attitudes, (Wilkie & Pesseamier 1973; Dick & Basu 1994; Ajzen 2005). However, some researches have found that there are additional factors influencing behavior except for attitudes, such as social acceptance and authority, (Ajzen & Fishbein 2005). One of the most famous examples of authority affecting behavior is the Milgram’s test of obedience. The experiment was based on how far people would go as long as someone else told them what to do while additionally claiming that the person commanding them bore the responsibility of the outcome, (Milgram 1963).

Researchers have come to agree upon that attitudes are based on three different components, affect, behavior (conation) and cognition, (Breckler 1984; Schiffman & Kanuk 2004; Ajzen 2005; Solomon 2009). Researchers have discussed that these three components of attitude also have a relationship with what market researchers call loyalty. As a function of an
individual’s relative attitude and repeated behavior being indications of loyalty toward a brand, (Dick & Basu 1994).

2.1.1 Affect
The component of affect refers to how an individual feels about the research object, (Schiffman & Kanuk 2004; Solomon 2009). These feelings or emotions need to be researched using an assessment of the individual’s emotions being favorable or not, using for example numerical research tools to scale from a positive feeling to a negative. The affect feelings are usually based on emotional experiences inside or in the vicinity of the research object, (Katz, 1960; Schiffman & Kanuk 2004). E.g. if a customer is in a particular joyful mood when shopping inside a store, while having an already positive attitude toward the store, the positive reaction to the store will then be amplified.

2.1.2 Behavior (Conation)
The second component of attitudes is related to the behavior, or rather the intention to act in a specific behavior. Researchers then try and evaluate the tendency or likelihood of an individual acting in a particular way, (Katz, 1960; Schiffman & Kanuk 2004; Ajzen 2005; Solomon 2009). Researchers try and measure conation by verbal questions to evaluate the customers’ likelihood of e.g. purchasing a product or interest in a service, (Schiffman & Kanuk 2004).

2.1.3 Cognition
The final component of attitudes is cognition which is related to the individual’s beliefs around the research object, (Katz, 1960; Solomon 2009). The beliefs are usually created by experiences or the individual’s perceived knowledge of the object. The beliefs are centered on the attributes of the object. In research, the cognition of the customers’ are identified by assessing attributes that are attractive and what attributes the customers’ believe the object possesses, (Schiffman & Kanuk 2004).
2.1.4 Tricomponent Attitude Model

The concept of the Tricomponent attitude model is that the three components of attitudes: affect, conation and cognition are interconnected. It describes the need that in order to understand the attitude of a consumer as to try and predict their behavior, all three components of the consumers attitude need to be investigated, (Schiffman & Kanuk 2004). There exists a number of ways models to use in order to do so, often referred to as different variants of multi-attribute models, (Wilkie & Pessemer 1973; Huber 1974; Bettman et al. 1975).

2.2 Multi Attribute Models

The concept of the multi attribute model has its origins in social psychology with the theory that people make rational decisions before they act in a certain manner. The research of attitudes towards objects or behavior is mostly based on work made by Fishbein and/or Rosenberg, (Ajzen & Fishbein 1980; Bettman et al. 1975; Fishbein 1963; Rosenberg 1956). The models are made as to try and predict the behavior based on the attitudes that an individual holds versus an object or organization, e.g. a product or brand. The field of multi attribute models has been studied extensively by researchers in fields like economics, psychology and behavioral decision theory, (Huber 1974).

The model is based on giving different attributes a numerical value as to weigh what attributes are most sought after in the object or organization. This numerical value can be examined by identifying different attributes and let individuals such as customers rank them between a scale of 1-10, where 1 is least desirable and 10 being the highest, (Mateo 2012). By giving the attributes a numerical value it also enables a possibility as to compare if the consumers values and beliefs correlate with what a brand or product want to represent, e.g. in market differentiation. As well as if they do not, support companies in understanding what possible
factors that need to be improved as to reach a desired image, depending on the strength of the measurements used in the model, (Wilkie & Pessemier 1973).

Research around the model have both validated and criticized the use of the model in marketing context. E.g. in an article written by Wilkie & Pessemier (1973) it is concluded that marketing research have strived from the original proposal of use by Fishbein and Rosenberg, with the focus of the model now being more on the expected value of the customer, (Wilkie & Pessemier 1973). Additional criticism towards the multi-attribute model found that 40% of the time different results where created when using a different attribute model technique, the reason behind this was that different weights of scale where used, and/or additional parameters where added which diverted the outcome, (Zanakis et al. 1998).

While other research has validated that repeated research using multi-attribute models conclude same or similar results, (Belton 1986; Olsen et al. 1995)

There have since the multi attribute models conceptualization been created a number of different variations of the model, some of the models are: the attitude-toward-object model, attitude-toward-behavior model and the theory-of-reasoned-action model, (Schiffman & Kanuk 2004).

2.2.1 Attitude-Toward-Object Model

The attitude-toward-object model is especially effective for measuring attitudes toward a service (or product) or toward an organization, such as a brand. The theory of the model is that consumer’s attitude toward a product or brand is a function of the existence of or lack of certain favorable attributes or beliefs, (Fishbein 1963). Furthermore, brands or products that possess the desired attributes are seen as positive while those who lack are seen as negative and are usually rejected, (Schiffman & Kanuk 2004).

2.2.2 Attitude-Toward-Behavior Model

In comparison to the attitude-toward-object model the attitude-toward-behavior model measures the consumer’s attitude toward behaving in accordance to the object rather than the attitude towards it, which in turn increases the possibility to predict the behavior of the consumer. E.g. a consumer might have a positive attitude toward the brand Mercedes, but a negative attitude towards purchasing expensive products such as a Mercedes, (Schiffman &
Therefore it is arguably more beneficial knowing the attitudes towards a behavior than the object when researching the probability of purchasing behavior.

### 2.2.3 Theory-of-Reasoned-Action Model

In the model of reasoned-action the three aspects of attitudes are present with cognitive, affective and conative components. It measures the intention to make a purchase by identifying the customer’s subjective norm. In the reasoned action’s case this is done by assessing the feelings from what relevant others (family, friends, and co-workers) to what the consumer thinks about the researched action, (Sheppard et al. 1988). So for research to understand and predict the behavior of the customer, it is necessary to understand what feelings the relevant others would have, as well as the customer’s motivation as to comply to the relevant others. E.g. my parents would view the purchase of a new apartment as an unnecessary expense, but my friends would love it, (Schiffman & Kanuk 2004; Ajzen & Fishbein 1980).

### 2.3 Loyalty Program definition

Loyalty programs are based upon the adjustment function also known as the utilitarian function which has its basis in the behaviouristic learning theory. The concept of the adjustment function is that people always strive to maximize rewards while also striving to minimize punishments. The attitude is believed to be developed during the childhood, where favorable attitudes emerge from satisfactions of the needs and unfavorable attitudes are created towards objects that punish a particular behavior. E.g. of this concept can be related to senses such as taste, a dish you enjoy you want more of, while something you find revolting is avoided, (Katz 1960).

A loyalty program can be defined as a marketing program that is structured to build customer loyalty by providing incentives to customers. This type of program can speed up the loyalty life cycle for the business and encouraging a first - or second year customer to behave as a highly profitable customer for the company. Those types of customers become important for the business by buying more and bringing in new customers by recommendations, (Youjae & Hoseong 2003). Loyalty programs are an effective tool within the relationship marketing framework. It is the business process of identifying, maintaining and increasing the yield from
best customers through interactive, value-added relationships, (Omar et al. 2007). Moreover, the loyalty program reward and encourage loyal behavior of their members, (Omar et al. 2010; Liu 2007).

There are several ways to define loyalty, one of those are to define it by frequency. Researchers have found that examining the alterations in behavior by frequency of visits is a potent way of evaluating increased or decreased loyalty, (Elinder 1993; Dick & Basu 1994). Additionally researchers suggest that cognitive, conative and affection of attitude have been identified to contributing to loyalty, (Dick & Basu 1994).

A loyalty program that are properly designed and targeted can serve five goals according to research. The five goals are; keep customers from defecting, win greater share of wallet, prompt customers to make additional purchases, yield insights into customers’ behavior and help turn a profit, (Solomon 2009). According to Pedro & Jesús (2007), the loyalty programs in businesses allow structured and effective actions to manage, select, relate and control customers’ buying behavior. A loyalty program is based on customer’s purchase history, (Youjae & Hoseong 2003). Loyalty programs are widespread across a variety of industries such as retailing, traveling and financial services all over the world. During the last couple of years, the programs have achieved a high increase in participation among customers. One of the most well known loyalty programs are the frequent flyer card within the airline industry, (Zhang & Breugelmans 2012). The loyalty program give the passengers points when traveling with the airlines that later on can be used to purchase a new flight. By giving the passenger points when traveling, the airline company gradually builds a brand loyalty together with the customers that can result in more sales, (Murthi et al. 2011).

2.3.1 Loyalty Programs and Value Enhancement

Some researchers argue that loyalty programs play an increasingly important role in companies’ customer relationship management effort, (Zhang & Breugelmans 2012). Additionally, it has been found that customers may neglect negative experiences with the company as well as disregard competitors as they perceive increased added value by their membership in a company’s loyalty program, (Bolton et al. 2000). In today’s situation for businesses, the use of loyalty programs is extremely popular in order to enhance customers. It is believed that both customers and firms benefits from the use of loyalty programs, (Omar et al. 2010). However, in order to make the programs work, it has been shown that the customers must believe in them and find them valuable. Continually, it has been shown that those
customers’ value a loyalty program mainly because of the economic gains that it offers, (Stauss et al. 2001; Butscher 2000; Omar et al. 2010). Motivated by either the search for advantages or perceived value, (Stauss et al. 2001; Butscher 2000). In addition, research has found that members of loyalty programs are generally more satisfied with their relationship with a company than people who are not loyalty program members, (Stauss et al. 2001).

Loyalty programs provides value to customers in two stages; first stage is program points, which according to studies have a psychological meaning to the customers and the overall value perception of doing business with the company since the customers can later use the points for free rewards. This increases the customers’ value of staying in the loyalty program and in the relationship with the company. The second stage is where the consumer receives psychological and economic benefits from the loyalty program. With those benefits there will occur a positive reinforcement of consumer’s purchase behavior to continue doing business with the company. When the company gives free rewards to their customers, the company shows appreciation and personal recognition of its customers. This can result in a deeper relationship, (Liu 2007). As well as discourage the customer to visit competitors, as they then risk losing offerings or bonuses from the company and therefore increase the incentive to repurchase from the company with a loyalty program, (Sharp & Sharp 1997).

The loyalty programs have different options available to offer added value in their loyalty program, such as discounts, bonuses, added offerings and communication. The options can be described as either giving the consumer of the loyalty program a discount based on products that the company want to increase sales of, or based on the existing behavior of the customer in an effort to give an incentive for repetition in the purchase behavior. With the extra bonuses or added offerings, Elinder (1993) speaks of arranging competitors on events together with the brand or the selected products, as well as offer services outside of the grocery products. Lastly with communication the goal of increasing the awareness of the brand and make efforts to affect the customers’ attitude by reading around and about the brand in weekly or monthly send outs, such as newspapers, (Elinder 1993). Communication will according to research lead to increased satisfaction with the relationship to the company and through the satisfaction improve loyalty towards the brand, (Chang et al. 2009).
2.3.2 Segmentation

In order for companies to grow strong on the market and get an advantage from competitors, companies need to segment their customers in the market. Market segmentation can be seen as a strategic tool for companies to achieve tactical objectives that can result in market segment opportunities, (Galguera et al. 2006). According to Galguera et al. (2006) market segmentation results can be used to optimize and help for further specific product offerings and implementation of communication and advertisement plans. Good market segmentation can result in profitable results for the company. The segmented members have similar needs and wants and the segmentation will contribute to a better understanding of the market. The segmentation will also increase the likelihood for the companies to discover possible new market segments. However, if the segmentation is not as homogenous as assumed by the firm, this could cause high risks for the company that could lead to losses, (Tuma 2011).

2.3.3 Criticisms of Loyalty Programs

The effectiveness of loyalty programs remains debatable. Some researchers have found a positive effect by using the program, while other researcher have not found any effect at all from using loyalty programs, (Zhang & Breugelmans 2012; Liu 2007). Moreover, some researchers argues that loyalty programs no longer offer a competitive advantage in the environment, where all companies offers a similar program, further, this will result in situations with increased market costs, (Zhang & Breugelmans 2012).

Loyalty programs are often misunderstood and misapplied by businesses. When it comes to the design and implementation of the program, many companies treat the loyalty program as short-term promotional give away. This can then lead to unsuccessful results, (Youjae & Hoseong 2003). Loyalty programs are costly and require a firms’ long-term commitment. It is important that managers in the firm know how the loyalty programs work before they carry them out, (Liu 2007). Further, Youjae & Hoseong (2003) states that a loyalty program increases the operation costs by assign expenses for administrating the programs without leading to a competitive edge. The implementation of loyalty programs and card are costly. Once a company has implemented a loyalty program, they are very unwilling to stop it, even though they receive negative responses from customers, (Verhoef & Langerak 2002). Additionally, researchers argue that customers join loyalty program based on rewarding existing shopping behavior rather than loyalty, thus one customer might be a member of several competing companies’ loyalty programs, (Mägi 2003; Meyer-Waarden & Benavent
Researchers have found that the loyalty of the customers already exists before becoming members, as a result of geographical convenience, which leads to that the incentive for membership, is simply added reward for existing behavior, (Meyer-Waarden & Benavent 2009).
3.0 Conceptualization

In this chapter the research gaps is discussed. The literature review is transformed into a conceptual framework in order to get a foundation and better understanding for the research. Based on the existing theories, research questions were created.

3.1 Research discussion & Research gaps

From the literature review it was found that there exist mixed supports for loyalty programs within a business and whether it is an attractive marketing tool or not, (Liu 2007). The mixed findings of loyalty programs have created a discussion of whether it creates loyalty or if it encourages customers to shop at a broad range of stores and therefore discourage loyalty for the firm, (Daams et al. 2008).

There have been an increase in number of academic studies on loyalty programs and the views of their impact differ from author to author. Some authors found positive impacts from loyalty programs while others found no evidence of increased loyalty toward the organization from loyalty program, instead the program encouraged a negative attitude among customers, (Daams et al. 2008; Russell 2009). Several researches view on loyalty programs is that they have become an important strategy for companies in order to increase revenue growth and become stronger on the market, (Omar et al. 2010). The wide spread creation of loyalty programs around the world have lead to an increase in interest among marketing researches. The majority of research has investigated how the programs contribute to particular purchasing behavior within the loyalty programs, (Elinder 1993; Russell 2009). However, limited studies have been made to test the relationship quality, with factors such as satisfaction, trust and commitment from a loyalty program, (Omar et al. 2010; Bridson et al. 2008). Further more, studies around reducing costs of the loyalty program have suggested that a possible solution would be to segment the customers into smaller loyalty program to better customize the offerings and reduce costs on customers that do not take advantage of the whole assortment of available offerings from the membership. Within the studies of behavior the most common way to measure a tendency for altered behavior is by evaluating differences in frequency either in amount of products purchased or visits to the retailer in question, (Elinder 1993).
The majority of previous studies that have been conducted about loyalty programs were made within and about the US and UK markets. This has lead to that the research findings across different nations and cultures still remains mainly untested, (Omar et al. 2010). Research around the offerings in loyalty programs also indicate that those offering that orientate around economical benefits are most sought after as they have the highest value for the customer, (Butscher 2000; Stauss et al. 2001; Omar et al. 2010). However research around what specific economical offerings what customers find beneficial is lacking. These findings lead to the creation of the following research questions:

3.2 Research Questions

- **RQ 1:** What are the most attractive offerings in a grocery retailer’s loyalty program according to students?
- **RQ 2:** What are students’ attitudes towards the loyalty programs from the grocery retailer ICA?
- **RQ 3:** What are student’s attitudes towards the offering of a segmented loyalty program within the grocery industry?
- **RQ 4:** What affects does a membership in a loyalty program have on frequency of store visits?

3.2 Conceptual framework

The concepts that were identified from the literature review have been operationalized in order create a better understanding of the research questions. In Figure 2 the concepts are illustrated in order to highlight the areas of interest. The conceptual model was based on the authors’ perception of theories that together influence a successful loyalty program that creates and maintains customer relationships. Where the three concepts of offerings, attitude and segmentation together influence if the loyalty program will be successful or not, as the loyalty program would need favorable attitudes toward the loyalty program itself, its offerings and how well they are segmented. Further more the evaluation of frequency of store visits enables a way to value the possible success or failure of a loyalty program. Together these aspects can be used to evaluate if loyalty from the customers have been established or maintained or not.
Figure 2: Conceptual model

The concepts used in the conceptual model are explained in Table 1, where both the theoretical explanation is presented in the conceptual definition as well as the authors’ interpretation of the theories in the operational definition.

Table 1: Conceptual framework

<table>
<thead>
<tr>
<th>Concept</th>
<th>Conceptual definition</th>
<th>Operational definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitude</td>
<td>Attitudes are defined as favorable or unfavorable feelings towards an object, (Katz 1960; Ajzen 2005).</td>
<td>A combination of affection to a service, perceived image and attributes of the service and the behavior coinciding with the affection.</td>
</tr>
<tr>
<td>Loyalty program</td>
<td>A loyalty program is a service tool that is used in order to build customer loyalty by rewarding a revisit, (Youjae &amp; Hoseong 2003).</td>
<td>Creating an incentive for customers to visit, in an attempt to create loyalty and improve the attitude toward the brand.</td>
</tr>
<tr>
<td>Segmentation</td>
<td>Is a strategic tool for companies to achieve tactical objectives that can result in market segment opportunities, (Galguera et al. 2006)</td>
<td>A service tool specifically oriented toward a particular target group.</td>
</tr>
<tr>
<td>Frequency of store visits</td>
<td>The higher the frequency of store visits from a customer, the higher the probability that the customer returns, (Elinder 1993).</td>
<td>A measure to if a loyalty program is successful or not, an increase in frequency can indicate some sort of loyalty.</td>
</tr>
<tr>
<td>Offerings</td>
<td>An offerings is a good, service or commodity, which has a certain value to a buyer, (Pine &amp; Gilmore 2011).</td>
<td>A product or service which is perceived to have a particular value from its consumer.</td>
</tr>
</tbody>
</table>
4.0 Methodology

This chapter will present the methodological framework used for collecting and analyzing the data in order to solve the research problem and answer the research questions. The methods to gather data will be presented and explained before selecting the most suited ones and how these methods were used in this research. The first sections explain the concepts of methodology, while the second part discusses this research’s choices in more depth.

4.1 Research approach

4.1.1 Inductive vs. deductive research

A deductive research is a strategy where the researcher, on the basis of what is known about a particular field and on theoretical considerations in relation to the field, deduces a hypothesis that will then be related to empirical findings, (Bryman & Bell 2011). The researcher continues to gather a lot of data, such as theories and principles. Followed by collection of empirical data that is later analyzed according to the theory and principles in order to test and draw a conclusion if it is right or wrong, (Thurén 2007; Hartman 1998).

Inductive research on the other hand is the opposite of deductive research. The researcher collects data and based on the observations he then builds a theoretical framework and draw a conclusion of that, (Bryman & Bell 2011; Hartman 1998). An example of an industry where inductive research is being used is the testing of medicine. The researchers then test the hypothesis of the medicine on several different patients and observe if the medicine cures or not. Based on the result the hypothesis is either validated or not, (Thurén 2007).

Both of these methods have advantages and disadvantages. The purpose of this research was to describe students’ attitudes towards loyalty programs. The empirical data was obtained through questionnaires. These questionnaires were developed from the theoretical background of attitudes and loyalty programs. The research had a deductive approach, since the researchers have not developing any new theories within attitudes. Additionally this means that the data gathering is based on the presumptions already taken from other researchers’ theories.
4.1.2 Quantitative vs. Qualitative research

A quantitative research purpose is to investigate “how much” or “how many” of a specific classification. A quantitative research divides the world into different clusters and out from that asks questions, (Hartman 1998). In a quantitative research the researcher bases its study on investigations of samples from individuals that represent the population, (Rosengren & Arvidson 2005). In addition, a quantitative research is based on questions that are applied numerical values, which allows the theories to be measured. If the quality cannot be measured, there is no possibility to make a quantitative research. Quantitative research is usually used to investigate the numerical relationship between two or more measurable qualities, (Hartman 1998).

On the contrary of quantitative research, qualitative research means that a single episode or small details can be of large importance in the investigation, (Thurén 2007). A qualitative research can differ from each other with several different characteristics. It can differ by the technique of how to collect data, what the research’s specific interest is and how the data is analyzed. Furthermore, qualitative research covers all investigations that are classifying after quality. Additionally, qualitative research is usually used where the researcher tries to identify and create an understanding of the values of life of an individual or a group of individuals, (Hartman 1998).

A clear difference can be drawn between quantitative and qualitative research. Quantitative research is where the numerical relationship is in centre and qualitative research is where the researcher tries to get an understanding of the individual/individuals, (Hartman 1998).

This study used a quantitative method as the researched theory recommends the usage of statistical numbers in order to analyze the research concept. Additionally the choice of a quantitative method was used to fulfill the purpose to broadly describe the students’ attitudes toward loyalty program. This was done through questionnaires in order to get a measurable result that can illustrate the respondents’ attitude by analyzing what stance the respondents take to different statement as well as their answers.
4.2 Research design

The choice of research design for the project is an important decision. This will guide and influence a large number of activities in the research, (Rosengren & Arvidson 2005). A research design lays the foundation for conducting the project. A good research design of the project will ensure that the research is conducted effectively, (Malhotra 2010). There are different types of research design; exploratory, descriptive and causal design.

- An exploratory research design is most commonly used by researchers when the knowledge of the field of research is not well documented and the researcher needs to get a basic understanding of the field. Generally the researcher carries out a field study in the society, where the phenomena of the study occur in its “normal” environment and form, (Rosengren & Arvidson 2005).

- A descriptive research design is described as a study that is used by researcher when there is a fundamental understanding and knowledge about the field of research. The data collection method of a descriptive research is controlled and guided in order to receive information on the expenses of others. The basic goal with a descriptive research design is to define relationships, (Rosengren & Arvidson 2005). Within the descriptive research design, the researcher can choose to have a longitudinal research design, which involves a fixed sample of population elements that are measured repeatedly on same variables. The second design that the researcher can choose is cross-sectional design, which involves collection of information from a sample of population element once. Within the cross – sectional design, the researcher can then choose to have a single cross-sectional design or a multiple cross-sectional design. In a single cross-sectional design only one sample of respondents is drawn from the target population, while in a multiple cross-sectional design there are two or more samples of respondents, (Malhotra 2010).

- A causal research design method can be used in several different ways. The research is used in order to measure what impact a specific change will have on existing norms. The basic idea with a causal research design is the classical experiment. The method examines whether one variable causes or determines the value of another variable, (Rosengren & Arvidson 2005).

This research is aiming to get knowledge of students’ attitude towards loyalty programs. Therefore this research is focusing on a descriptive research design as the research field of
attitudes and behavior has a fundamental understanding and knowledge from the researchers, (Huber 1974; Solomon 2009; Schiffman & Kanuk 2004; Ajzen & Fishbein 1980; Omar et al. 2010; Liu 2007). Due to limitations of time the research focused on a cross-sectional design instead of longitudinal design. In addition the research was based on the cross-sectional design as to get a deeper understanding of what the students’ attitudes are. The empirical data was gathered at one point in time as the cross-sectional design explains. The collection of data from the target population was only conducted once and the sample of respondents was drawn from one target population, which means that the research design is of a single cross-sectional design. Since all data was collected at the same time, there was no possibility to manipulate any variable and that made finding the cause of something harder, as there was no time to make follow up questions or questionnaires. Figure 3 illustrates the research design of the project.

Figure 3: Research design

![Research Design Diagram](Hultman 2012)

4.3 Data Sources

There are several different ways of collecting data to research. One method is primary data collection, where the data is observed or collected from first hand experience throughout the research. The data that is collected by this method is derived from a new or original research. It could be information that is obtained directly from first hand sources in from of surveys, observations or experiments, (Bell 2005).
Secondary data on the contrary is data that has been collected by someone else from a previous research in order to answer another purpose than the current. Secondary data is interpretations of actions that have taken place. This type of data can be collected from newspapers, annual reports, magazines, journals, etc. Secondary data can be described as renewed analysis of primary data sources that have been collected from previous researcher, (Bell 2005).

The research used primary data. Since the research was of a deductive method and wanted to gather fresh data to analyze. Some secondary data was used to collect information regarding the loyalty programs of the ICA, specifically what it offers. The gathering of the secondary data was used as background information in combination to the theories to formulate some of the questionnaires questions. The primary data was collected by the questionnaire which was formulated in such a manner as to investigate the customers preferred attributes in a membership as well as describing the customers’ attitude towards the memberships.

4.4 Research Strategy

The research strategy for the project is a crucial factor since it has an obvious connection and consequences to the detailed planning of the actual research. It can concern the measurements and data collection, the way to analyze and interpret the gathered data and selection of samples, (Rosengren & Arvidson 2005). There are different types of research strategies that can be used for a project: experiment, survey, archival analysis, history and case study.

- Experiment – is a method where the goal is to verify, falsify or establishing the validity of a hypothesis. In the method, variables are tested to see and establish the differing effects, (Bryman & Bell 2011).
- Survey – A survey obtains information that is based on the questioning of respondents. The respondents are asked several different questions regarding their behavior, attitude, etc, (Malhotra 2010). A survey can also be described as a sampling of individuals from a population that maps people’s attitudes, behavior and views. The data collected can be transformed into statistically inferences, (Bryman & Bell 2011). One advantage with survey is that it is simple to administer, a drawback on the other hand is that the respondents can be unwilling or unable to provide the desired information for the survey, (Malhotra 2010).
- Archival analysis – is a form of observational method, where the researcher examines and organizes documents, (Bryman & Bell 2011).
• History – the researcher collects and analyzes historical documents, (Bryman & Bell 2011).

• Case study – can be defined as a detailed and intensive analysis of a case, usually a specific company or occurrence, (Bell 2005).

### Table 2: Research Strategy

<table>
<thead>
<tr>
<th>Research strategy</th>
<th>Form of research question</th>
<th>Required control over behavioral events</th>
<th>Focuses on contemporary events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>How, why?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Survey</td>
<td>How, what, where, how many, how much?</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Archival analysis</td>
<td>How, what, where, how many, how much?</td>
<td>No</td>
<td>Yes/no</td>
</tr>
<tr>
<td>History</td>
<td>How, why?</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Case study</td>
<td>How, why?</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

(Yin 2009 p.8)

Table 2 created by Yin (2009) displays three conditions of when to use a research method. The figure shows how each condition is related to the five major research methods (Experiment, Survey, Archival analysis, History and Case study), (Yin 2009).

The purpose of the research was to describe students’ attitude towards loyalty programs. In addition, all of the research questions used a “what” formulation. Based on table 2, the use of a “what” question lead to that there were two strategies available for the research, surveys and archival analyses. Since the research design was of a descriptive design method and there were limitation of time, the strategy for the research was based on surveys’.
4.5 Data Collection method

There are several different methods of how to collect data to a research project. The choice of method depends on the purpose with the research, problem definition, the empirical basis, time and resources, (Bell 2005; Yin 2009). Preparing for data collection can be complex and difficult. If the gathering of data is not well done, the whole investigation can be jeopardized. Therefore, a good preparation is essential, (Yin 2009). In order to collect data that are relevant for the research, the research chose to use surveys as method since it was the most suitable for quantitative research. Content analysis, in-depth interview and focus groups were not used as they were not relevant for the research, as these methods are leaning more towards a qualitative research and require more time, experience and resources than what were available for the research. Therefore the research was based on data collected through questionnaires on a sample of the population.

4.5.1 Questionnaire

A questionnaire is a data collection method where the individuals inform the authors about themselves by answering different questions. Most commonly the questions are either yes or no questions, or scale questions, where the individual have to specify a value on a scale, (Hartman 1998). The better the question is structured, the easier it becomes to analyze, (Bell 2005). According to Bell (2005), there are some different types of questions that are good to use when conducting a questionnaire; multiple choice questions, category questions, hierarchy questions, chart questions and scale questions. Researchers argues that using closed-ended or forced-choice questions usually is the easier choice as they require small amounts of analysis, however the disadvantage is if the author of the questionnaire have not considered all possible choices, which makes the questionnaire biased, (McClelland 1994). Researchers have found that having the questionnaires in a face to face environment increases the response rates in comparison to conducting them through e-mail or internet. However having face to face questionnaires also enables some biased in the results as the author is present to influence the respondents, (Yu & Cooper 1983).

The choice of using questionnaire as a method for collecting data was motivated by that a survey can help the research to reach out more effectively to more participants than an interview, with the considerations of limited time and resources, (McClelland 1994). Furthermore, by conducting questionnaires it reduces the potential of biased results since the authors
are not present when the participants fill out the questionnaires, (Yu & Cooper 1983). However, the author does not have the possibility to ask follow up questions and see any body language that can be of value for the research, (McClelland 1994). Additionally as the research looked broadly on the concepts of attitudes, loyalty programs and behavior in the form of frequency of store visits, formulating questions in a questionnaire gave the possibility to investigate a bigger sample to generalize rather than go more in-depth on a small sample size.

4.6 Survey design

4.6.1 Operationalization and measurement of variables

The questionnaire started with seven questions related to segmenting what respondents’ that were relevant for the research, as the face-to-face questionnaires were harder to guarantee the relevance of the respondents. Questions 4-4.3 where also asked to segment responses for questions regarding attitude and frequency changes later in the questionnaire (Questions 9 and 10). The following four questions then relate to the overall attitude toward loyalty programs and the usage of such programs. Then the attitude questions continue for the respondents who are already members in the specified loyalty program, regarding attitude changes as well as behavior. Followed by two questions related to the behavior of the respondents, by investigating what offerings they consume and how often they take advantage of the offerings. Thereafter the cognitive attitude is investigated by researching the satisfaction the participants have from their membership as well as if the respondents would spread their positive attitude to others. Lastly a multi-attribute model (attitude-toward-objects) was constructed to identify what offerings (attributes) are of the highest importance for the respondents that a loyalty program possesses. By ranking them on a scale from 1-10, where 1 is of low importance and 10 of highest importance. The offerings in the multi-attribute model were withdrawn from the major Swedish grocery retailers (ICA, COOP and Axfood) loyalty programs. Table 3 illustrates the questions from the questionnaire and the theories connected each question.
Table 3: Operationalization table

<table>
<thead>
<tr>
<th>Topic</th>
<th>Question summary</th>
<th>Connected theory</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>PI 1</td>
<td>Student delimitation</td>
<td>Basic information</td>
<td>Q1</td>
</tr>
<tr>
<td>PI 2</td>
<td>Frequency of store visits</td>
<td>Basic information</td>
<td>Q2</td>
</tr>
<tr>
<td>PI 3</td>
<td>Object delimitation</td>
<td>Attitude-toward-object</td>
<td>Q3</td>
</tr>
<tr>
<td>PI 4</td>
<td>Card membership clarification</td>
<td>Loyalty program</td>
<td>Q4</td>
</tr>
<tr>
<td>PI 5</td>
<td>Membership specification</td>
<td>Loyalty program</td>
<td>Q4.1</td>
</tr>
<tr>
<td>PI 6</td>
<td>Reason behind non-membership</td>
<td>Loyalty program</td>
<td>Q4.2</td>
</tr>
<tr>
<td>PI 7</td>
<td>Detail description of Q4.2</td>
<td>Added information</td>
<td>Q4.3</td>
</tr>
<tr>
<td>AC 1</td>
<td>General attitude towards usage of loyalty programs</td>
<td>Attitude (Affect), Loyalty programs</td>
<td>Q5</td>
</tr>
<tr>
<td>AC 2</td>
<td>Attitude toward offering of segmented loyalty programs</td>
<td>Attitude (Affect), Segmenting, Loyalty programs</td>
<td>Q6</td>
</tr>
<tr>
<td>AC 3</td>
<td>Loyalty programs ability to customize to members</td>
<td>Attitude (Affect, Cognition), Loyalty programs</td>
<td>Q7</td>
</tr>
<tr>
<td>AC 4</td>
<td>Loyalty toward a specific store</td>
<td>Loyalty programs, Frequency-loyalty</td>
<td>Q8</td>
</tr>
<tr>
<td>AC 5</td>
<td>Attitude alternation after entering loyalty program</td>
<td>Attitude (Affect, Cognition), Loyalty programs</td>
<td>Q9</td>
</tr>
<tr>
<td>AC 6</td>
<td>Change in frequency after entering membership</td>
<td>Attitude (Behavior), Loyalty programs, Frequency-loyalty</td>
<td>Q10</td>
</tr>
<tr>
<td>AC 7</td>
<td>Satisfaction with amount of customized offerings</td>
<td>Attitude (Affect), Loyalty programs</td>
<td>Q11</td>
</tr>
<tr>
<td>BI 1</td>
<td>Frequency of offerings usage</td>
<td>Attitude (Behavior), Loyalty programs, Frequency-loyalty</td>
<td>Q12</td>
</tr>
<tr>
<td>BI 2</td>
<td>Specification of offering usage</td>
<td>Attitude (Behavior), Loyalty programs</td>
<td>Q13</td>
</tr>
<tr>
<td>SI 1</td>
<td>General satisfaction with loyalty program</td>
<td>Attitude (Affect), Loyalty programs</td>
<td>Q14</td>
</tr>
<tr>
<td>SI 2</td>
<td>Specification of dissatisfaction</td>
<td>Attitude (Affect, Cognition), Loyalty programs</td>
<td>Q14.1</td>
</tr>
</tbody>
</table>
4.6.2 Questionnaire design

Questionnaire design is a skill acquired through experiences; there are no scientific principles that guarantee an optimal or ideal questionnaire, (Malhotra 2010). The questionnaire, in this research, was custom-designed, with closed-ended response types. This was done as to make the questionnaire as easy as possible to enable participants to easily understand and reduce the time required to answer the questionnaire. The questionnaire was written in a clear and precise manner to enable respondents to interpret it as intended, (Synodinos 2003). The questionnaire was structured into several parts. The questions in each part were given a numerical value in order to make the coding of the responses easier. The questionnaire featured both open and closed ended questions, with a major focus on semi-structured closed ended questions, as to increase the possibility to create a statistical analysis and graphs of the results. The average response option has a scale of seven alternatives. The choice of using semi-structured closed ended questions were also influenced by that the primary channel of data collection was through e-mail and internet. As researchers have stated that the response rates decreases in the use of that channel it was chosen to decrease the respondent engagement requirement by having more straight forward questions, (Yu & Cooper 1983). Still four questions were open ended as to make sure that a cause behind the result can be analyzed if unexpected results were registered, as there was no time available to create a follow up questionnaire and research the reasons why. Additionally it would be easier to ignore the results from those questions if they were not relevant rather than not have the ability to analyze them at all. The questionnaire also used a multi-attribute model to get a broad picture of the features desired by the respondents.
4.6.3 Pretesting

Pretesting refer to the testing of the questionnaire on a small sample of respondents to identify and eliminate potential problems. In generally, a questionnaire should not be carried out before pretesting it in order to improve the questionnaire. All aspects of the questionnaire should be pretested, such as word formulation, lay out and instructions. The respondent of the pre-test should be similar to those who will be included in the actual survey, (Malhotra 2010). In order to eliminate misunderstandings of the questionnaire and to strengthen the study’s validity two outside sources reviewed the questionnaire with some expertise in the field. Five typical respondents were also used in a pilot study to validate that respondents understood the formulations of the questions and instructions of the questionnaire. By letting others read through the questionnaire, there were a possibility to correct errors before carrying out the questionnaire and the risk for misunderstandings is reduced and questions validated.

4.7 Sampling

The objectives for most research projects are to gather information about the characteristics of parameters of a population. The population parameters are typically numbers, such as consumers who are loyal to a particular brand. A sample is a sub-group of the population selected for participation in the study. A sample is used in order to draw conclusions about the population parameters. A census on the other hand involves a complete enumeration of the elements of a population. The population parameters can then be calculated directly in a straightforward way after the census is enumerated. The major differences between sample and census are the following; when using sample, the budget is small compared to census. The time frame is much shorter in sample than it is in census and the cost of sampling errors are low in sampling, while there are high in census, (Malhotra 2010). Because of restrictions in time and finances this research used a sample survey as its sampling method to collect data.

4.7.1 Sampling frame

A sampling frame is a representation of the elements of the target population. It consists of a list or set of directions for identifying the target population, (Malhotra 2010).

In this research the study population was the students of education beyond high school level in the Växjö region of Sweden. The student mail database was used as to filter and get in contact with as many students as possible. A sample survey was used since there were
restrictions in both time and resources. Face-to-face surveys were conducted as to increase the response rate, however not used as the only primary data collection method as to delimit bias issues as much as possible. Table 4 illustrates the sample delimitation for the survey.

Table 4: Sample delimitation for survey

<table>
<thead>
<tr>
<th>Age</th>
<th>All ages, divided into age subgroups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Both genders</td>
</tr>
<tr>
<td>Occupation</td>
<td>Student, full time, half time as well as distance</td>
</tr>
<tr>
<td>Region</td>
<td>Växjö area</td>
</tr>
<tr>
<td>Country</td>
<td>Sweden</td>
</tr>
<tr>
<td>Other</td>
<td>Membership in ICA’s loyalty programs (for certain questions)</td>
</tr>
</tbody>
</table>

4.7.2 Sampling selection and data collection

The sample size refers to the number of elements to be included in the study. The determination of the sample size is complex and involves several qualitative and quantitative considerations, (Malhotra 2010). The sample selection through the web questionnaire was static in that it was only sent to student mails, with the parameter of the students registered at Linnaeus University, and more specifically those studying at the Växjö university part. This sample size fit the delimitation of students, but is varied in age, geographical location and gender. However as these aspects are not parts of this study’s research it should not affect the conclusions, but should be noted. The face-to-face questionnaires that were conducted were also random in their selection of sample. It was executed by standing outside the locally located ICA store and handing out questionnaires. According to the Linnaeus University there are 21367 student mails registered. Using Malhotra (2011) formula for calculating the necessary amount of respondents in the sample it was calculated too approximately 385 (see figure 4).
Figure 4: Sample size

\[
    n = \frac{2500 \times N \times Z^2}{(25 \times (N - 1)) + (2500 \times Z^2)}
\]

\begin{align*}
    N &= \text{Population size} = 21367 \\
    n &= \text{Sample size required} \\
    Z &= \text{Number of standard errors} = 1.96 \text{ for } 95\% \text{ confidence level}
\end{align*}

\[
    \frac{2500 \times 21367 \times 1.96^2}{(25 \times (21367 - 1)) + (2500 \times 1.96^2)} = 384,955,6025
\]

Figure 4 illustrates a summary of the number of respondents for the questionnaire. The research had a population of 21367 respondents. The questionnaires were sent out through mail to all the 21367 respondents, and could then be filled out on the internet. In total 516 students answered the questionnaire through the student mail at Linnaeus University. 100 paper questionnaires were also carried out face-to-face outside of the ICA located outside of Växjö campus, in order to increase the response rate. Since those questionnaires were carried out to “random” people, the result showed that 56 of the respondents from the face-to-face questionnaires were not relevant for the research since they did not belong to the target group. 24 respondents that answered the questionnaire did not fill out all the mandatory questions, and could therefore not be used in the research. In total 616 questionnaires were gathered whereas 536 of the respondents were relevant for the research since they had the occupations of being students. However, not all of the relevant respondents belonged to an ICA – card membership and could therefore not answer all of the questions in the questionnaire, with 393 of the 563 students owning an ICA loyalty membership. In total, the response rate, based on the population was 2,9%. The questionnaires were gathered between the time period of 4\textsuperscript{th} of April 2012 and the 11\textsuperscript{th} of April 2012. It should also be noted that the respondents that where relevant for the research and answered the face-to-face questionnaire might also have answered the web-questionnaire, which means that 44 of the 536 relevant respondents’ might have contributed with empirical data more than once without a possibility to know for sure as the questionnaires were anonymous. Table 5 illustrates the population, the sample size and the final amount of respondents.
Table 5: Response

<table>
<thead>
<tr>
<th></th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>21367</td>
</tr>
<tr>
<td>Online questionnaire</td>
<td>516</td>
</tr>
<tr>
<td>Face-to-face questionnaire</td>
<td>100</td>
</tr>
<tr>
<td>Total response</td>
<td>616</td>
</tr>
<tr>
<td>Required sample size</td>
<td>385</td>
</tr>
<tr>
<td>Response rate</td>
<td>2.9 %</td>
</tr>
<tr>
<td>Non relevant responses</td>
<td>80</td>
</tr>
<tr>
<td>Student response</td>
<td>536</td>
</tr>
<tr>
<td>Loyalty program members</td>
<td>393</td>
</tr>
</tbody>
</table>

4.8 Data analysis method

It is important to first decide how the empirical data will be collected as well as how exactly it will be analyzed. If the wrong kind of data is gathered compared to what analytic method that is used it will affect the variables, which leads to a non-reliable analysis, (Bryman & Bell 2011). The meaning of analyzing data is to reviewing, categorizing and compiling the gathered data in an understandable way, (Yin 2009).

When researching through a questionnaire it is therefore required to give the answers a numerical representation as to make it a variable, e.g. if researching between the genders, then the male can be represented by 0 and the female by 1. Additionally questions that have a scale of answers such as 1-5 or 1-7 alternatives automatically have pre-coded values, (Bryman & Bell 2005).

Descriptive statistics: are used to gather and present the statistical data as a summary, often by presenting the averages of the results, such as the median, mean or the standard deviation of the data. The data can also be illustrated in statistical tables such as histograms, (Hinkle et al. 1994).

Correlation analysis: in order to increase reliability that the samples properly present the population and be able to draw conclusions of the population through the data collected by the sample a correlation analysis can be used. This is done by researching if the coefficient is
statistically relevant, which have two deciding factors, the size of the sample as well as the size of the calculated coefficient, (Bryman & Bell 2005).

Regression analysis: what the regression analysis method measures is the relationship between a dependent variable together with one or more independent variables. In order to see if there exists a relationship between the variables as well as to what extent of strength the relationship has. The relationship can only be measured to its mathematical relationship as no causality can be assumed in its measurement, (Malhotra 2010).

The calculation is called R-square ($R^2$) and illustrated by a value between -1 and 1, where 0 represents no relationship between the variables. The further away the value is from 0 the stronger the relationship is. A value of $R^2 = 1$ represents a positive relationship which means if the independent variable increases so does the dependent. This also stands true with a negative value, e.g. $R^2 = -1$ if the independent variable changes so does the dependant. The regression analysis measurements significance must also be tested as to be able to trust the results. Marketing research is recommended to use a significance of at least 95% which is represented by a value of 0.05, (Malhotra 2010).

The study used descriptive statistics as to illustrate the sample’s attitudes and preferences in attributes from a membership, as well as draw conclusions relevant to the specific company used to research this particular phenomenon. The choice behind the use of descriptive statistics originated from the desire to look broadly on a concept which have been known to give a wide variety in the results, therefore a mean of the results were evaluated in order to make generalizations of the population, by measuring the numerical values given to the alternatives given as answers in the questionnaire.
4.9 Quality criteria

In order to achieve high quality results for the research, two criteria must be considered; validity and reliability. There is no exact definition of validity, however, generally it refers to the degree of how the research is well-funded, by this meaning the concept, conclusion and corresponds accurately to the real world. Validity can also be defined as to whether the research is able to scientifically answer to the question that it is intended to answer. Reliability on the other hand is the consistency of a measure of a concept. It could for example refer to repeating the research at a later point in time or using multiple case studies, interviews and focus groups in order to make it more reliable. Validity and reliability are important factors in order to make the research rigorous and receive high quality of the study, (Bryman & Bell 2011).

4.9.1 Content validity

In order to maximize the validity of the research the authors let experienced people read through the research, with background knowledge of the field. This helped the authors to make improvements and could change some questions before carrying them out. The authors also let five “typically respondents of the questionnaire” read through the questionnaire and make comments what they thought in a pilot study. The authors asked if they understood the instruction of the questionnaire, the word formulation of the questions and if there was enough alternatives.

4.9.2 Construct validity

The construct validity refers to how well the study’s results support the theory behind the research and if the theory supported by the findings provides the utmost existing explanation of the results, (Graziano & Raulin 2010). The construct validity is attempting to answer the theoretical questions about why the scale works and what deductions can be made concerning the fundamental theory. Construct validity is the most difficult type of validity to establish, (Malhotra 2010). Construct validity evaluates how well the operationalization was made. In this research the construct validity was evaluated by the relationship between the questions made in the questionnaire and the underlying theories that the research uses, (Bryman & Bell 2009). To generate valid information from the questionnaires, the questions have been formed and influenced from the theories used, as well as previous research.
4.9.3 External validity

External validity refers to the whether the cause – and – effect relationships found in the research can be generalized as well as if the research can be tested in another context or another group within the population, (Malhotra 2010; Graziano & Raulin 2010). In order to make a statement about the overall population based on findings from a sample, it is important to select the sample so that it effectively represents the population. The process of inferring something about a population based on findings from a sample is called generalization. In order to make the research as valid as possible researchers have to be careful about generalizing across time, places and conditions, (Graziano & Raulin 2010). The threats to external validity arise when the specific set of research conditions does not convincingly take into account the connections of other relevant variables in the real world, (Malhotra 2010). The research has gathered as big of a sample from the population as possible in order to draw conclusions, based from the required sample size using Malhotra’s (2011) formula. Additionally as the research purpose was broad major generalizations were not made, as there were little to no in-depth investigation behind the reasons behind the results.

4.9.4 Reliability

Reliability is referred to the consistency of a concept, (Bryman & Bell 2009). It is also referred to the extent to which a scale produces consistent results if repeated measurements are made. Reliability is when the standard of a result is steady and when the research can be repeated several times with the same or similar result as previous, (Malhotra 2010). According to Yin (2009) reliability focuses on the repeatability of the research. According to Bryman & Bell (2009) the reliability of a concept is assessed by repeating the study at a later point in time, using multiple case studies/ interviews /focus groups and keep a study database. In order to make the research as reliable as possible the authors have read similar researches with similar theories and topic.
4.10 Summary of methodology chapter

Throughout the whole methodology chapter, there has been a discussion of how data has been gathered in order to answer the research questions and fulfill the research. In figure 5 the procedure of how the data collection process for the research is illustrated.

Figure 5: Methodology summary
5.0 Empirical findings & Data analysis

The empirical data was collected through questionnaires. The questionnaires were both send out through internet by the student mail at Linnaeus University in Växjö as well as by paper copies that were given to respondents by face to face outside ICA. Combined with the empirical findings an analysis are presented as well as a summary of analyzes.

5.1 The ICA Loyalty program

The ICA organization is one of northern Europe’s leading retailer organizations. The organization consists of ICA Sweden, ICA Norway, Rimi Baltic, ICA real estate and the ICA bank, with 20,806 employees stationed over the globe as of 2011, (ICA.se C 2012; ICA.se D 2012). The organization’s vision is stated to be “we make everyday a little easier” governed by values such as to be driven by profitability but meanwhile keep high ethical standards, listen to its customers and always base decisions on their needs and maintain an open dialogue internally and with the community, (ICA.se E 2012).

The organization offers different versions of their loyalty program “ICA – card”, depending on the customers occupation, needs and wants. With the loyalty card, the customer receives bonus points on all purchases in store as well as discounts on different products. The bonus points can later on (when collected enough) be transformed into bonus cheques that can be used in any ICA store, (ICA.se F 2012). As a member of the loyalty card, ICA also offers discounts on travel and other pleasures. They have continually different competitions where the members have the chance to win prizes, and every month the newspaper “Buffé” is sent out to their members with inspiration of new recipes, discounts and interviews, (ICA.se G 2012).

ICA also offers three different versions of a credit card. In excess of what the “ICA – card” offers, the credit card offers no extra charges when withdraw money abroad, (ICAbanken.se A 2012). One of the organizations latest releases within the customer loyalty programs is a segmented loyalty program called “ICA – Student”. The program is similar to the above; however, the membership implies that the student receives an ICA card that is free of charge during the whole time as a student, and even one year after finished studies. The card is loaded with 100 SEK already from the start. The student receives twice as much bonus points and discounts as a “normal” card member does when shopping in the store. The organization also has different cooperation partners such as SF (Swedish cinema company), which offer
students that are members of the ICA - student a discount when buying tickets. Another partner is a training company called Actic, which offers the students’ free membership and a discount on training cards, (ICA.se B 2012). The students that are a member of the student loyalty program will receive continually special offers via the ICA app, e-mails and newsletters on different products that the organization has selected, (ICA.se B 2012). When the member of the student loyalty program will buy an accommodation, he/she will receive a discount on the housing mortgage loan at the ICA bank whenever in the future, (ICA.se B 2012). There are some restrictions on who can own a student loyalty program card, the member needs to be a registered student, be between the ages of 18-30 as well as agree to the terms of the organizations credit card, (ICAbanken.se B 2012).

5.1.1 Cronbach’s Alpha
After the empirical data had been collected a reliability test was conducted on the 7 questions related to multiple choices around the theories. The questions were scaled on a scale from 1 to 7, where 1 represented a rejection to the statement and 7 agreeing to the statement, additionally 4 represented a neutral response. The reliability test’s alphas became 0,674 for the five questions regarding attitude towards segmented and ordinary loyalty programs, and 0,732 for the two questions regarding frequency.

Alphas above 0.6 are generally considered as being satisfactory while values below 0.6 are considered less than satisfactory, (Malhotra 2010). As the alphas are above 0.6 the questions are likely to gather the same or similar results if executed again and should therefore considered satisfactory.

### Attitude – Loyalty program

<table>
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<tr>
<th>Reliability Statistics</th>
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</thead>
<tbody>
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<td>Cronbach’s Alpha</td>
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<td>Alpha</td>
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</tr>
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<td>0.674</td>
</tr>
<tr>
<td>5</td>
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</table>

### Frequency

<table>
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<tbody>
<tr>
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</tr>
<tr>
<td>0.732</td>
</tr>
<tr>
<td>2</td>
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</table>
Analyzing the results of the reliability test, it would most definitely be affected by that the authors created their own questions for the research. Even though they were based on the theories and influenced by previous research the questions were created combining new theories and concepts. Meaning that future research around the subject would need to look at the questions and maybe formulate them a bit differently or add questions that could possibly increase reliability.

Lastly the question regarding the attractiveness of offerings was based on using a multi-attribute model which made it impractical to calculate Cronbach’s alpha. However as the answers available in the multi-attribute model were based on the case study company as well as some of its main competitors offerings it did supply a wide range of options, in an effort to increase the reliability and validity of the study.

5.2 Result from questionnaire

The questions are presented using the conceptualized themes that they are connected too.

**PI:** Personal Information  
**AC:** Attitude Chapter  
**BI:** Behavior Information  
**SI:** Satisfaction Information  
**MAM:** Multi-Attribute Model

**Gender**

Of the 536 relevant respondents the majority were female, to be more precise 358, with the remaining respondents being male (178). This leads to that the empirical data is not evenly distributed between the genders. With 67% of the respondents being female and only 33% being male, however as the purpose of the research is not based on gender it should not affect the results, but should be noted when analysing the data.

**Age**

The age of the relevant respondents were divided into three sections, 18-24, 25-30 and those above the age of 31. The majority of respondents where in the age group of 18-24 (357), followed by 25-30 (134) ending with those above the age of 31 (45). Just as with the gender, the distribution between the age groups is not even. However with 92% of the respondents being between the ages of 18-30 it assists the research, as the researched company use an age limit on their segmented loyalty program (ICA student). But just as with the gender it is not vital to achieve the research purpose. However it helps to examine how many of the respondents that are both current and future potential segmented loyalty card members.
PI 1: Are you currently a student? (Part time, full time, distance)
The segment question which was stated to identify what responses that were relevant for the research managed to filtrate out 56 non relevant responses. Out of the 616 responses 540 were students in some way or form. However four of those students had never visited ICA and could therefore only contribute to the attribute-model. Therefore a choice was made as to exclude them out of the research as not relevant. This means that the majority of the empirical data is based on the 536 relevant respondents. Considering that out of the 536 students there were 45 respondents that were above the segmented loyalty program age limit. There are 491 potential members of the segmented loyalty program.

PI 2: How often do you shop in a grocery store?
The chart below (Graph 1) illustrates the frequency in which the respondents usually do their grocery shopping, with the majority visiting the grocery store a couple of times a week. Continued with those respondents that shopped once per week, followed by less than once a week and lastly those that grocery shopped everyday. Based on the empirical data it is possible to conclude that the frequency of store visits are quite similar between the respondents, however not completely specific in amount. It is possible to analyse from the question that the respondents are quite frequent in their shopping on a weekly basis.

Graph 1: Frequency of grocery shopping
PI 3: Have you ever visited the grocery company ICA?
Of all the 616 respondents, 10 respondents had never visited ICA. Thus those 10 were excluded of the empirical data, as they could only contribute to one of the questions in the questionnaire.

PI 4: Are you currently a member in any of ICA’s loyalty programs?
From the 536 relevant respondents there were 393 ICA loyalty program members. Those 393 are the basis for the research around frequency changes and possible attitude changes the membership may or may not have lead to. With the remaining 143 respondents being relevant to contribute to what offerings that is attractive in a loyalty program.

PI 5: If (YES) what kind of membership do you possess?
As a follow up and further segmentation on what kind of membership the students of Växjö are members in it was found that some students owned more than one loyalty program card, with the majority owning the “ICA Kundkort” (230). Followed by the segmented loyalty program card “ICA Student” (95), lastly 88 of the respondents owned the ICA credit card, “ICA Bankkort”. The majority of respondents who where ICA student members also had the ICA credit card “ICA Bankkort”, which is logical considering that the credit card is a part of the segmented loyalty program from ICA. Additionally it would be reasonable to assume that some of the ICA student members are either not aware of the credit card possibility or simply chose to only respond with ICA student.

PI 6: If (NO) is there a special reason as to why you are not a member?
When asked if the respondents were aware of a specific reason as to why they were not members, 50 answered that there existed a reason as to why.

PI 7: Can you describe shortly as to why? (Non-member)
Of the 50 respondents who were aware of a reason as to why they were not card members in the ICA loyalty program. 14 of those responses explained that they were not the person “in charge” of grocery shopping, by either still living at home or having a spouse that usually did the grocery shopping. Those 14 therefore saw no reason as to own a card. 19 respondents gave the answer that they did not approve of the concept of having a company tracking what they purchased. Eight of the respondents motivated their rejection of the loyalty card by not purchasing for a large enough amounts for it to be beneficial for them. The nine remaining responded that they did not live in a close enough vicinity of ICA and therefore did not frequently visit ICA. However 22 of the respondents answered that they would still consider becoming members if ICA either were to become located closer or offer discounts and bonuses more suited for their budget.
AC 1: My general thoughts toward the usage of loyalty programs in the grocery industry are good

The response on the question regarding the respondents’ general attitude toward loyalty programs where very one sided. 82% responded with the number 5 or greater (indicating that the respondents agree to the statement), as can be seen in the graph below (Graph 2). Additionally the mean value of the response then became 5.77, which gave it a negative skew of –1.424 on the graph. To analyze the respondents it seems as to the general attitude toward the usage of loyalty programs was positive, since a majority of the respondents agreed to the statement of their general attitude toward the usage of loyalty programs as being good, based on the mean of 5.77. Connecting it to the theory of the Tricomponent attitude model or more specifically the affect component seem to be positive from the respondents, as the general attitude or feelings are positive. When using a scale from positive to negative feeling toward the general usage of loyalty programs.

Graph 2: My general attitude toward the usage of loyalty programs in the grocery industry is good

![Graph showing descriptive statistics](image)

<table>
<thead>
<tr>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Variance</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
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<td>536</td>
<td>5.77</td>
<td>1.538</td>
<td>-1.424</td>
<td>1.533</td>
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<tr>
<td>Valid N</td>
<td>536</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
AC 2: I think the offering of a student loyalty program in the grocery industry is good

The response regarding the respondents’ attitude toward grocery retailers offering segmented loyalty programs showed a negatively skewed result of –1,447. With 81% of the respondents’ answering with a number of five or greater, additionally the mean of responses became 5.93. Just as in the case of the general offering of loyalty program the concept of segmented loyalty programs indicated a generally positive attitude toward the offering of a segmented membership. This could be interpreted as that the students approve of the ICA student card, or the concept of offering similar offerings to other segments. As the sample respondents are almost exclusively agreeing to the statement. Additionally the respondents affect to the concept of offering a segmented loyalty program was positive, as a majority responded positively. When using a scale from positive to negative feeling toward the concept.

Graph 3: I think the offering of a student loyalty program in the grocery industry is good

![Graph 3](image)

**Descriptive Statistics**

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Variance</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
<td>Statistic</td>
<td>Std. Error</td>
<td>Statistic</td>
<td>Statistic</td>
<td>Std. Error</td>
</tr>
<tr>
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<td>536</td>
<td>5.93</td>
<td>.064</td>
<td>1.482</td>
<td>-1.447</td>
<td>1.485</td>
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<tr>
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<td>536</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
AC 3: The ICA membership offers discounts on products that I am interested in

The numbers from the question regarding the statement that ICA offers discounts on products that the respondents were interested in or consumed shows a negative skew of –0,604. With 64% of the respondents answering with a number of 5 or greater, additionally the mean then became 4,88. The response indicates a general favourable attitude toward the loyalty programs offerings, however the mean also suggests that a bit more neutral stance in regards to the statement. Since the respondents did not strongly agree but took a more neutral stance of answering heavily at 5, which gave the mean of 4,88. A majority of the respondents (64%) do agree with to the statement which arguably could mean that the respondents have a positive cognitive attitude towards the ICA loyalty program. As the theory of cognitive attitude is based on the perceived knowledge of the respondents towards an object, in this case the attribute of offering interesting products is the cognitive factor influencing the attitudes. Analyzing the response more oriented toward the ICA favor it would seem that ICA have managed to correctly identify what the customers consume and want discounts on, however the response also illustrates that the respondents are not totally satisfied and more work could probably be done on the subject, as 36% responded either neutrally or disagreed with the statement.

Graph 4: The ICA membership offers discounts on products that I am interested in

<table>
<thead>
<tr>
<th>AC 3</th>
<th>536</th>
<th>4,88</th>
<th>0.072</th>
<th>1.672</th>
<th>2.797</th>
<th>-0.604</th>
<th>0.106</th>
<th>-0.336</th>
<th>0.211</th>
</tr>
</thead>
</table>

Valid N

536
AC 4: I shop more frequently at ICA compared to other competitors

When answering to the statement that the respondent’s shopped more frequently at ICA compared to competitors, 71% of the respondents answered with a number of 5 or greater, leading to a mean of 5.17. Additionally the results then became negatively skewed with a value of –0.908. Analyzing loyalty by frequency of visits to one store in comparison to its competitors gave response with two peaked answers, with one being either strongly agreeing or the other being a total rejection to the statement. However the majority still responded favourably to the statement which could possibly indicate some sort of loyalty to the grocery retailer ICA does exist. If following Elinder’s (1993) definition of loyalty. However the question does not identify what factors that result in this response. Additionally the high frequency of store visits to ICA indicates some sort of behavioral pattern. Analyzing the amount who rejected the statement which were 136 respondents or 25% of the respondents it can be concluded that those respondents presumably do not feel satisfied with the loyalty program or ICA offerings overall.

Graph 5: I shop more frequently at ICA compared to other competitors

<table>
<thead>
<tr>
<th>AC 4</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Variance</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
<td>Statistic</td>
<td>Error</td>
<td>Statistic</td>
<td>Statistic</td>
<td>Error</td>
</tr>
<tr>
<td>AC4</td>
<td>536</td>
<td>5.17</td>
<td>.101</td>
<td>2.331</td>
<td>5.433</td>
<td>-.908</td>
</tr>
<tr>
<td>Valid N</td>
<td>536</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Remaining questions are delimited to the respondents that were ICA loyalty card members (sample size of 393)

AC 5: My perception of ICA has improved since I became a member

Responding to the statement if the members’ perception of ICA had improved after becoming members had a neutral mean of 4.52. Leading to a negative skew of –0.195 and a kurtosis of –0.291, additionally 41% of the respondents answered with 4 (representing a neutral response). This could be interpreted that there were few to no additional cognitive attributes added to the brand ICA from the respondents after joining the loyalty program. In other words no cognitive factors seem to have been added to the customers’ attitude after entering the loyalty program. Further research would need to be done to identify more clearly the amount and specific attributes that could have been added. However the response graph does seem to illustrate that the respondents do not want to portray improvement or are not aware of it themselves as so many responded neutrally to the statement.

Graph 6: My perception of ICA has improved since I became a member

<table>
<thead>
<tr>
<th>AC5</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Variance</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Statistic</td>
<td>Std. Error</td>
<td>Statistic</td>
<td>Statistic</td>
<td>Std. Error</td>
</tr>
<tr>
<td>AC5</td>
<td>393</td>
<td>4.52</td>
<td>.082</td>
<td>1.634</td>
<td>2.668</td>
<td>-.195</td>
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<td>Valid N</td>
<td>393</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
AC 6: I shop more frequently at ICA since I became a member

The answer to if the respondents’ frequency of shopping increased after becoming a member of the ICA loyalty program gave a negative skew of -0.863 and a mean of 5.14. As a result of 70% of the respondents answering with a number of 5 or greater, additionally the standard deviation of the responses is 2.478. The frequency of store visits does seem to have been affected by the membership in the loyalty program. Although the response does not show exclusive increase the respondents do agree that the amount of visits did increase after they joined the researched grocery retailer’s loyalty program. There is arguably also a shift in behavior after joining the membership. Analyzing the responses regarding increased frequency after entering the loyalty program with the general attitude towards the usage of loyalty programs, the responses arguably correlate, as the majority of respondents’ attitude toward loyalty programs is positive. The data supports with what Elinder (1993) suggested, that a successfully maintained loyalty program increase the frequency of its consumers store visits. Which he also implied was a sign of loyalty from the consumers. Further more analyzing the respondents that did not agree with their frequency increasing 29% or 114 respondents presumably do not feel satisfied with their loyalty program and therefore the frequency has not increased.

Graph 7: I shop more frequently at ICA since I became a member

<table>
<thead>
<tr>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Variance</th>
<th>Skewness</th>
<th>Kurtosis</th>
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<tr>
<td>AC6</td>
<td>393</td>
<td>5.14</td>
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<td>2.478</td>
<td>-.863</td>
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<td>Valid N</td>
<td>393</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
AC 7: I am satisfied with the amount of personal discount send outs from ICA

When responding to the satisfaction the participants felt with the personal discount send outs the results got a negative skew of -0.677 and a mean of 4.94. The kurtosis being -0.037 as a result of 60% of the respondents answer with a number of 5 or greater, as well as 26% answering with the neutral number of 4. This gave the standard deviation of 1.663. The respondents seem to illustrate a neutral stance to an agreeing posture regarding the satisfaction with the amount of personal send outs. This could arguably mean that the critic of that companies do not listen to respondents in loyalty programs are not currently true in the case of the ICA loyalty programs. The current satisfaction level seem to be there at least when the respondents take a stand on the statement of satisfaction with amount of personal send outs. Connecting it to the affection factor of attitude it also signals a more neutral response but still a majority indicating a positive attitude rather than negative. When using a scale from positive to negative feelings around the satisfaction of the amount of personalized discounts.

Graph 8: I am satisfied with the amount of personal discount send outs from ICA

<table>
<thead>
<tr>
<th>AC 7</th>
<th>1 (Don't agree)</th>
<th>2</th>
<th>3</th>
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<th>5</th>
<th>6</th>
<th>7 (Totally agree)</th>
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<tr>
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<td>26</td>
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<td>23</td>
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Descriptive Statistics

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<th>Skewness</th>
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<td>.037</td>
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<td>.246</td>
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</tbody>
</table>
BI 1: How often do you use the offerings from the ICA membership?

55% of the respondents answered that they either use the membership offerings either every time or the majority of the times they shopped. While 29% answered that they use the offerings on an irregular basis. Lastly 12% rarely use their membership offerings and 3% never use their offers even though they are members in the loyalty program. Regarding the amount of usage of the ICA loyalty program the respondents are quite spread. Although over 50% of respondents use the offerings from the membership every time they visit the store or at least a majority of the store visits. The behavioral pattern illustrated from the respondents indicates that members consume the loyalty program offerings on a regular basis. Arguably this would make sense in combination with data suggesting an increase of store visits after entering the loyalty program. Looking at graph (Graph 9) in combination with the statement of store visit frequency increasing after joining the loyalty program, there is an indication that the loyalty program might have something to do with the increase in frequency after entering the membership of the loyalty program. It does however not exclude all possibilities that there exist other factors that might have influenced this increase as well.

**Graph 9: How often do you use the offerings from the ICA membership?**
BI 2: What kind of offerings do you usually take advantage of from the ICA membership? (If more than one, circle the alternatives).

The most frequently used offers from the ICA loyalty program are the regular discounts in the store, or the personal discounts that are sent out to the members specified depending on what the member usually purchase. To analyse this question and the empirical data that was provided in retrospect, it might be a little biased as all options were not illustrated as typed alternatives. But rather summarized in the option of “other”. However with that in mind the data does depict that the competition offering of the ICA membership is not one of the most interesting aspects of the loyalty program offerings according to the respondents. As well as illustrate that ordinary discounts are frequently taken advantage of, and arguably a big part of what makes loyalty programs interesting for its members. The response also connects to the theory that customers are searching for an economical advantage, (Stauss et al. 2001; Butscher 2000; Omar et al 2010).

Graph 10: What kind of offerings do you usually take advantage of from the ICA membership?

SI 1: Are you generally satisfied with your ICA membership?

74% answered that they currently felt satisfied with their ICA membership, while 13 respondents or 3% did not currently feel satisfied with their membership. The remaining 23% or 91 respondents did not currently know if they felt satisfied or not. To analyse the general satisfaction is possible to discuss that about 100 of the 393 membership members did not
know or are not currently satisfied with their membership. Further more going back to previous questions and looking at empirical data as well as statistical results, it is possible to see that those are not satisfied in some way or form, also did not agree to the statements regarding increase in frequency of store visits as well as the question regarding if they shop more frequently at the ICA store compared to competitors. This could mean that dissatisfaction with the loyalty program affects frequency of store visits neutrally or negatively. While on the other hand satisfaction with the loyalty program indicates an increase in shopping frequency. Therefore arguably the satisfaction of the loyalty program leads to increase in frequency of store visits at the loyalty program’s stores, and following Elinder’s (1993) definition of loyalty the increase in frequency would then also indicate an increase in loyalty.

**Graph 11: Are you generally satisfied with your ICA membership?**

<table>
<thead>
<tr>
<th>Are you generally satisfied with your ICA membership?</th>
<th>Yes</th>
<th>Don’t know</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>289</td>
<td>91</td>
<td>13</td>
</tr>
</tbody>
</table>

**SI 2: If (NO) can you describe specify what makes you dissatisfied?**

One of the respondents felt dissatisfied as she had to consume a particular amount to be able to obtain the newspaper that ICA offers its members. Another respondent felt dissatisfied as a result of that the vegetables where only on discount if you used the “self-scan” tool available in his store, and he did not wish to use the tool as he did not find it beneficial in either giving him comfort nor increase the swiftness of a store visit. A third response was that the personal discounts that were sent out did not fulfil a need, as the products he needed had already been purchased which meant that when he received a discount for that product, he no longer had a need for it. Another complaint concerned a respondent’s use of the ICA credit card, which
required full use of the card, there was no way to achieve bonuses or discounts by using the card and paying with another credit card. The respondent felt that this forced the use of the ICA credit card too heavily.

SI 3: Is there a specific offering from the ICA membership that makes you specifically interested?
152 of the loyalty program members responded that there was a specific offering in the ICA loyalty membership that made or makes them interested.

SI 4: If (YES) can you describe what that offering is?
14 respondents answered that the point system used to issue discounts were the specific factor that made them interested, additionally six of those respondents added that with the student card the bonus system doubled the points. 21 respondents answered that the ICA credit card gave bonus on all purchases, including those made outside of ICA, at for example H&M or a flight ticket, additionally recently the fees for the credit card where removed for students. One of the credit card holders also responded that it was the best credit card to use when being abroad, as it had the lowest fee for usage outside of EU. 52 responded that the discounts where always on interesting products, personally sent out or just discounted generally in the store. Five respondents gave special interest to the personalized discounts in the send outs, adding that the newspaper “Buffe” which is added in the send outs was an appreciated bonus. Lastly one respondent was especially interested in the competitors that the membership enabled participation in. Generally the respondents seem to be interested of the economical advantages that the loyalty program supplies supporting Stauss et al. (2001), Butscher (2000) and Omar et al. (2010) theories. With only one respondent even mentioning one of the offerings that supply no economical benefits.

SI 5: Would you recommend others in your vicinity to become ICA members
When asked to respond to if the participants who already where loyalty program members would recommend the membership to others in their vicinity, 72% indicated that they would recommend the membership. While 18% didn’t know if they would recommend or not, and 10 % would not recommend the membership. Analysing the results of if members would recommend others to become loyalty program members it is possible to see that 28% are not labelled as satisfied, as they either did not know or would not recommend it to others. Going
back to the question of general satisfaction of the loyalty program membership it is also possible to see that the majority of those who answered that they either did not know or are not currently satisfied with the membership, would not recommend it to others. This could mean that the satisfaction of the loyalty program from respondents could possibly lead to a positive recommendation to non members from the respondents in some way or form. Additionally it could be argued that if considering Stauss et al. (2001) theory which states that members of loyalty programs are generally more satisfied with their relationship to a company than those who are not members may also have influenced the results. With other words those respondents that are already members and were satisfied with their relationship would positively discuss their satisfaction with other non members.

**Graph 12: Would you recommend other in your vicinity to become ICA members?**

<table>
<thead>
<tr>
<th>Would you recommend others in your vicinity to become members?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>282</td>
</tr>
</tbody>
</table>
5.3 Multi-attribute model

The Multi-attribute model concerned the attitude of all relevant respondents, loyalty card holders at ICA or not (sample size of 536 respondents). It was calculated by asking the respondents to rank the importance of the different offerings (attributes) in loyalty programs. The respondents were only allowed to use each value once, e.g. only give the highest rank of 10 to one option in the ranking. The total score was calculated by multiplying the value with the amount of respondents to that value, e.g. 303 responded to a value of 10 which gives the value of 303 x 10 = 3030 this was then added to the participants that responded with the “other” values to the same option, leading to the total value score. The scores were then presented in a graph to analyze the results through the total score values of the option in order to see what attributes were most attractive for the respondents. These values are the basis to answer the first research question.

MAM 1: Multi-attribute model of what attributes that are of importance for the respondents (on a scale of 1-10, where 1 is of little importance and 10 high importance).

The ranking of the respondents of the questionnaire gave a result of the importance of the different offerings in a loyalty program, with discounts and personally customized discounts topping the list with the highest score. Analysing the respondents answers it is possible to see that the most important parts of a loyalty program are the discounts, more specifically the highest importance is ordinary store discounts as well as personally customized discounts. Slightly after those offerings there are quantity discounts and competitions/bonuses, whose ratings are very close with only four points differentiating them. After that are the offerings that usually are not at all connected to the store itself, such as travel offerings, insurances and credit cards, looking at the segmented loyalty program from ICA towards students, this is interesting as it is a major part of what makes the segmented loyalty program different from the ordinary offering. With its rather low rating of the students own ranking of importance. Next is the offering of variety of goods, which is not the company of ICA’s main argument in its loyalty program but rather a competitor’s, which is also interesting as it gets such a low rank, however this might be where the sample of only students might influence heavily. Because of variation of products seems not to be of the highest importance to this particular segment. Lastly the offering with the lowest importance according to the respondents’ is the additional offering of a newspaper. This result also surprises as almost all of the Swedish grocery retailers in Sweden have a newspaper involved in their loyalty program. However just as with the offering of variety of goods, the result might be majorly influenced by the sample
of only students. Therefore it could be of higher importance to other segments. Overall it seems that students put high importance at discounts in their loyalty programs, more specifically all of the offerings that in some way or form lead or can lead to reduced costs or avoided costs are of high importance according to the empirical data to students. Going back to the theories of Butscher (2000), Stauss et al. (2001) and Omar et al. (2010) theories of economical benefits being most sought after in loyalty programs seem to have some rigour from the empirical data, with the five options that have some sort of economical connecting being ranked the highest among the respondents. While the two options that have no economical benefits for the customers receiving the lowest scores. Additionally the two options with highest rank are also quite higher on the scoring compared to the other options. Both of which being discounts on products it could be a result of respondents viewing these options as the best economical benefits and therefore of most value. However the option that is ranked as third is also a discount, it is however connected to buying higher quantities. Interesting to note is that the newspaper received such a low score of importance from the respondents as it is used to portray a message of the brand as to improve the relationship and attitude of the customers, (Chang et al. 2009). This could arguably mean that the newspapers that the respondents are currently receiving or are aware off do not fulfil a need for the majority of respondents, and therefore is mostly beneficial for the company. However how successful the newspapers’ then are in fulfilling their purpose is arguable.

Table 6: Multi-attribute model over offering importance in loyalty program

<table>
<thead>
<tr>
<th>Ranking votes</th>
<th>10</th>
<th>9</th>
<th>8</th>
<th>7</th>
<th>6</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
<th>Total score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Offering</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discounts</td>
<td>303</td>
<td>67</td>
<td>76</td>
<td>32</td>
<td>14</td>
<td>16</td>
<td>5</td>
<td>8</td>
<td>9</td>
<td>6</td>
<td>4697</td>
</tr>
<tr>
<td>Personal discount send outs</td>
<td>94</td>
<td>247</td>
<td>86</td>
<td>25</td>
<td>26</td>
<td>28</td>
<td>6</td>
<td>8</td>
<td>7</td>
<td>9</td>
<td>4393</td>
</tr>
<tr>
<td>Quantity discounts</td>
<td>41</td>
<td>32</td>
<td>68</td>
<td>64</td>
<td>49</td>
<td>121</td>
<td>61</td>
<td>44</td>
<td>28</td>
<td>28</td>
<td>3021</td>
</tr>
<tr>
<td>Bonuses/Competitions</td>
<td>35</td>
<td>32</td>
<td>104</td>
<td>68</td>
<td>56</td>
<td>72</td>
<td>38</td>
<td>33</td>
<td>26</td>
<td>72</td>
<td>3017</td>
</tr>
<tr>
<td>Other offerings (Travel, insurance, credit cards)</td>
<td>46</td>
<td>63</td>
<td>41</td>
<td>15</td>
<td>26</td>
<td>82</td>
<td>52</td>
<td>26</td>
<td>63</td>
<td>122</td>
<td>2560</td>
</tr>
<tr>
<td>Variety of goods</td>
<td>2</td>
<td>8</td>
<td>6</td>
<td>18</td>
<td>85</td>
<td>162</td>
<td>72</td>
<td>41</td>
<td>61</td>
<td>81</td>
<td>2200</td>
</tr>
<tr>
<td>Newspapers</td>
<td>5</td>
<td>14</td>
<td>12</td>
<td>4</td>
<td>22</td>
<td>16</td>
<td>64</td>
<td>41</td>
<td>200</td>
<td>158</td>
<td>1449</td>
</tr>
<tr>
<td><strong>Amount of rank number usage</strong></td>
<td>526</td>
<td>463</td>
<td>393</td>
<td>226</td>
<td>278</td>
<td>497</td>
<td>298</td>
<td>201</td>
<td>394</td>
<td>476</td>
<td></td>
</tr>
</tbody>
</table>
5.4 Analysis

The data analysis will be presented in this sub-chapter, where it is structured based on answering the research questions and connected to the theories used from the literature review.

5.4.1 Attitude

Loyalty program

From the empirical data it was possible to conclude that a majority (82%) of the respondents agreed to the statement of having a positive attitude toward the usage of loyalty programs in the grocery industry. Additionally, the respondents who where existing members of any of the ICA loyalty program had a neutral response to that their perception of the company had improved after entering the loyalty program. This indicates that the respondents either did not gain or know about any cognitive factors created toward the brand after entering the loyalty program. As well as the affect attitude toward the brand remaining unchanged. However, although no affection or cognitive factors had emerged from the loyalty program membership, the number of loyalty program members that were satisfied also had a majority (74%). Further more when comparing the response between the general attitude and the satisfaction with the loyalty program there are a difference in the number of respondents used in the empirical data, as 536 responded on the general attitude while only 393 at their satisfaction with the membership. Additionally the respondents behavioral patterns consists with what arguably would be logical together with a positive attitude, as the behavior of the respondents indicated a higher frequency of store visits compared to competitors. Further more, the respondents agreed to that their frequency increased after entering the loyalty program. Connecting the attitude to the Tricomponent attitude mode l and the responses on each factor influencing attitude, it would suggest that the general affection toward the loyalty program is positive, which conceptually would indicate a favourable attitude toward the object which in this case is the loyalty program ICA kundkort. The favourable attitude and increase in frequency of store visits from the respondents would according to Elinder’s (1993) definition of loyalty indicate that the ICA loyalty program is currently successful in building relationship and creating loyalty. This arguably would suggest that there are benefits for both the company supplying the loyalty program as well as the customers who use the loyalty program. In the sense that the company manages to establish more long-term relationships which is more profitably than short-term relationships accord to previous research, (Gustafsson et al. 2004).
While at the same time the customers benefit by that the company has to maintain its competitive advantage and continuously update the loyalty program and its offerings.

To conclude using the Tricomponent attitude model illustrated in figure 6, two of the three factors showed positive signs towards having a good attitude toward loyalty program, as well as the last factor also being favourable however leaning toward a more neutral response. This arguably suggests that students’ attitude towards ICA loyalty programs were favourable.

**Figure 6: Tricomponent attitude model results**

(Evans et al. 2008, p.77)

*Segmented loyalty program*

The data collected around the respondents’ attitude toward the offering of a segmented loyalty program also illustrated a skewed graph, with a majority of 81% agreeing to the statement of having a positive attitude toward the offering. Additionally from the 393 respondents who were current loyalty program members, only 95 respondents were ICA - student members. However, as the segmented loyalty program ICA – student is a quite recent offering from ICA it may have affected the amount of respondents. Especially as the whole sample of 393 are students and the majority of those also viable to enter the segmented loyalty program rather than the original loyalty program. Connecting the segmented loyalty programs to the
Tricomponent model, some of the respondents who contributed to the analysis of the attitude toward loyalty programs in general were ICA – student members. Arguably it can then be concluded that the factors influencing the attitude towards loyalty program in general also apply to the segmented loyalty program, which means that the general attitude among students against offering segmented loyalty programs was favourable.

5.4.2 Frequency

Analyzing the data collected around the frequency of ICA store visits as well as the frequency of loyalty program usage, it was possible to see that there was a tendency among the respondents to shop most frequently at ICA. With 71% of the respondents agreed to the statement of shopping more frequently at ICA compared to other competitors. Additionally it should be noted that the majority of those who did not agree to the statement instead strongly disagreed (18%). Further more it was shown when analysing the 393 respondents who were loyalty card members that 70% agreed to the statement of shopping more frequently at ICA after entering the loyalty program. This number becomes interesting when considering Dick & Basu (1994) and Elinder (1993) theories of repeated behavior or increased frequency could be defined as signs of increased loyalty toward a brand or company. Arguably the loyalty program which had shown signs of respondents both being satisfied with the loyalty card membership and their offerings as well as increasing their frequency of store visits after entering the loyalty program have lead to some sort of loyalty toward ICA. Lastly it can be noted that the frequency of loyalty program usage was quite high as 55% either used the loyalty program offerings every time they visited the store or the majority of visits. However it should be noted that an exact number of usage was never gathered. Concluding the results regarding frequency there is an indication that the loyalty program membership does have an impact on frequency of store visits. Concluding that the research does not make clear if a membership always increases the frequency of store visits, however in the studied case of the ICA loyalty program the results do suggest that frequency was affected by an increase of store visits after entering the loyalty program.

5.4.3 Attractiveness of offerings

The empirical data regarding what offerings that the respondents found as of high importance in a loyalty program showed a tendency towards favoring the offerings that had some kind of economical benefit. With all three of the discount offerings ranking as being of the highest importance, followed by rewards outside of the grocery store, such as competitions, credit
cards, insurance and travel. The two last offerings that ranked the lowest were not oriented at economical benefits for the member, but instead toward communication and a broad range of products. The two undoubtedly most attractive offerings in a loyalty program according to students, where the ordinary store discounts and the personally customized discounts that are usually sent out. Because both of those offerings received a ranking score of over 1000 points above the third option in the multi-attribute-model. The results validated the theories of Stauss et al. (2001), Butscher (2000) and Omar et al. (2010) who argue that people are always searching for economical advantages or increased perceived value. In addition the question regarding what offerings the respondents most frequently consume at ICA showed a favor toward discounts. These results suggests that the students’ rank the importance of economical beneficial offerings highly. If the tendency of loyalty programs does move more towards segmentation of the programs it would suggest that the segmented loyalty program towards students should arguably orientate around offerings such as discounts. In order to best satisfy this segment of the market and possibly avoid unnecessary losses.
6.0 Conclusions & Implications

In this chapter conclusions are presented based on the analysis done on the empirical findings, the results are presented and discussed around the conceptual model used in the study. Further more the authors reflect on the study and present recommendations for future research as well as managerial implications.

6.1 Results

Figure 7: Conceptual model

Figure 7 is a model of how the authors view the connection between the concepts that have been used in the study. Starting with three of the concepts that are influencing loyalty programs which are: offerings, attitude and segmentation, all of which are important to understand, in order to achieve a successful loyalty program. They are important for different reasons - the concept of “offerings” which in the study represents a good, commodity or service with a particular value for the buyer, is important for a company to understand in order to supply it’s customers with the sought after products or services. E.g. as suggested from the results of the study indicates that a student are looking for a loyalty program membership that supplies a variety of discounts. This arguably suggests that if a company supplies a discount, an incentive for student to join their loyalty program is created, as a result of the student looking for economical benefits.

The second concept is “attitude”, which is divided into three components: affection, cognition and behavior. If the affection and cognitive data correlates it would imply an individual’s attitude that can be used to try and predict the customer’s behavior. Together the components are important to understand in order to acknowledge the customers’ image of the loyalty program and its offerings, as to improve and maintain a competitive advantage as to nurture long-term relationships with the customers. In the case of the study the company’s loyalty
programs were met with a favourable attitude from the students’, this would imply that the company has a foundation to continue the development and maintenance of the relationships with the customers and the loyalty program. If there are lacking favourable attitudes toward the loyalty program it would also suggest that the frequency of usage and satisfaction among its members are low. This can lead to an uphill battle of motivation to continue using resources to improve the loyalty program.

Thirdly is the concept of “segmentation”, which importance lies in companies’ efforts to avoid unnecessary costs and strive for improved potential profits. Companies can achieve greater success in avoiding costs and increase profit by better understanding different segments values, supplying more accurately with offerings and image toward each segment’s values. E.g. in the case of the study if ICA’s segmented loyalty program the ICA – Student would increase its focus of offerings toward discounts and other economical benefits, it would more accurately satisfy the segments values. This would potentially increase the incentive for increased participation from other students that are not currently members which arguably would also increase profits.

The three concepts, (offerings, attitude and segmentation) combined have influence of the successfulness of a loyalty program. To evaluate the success the definition of frequency of store visits can be researched as an indicator. As depending on the frequency of visits either indicates satisfaction or dissatisfaction among the members. Further more the frequency and level of satisfaction can be tools used to illustrate potential loyalty. In the study the results of evaluating if there exist an alteration in frequency of store visits after entering the loyalty program gave data indicating an increase of visits. As well as data indicating that the membership offerings are consumed and desired by the sample of students who are customers at the grocery retailer. Arguably by looking at the conceptual model (figure 7), the concepts within the box could all be affecting the loyalty from customers toward a company. As the attitude toward both segmentation as well as the offerings supplied in the loyalty program affect the attitude toward the loyalty itself, while the frequency is more concrete and easily understood measure if signs of loyalty are existing. The amount of loyalty is important to understand in order to maintain a long term relationship with customers and increase profitability of the company.
6.2 Theoretical recommendations

The study presented empirical data regarding the concepts of attitude toward loyalty programs among customers or more specifically the segment of students. Favourable attitudes among student’s toward both the usage of loyalty program as well as attitude toward offering segmented loyalty programs. Establishing that there could possibly exist reasons to deeper investigate segmenting loyalty programs, the benefits and drawbacks from both a company’s and customer’s point of view. Further more, investigating the attitude among a sample of students’ towards the offerings in a particular loyalty program, possibly strengthening previous statements from researchers regarding customers preferring offerings with economical benefits, (Butscher 2000, Stauss et al. 2001, Omar et al, 2010). Additionally what offerings that are of highest importance according to students that a loyalty program offers. Presenting data that can be further explored concerning the reasons behind these attitudes and preferences in offerings. Lastly the data presents basis supporting the author’s theory that the loyalty program could possibly affect the frequency of store visits, however not all variables that potentially influence the change in frequency was explored.

6.3 Managerial implications

As the study used a particular company’s loyalty program in the research some information that could be interesting for them to analyze was made available, especially concerning the more in-depth questions used in the questionnaire. Respondents that were not currently members did supply some insight as to how to possibly change them into becoming members. Examples of this would be that even though ICA’s loyalty program do supply discounts and bonuses, some of the respondents did not feel that the company offered discounts on products that were of interest or cheap enough to fit their budget. Additionally information regarding dissatisfaction with the loyalty program membership showed that there were concerns that the loyalty programs customized discounts which have its basis on what products that the member purchases did not accurately fulfil the members’ needs. As one a product had been purchased there no longer existed an immediate need for the product and therefore the discounts where not always interesting as they were offered after the member had already fulfilled his need. Reflecting on this management might want to change or add ways in order to more accurately offer the customized discounts. Factors discussed in the study might be of help, as segmenting the market and loyalty programs could possibly enable higher accuracy of fulfilling the members’ needs if resources and data collection was dedicated to each segment. Further more
the result of the study indicated that the students appreciated and were generally satisfied with the loyalty programs offered by ICA, both the normal and the segmented. This would suggest that ICA’s student members have a favourable attitude and presumably are profitable for the company. Implied that ICA should continue to maintain and develop the loyalty program as to preserve long term relationships with these members as they will arguably become even more profitable when their incomes increase after the time spent as students. Lastly data shows that the segment of customers that are students regarded the offerings of discounts as the most important feature of the loyalty program, arguably if ICA would maintain or develop their discounts members of the loyalty program that are student would remain at its current size or even increase in number.

6.4 Limitations

Limitations identified in the study where connected to the response rate of the questionnaire used as the base for empirical data and analysis. With only 2.9% of population responding to the questionnaire, which is arguably a low number. While the amount of respondents in the sample where enough according to the sample calculation used, the percentage is generally low. Reflecting on why potentially the percentage was so low could be based on that the study was limited in the time of data collection. Additionally as the questionnaire was mainly web based and no reminders to the participants to respond where sent out, which researchers argue can improve the response rate. Further more discussions about using reward systems in order to increase response rates have been discussed with mixed attitudes to how they affect the data, (Heberlein & Baumgartner 1978). This study choose not to use reward systems or follow up mails, as the authors did not want to give incentives for biased results or repetition of responses in an anonymous questionnaire, as respondents could possible then answer the questionnaire multiple times in order to increase the possibility to redeem the reward. Additionally as the required sample size was obtained and the study was limited in time the choice to not to send out a follow up mail was made, as sufficient data was gathered.
6.5 Future Research

Reflecting back on the study, if additional resources and time where available - deeper research on the motives behind the attitudes towards loyalty programs, its offerings and the affects the loyalty programs have on behavior could have been explored. In efforts to expand the understanding why the economical benefits where of so high importance to the chosen population. Further more a similar study on another sample or segmentation would be interesting to see if the results would be similar or completely different. E.g. researching a segment such as individuals in their 30’s or 40’s with a middle-class income, to see if the values of loyalty program offerings would be the same, as well as if their attitude towards the usage of loyalty programs are the same. The additional time would also enable the possibility to remove some of the in-depth questions on the questionnaire and instead add more multi-choice questions and go more in-depth using qualitative research such as interviews or focus groups. Future research would also be able to expand on the concepts used in trying to evaluating the degree of success or failure of loyalty programs. Longitudinal studies would surely present even more reliable results on the figures of frequency of store visits, as well as enable the possibility to observe if the respondents’ statements actually stand correct. Additionally, future research could observe more factors that might have affected the frequency of store visits. As due to the limitations of the study all factors where not investigated but rather the factor of frequency change was limited to questions regarding the loyalty program. Therefore factors such as additional income, alterations of lifestyle or purchasing habits where not investigated.

Future research could possibly also investigate more than one loyalty program at the time to research if variation of results would occur depending on factors influenced by the company supplying the loyalty program. As the factors influencing individuals attitude could also be affected by more variables than just the company’s loyalty program, factors such as view of the company, its employees working conditions, the company’s general products and services as well as geographical locations. These factors could be added onto the conceptual model (figure 7) or establish a new model with a broader scope. Additionally the study of the attitude and attractiveness of the loyalty programs offerings could be expanded to involve more questions and go more in-depth in efforts to increase reliability and validity. As this study had one question which was arguably somewhat biased as not all options where available in the multi-choice but rather summarized as the option of other. Final thoughts go towards the analysis of the empirical data, if a more extensive questionnaire would have been constructed
it would be interesting to see if the results of the study would be the same or similar using another data analysis method such as regression or correlations on the concepts. Additionally, more than one perspective of the loyalty program could have been researched if connections were to have been established with the researched company and if access to internal information on the loyalty program were to have been granted.
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Articles


66


**Lecture**
Hultman, M., (2012), lecture

**Webpages**


Appendixes 1 English Questionnaire  
(Translated from Swedish by the authors) 
Questionnaire  
(The responses will only be used to analyse this papers research and participation is anonymous)

We are two students who are currently on our third and last semester of the International marketing programme at the Linnaeus University. As a final assignment on our education we are writing a bachelor thesis regarding students’ attitudes toward loyalty programs. We would appreciate if you could take a couple of minutes to answer our questionnaire. It will take approximately 5 minutes to fill in the questionnaire.

Please circle the answer that best describes your opinion

Gender: 
Male 
Female

Age: 
18-24 
25-30 
31 <

1. Are you currently a student? (Part time, full time, distance)  
1. YES 
2. NO

2. How often do you shop in a grocery store?  
1. Everyday 
2. Couple of times a week 
3. Once a week 
4. Less than once a week

3. Have you ever visited the grocery company ICA? (If NO go to question 17)  
1. YES 
2. NO

4. Are you currently a member in any of ICA’s loyalty programs?  
1. YES 
2. DON’T KNOW 
3. NO

4.1 If (YES) what kind of membership do you possess? (If several circle the alternatives).  
1. ICA Kundkort 
2. ICA Student 
3. ICA Credit card 
4. Other

4.2 If (NO) is there a special reason as to why you are not a member?  
1. YES 
2. DON’T KNOW 
3. NO

4.3 Can you describe shortly as to why? (Non-member)
5. My general thoughts toward the usage of loyalty programs in the grocery industry are good:

Don’t agree 2 3 4 5 6 Totally agree

6. I think the offering of a student loyalty program in the grocery industry is good:

Don’t agree 2 3 4 5 6 Totally agree

7. The ICA membership offers discounts on products that I am interested in:

Don’t agree 2 3 4 5 6 Totally agree

8. I shop more frequently at ICA compared to other competitors:

Don’t agree 2 3 4 5 6 Totally agree

(Question 9 – 16 concerns those who are already members of some sort at ICA)

9. My perception of ICA has improved since I became a member:

Don’t agree 2 3 4 5 6 Totally agree

10. I shop more frequently at ICA since I became a member:

Don’t agree 2 3 4 5 6 Totally agree

11. I am satisfied with the amount of personal discount send outs from ICA:

Don’t agree 2 3 4 5 6 Totally agree

12. How often do you use the offerings from the ICA membership?


13. What kind of offerings do you usually take advantage of from the ICA membership? (If more than one, circle the alternatives.)


14. Are you generally satisfied with your ICA membership?

1. YES 2. DON’T KNOW 3. NO

14.1 If (NO) can you describe specify what makes you dissatisfied?

15. Is there a specific offering from the ICA membership that makes you specifically interested?

1. YES 2. DON’T KNOW 3. NO
15.1 If (YES) can you describe what that offering is?

16. Would you recommend others in your vicinity to become ICA members?
1. YES 2. DON’T KNOW 3. NO

17. Rank with a number that represents what offerings you find important that a grocery retailer’s loyalty program offers:
(On a scale of 1-10, where 1 is the least important and 10 of highest importance, only use a number once)

<table>
<thead>
<tr>
<th>Discounts</th>
<th>1 2 3 4 5 6 7 8 9 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Price reductions)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quantity offerings</th>
<th>1 2 3 4 5 6 7 8 9 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Purchase x amount for combination or reduced price)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bonus offerings/Competitions</th>
<th>1 2 3 4 5 6 7 8 9 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Offerings on products you usually purchase)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personal send outs</th>
<th>1 2 3 4 5 6 7 8 9 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Offerings on products you usually purchase)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variation in product selection</th>
<th>1 2 3 4 5 6 7 8 9 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Introduce and offer new products)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Offerings in addition to standard selection</th>
<th>1 2 3 4 5 6 7 8 9 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Credit cards, insurance, travel)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Newspapers</th>
<th>1 2 3 4 5 6 7 8 9 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Recipes, interviews)</td>
<td></td>
</tr>
</tbody>
</table>

Thank you for participating!

Amelie & Daniel
Appendixes 2 Swedish Questionnaire

Enkätundersökning
(svaren kommer att analyseras enbart till vår uppsats och svaren är anonyma)


Ringa in nedanstående svar som passar bäst in på dig

<table>
<thead>
<tr>
<th>Kö:</th>
<th>Män</th>
<th>Kvinnor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ålder:</td>
<td>18-24</td>
<td>25-30</td>
</tr>
</tbody>
</table>

1. Är du för närvarande studerande? (Heltid/halvtid/distans)
   1. JA  2. NEJ

2. Hur ofta handlar du mat?

3. Har du någon gång handlat på ICA? (Ifall NEJ gå till fråga 17)
   1. JA  2. NEJ

4. Är du för nuvarande medlem i något av ICAs kundkort?
   1. JA  2. VET EJ  3. NEJ

4.1 Ifall (JA) vilket sorts medlemskap har du? (Ifall flera ringa in de alternativen).
   1. ICA kundkort  2. ICA student  3. ICA bankkort  4. Övrigt

4.2 Ifall (NEJ) finns det en speciell anledning till varför du ej är medlem?
   1. JA  2. VET EJ  3. NEJ

4.3 Kan du kort beskriva anledningen?
5. Jag tycker generellt sätt att användningen av kundkort (inom livsmedelsbranschen) är bra:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instämmer inte alls</td>
<td>Neutral</td>
<td>Instämmer helt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Jag tycker att erbjudandet av ett student kundkort (inom livsmedelsbranschen) är bra:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instämmer inte alls</td>
<td>Neutral</td>
<td>Instämmer helt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. ICA kundkorten erbjuder rabatter på produkter jag är intresserad av:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instämmer inte alls</td>
<td>Neutral</td>
<td>Instämmer helt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. Jag handlar oftare hos ICA-butikerna än hos andra livsmedelsbutiker:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instämmer inte alls</td>
<td>Neutral</td>
<td>Instämmer helt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Fråga 9 – 16 angår de som redan är medlem i något utav ICAs kundkort)

9. Min bild av ICA har blivit bättre sedan jag påbörjade mitt medlemskap:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instämmer inte alls</td>
<td>Neutral</td>
<td>Instämmer helt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. Jag handlar oftare på ICAs butiker sedan starten av medlemskapet:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instämmer inte alls</td>
<td>Neutral</td>
<td>Instämmer helt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. Jag är nöjd med antalet personliga utskick från ICA: *(personliga rabatter)*

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instämmer inte alls</td>
<td>Neutral</td>
<td>Instämmer helt</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. Använder du erbjudanden som ICA erbjuder?


13. Vilka sorts erbjudande tar du oftast del av som medlem på ICA? *(Ifall fler än ett ringa in alternativen)*

| 1. Rabatter | 2. Tävlingar | 3. Personliga produkt erbjudanden (utskick) | 4. Övrigt |

14. Är du generellt sätt nöjd med ditt medlemskap hos ICA?

| 1. JA | 2. VET EJ | 3. NEJ |

14.1 Ifall (NEJ) kan du beskriva något speciellt som gör dig missnöjd?
15. Finns det något i ICAs kundkorts erbjudande som gör dig speciellt intresserad?
1. JA  2. VET EJ  3. NEJ

15.1 Ifall (JA) kan du kort beskriva vad?

16. Skulle du rekommendera andra i din närhet att bli medlem hos ICA?
1. JA  2. VET EJ  3. NEJ

17. Rangordna med hjälp av en siffra det som enligt dig är viktigt att ett kundkorts medlemskap innehåller:
(På en skala från 1-10 där 1 är minst viktigt och 10 väldigt viktigt, använd bara siffervärdet en gång)

<table>
<thead>
<tr>
<th>Rabatter (pris sänkningar)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kvantitet erbjudanden (köp x antal för sänkt pris)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Bonus erbjudanden/Tävlingar</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Personliga erbjudanden (erbjudande efter de saker du handlar mest av)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Variation i sortimentet (att det erbjuds nya varor)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Erbjudandet utöver handelsbehov (bankkort, försäkringar, resor)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Tidnings utskick (recept, intervjuer)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
</tr>
</tbody>
</table>

Tack för att ni ställde upp!

Amelie & Daniel
Linnaeus University – a firm focus on quality and competence

On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterised by high quality and a competitive portfolio of skills.

Linnaeus University is a modern, international university with the emphasis on the desire for knowledge, creative thinking and practical innovations. For us, the focus is on proximity to our students, but also on the world around us and the future ahead.

Lnu.se

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