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An Investigation into a Grocery Store Loyalty Card and its Accompanying Promotional Benefits Effect on Service Loyalty



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Aim of the Thesis: The purpose of this study is to investigate a loyalty card and its relation to accompanying promotional benefits, and their linkages to grocery retail service loyalty. Also, the aim sets out to find relationships between demographic variables and proneness towards the promotional benefits, the loyalty card, and loyalty.

Methodology: A quantitative approach has been assumed and empirical data has been collected through the use of questionnaires. The data has been analyzed through descriptive statistics, correlations, and regression analysis. An operationalization used to measure satisfaction of the loyalty card and attitudinal loyalty is also presented.

Theoretical perspective: A literature review has been conducted and has resulted in an amalgamated conceptual framework, which is used to illustrate how the notion of loyalty, loyalty cards and its accompanying promotional benefits, and demographic variables are related.

Empirical data: The empirical data has been collected by distributing questionnaires to members of a loyalty scheme at a grocery retail store in the south of Sweden.

Conclusion: A large proportion of the impact on satisfaction of the loyalty card was found to be derived from the loyalty cards promotional benefits. The loyalty card was also found to explain changes in both attitudinal and behavioral loyalty. However, promotional benefits provided a limited explanation of loyalty. Demographic variables are not found to have any direct relation with loyalty, however, linkages to promotional benefits and the loyalty card were found.

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Background

The concept of loyalty becomes increasingly pivotal for companies as the global socio-economic climate is marked by increasing competition, access of information, travel, economic convergence, availability of substitutes, lowering of trade barriers, and the ever-price conscious and disparate consumer. Therefore, organizations are forced to differentiate themselves to attract and retain potential and existing customers, since loyal customers are considered to equal greater revenue and perhaps larger market share (Enis and Paul, 1970); hence loyalty is an extremely valuable concept. Loyalty programs and cards are the main instruments through which organizations can differentiate themselves, and consequently loyalty programs become key determinants of success for organizations (Butscher, 2000; Söderlund, 2001). Major European retailers also understand the importance of loyalty schemes, as they invested around one billion American dollars on loyalty schemes during the millennium year (Noordhoff et al, 2004). However, as O'Malley (1998) posits that once these loyalty schemes are realized, organizations are forced to use them, therefore designing a well-functioning loyalty program becomes important if it is to achieve its aim of capturing and retaining loyal customers.

Loyalty programs and cards are becoming prevalent throughout most industries in the Swedish market (Mägi, 1999). However, of these sectors, the grocery retail sector has employed such loyalty schemes for the longest period of time ubiquitously, and definitely has some of the most developed loyalty programs in Sweden. The Swedish grocery retail market is characterized by low differentiation and fierce competition, where the three grocery retailers ICA, Coop, and Axfood account for 90 percent of the market share (Holmberg, 2004). As such, improving differentiation and creating a sustainable competitive advantage becomes fundamental in the survival of Swedish grocery retailers, which may be achieved by creating store loyal customers (Tate, 1961). Grocery retail loyalty programs in the Swedish market usually employ price and non-price promotional benefits to its loyalty cardholders to gear them towards being loyal, and have increased in recent years due to new entrants in the Swedish grocery retailing market, such as Lidl and Netto. Yet, Cunningham (1956; 1961) and Johnson (1984) suggest that price promotions have a negative effect on loyalty and may in fact induce switching behavior to other stores as the customers become more price conscious. Further, Mauri (2003) posits that promotional offers do have a significant effect on loyalty, and that more studies are needed in this diminutively researched arena. So although the benefits impact on loyalty is somewhat unclear, companies continue using them as building blocks of their loyalty programs.

Also, companies may be more accurate and successful in gearing cardholders or members of their loyalty programs to becoming loyal, if they target customers that are more prone to be satisfied with the loyalty card and the promotional benefits, or simply those that are more prone to signify the loyal consumer.

Theoretical concerns

Assessing and designing a loyalty program and card to function at its full potential is a must for organizations, which can further lead to momentous gains. Reichheld and Sasser (1990) exclaimed that organizations could through increasing retention rates by five percent raise their profits by 100 percent. Similarly, Bissel (1996) described that diet coca-cola received 84 percent of its sales volume from eight percent of loyal diet coca-cola households. Enis and Paul (1970) also found that companies whom had the largest percentage of loyal customers also had the largest market share. These findings show that organizations creating customer loyalty and retaining loyal customers have everything to gain. Whereas those who

do not will lose market share, and retrieving these lost customers will be even more costly than retaining them (Reichheld, 2003). Organizations that do not attempt to create and retain loyal customers will not only lose customers, but also increase opportunity cost as Knox and Denison (2000) found that loyal customers usually have larger budgets, and spend a significantly higher percentage of that budget than non-loyal customers.

Loyalty is a complex and difficult concept to accurately define as Jacoby and Chestnut (1978) found 53 definitions of loyalty. However, as loyalty is a critical, hence intrinsic part for organizations, it was nevertheless a studied phenomenon. Cunningham (1956) provides an early account of portraying loyal customers as those who spend more of the household budget on their primary store choice. As such, loyalty was seen to be a purely behavioral concept, however, Day (1969) was among the first authors to criticize the wholly behavioral conceptualization of loyalty, and proposed that loyalty also had a more cognitive element, namely attitude. This compounded notion was subsequently furthered by Dick and Basu (1994) to form the basis of loyalty, which was contemplated to be affected by social norms and situational factors marginally. The attitudinal component in Dick and Basu's model (1994) was later tested and found wanting (Garland and Gendall, 2004). As such, the more abstract part of attitude made the hitherto simple concept of loyalty more immeasurable, yet widely attempted. Results on measures of loyalty found contradicting conclusions and findings, compounding the complexity of loyalty. Further, the many definitional lineaments of loyalty such as brand, store, chain-store, product, customer, and service loyalty are superfluous as all are founded on the same principals of attitudinal and behavioral loyalty concepts and measures. Naturally, the schism that demarks products and services can be used to denote product and service loyalty. Also, Gremler and Brown (1996) noted that brand loyalty was usually used to term product loyalty and vice versa.

However, little research has been done on service loyalty (Gremler and Brown, 1996; Alvarez and Casielles, 2005), but may be considered separate from product loyalty due to several reasons such as a service provider's opportunity to have more personal interactions, and thereby create stronger relationships with their customers than suppliers of tangible goods (Gremler and Brown, 1996). An example of this can be seen by the service provided by the Swedish grocery retailer, ICA to 'house', and bring closer the products by suppliers of more tangible goods, as such service its customers. As similar products 'housed' at ICA may be found at competitors, it is crucial for ICA to provide a better service to attract and retain loyal customers, done through its loyalty program. For retailers, such as ICA, the notion of 'share of wallet' and 'share of frequency' is incredibly crucial (Mägi, 2003), however signifies a very behavioral loyalty perspective not considering the very intrinsic loyalty aspect of attitude (Day, 1969; Dick and Basu, 1994). Therefore, retailers attempting to gain loyal behavior through its club cards and schemes are merely gaining spurious loyalty, as customers are behaviorally not attitudinally loyal, which could be due to lack of competitors in the area and so on.

The many promises of loyalty cards and programs have been found to be the following: maintain and increase sales (Dowling and Uncles, 1997; Uncles et al, 2003), increase customer retention and profits and decreasing costs (Sharp and Sharp; 1997, Uncles et al, 2003; Warren, 2005), and increase loyalty of existing customers, facilitate cross selling, the possibility of differentiation, and create entry barriers (Dowling and Uncles, 1997). However, some argue that customers are increasingly members of more than one loyalty program and owning more than one loyalty card significantly impacts loyalty to specific service providers (Mägi, 2003; Mauri, 2003). Also, Tucker (1964) and Duffy (2005) argue that loyalty is a natural phenomenon as such may not be affected by the attempts of loyalty schemes. Further, specific promotions such as coupons, classified price-promotions, have a negative effect on loyalty and in fact make customers more price conscious and induce switching behavior (Cunningham, 1956; Johnson, 1984; Kumar and Leone, 1988). Enis and

Paul (1970) stated that a store's promotional strategy was the main antecedent of loyalty. However, loyalty cards and programs aimed at attracting and retaining loyal customers are built on promotional strategies including specific price and non-price promotions, as such these programs may not be utilized to their full potential.

Demographic variables such as age, education, gender, and income have mediating effects on the proneness towards specific promotions, and loyalty cards. Also, many Authors within the loyalty literature have attempted to typify the loyal customer based on these variables, and found incongruent results over time, however, these findings show that there is to some extent a relation between above state variables and loyalty (Tate, 1961; Enis and Paul, 1970; Carman, 1970; Reynolds et al, 1974-1975; Korgaonkar et al, 1985; East et al, 1995; 1997; McGoldrick and Andre, 1997; Harmon and Hill, 2003; Mägi, 2003; Bellizzi and Bristol, 2004).

Theoretical and practical problems

A theoretical contribution to clarify the effect of loyalty cards and its related promotional benefits on the diminitively researched area of service loyalty is required. The notion of loyalty being somewhat muddled, this study further clarifies service loyalty, and connects it with specific promotional benefits, which is also an unexplored theoretical area (Mauri, 2003). Also, as the link between the loyalty card and loyalty is usually investigated through different loyalty measures, an operationalized composite measure of loyalty may therefore make this link more transparent. In addition, no previous research that includes the loyalty card's accompanying promotional benefits when investigating service loyalty was found.

Finding relations between demographic variables and the promotional benefits and the loyalty card, as well as typifying loyal vis a vis disloyal customers based on these demographic variables may further elucidate the disparate findings. Additionally, an amalgamated conceptual framework is presented based on the literature review illuminating the connections within and between all these components.

Also seen above, organizations need to attract and retain loyal customers, those employing loyalty programs to accomplish these ends must make certain that the loyalty program and their related price and non-price promotional benefits are indeed impacting loyalty positively. In addition, segmenting current customers based on demographic variables, signifying loyal and disloyal customers, promotional benefit and card proneness, allow organizations to tailor each promotion to effectively target the current and future loyal customer.

Aim

The purpose of this study is therefore to investigate a loyalty card and its relation to accompanying promotional benefits, and their linkages to grocery retail service loyalty. Also, the aim sets out to find relationships between demographic variables and proneness towards the promotional benefits, the loyalty card, and loyalty.

Conceptual Framework

Concepts and definitions of loyalty

Loyalty is a fickle concept to define and measure. Jacoby and Chestnut (1978) have listed 53 definitions of loyalty, and effectively criticized the ability to measure loyalty. Loyalty is an increasingly important concept in today's maturing and hypercompetitive markets (Noordhoff et al, 2004). However, little is known about loyalty even though it is considered to be the "backbone of business" (Gremler and Brown, 1996). Also, consumers can be loyal in many different ways (Rundle-Thiele, 2005). Reynolds et al (1974-1975) clarified the concept of consumer loyalty somewhat as being viewed on a continuum, meaning not categorically dichotomized into loyal and disloyal customers, but rather through varying degrees of loyalty.

Loyalty is inherent in all relationships, and loyalty can occur in three different types of commitment; negative, positive, or no commitment (Liljander and Strandvik, 1995). Customers can, due to different bonds, repeatedly purchase products, even though, they are negatively committed and show negative attitude (Ibid). Bonds are created by positive commitment and thereby create a strong relationship; as such loyalty can therefore be seen as being implicitly synonymous for strength (Ibid). Also, the notion of loyalty was not seen to be affected by socioeconomic characteristics and amounts purchased, however, customers with low loyalty were seen to purchase on deal promotions (Cunningham, 1961). On the contrary, Bellizzi and Bristol (2004) found several demographic variables such as age and income to have an affect on loyalty; and McGoldrick and Andre (1997) found that loyal shoppers purchased more goods and services than did non-loyal shoppers. Therefore loyalty is a multifaceted notion and relationship, which may be affected and involve the above factors or it may not, as such loyalty is a very relative concept in practice.

Dowling and Uncles (1997) investigated brand or retail loyalty and with the support from previous research claimed that only ten percent are 100 percent loyal and this segment are spending less on products and services. Therefore it is more accurate to define loyalty as polygamous or promiscuous (McGoldrick and Andre, 1997), which can be inferred from findings such as travelers being members of 3.1 membership programs (Dowling and Uncles, 1997). The clearest concept and definition of loyalty may be provided by Reichheld (2003), which is "the willingness of someone a customer, an employee, a friend to make an investment or personal sacrifice in order to strengthen a relationship." However, results regarding the concept and measure of loyalty have changed recently, which implies that they may change again (East et al, 1997).

Behavioral and Attitudinal Loyalty

The concept of loyalty in business was officially introduced in the 1940's. (Cunningham, 1956; 1961; Rundle-Thiele, 2005). Cunningham (1961) found that store loyalty or the store-of-first-choice varied widely in relation to expenditure, a behavioral view of loyalty also adopted in Cunningham's previous study (1956), found a range between 19 percent of total to 91 percent of another family's total store expenditure attributable to their primary store, and therefore no set proportion was available to conclude loyalty. In addition, a family with high store loyalty will most likely not switch that behavioral action to another store (Cunningham, 1961). In general, findings also suggested that families are much more loyal to chain stores vis a vis that of independent and specialty stores (Ibid).

Tucker's (1964) slightly more cynical findings suggest that some customers are more likely to be more loyal in their behavior than others regardless of price premium, quality of

goods and services and so on. Therefore suggesting that supermarkets cannot do anything to attract or retain loyal customers as it resides as an innate function of consumers. However, Day (1969) proposed that the hitherto measure of brand loyalty as a behavior did not in fact capture the essence of loyalty, as these measures may have mistaken spurious loyalty for true loyalty. The former adherers may be loyal due to lack of substitutes or be swayed to a competitor through other promotional activity. Hence, Day (1969) makes an early attempt and contribution to quantify both behavior and attitudes to measure loyalty. Jacoby (1971) also criticizes measuring brand loyalty on simply behavioral dimensions, and proposes a wider framework encompassing attitudes as well as the aforementioned dimension to be measured as such furthering Day's (1969) assertion. Despite the apparent importance of attitudes on loyalty, Enis and Paul (1970) gathered similar findings to that of Tate (1961) using the purchasing behavior of consumers, and found that the more loyal households spent a much higher percentage of their grocery budget on their favorite stores vis a vis that of disloyal customers. This strictly behavioral perspective was further used by Lessig (1973) who found that customer loyalty may be seen more as avoiding certain stores rather than being attracted to other stores. Hence loyalty may be misconstrued as frequent shopping behavior at one store in order to avoid other stores (Ibid).

As reflected by Reichheld (2003) it must be remembered that loyalty may have little to do with repeat purchase, which instead can be a result of barriers. Korgaonkar et al (1985) also concludes that an attitude toward a brand or retailer does influence purchasing behavior, and this statement is highly generalizable, which is further supported by Hallowell (1996) who posits that the marketing literature should define loyalty as being composed of both attitudes through feelings, and behavior. This pattern is propounded by Gremler and Brown (1996) who investigated service loyalty, which can be divided into behavioral, attitudinal, and cognitive loyalty, which refers to the store that comes first to mind, or is the first-store-choice. These three dimensions received strong support in the study (Gremler and Brown, 1996), which was advanced by Liljander and Strandvik (1995) through both purchase and communication behavior, and positive commitment involving customer intentions and interaction attitudes. Ailawadi et al (2001) when investigating store and national brand promotions determined a psychographic measure of grocery store loyalty hence appreciated the multifarious nature of loyalty as involving an attitudinal dimension.

Oliver (1999) lays even more emphasize on the attitudinal view and presents cognitive, affective, conative, and action loyalty, which are different phases of loyalty that a customer goes through. In the latter of which, customers are simply loyal to one brand or retailer, and is the only phase where consumers are purely behaviorally loyal due to attitude. However, there are many obstacles on the road to loyalty, which can interrupt the different phases, for example, variety seeking, changes in need, and switching incentives amongst many. Also, loyalty is less likely to occur when customers are faced with similar products on the market, and customers are often not loyal to food and household products (Ibid), hence retaining customers in a competitive retailing environment is necessary yet difficult. Uncles et al (2003) gathered that loyalty could be seen through the three following models: model one sees loyalty as an attitude, model two is concerned with behavior, and model three deals with customer characteristics, circumstances and purchase situations; however, the Authors argued that all three models should be used when viewing loyalty in the loyalty continuum. Similar findings can be seen by Garland and Gendall (2004) in their study on Banks in New Zealand using behavioral and attitudinal dimensions, and Noordhoff et al (2004) using the behavioral aspect through number of visits and budget spent at the store, and attitudinal perspective in terms of preferences and commitment toward the store by the consumer. To further muddle and convolute loyalty, Rundle-Thiele (2005) found that it was not enough to only look into loyalty phases or behavioral and attitudinal loyalty, also termed composite loyalty. There were instead six different measurements of loyalty; attitudinal, behavioral intentions,

resistance to competing offers, propensity to be loyal, complaining behavior, and behavioral loyalty (Ibid). However, on the whole loyalty must include both aspects of attitude and behavior for a correctly attributable definition (O'Malley, 1998). As loyalty is not just a repetitive behavior but also a commitment, Dick and Basu (1994) present the most quoted and all-encompassing model and framework of loyalty.

Dick and Basu (1994) proposed a framework for customer loyalty based on prior research within this theoretical area, where a high relative attitude (compared to alternatives) and repeat patronage or frequent store purchase behavior, typifies customer loyalty. Naturally, depending on where an organization's products or brands are perceived by the customer, has a plethora of implications and suggestions. Also, the relative attitude may be affected by Affective (emotion, mood, satisfaction), Cognitive (accessibility, confidence, clarity, and centrality), and Conative (switching costs, sunk costs, and expectations) antecedents. The loyalty relationship is surmised and simplified in the following figure:

		Repeat Patronage	
		High	Low
Relative Attitude	High	Loyalty	Latent Loyalty
	Low	Spurious Loyalty	No Loyalty

Figure 1. Dick and Basu (1994) pp. 101

The loyalty relationship shown in the figure directly above may be somewhat affected by situational influences and social norms. Consequences of loyalty are amongst others, positive word-of-mouth and a decline in search motivation.

The commonly held view is that loyalty has a behavioral and attitudinal classification, as well as a conative component and emotional involvement. Smith et al (2003) used all of these because no single appropriate definition could be used. Even Dick and Basu's (1994) all-encompassing framework was somewhat flawed empirically when tested by Garland and Gendall (2004), also quoted in this study by these Authors is East et al (2000) who also tested the framework, and found that it was better to measure behavioral loyalty solely.

Further, Mägi (2003) stresses the importance of behavioral loyalty, through 'share of wallet' and 'share of visit', which permeates the strategy for retailers. However, this indicates that retailer's main preoccupation and intent with loyalty cards and programs is to spark spurious loyalty. As such, consumers are not truly loyal, for example if a consumer is behaviorally loyal towards store A, but attitudinally loyal to store B, yet cannot physically reach store B due to transportation restraints or financial constraint and so on. Store A should be concerned that it only wants to create spurious loyalty as these customers will move to store B if they gain access to transportation or if store B launches price cuts and so on. Hence customers become loyal both behaviorally and attitudinally to store B. Therefore, the main objective for any retailer should logically be to create at least attitudinal loyalty or latent

loyalty as the remedies from which to create loyalty on the whole are much lower than that of pure spurious or behavioral loyalty.

Measures of loyalty

According to Cunningham (1956; 1961) store loyalty is not measured by the amount of stores in which a family shop rather by the percentage of total expenditure made in a certain store. However, this may be flawed due to availability in terms of proximity, product, pricing, time and so on, as well as the amount of competitors. Also, measuring loyalty solely on purchasing proportions may not provide a clear picture as a shopper may purchase a service that he or she is not loyal to, due to severe cost restrictions or other decision-makers in the family whose loyalty supersedes that of the buyer. This measure was based on a longitudinal study in the retailing climate of the 1950's (Ibid). There is an apparent divide when measuring brand and store loyalty as "No truly significant correlation exists between high brand-loyal and high store-loyal families" (Cunningham, 1956). As such measures of loyalty in a store setting will most likely find store or chain store loyalty, and will not be confused by brand loyalty. Further, store loyalty does not mean high product brand loyalty (Cunningham, 1961).

Hence, Enis and Paul (1970) measured store loyalty using the mean of three methods previously employed at the time being the percentage of household budget spent in certain stores, the number of stores visited, and the amount of changes a household showed in terms of having a favorite store. Similarly, Knox and Denison (2000) used a composite measure of Patronage, Budget, and Switching measures. As individually using patronage to measure loyalty may not be accurate as some consumers may have been switching and this would not be included. Also, measuring the budget ratio may be skewed as price differences and product categories do not represent loyalty. As such, Knox and Denison (2000) used all three classical measures for loyalty.

Reichheld (2003) used an easily comparable measurement of loyalty as previously done by Zeithaml et al (1996) who investigated service quality and behavioral-intentions. This measure of loyalty was created and conducted by comparing the linkages between the following statements: saying positive things about the company, recommending the company to someone who seeks advice, encouraging friends and relatives to do business with the company, considering the company the first choice from which to buy services, and doing more business with the company in the next few years (Ibid). Moreover Ailawadi et al (2001) used three specific questions to measure store loyalty within the grocery retailing sector, as such to specific store service providers, namely preference to always shop at one grocery store, willingness to make an effort to shop at the favorite grocery store, and caring a lot about which particular grocery store to shop at.

Carman (1970) categorizes shoppers that make four or more visits to one store per week as the most loyal. Enis and Paul (1970) segregated 108 panel members into the following four groups: very loyal, loyal, disloyal, and very disloyal based on the expenditure allocated to rank of store choice. Customers using 73.4 percent or more of their budget to their primary store were seen as loyal and users spending 92.1 percent as very loyal. Household allocating 56.9 percent and 45.7 percent were ranked disloyal and very disloyal respectively. Reichheld (2003) holds that the question "How likely is it that you will recommend (company x) to a friend or colleague" and the questions "how strongly do you agree that (company x) deserves your loyalty", and "how likely is that you will continue to purchase products/services from (company x)" also generates strong indicators of loyalty. Loyalty was measured on a scale on 1-10 were promoters are rated as answering 9 or 10, passively satisfied customers ranked as 7 or 8, and detractors segregated into 0-6 (Ibid).

Loyalty and Satisfaction

Satisfaction is required in order for loyalty to be developed; it can therefore be seen as a “seed” from which loyalty can stem (Oliver, 1999). However, Reichheld (1993; 2003) argued that satisfaction is not a substitute for loyalty, meaning that increased satisfaction would not lead to increases in loyalty, and that there is no clear proof of relation between satisfaction and actual consumer behavior. Noordhoff et al (2004) also claims that there does not seem to be any relation between satisfaction, and behavioral and attitudinal store loyalty. The difference between satisfaction and loyalty is, according to Liljander and Strandvik (1995), that satisfaction is usually measured in studies regarding intended behavior while it is more important to study the effect of satisfaction on actual behavior, which is more representative of loyalty and commitment. Hallowell’s (1996) opposing view presents the service profit chain, which argues that satisfaction leads to loyalty, which in turn leads to profitability. Zeithaml et al (1996) has a similar view, regarding the linkage between satisfaction and service loyalty, and found that when satisfaction rose above certain thresholds repurchase loyalty also rose, and when satisfaction declined below certain thresholds then loyalty logically declined. These results are concurrent with that of Gremler and Brown (1996).

Stauss and Neuhaus (1997) argue that satisfaction is vital to create loyalty but measured in the wrong way, and presents several examples of satisfied customers who switch companies and brands. Satisfaction should not be seen as one-dimensional, which only varies in intensity (Ibid). As people may give equal satisfaction scores, but still maintain different emotions, expectations, and behavioral intentions. Also, persons scoring highest on satisfaction questions are more likely to be loyal (Ibid).

Mägi (2003) developed a three-item scale of satisfaction based on the Swedish and American Satisfaction indices, which was used to measure overall satisfaction in a study of ‘share of visit’ and ‘share of wallet’, two general measures of behavioral loyalty. In Mägi’s (2003) study, satisfaction was found to be an interesting impacting factor on ‘share of wallet’ or behavioral loyalty, as increases or decreases in satisfaction were mediated by customers orientation, for example customers considered very economically orientated yet very satisfied would still not allocate more of their budget to a store as they perhaps value economic privileges more than overall satisfaction. As such, this three-item scale becomes an effective tool to discern overall satisfaction.

Theoretical implications for the Research Model: Part I (III)

Clearly, as seen above the notion and concept of loyalty is nebulous and multifaceted (Tucker, 1964; Day, 1969; Jacoby and Chestnut, 1978; Gremler and Brown, 1996; Rundle-Thiele, 2005). Defining and measuring this concept has originally been conducted through behavioral measures (Cunningham, 1956; 1961; Tate, 1961; Carman, 1970; Enis and Paul, 1970; Lessig, 1973; Knox and Denison, 2000) however, was later criticized for not capturing the essence of loyalty, as such attitude becomes an important and intrinsic factor when defining and measuring loyalty (Day, 1969; Jacoby, 1971; Korgaonkar et al, 1985; Dick and Basu, 1994; Liljander and Strandvik, 1995; Gremler and Brown, 1996; Hallowell, 1996; O’Malley, 1998; Oliver, 1999; Uncles et al, 2003; Garland and Gendall, 2004; Noordhoff et al, 2004). Satisfaction also becomes pivotal in the measure of loyalty (Liljander and Strandvik, 1995; Gremler and Brown, 1996; Zeithaml et al, 1996; Stauss and Neuhaus, 1997; Oliver, 1999). Therefore, when conceptualizing and operationalizing loyalty the three following notions become fundamental: behavior, attitude, and satisfaction.

Zeithaml et al (1996) investigated the main components of service quality and gathered that the most significantly resulting variables were retention or deflection of consumers, further reduced, service loyalty was found to be the most heavily affected variable. The service loyalty definition may be summarized by Gremler and Brown (1996), as the degree to which a consumer shows repeat purchasing behavior, has a positive attitude to the service organization, and thinks of simply using services from the service provider. This was based on the dimension found to affect service loyalty being largely similar to the generalized concept of loyalty above, as being composed of behavioral, attitudinal, and cognitive loyalties, as well as finding satisfaction to be a major antecedent. Hence, captures the specific essence of service loyalty. Further advanced and operationalized by Ailawadi et al (2001) is the specific psychographic measure of grocery retail store loyalty through asking the following: “I prefer to always shop at one grocery store; I am willing to make an effort to shop at my favorite grocery store; Usually, I care a lot about which particular grocery store I shop at.”

However, measuring loyalty solely on a psychographic dimension may not be accurate as customers “intentions or volitions are not necessarily automatically transformed into action”, widely known as the concept of ‘reasoned action’ (Bagozzi et al, 1992). Therefore, measuring behavior should be part of the measure of loyalty. Two of the most used measures are those of ‘share of wallet’ meaning purchased amount of goods or services in a company or store, in relation to total household budget for similar goods and services, and ‘share of visits’ in terms of the amount of visits to a particular store vis a vis total store visits (Cunningham, 1961; Tate, 1961; Enis and Paul, 1970; Mägi, 2003; Noordhoff et al, 2004).

The benefits of loyalty

There are several benefits cited by consumers when joining a membership club as 52 percent claim that their number one reason for signing up is that they believe the organization cares for them (Lieberman, 1999). However, the more apparent advantages of loyalty lie with the organizations.

Tate (1961) provides an account of having seen growing competition in the supermarket industry since the 1950’s and has been predicted, accurately, to increase. Therefore, improving differentiation and competitive advantage becomes crucial, and accomplishing this goal may be done through creating store loyalty (Ibid). Loyalty was found to be exceedingly important as the first store choice for families who shopped at seven different stores accounted for 53 percent of grocery spend vis a vis 100 percent of families who only shopped at one store, implying a wide field of profit on which supermarkets can capitalize (Ibid). Also, loyal customers will generate more revenue than disloyal customers, and to pander to loyal or disloyal customers is not more or less expensive (Enis and Paul, 1970). Stores with the most loyal customers had the largest market share (Ibid); therefore loyal customers carry the possibility as profit generators, and as such should be of primary concern to stores.

The notion of loyalty and how to target and select loyal customers from a retailers point of view, becomes increasingly important not only in terms of generating profit, but also in the effectiveness of the retailers advertising efforts amidst the growing clutter of information. Raj (1982) finds that increasing advertisements have greater impact, in terms of increasing purchase, on loyal rather than disloyal customers.

Having loyal customer may lead to positive word-of-mouth and a decline in search motivation as found by several Authors (Reichheld and Sasser, 1990; Dick and Basu, 1994), thus retention is essential, which is substantiated by being a benefit as new customers are often more costly to attain. In addition, the profit rises as the customer’s relationship with the

company lengthens, and companies with long-time customers can charge a higher price (Reichheld and Sasser, 1990).

There are several practical examples where organizations benefit from loyalty such as a five percent raise of retention rates at MBNA increased the company's profits 60 percent by the fifth year (Reichheld, 1993). Not only does loyalty ensure profits, but also may cut costs as seen in the insurance industry where a company increased five percent in retention rates diminishing the cost for every policy by 18 percent (Ibid). By gaining loyalty, companies can reduce the costs of attracting new customers, and loyal customers tend to buy more over time (Reichheld, 2003).

Knox and Denison (2000) measured loyalty in several sectors, one of which was the grocery sector, which showed that monthly budget had a significant positive correlation with loyalty to the first store choice. This was in contrast to four other sectors where there was a negative correlation. Also, on average loyal grocery shoppers were found to spend 50 percent more on grocery products per month than switchers. As loyal customers then are signified as having larger budgets and will spend more in the grocery retail store, Knox and Denison (2000) coined this coupled effect the 'double indemnity effect', which shows that loyal customers usually spend four times as much in the first-choice-stores, than do switchers.

Loyalty programs and cards

There is nothing new with rewarding loyal customers; co-operatives have been doing so for the past 150 years (McGoldrick and Andre, 1997). Yet today's marketing battle is fought in loyalty schemes and this renewed focus on customer retention has created the term loyalty marketing (O'Malley, 1998). The modern loyalty schemes is considered to have been started by American Airlines, in 1981, and was a tool to create consistency of demand, and the schemes then spread and reached Europe in the early 1990s (Ibid). However, some argue that loyalty programs are over-rated (Ibid).

Loyalty schemes have wide usage and applicability in different countries (East et al, 1997), and are widely spread in Europe. The top 16 retailers in Europe spent \$1 billion on retention and loyalty initiatives in the year 2000 and customer cards have thereby become an important tool to increase loyalty (Noordhoff et al, 2004). Also, loyalty schemes in the retailing sector had major growth in the 1990's (Smith et al, 2003), and are today seen as necessary in most retail sectors. Yet, companies are somewhat 'stuck' to these programs as soon as they have launched, and it is extremely difficult to withdraw a loyalty program (O'Malley, 1998), as such should be used effectively. However, it is difficult to create major advantages through a loyalty program, which was originally created to maintain vis a vis create loyalty (Dowling and Uncles, 1997). The main aims for programs are to maintain sales levels, increase loyalty of existing customers, create cross selling, differentiate, create entry barriers, and prevent an introduction of similar programs by competitors (Dowling and Uncles, 1997; Nunes and Dréze; 2006). Basically, loyalty programs usually have two primary aims; to increase sales and build close relationships, thereby maintaining current customers, achieving either of these aims will result in profit (Uncles et al, 2003). Also, users visiting the store more than three and a half times a month using their loyalty card were characterized as being loyal (Mauri, 2003).

These statements are aligned somewhat to what Sharp and Sharp (1997) found, namely that programs are a defensive activity and are aimed to increase repeat purchase instead of only gaining market share. Programs are built to "lock customers" but companies can also be locked due to the fact that it will be difficult to withdraw a program once implemented (Ibid). Also creating lower costs, barriers to entry, and guaranteeing future earnings are some main aspects an effective loyalty program should involve (Ibid). These

programs are also most attractive to heavy buyers (Ibid). Parallel aims and benefits of loyalty programs, as stated by Warren (2005), are to change customers' behavior and increase visit frequency, average transaction, and total spending. Also, programs help to create differentiation and change identity (Ibid). A good program should maintain great customers, upgrade good customers, and increase the frequency of occasional customers (Ibid). Attracting and retaining customers should thereby strengthen loyalty (Ibid).

The effects of loyalty cards and programs

Reynolds et al (1974-1975) suggested that viewing the market through older age, lower income, and education will provide a scope of potential from which to filter loyal customers. This is furthered by Reichheld (1993) whom like Samli (1975) suggests that discerning customers based on socioeconomic factors, usually gathered by loyalty programs, may prove useful in order to segment, identify, and target loyal customers effectively. This approach can be seen in practice by the company Staples, whom through the use of loyalty cards gathered information about buying habits, frequency of visits, average dollar value spent, and sent catalogues and coupons to particular segments (Reichheld and Sasser, 1990). The amount of time customers use loyalty programs and card membership will significantly affect organizations sales and profit positively (Reichheld, 2003). Also, the further entrenchment of usage, found in a credit card company, may have affirmative effects on loyalty (Reichheld and Sasser, 1990).

Loyalty program or Consumer club satisfaction, termed by Stauss et al (2001), can be seen as a determinant for relationship satisfaction and can thereby have an indirect influence on customer retention. Customer Club satisfaction was measured by own service satisfaction, external service satisfaction, and handling satisfaction; asking members and non-members to rate their satisfaction of these factors on a five-point satisfaction scale (Ibid). The findings were that a retention effect could be seen due to higher relationship satisfaction (Ibid). In addition, customer clubs can create a direct retention effect, which is created if customers only are loyal due to the benefits they receive; the customer benefits effect (Ibid). Membership can also create an indirect retention effect which is created by the individualized offers to the customers which company's have based on the information that they have gathered; the customer knowledge effect (Ibid). As such, loyalty programs have a direct effect on satisfaction, an intrinsic part of loyalty.

Lieberman (1999) questioned several directors using membership clubs of their intention, and the overall and most frequently cited response was to build a lasting loyal relationship with customers. Supporting this statements intention, Sharp and Sharp (1997) found to some extent a more direct link between loyalty programs effecting behavioral loyalty, creating excess loyalty. However, some studies show that consumers use, and are members of, several different supermarket cards and programs, and it thereby becomes difficult to accurately assess loyalty cards actual effect on loyalty (Mauri, 2003; Mägi, 2003). Noordhoff et al (2004) found that possessing a card had a positive effect on attitudinal loyalty but not on behavioral loyalty, in the matured loyalty-use-market of the Netherlands, which implies that the impact on attitudinal loyalty is more long-term than the impact on behavioral loyalty due to the fact that both loyalties were present in the parallel study, conducted in Singapore, which is a new market.

Loyalty cards do not 'immunize' consumers against different shortcomings, they might even be more critical when it comes to the perception of the store and its services (Smith et al, 2003). Duffy (2005), contrary to Sharp and Sharp (1997), contends that loyalty programs have little or no impact on consumer behavior due to the fact that it is a natural phenomenon, which is created over time. As such, loyalty programs will have difficulties in

creating loyalty (Duffy, 2005). It is even possible that programs can ruin existing loyalty if they do not deliver substantial value (Ibid). Bellizzi and Bristol (2004) also found that occasional and non-users of cards were very store loyal and that customers with only one or no card were very store loyal, as such furthers the skepticism towards the positive effects of loyalty programs and cards.

Promotions in loyalty programs

Cunningham (1956) argues that deal promotions do not lead to loyalty, and as such rebates in loyalty programs may therefore be a questionable tactic for inducing loyalty. This view is furthered by Johnson (1984) who is stating that the coupon is the main driver for brand or retail switching and as such decreases consumer loyalty. Hence, using such promotional tools may have an adverse effect on loyal customers, yet they are prevalent in most loyalty programs. However, Enis and Paul (1970) found as environmental conditions were stable for all participants, psychological traits insignificant, and socioeconomic characteristics had limited overall impact on store loyalty, the Authors deduced that the promotional strategy of the store is key to determine store loyalty. This could be seen as one method by which such retailers should, through its loyalty programs and cards, be geared toward creating positive attitudes, and thereby create and attract loyal behavior (Korgaonkar et al 1985). Enis and Paul (1970) further suggest an automated system to filter loyal customers and their purchasing habits in order to effectively target this group, as can be seen blatantly today through the use of loyalty cards.

Lieberman (1999) further posits that loyalty in both the durable and non-durable goods market can be strengthened by the use of membership clubs. Also, that loyalty is the foundation and ultimate outcome of effective relationship marketing. The study presented that membership club participation increased loyalty and that promotions and membership cards were highly regarded vis a vis letters.

Dowling and Uncles (1997) argue that these loyalty programs should include promotions which support the retailers or brands value propositions, and offer immediate and delayed rewards through coupons and tokens, respectively. O'Malley (1998) also argues that these loyalty programs need to include, or have a mix of, cash value, choice of redemption options, aspirational value, relevance, and convenience. Stauss et al (2001) has further categorized these benefits and argues that they can be seen as the traditional marketing mix and include components such as products (guarantees), price (member discount, bonus programs), communication (club magazines), and distribution (club specific IT-networks).

Customers who used promotional incentives have, according to Mauri (2003), a higher likelihood of staying loyal, and these promotional incentives, which usually are seen to raise short-term sales, can therefore be seen as "the engine which gives power to the card scheme". Literature in the area of loyalty promotions is however scarce and further investigations are needed (Ibid).

The effects of promotion

Loyalty is not determined by price; therefore those affected by deal promotions usually have low loyalty (Cunningham, 1956). This is also stated by Kumar and Leone (1988) who argues that price promotions and featuring are two main promotional mechanisms that may drive consumers to switch stores for purchases. This concurs with a more recent study conducted by Mägi (2003) concluding that a consumer who is more likely to favor price comparisons will allocate less share of purchase and visits to his or her primary store.

Carman (1970) discovers that loyal decision-makers are not interested or do not read food store advertising opposed to that of disloyal customers. In addition, Tellis (1988) states that advertising cannot create loyalty; at least not once the stores' brand has been somewhat established, however, as it is building confidence in the market (whilst being introduced) there may be some effect. Also, loyalty mediates the effectiveness of advertising, as such agrees with findings by Raj (1982).

Customers that are prone to one type of deal have been observed to be equally positive or negative to other deals (Lichtenstein et al, 1997). Based on the preceding statement, (Ibid) have categorized the following: deal prone segment, intermediate deal proneness group, and a promotion insensitive segment. King and Summers (1971) gathered that varying attitudes and demographic characteristics influenced the type and degree of media exposure, and it is therefore as Alvarez and Casielles (2005) states important to know consumer characteristics if companies are going to be able to create effective sales promotions.

Sales promotions usually provide some sort of incentive to buy, and its purpose is to directly impact customer's behavior by creating unplanned purchases, purchases of non-promotional products, and increase the visits to the store (Laroche et al 2001). Promotions can be classified as price or non-price promotions (Ibid). These sale-promotions seem to create an increase in purchase quantity (Ibid). Store loyal customers, were also found to purchase more products by using coupons than non-store loyal customers (Ibid), which is contrary to findings and assumptions made by others (Cunningham, 1956; Kumar and Leone, 1988; Mägi, 2003). Alvarez and Casielles (2005) also established that sale-promotions make customers try new products. However, consumer response to promotions may be affected by demographic variables (Laroche et al, 2003). Further, Alvarez and Casielles (2005) found that price promotions are more effective than other promotions on affecting consumer behavior. Kendrick's (1998) promotional experiment led to the conclusion that mixing promotions may increase repeat patronage. Further, these mixes added significantly more than the price promotion on its own (which also led to higher spend than control group) in relation to a control group not receiving any promotions. These findings go against above studies that showed pricing promotions and coupons to increase price consciousness of the consumer, short-term sales, and brand switching, as such being in contradictory effect towards establishing loyalty.

Theoretical implications for the Research Model: Part II (III)

O'Malley (1998) and Mauri (2003) are somewhat skeptical of the realization of the full potential of these loyalty programs and cards, whilst others proceed with careful optimism, and explain that an effective loyalty program should create and retain loyal customers, maintain sale levels, raise entry barriers, and act as a form of competitive advantage through differentiation (Sharp and Sharp, 1997; Noordhoff et al, 2004; Warren, 2005; Nunes and Dréze, 2006).

Loyalty cards and programs may be affected by the length of time used (Reichheld and Sasser, 1990), and have effects on satisfaction, attitudinal and behavioral loyalty, and can be used to gather information to target consumers effectively. Stauss et al (2001) substantiated the link between the use of customer clubs, and increasing relationship satisfaction leading to retention, as well as the direct positive connection of customer club satisfaction and retention. Further, Lieberman (1999) found that loyalty may be directly fortified by use of club cards, a positive relation among participation and loyalty, and that membership cards were held in high respects. Independent loyalties were also positively affected; as Sharp and Sharp (1997), found a relationship between use of loyalty schemes and behavioral loyalty, Mägi (2003) through the three-item scale gauged satisfaction and loyalty cards impacting two behavioral

loyalties namely 'share of wallet' and 'share of visit', and Noordhoff et al (2004) concluded the importance of loyalty scheme's effect on attitudinal loyalty, to some extent. The amount of loyalty cards possessed by a consumer may create disparate indications and measures of loyalty (Mauri, 2003; Mägi, 2003).

The promotions that are usually found connected to a loyalty club and card can be categorized into the classical four P's (price, product, promotion in this case advertising, and place or distribution) (Stauss et al, 2001), and should represent the retailer's value propositions (Dowling and Uncles, 1997). Laroche et al (2001) dichotomizes promotions into price and non-price promotion. Deal or price promotions do not facilitate the creation of a loyalty-based relationship, in fact enhances the prospect of switching behavior (Cunningham, 1956; Johnson, 1984; Kumar and Leone, 1988; Mägi, 2003; Alvarez and Casielles, 2005). Enis and Paul (1970) deduced that a stores promotional strategy is a key determinant and has an overriding effect on establishing store loyalty, also the promotional strategy's effect will be somewhat mediated by personal characteristics of the consumer (King and Summer, 1971; Alvarez and Casielles, 2005).

Promotions on their own may only increase short-term sales, however, when these are linked to a loyalty card and program, the relationship between consumers and the organization becomes long-term (Mauri, 2003). However, disloyal customers are more likely to read promotional offers vis a vis loyal customers (Carman, 1970), and advertising can not create loyalty (Raj, 1982; Tellis, 1988).

Typifying the loyal customer on demographic variables

Demographic variables have changed during the years to typify different segments of loyal customers. A seemingly specific variable, namely location of residence was considered significant (Tate, 1961), however, is diminishable as this may be affected by environmental conditions, mode of transport and so on. However, most studies posit that age, education, income, and gender are amongst the most significant (Tate, 1961; Enis and Paul, 1970; Carman, 1970; Reynolds et al, 1974-1975; Korgaonkar et al, 1985; East et al, 1995; 1997; McGoldrick and Andre, 1997; Harmon and Hill, 2003; Mägi, 2003; Bellizzi and Bristol, 2004).

Age

Reynolds et al (1974-1975) found that socioeconomic variables such as old age typified loyal customers. However, East et al (1995) showed that 25 to 44 year olds heavily represented store loyal customers, and that retired people above 65 have lower store loyalty (East et al, 1997). Loyal shoppers are typically middle-aged (McGoldrick and Andre, 1997), thereby supporting the former categorization of a loyal customer.

Lichtenstein et al (1997) showed that young less educated consumers were more likely to be prone to different deals. Whereas Harmon and Hill (2003) concluded that older age and middle to high income, were the variables that affected woman's use of coupons positively, but showed no correlation on men. Older shoppers use their card more frequently and younger shoppers would be more loyal if "discounts grow progressively larger with card usage" (Bellizzi and Bristol, 2004).

Education

Despite Cunningham's (1961) shortcoming of providing socio-economic factors characterizing loyal and disloyal families, Tate (1961), based on MRCA's statistics, found that loyal households tended to be less educated, usually only grammar school, whereas the disloyal customers had an education of high school or college. Enis and Paul (1970) found that educational attainment was negatively impacting store loyalty, supporting Tate's (1961) findings. Low educational achievement was furthered by Reynolds et al (1974-1975) to characterize loyal consumers. However, East et al (1995) found no link between store loyalty and education.

In terms of promotion, men whom had graduated college were more likely to use coupons than men with less schooling (Harmon and Hill, 2003), and Bellizzi and Bristol (2004) found no relation between education and card usage, and between education and loyalty.

Gender

Korgaonkar et al (1985) came to the conclusion that males visit shops less frequently than that of females, which is more recently supported by Mägi (2003), who used 643 households in a Swedish town, and found that 74 percent of the main shoppers were woman. However, Bellizzi and Bristol (2004), did not find any relation between gender and loyalty. Also, Harmon and Hill (2003) found that young woman do not use coupons as much as older woman, however, woman in general use more coupons than do men.

Income

Tate (1961) came to the conclusion that loyal customers tended to be in the lower income brackets vis a vis that of disloyal households whose income would fall in the upper income class, and these findings are well supported (Carman, 1970; Reynolds et al, 1974-1975; East et al, 1997; McGoldrick and Andre, 1997). Bellizzi and Bristol (2004) found somewhat parallel results as 79 percent of the low income segment were loyal, however, 57 percent of the high income segment were also loyal compared to those in the moderate income groups.

Despite these findings Laroche et al (2001) found that people with less income were more likely to use promotions than high income customers. However, these findings are not clear as Harmon and Hill (2003) establishes that lower income woman are less prone to use coupons, whereas the largest amount are used by middle-income woman.

Harmon and Hill (2003) also showed that income effected the use of loyalty cards, middle income (30,000-59,000 USD) were highly represented in this category. However, as income climbed, men's loyalty card usage went down, whereas high-income woman would be more likely to use them. Yet, Bellizzi and Bristol (2004) were not able to discover any relationship between income and card usage.

Theoretical implications for the Research Model: Part III (III)

The demographic variables of age, education, gender, and income have been used frequently to typify the loyal customer and their usage of loyalty cards and proneness to promotions (Tate, 1961; Enis and Paul, 1970; Carman, 1970; Reynolds et al, 1974-1975;

Korgaonkar et al, 1985; East et al, 1995; 1997; McGoldrick and Andre, 1997; Harmon and Hill, 2003; Mägi, 2003; Bellizzi and Bristol, 2004).

Conceptualization of the Research Model

As deduced from part I, II, and III the notion of loyalty, loyalty cards and its accompanying promotional benefits are conceptually related, and may be mediated by demographic variables. This amalgamated conceptual framework can be seen below:

Amalgamated Conceptual Framework

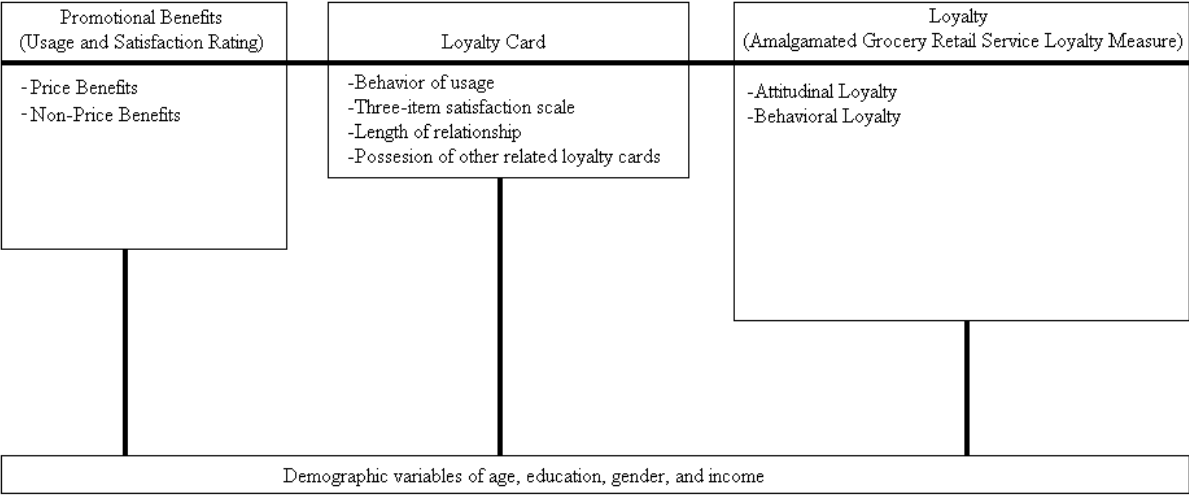


Figure 2

Methodology

The purpose of this study is to investigate a loyalty card and its relation to accompanying promotional benefits, and their linkages to grocery retail service loyalty. Also, the aim sets out to find relationships between demographic variables and proneness towards the promotional benefits, the loyalty card, and loyalty.

Scientific stance

The dichotomy between the extensive scientific debate of positivism and social constructionism provides polar positions of epistemological and ontological perspectives (Easterby-Smith et al, 2003). Positivism characterizes the world as existing separately and externally from social actors, as such is static, and can be measured objectively (Ibid). This is furthered by the ontological assumption, which is inherit in the aim of this study, namely that behaviour exists and is prevalent in the world as something constant. Loyalty may be seen as an innate quality (Tucker, 1964), hence is ubiquitously present in the external world, and can be affected by loyalty programs and related promotional activity. A relativist or social constructionist worldview would not be possible as the notion of loyalty is not based on the meanings customers place on these programs, but is rather measured and based through the findings of the already existing literature. The concept of loyalty has been operationalized into subcategories, as such the objective posses an intrinsic epistemological view of objective measure (Easterby-Smith et al, 2003). Therefore a stance of positivism and its accompanying natural science model is taken in this study with ontological assumptions of representationalism, as there is an assumption that loyal behaviour exists, which can be measured objectively, and will be affected by loyalty schemes and related promotions, rather than hypothesizing of the specific positive, negative, or unchanged outcome of said external stimuli (Bryman and Bell, 2003).

Using inductive or deductive reasoning is as imprecise as some of the components of epistemological and ontological perspectives, however, as there is previous theory on loyalty programs, loyalty, and promotions this study may be based on current theory that loyalty programs, and its related promotional benefits, will have a link with service loyalty, a deductive approach (Bryman and Bell, 2003). However, some induction will be conducted as findings are fed back into previous theoretical findings (Ibid). Pursuing an inductive approach within this context may lead to naïve empiricism, as data would be collected for no specific reason, due to the infantile nature of this specific construct the data needs direction (Ibid).

The object of this study is to investigate the link a loyalty card and its accompanying promotional benefits have with service loyalty, as such making the assumption that loyalty exists and is using an operationalized concept of loyalty, not assuming the more constructionist viewpoint of studying the meaning attached to these promotional benefits by people. Hence, attempting to scientifically determine relationships rather than socially constructing a general picture.

Research design

The main aim of this study is to investigate loyalty programs and its accompanying promotional benefits link with service loyalty. Therefore it seems natural to fulfill the objective and obtain valid results through investigating loyalty programs provided by grocery retailers, as these in Sweden are available, developed, and ubiquitous. As descriptive language from past theory exists to explain the loyalty phenomenon, yet no specific data to be used is

currently available, the Authors, of this study, choose to collect new data (Anselmsson, 2001) through the use of questionnaires, as suggested by East et al (1995), as this instrument may capture attitudinal data, not possible by the prevalent study of loyalty through customer panel data.

Due to ever-occurring time and financial constraints it is not possible to evaluate loyalty programs offered by several service retailers, as such, ICA, which is the largest grocery service provider in Sweden, has been exclusively chosen.

ICA was founded in 1917, and is a Swedish retailer, which operates 2,600 stores located in Scandinavia and the Baltic regionⁱ. Their turnover in 2005 was 71,663 million Swedish crowns (SEK) and they are considered to be one of the major retailers in the Nordic marketⁱⁱ.

Customers using ICA's loyalty card receive several price and non-price related benefits. The price related benefits include bonuses, special prices, and coupons. Bonuses are based upon member's amount of spending and they receive one percent for every purchased SEK. Members, however, only receive a bonus check when they have purchased a minimum amount of 2,500 SEKⁱⁱⁱ. Loyalty programs giving perks on cumulative purchases, just as ICA's bonuses, are seen to be specifically based on retention (Lewis, 2004). Members are offered special prices on different products every week, however, these special prices are not based upon member's amount of spending, which means that all members are eligible to benefit from the special prices^{iv}. ICA's coupons are distributed through self-service machines located in stores, and these coupons can be attained by swiping the membership card^v.

These self-service machines also provide members with non-price promotional benefits such as recipes, which have been shown to impact on consumers purchase behavior by persuading them to purchase products they initially had not planned to buy^{vi}, which is supported by the findings of Tate (1961) and Reynolds et al (1974-1975). Members also receive the magazine *Buffé*, which is a non-price promotional benefit, and is received via mail when purchasing for a minimum amount of 1,000 SEK per month^{vii}. Other non-price promotional benefits, which can be attained by ICA's loyalty card, is constituted by help and advice through ICA's customer call center, a monthly account statement, and financial services^{viii}.

ICA's loyalty scheme main cited aims were to increase sales and attract more consumers in their stores^{ix}. As such intends to act as a catalyst for spurious loyalty, but emphasizes the importance presented by amongst others Mägi (2003) using 'share of wallet' and 'share of visits' as loyalty measures. Clearly, establishing exclusively behavioral loyalty should not, according to amongst others Dick and Basu (1994), be a conclusive loyalty measure, but must also involve attitudinal loyalty.

Also, it is necessary to know ICA's corporate goal when they implemented their loyalty program, as such telephone interviews with one manager and three employees working directly with the loyalty program were conducted on the 5th of April 2006. These employees were located through the telephone exchange at ICA's headquarter. When questioned specifically and separately about the aim of said loyalty program, the most cited responses and reasons were to get customers to buy more products and services from the ICA store and get customers to go shopping more at the ICA store. These two dimensions from a theoretical point of view may be seen through 'share of wallet' and 'share of visits', consequently two measures used in this study. Therefore may further existing theory on these dimensions, as well as possibly evaluate if the loyalty program has fulfilled its desired corporate goals. The theoretical framework directly applied on the research subject ICA may be seen in figure three below.

Amalgamated Conceptual Framework on ICA's Loyalty Scheme

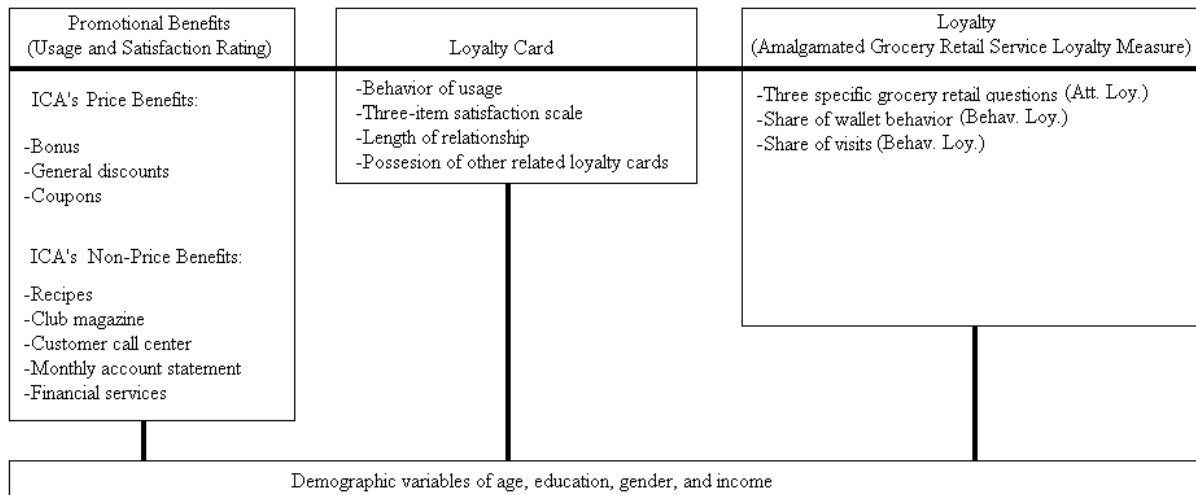


Figure 3

ICA's loyalty card has existed for several years and as such has many experienced members whom receive several different promotional benefits. ICA is further located throughout Sweden and is thereby easily accessible. Further, they use a standardized loyalty program, as such all members receive similar promotional benefits. Therefore, the choice of using ICA's loyalty card allows for a representative sample to be gathered in an effective way, as ICA's loyalty card members in one ICA store can be seen to be influenced in the same way as that of other ICA loyalty card members in Sweden, hence generalizable (Bryman and Bell, 2003). The study is based upon respondents from a specific store in the south of Sweden, which might create demographic flaws, however, due to time and financial constraints it becomes a necessary evil. Also, this specific store characterizes the second largest store format, Kvantum, as such delivers a much wider variety of goods and services than the two smallest formats, however, the largest store types, Maxi, were not utilized as these carried a similarly wide range of grocery goods and services yet had a significantly large proportion of non-grocery retail merchandise such as cloths and sporting goods. Hence, the Kvantum store provides the largest store format selling almost exclusively grocery items^x.

Method

Due to the nature of the aim in terms of finding effects and relationships a quantitative method will be used, as supported by a significant proportion of past literature using similar methods. The information will be gathered by using a questionnaire. There are, however, some major critiques against the use of quantitative research.

The first critique is the inseparability of the social and natural world held in the positivistic view and thereby ignoring the fact that human subjects, unlike molecules or atoms, reflect and interpret the world around them (Easterby-Smith et al, 2003; Bryman and Bell, 2003). However, the investigation of service loyalty includes measuring service loyalty through behavior and is, as such, not only based upon interpretations, and the investigation would thereby not be furthered by a more qualitative view. Additionally, a quantitative instrument, such as a questionnaire, presumes that respondents are interpreting the questions in a similar way (Bryman and Bell, 2003). This can to some extent be handled by fixed-choice answers; however, some still argue that the use of fixed-choices is only a way of ignoring the problem (Ibid). An investigation of loyalty programs and its accompanying promotional

benefits effect on service loyalty through a qualitative view would, however, be faced with an opposite problem, that is the researchers' ability to interpret qualitative data, which bears further problems in terms of replicability due to lack of transparency (Ibid). Another critique involves the difficulty of knowing if respondents, in a quantitative study, have the necessary knowledge to answer a question (Ibid). This may be overcome by using filter questions, thereby filtering out respondents that do not have sufficient knowledge, as will be done in this study (Malhotra and Birks, 2003).

A quantitative method will, opposed to a qualitative method, detect fine differences between people (Bryman and Bell, 2003). Therefore, serves the aim well, allowing the categorization of loyal customers through demographic variables, and also to relate these demographic variables to the loyalty program, and its different promotional benefits. Further, measurements through a quantitative view permits using a consistent measurement that will stand the test of time and not be biased by the researchers' own agenda (Ibid). A quantitative view should, as such, be able to generate consistent and more believable results.

Data collection

The data will be collected by using questionnaires, which will be answered by approximately 200 respondents at an ICA store, in Malmö. Also, a tally will be kept of customers answering that they do not possess a loyalty card as well as customers whom have loyalty cards, but are not inclined to answer the questionnaire. As such allowing a sample from which to draw frequencies. However, the choice of using a questionnaire in an actual store setting restricts the amount of questions that can be included (Bryman and Bell, 2003). A survey method is also proposed by East et al (1995), allowing the possibility of attitude measures, despite its inherent shortcomings in measuring behavior, and a survey method also allows targeting the active shopping individuals instead of the whole household.

There are some negative aspects of distributing the questionnaire in the store such as respondents having to answer the questionnaire immediately, therefore the perceived respondent anonymity is lower when using a face-to-face data collection method compared to a postal survey (Malhotra and Birks, 2003). Including a cover letter in the questionnaire informing respondents about their anonymity will to some extent surmount this issue. A postal survey could have been used; however, the aim of the study is to target members of ICA's loyalty program, which would be difficult to obtain without access to ICA's customer database. Negotiating for stated access may compromise the purpose of this study (Easterby-Smith et al, 2003). Also, a postal questionnaire takes longer time and costs more to conduct, and has the problem of a low response rate, hence, distribution of the questionnaire at the store is more appropriate (Malhotra and Birks, 2003).

Questionnaires are further, a cheap and time effective way of gathering data and a face-to-face questionnaire also allows respondents to ask if there are any difficulties (Bryman and Bell, 2003). In the psyche of a customer participation in this investigation will contribute to a more effective loyalty program, which they in turn will benefit from, advancing honest participation. Shoppers will be approached at the store, as it may increase the accuracy and allow targeting decision-makers or actual shoppers, of the household (East et al, 1995). East et al (1995) further, found a definite correlation between loyalty and customers having a certain time of the day, which they shop, but not any particular day during the week. As such, data will be gathered throughout the day irrespective of weekends, where each time of the day will be attempted to be represented indiscriminately.

Operationalizing service loyalty

The specific theoretical construct of grocery retailing service loyalty was created through an amalgamation of the three questions used by Ailawadi et al (2001) to capture attitudinal loyalty, and two frequently used behavioral loyalty measures concerning 'share of wallet' and 'share of visits' (Cunningham, 1961; Tate, 1961; Enis and Paul, 1970; Mägi, 2003; Noordhoff et al, 2004), which may be seen below:

Ailawadi et al (2001)

1. I prefer to always shop at one grocery store
2. I am willing to make an effort to shop at my favorite grocery store
3. Usually, I care a lot about which particular grocery store I shop at

Cunningham (1961); Tate (1961); Enis and Paul (1970); Mägi (2003); Noordhoff et al (2004)

1. How much do you spend on groceries a month?
2. How much of this do you spend at the store(s) in question (a month)?
3. How many times do you go grocery shopping per month?
4. How many times a month do you go shopping at the store(s) in question?

To accurately gauge the complex satisfaction of the loyalty card Mägi's (2003) satisfaction measure has been adapted to measure card satisfaction as seen below:

Mägi (2003) (*Modified*)

1. How satisfied are you with your loyalty card?
2. How well does your loyalty card match your expectations?
3. Imagine a perfect loyalty card. How close to this ideal is your loyalty card?

Further, this study anchors from a one to five likert scale where appropriate, as suggested by Dabholkar et al (1996), and uses two indicators in terms of satisfaction (Stauss et al, 2001) and agreement (Ailawadi et al, 2001) with statements, as such the questionnaire employs multiple-indicator measures (Bryman and Bell, 2003).

Questionnaire design

The operationalization of loyalty, the loyalty card and its promotional benefits, and demographic variables has resulted in a three-page questionnaire, including 34 questions. The questionnaire includes seven questions regarding loyalty, six questions about the loyalty card regarding usage, length of relationship, satisfaction, and member's possession of other related loyalty cards. Satisfaction of promotional benefits is measured by 16 questions, eight of which are filter questions. Demographic variables are measured with five questions.

The questions used to measure attitudinal loyalty is based on Ailawadi et al (2001) and furthered by Anselmsson and Johansson (2005) in studying appropriately ICA, and are measured on a scale of one to five where one represents strongly disagree and five represents strongly agree. Behavioral loyalty is gauged with measures used by several researchers (Cunningham, 1961; Tate, 1961; Enis and Paul, 1970; Mägi, 2003; Noordhoff et al, 2004), and is gathered by using open questions. Satisfaction of the loyalty card is measured on a five-point satisfaction scale based on Mägi's (2003) three questions. Attitude of promotional benefits is measured in a similar way on a five-point satisfaction scale, whilst behavior of promotional benefits is measured by filtering questions. Further, demographic variables

concerning income are measured on ordinal variables and education is measured by listing three different educational levels.

All questions in demographics, except age, is asked by using closed questions, as such, will be simpler to process answers as it enhances the comparability and reduces the answers variability, which means that relationships between different variables and respondents will be easier to identify (Bryman and Bell, 2003, Malhotra and Birks, 2003). There is, however, a loss of spontaneity when using closed questions, but open-ended questions demand greater effort by the respondents and are also more time consuming to administer (Bryman and Bell, 2003).

As this study was conducted within Sweden the questions were translated into Swedish by the Authors of this paper being native and fluent in both languages. Furthering the face validity, the questions were cleared through a knowledgeable academic in this field as such the questions appear to measure the specific constructs pivotal to this papers' aim (Bryman and Bell, 2003).

Gender and political aspects

Reflection on these aspects may be somewhat superfluous, but may present a stronger case for non-biased information (Easterby-Smith et al, 2003). The Authors of this study chose the topic of study independently as there are no promises made to third parties in terms of organizations or grant holders (Ibid). In fact, accessing the organization, which was to provide the background for the data collection, was gained without the topic being diluted by a more store focused perspective, hence not using the study as an excuse for an organizational agenda (Ibid). The populations studied are not in a less powerful situation as is sometimes found in a research setting (Ibid). Limited 'field work' experience may characterize the Authors, however, using pre-existing questions upon which to base the study provides steady ground on which to stand (Ibid), the theoretical area of loyalty is also not a passing 'fad', and has been studied for decades. Therefore, results should contribute to past theoretical research and stand the test of time.

As part of the research purpose for this study is to evaluate the effect of promotions on grocery retail shoppers, there are some gender considerations that should be taken into account. Mägi (2003) found similar results to that of previous researchers, in this field, that approximately 70 percent of the respondents tended to be female. This may place a more female gendered significance on the data. However, may provide an accurate picture of the grocery retail store in Sweden. Also, the nature of advertising, hence implicitly promotions, was found by Stern (1993) to affect and be targeted, at men and woman differently. However, this study bases its premise on that these promotions are gender neutral, and rather may have different effects on gendered readers. Naturally, labeling promotions as completely neutral may not be exactly accurate, however, as the focal point of this study is not on the investigation of gendered promotions, such a concentration may be furthered if findings in this study produces conclusive results on promotions effect between men and woman.

Causality, generalizability, and replicability

The questionnaire being used is based on previous literature written by well-cited researchers, and can as such be seen as containing innate high measurement validity (Bryman and Bell, 2003). Difficulties to ensure high ecological validity may be present due to the unnaturalness of being faced by questionnaires (Ibid), however, the data collection is

performed at the store, as such, conducted in a natural setting depicting an accurate picture of the retail store and its clientele.

Quantitative research concerns, reflect positivistic beliefs (Easterby-Smith et al, 2003). These preoccupations are causality, generalization, and replication (Ibid). Quantitative research does not only concern itself with how things are, but is also concerned with identifying casual explanations and fundamental laws, thereby finding out why things are the way they are (Ibid). As such, the chosen scientific stance allows examining different relationships direction, such as between promotional benefits and different demographic variables.

Generalizability is concerned with researcher's need to apply research findings beyond the research context, and if results are confirming or contradicting that of previous research (Bryman and Bell, 2003; Easterby-Smith et al, 2002). Generalizability can best be achieved by using a representative sample, as in this study, which is based upon ICA's standardized loyalty program, and therefore allows targeting a sample in one store as those customers represent the members of ICA's loyalty program. This approach is also necessary as it is not possible to send questionnaires to every member throughout Sweden. Bryman and Bell (2003) however, argue that a representative sample will not ensure that the results will be generalizable, as the representative sample only represents the population, which it has been chosen from. Therefore, a generalization beyond that population cannot be made even though it might be tempting to generalize results to all similar organizations, which the study is based upon. Easterby-Smith et al (2002), however presents two opposing views where one view argues that a study should try to understand as much as possible of a particular situation and try to apply this to other situations, and thereby to some extent create universal validity. The opposing view instead argues that generalized theories may be inappropriately forced upon others; hence all theories should be understood in relation to the context in which they were developed.

Further, research needs to be replicable, a researcher's characteristics and expectations should not influence the results, as such it should be possible to conduct the same research again and find similar results, if not, the research may include major validity flaws. This can be overcome by explicitly presenting the procedures that has been used in the study and also, as in this study, use a questionnaire, which is based upon previous research. The questionnaire is included in Appendix 1, which allows further research the possibility for replication.

There are some delimitations made in this study, namely that ICA has been chosen; as it is within Sweden due to ever-occurring time and financial constraints, as well represents the largest most accessible service provider using a developed loyalty program. Respondents used in this study will be gathered from one store, as ICA's loyalty program is standardized throughout Sweden. Hence conclusions and findings will be drawn based on these stipulations.

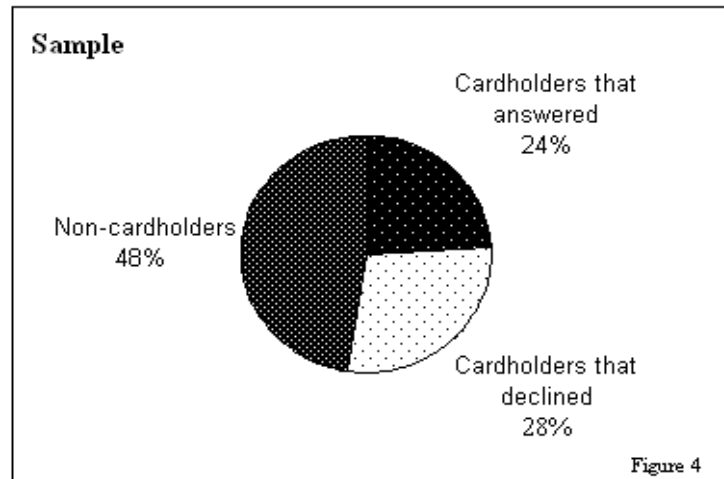
Data analysis and results

Descriptive statistics

The premise of analysis is finding relationships, stated in this study's aim, and is based on descriptive frequencies, correlations, and regression analyses calculated through the use of SPSS software.

In total 851 customers were approached and 205 respondents answered the questionnaire, which accounted for approximately a fourth of the approached total sample as seen in figure four below. Respondents whom declined to answer yet answered in the affirmative of possessing an ICA card amounted to 242, and customers stating that they did not have above-mentioned card were counted to be 404.

Of these 205 respondents, 184 received bonus checks, whereas 21 did not. Only customers who answered 'yes' were allowed to proceed and evaluate their satisfaction of this promotional benefit. Out of these



heavily weighted receivers, four and nine respondents were very dissatisfied and dissatisfied respectively; 33 and 88 were indifferent and satisfied; and, 50 reported to be very satisfied. The special card-prices available in the store were used by 160 of the 205 respondents, accounting for 78 percent of the cardholders. This 78 percent tended to cluster around indifferent and satisfied being 26 and 47 percent correspondingly. Coupons from the self-service machine were used by 113 of the 205 customers asked. The answers leaned aggregately towards dissatisfied and indifferent being 21 and 33 percent respectively. However, no respondents were very dissatisfied with this service, and 36 percent were satisfied with this benefit. Using this self-service machine for recipes did not seem as popular as only 30 out of the 205 respondents used this service. Yet, 3 percent reported to be dissatisfied, 20 percent were indifferent, 40 percent were satisfied, 37 percent were very satisfied, and no-one reported to be very dissatisfied. A large amount, 91 percent or 187 of 205 customers, received the magazine Buffé to their home, and three-quarters were either satisfied or very satisfied with this magazine. A mere 35 customers used the call-center provided by ICA, hence 170 of the 205 respondents had not used this service. Of these 35 customers, one person stated that he or she was very dissatisfied and another indifferent to the service, whereas 49 percent or 17 customers were satisfied with the service. Most cardholders received monthly account statements, 88 percent of 205 or 180 respondents. In general, these respondents were indifferent representing 18 percent, satisfied accounting for 55 percent, and very satisfied 21 percent of the 180 account-statement receivers. A small percentage, 12 percent of 205 cardholders, used the financial services offered by the card, where 52 percent were satisfied with this service, 32 percent were very satisfied, and 12 and 4 percent were indifferent and very dissatisfied respectively. None were simply dissatisfied. On the whole, 111 customers were satisfied with the card, 64 were very satisfied, 21 were indifferent, 7 were dissatisfied, and only 2 customers were very dissatisfied. Complete frequencies and percentages may be seen in table 1 below:

	No	Yes	Very dissatisfied	Dissatisfied	Indifferent	Satisfied	Very satisfied
Do you receive bonus checks, if yes how satisfied are you with these?	21 (10%)	184 (90%)	4 (2%)	9 (5%)	33 (18%)	88 (48%)	50 (27%)
Have you used special card-price offers, if yes how satisfied are you with these?	45 (22%)	160 (78%)	3 (2%)	20 (13%)	42 (26%)	75 (47%)	20 (12%)
Have you used coupons from the self-service machine, if yes how satisfied are you with these?	92 (45%)	113 (55%)	0 (0%)	24 (21%)	37 (33%)	41 (36%)	11 (10%)
Have you used the self-service machine for recipes, if yes how satisfied are you with these?	175 (85%)	30 (15%)	0 (0%)	1 (3%)	6 (20%)	12 (40%)	11 (37%)
Do you receive the magazine Buffé, if yes how satisfied are you with this?	18 (9%)	187 (91%)	5 (3%)	4 (2%)	38 (20%)	77 (41%)	63 (34%)
Have you used the ICA call-center, if yes how satisfied are you with this?	170 (83%)	35 (17%)	1 (3%)	4 (11%)	1 (3%)	17 (49%)	12 (34%)
Do you receive monthly account statements, if yes how satisfied are you with these?	25 (12%)	180 (88%)	1 (1%)	9 (5%)	33 (18%)	100 (55%)	37 (21%)
Have you used the ICA cards financial services, if yes how satisfied are you with these services?	180 (88%)	25 (12%)	1 (4%)	0 (0%)	3 (12%)	13 (52%)	8 (32%)
On the whole, how satisfied are you with the ICA card?	0 (0%)	205 (100%)	2 (1%)	7 (4%)	21 (10%)	111 (54%)	64 (31%)

Table 1 Satisfaction Frequencies

When questioned regarding the accurateness of the statement that the ICA card fulfills their expectations, 50 percent agreed and 30 percent strongly agreed with this statement. Whereas 15, 4, and 1 percent of the 205 respondents neither agreed nor disagreed, did not agree, and strongly disagreed, correspondingly. Similarly when presented with the declaration that the ICA card is the perfect card 3 percent strongly disagreed; 9 percent disagreed with this statement; 33 percent neither agreed nor disagreed with this proclamation; 43 percent agreed; and, 12 percent strongly agreed that the ICA card is the perfect card. Further, 102 respondents or 50 percent, of the total 205, agreed that they prefer to shop at ICA, where 21 percent or 42 respondents strongly agreed; 18 percent or 37 customers neither agreed nor disagreed; and the remaining 11 percent or 24 respondents either disagreed or strongly disagreed. Findings affirm that 31 percent agree that they make an extra effort to go shopping at ICA, and 7 percent strongly agreed with this posit. Respondents were faced with the statement that in general or on the whole it is important for them to shop at just ICA, where a high proportion of alike percentages 22, 30, and 31 adhered to disagreeing, neither agreeing nor disagreeing, and agreeing, respectively. Table 2 shown underneath illustrates fuller frequencies and percentages of answers that were gathered:

	Total	Strongly Disagree	Disagree	Neither disagree nor agree	Agree	Strongly Agree
The ICA card fulfills your expectations	205 (100%)	2 (1%)	8 (4%)	30 (15%)	103 (50%)	62 (30%)
The ICA card is the perfect card	205 (100%)	6 (3%)	19 (9%)	67 (33%)	88 (43%)	25 (12%)
You prefer to always shop at ICA	205 (100%)	5 (2%)	19 (9%)	37 (18%)	102 (50%)	42 (21%)
You make an extra effort just to shop at ICA	205 (100%)	27 (13%)	62 (30%)	38 (19%)	63 (31%)	15 (7%)
In general it is important for you to shop at ICA	205 (100%)	19 (9%)	45 (22%)	61 (30%)	63 (31%)	17 (8%)

Table 2 Agreement Frequencies

Satisfaction of the loyalty program was gauged through satisfaction of the card on the whole; fulfillment of expectations, and the ICA card being the perfect card. The amount of respondents that scored the highest on satisfaction of the loyalty card amounted to 44 or 22 percent of the total 205; 113 or 55 percent customers scored second highest; 39 persons or 19 percent can be considered neutral; 8 people or 4 percent are found to be discontent with the card; and, only one person or 0.5 percent were very discontent with the card.

The three final questions presented in table 2 above aggregately measured attitudinal loyalty, and 8 percent or 16 customers are attitudinally loyal whereas 8 respondents or 4 percent are characterized as disloyal.

The respondents have possessed the loyalty card from recently getting one a month from questioning, back to their very introduction 15 years ago. The latter was the case for 13 percent of the 205 respondents; 14 percent possessed their cards for 10 years; also, 14 percent had their cards for 5 years; and, 11 percent obtained their cards three years ago, frequencies may be seen in table 3 underneath.

Years	Frequency	Valid percent
0-3	58	28
4-6	54	26
7-9	25	13
10-12	35	17
13-15	33	16
Total	205	100

Table 3 Possession of Loyalty cards

At the most, respondents owned two other grocery retail cards, which was the case for 8 percent, 37 percent had one other grocery retail card, and 55 percent of the 205 respondents had only the ICA card and no other retail grocery cards. Most of the respondents, 187 or 91 percent use the card 81 to 100 percent of the times they go shopping at ICA. Only 4 respondents use the card 0 to 20 percent of the time; 6 customers use the card 41 to 60 percent of the time they shop; and, 8 respondents use the card 61 to 80 percent of the time they go shopping at ICA.

The amount of times the respondents go shopping per month was gathered, 14 customers or 7 percent of the 205 respondents shop four times a month, 17 percent go shopping eight times a month, 19 percent shop 12 times a month, 18 percent shop 28 times a month. How many of these visits a month were to a ICA store was the following question, which found that 10 percent of the 205 asked or 20 customers went to ICA 4 times a month, 27 customers went 8 times to ICA, 15 customers or 7 percent shopped at ICA 12 times a month, 6 percent went to ICA 20 times a month, and 5 percent shopped at ICA 28 times per month. Hence to find the share of visits ICA receive, of the respondents total grocery visits, the number of times each respondent went to ICA per month was divided by total visits to grocery retailers per month for each and every respondent. Therefore, the percent of visits to ICA by each customer was determined; frequencies of this are seen in table 4, most notably, of which almost 20 percent of the respondents did all their grocery shopping at ICA. Table 5 in Appendix 2 shows full frequencies for total grocery visits per month as well as the amount of times ICA is frequented per month.

Percentage of total visits to ICA (%)	Frequency	Valid percent
1-20	8	4
21-40	12	6
41-60	22	11
61-80	69	33
81-100	94	46
Total	205	100

Table 4 Share of Visits

As discussed above in the theoretical and methodological chapter, 'share of visit' is not solely responsible for loyal behavior and not singularly the key aim for the corporation, but compounded by 'share of wallet', both behavioral loyalty and corporate aims may be found. To obtain share of wallet the amount of money spent in Swedish crowns (SEK) by each individual respondent on groceries per month was obtained as well as how much money was spent at ICA per month. The former gathered that 124 or 60 percent of the 205 respondents shopped groceries for 800 to 3,000 SEK per month, 69 customers or 34 percent used 3,200 to 5,000 SEK, and 12 customers or 6 percent of the respondents used 5,500 to 8,000 SEK on grocery items total per month. Amounts spent at ICA per month varied all the way from 40 to 8,000 SEK per month. A majority of the 205 questionnaire partakers namely

136 or 66 percent spent 40 to 2,500 SEK at ICA every month, 30 percent or 62 customers bought items for 2,700 to 5,000 SEK, and only 7 or 3 percent of the respondents shopped for 5,500 to 8,000 SEK at ICA every month. Entire frequencies may be seen in Appendix 3, for total groceries spend per month and the total ICA spend per month. Also, table 6 below presents ‘share of wallet’ for each customer based on each individuals ICA monthly expenditure in relation to his or her total monthly grocery item expenditure, logically equal to the most notable finding in share of visits, almost 20 percent use all their monthly grocery spend at ICA.

Percentage of total customer spend allocated to ICA	Frequency	Valid percent
0-20	9	5
21-40	12	6
41-60	31	15
61-80	60	29
81-100	93	45
Total	205	100

Table 6 Share of Wallet

Of the 205 partakers, 57 customers or 28 percent were male vis a vis 148 or 72 percent being female. Further, 26 of the respondents or 13 percent had an educational attainment up to high school, 65 customers or 32 percent had a completed high school degree qualification, and the remainder, 114 respondents or 55 percent, had undertaken a university or college degree. The table below shows the frequencies of gross monthly household income.

Household gross monthly income bands (SEK)	Frequency	Valid Percent
0-15000	41	20
16000-31000	74	36
32000-47000	56	27
48000-63000	25	12
64000-	9	5
Total	205	100

Table 8 Household Income

The age of the respondent may be seen on the histogram below on the normal curve, where the mean age of the 205 respondents was approximately 50.

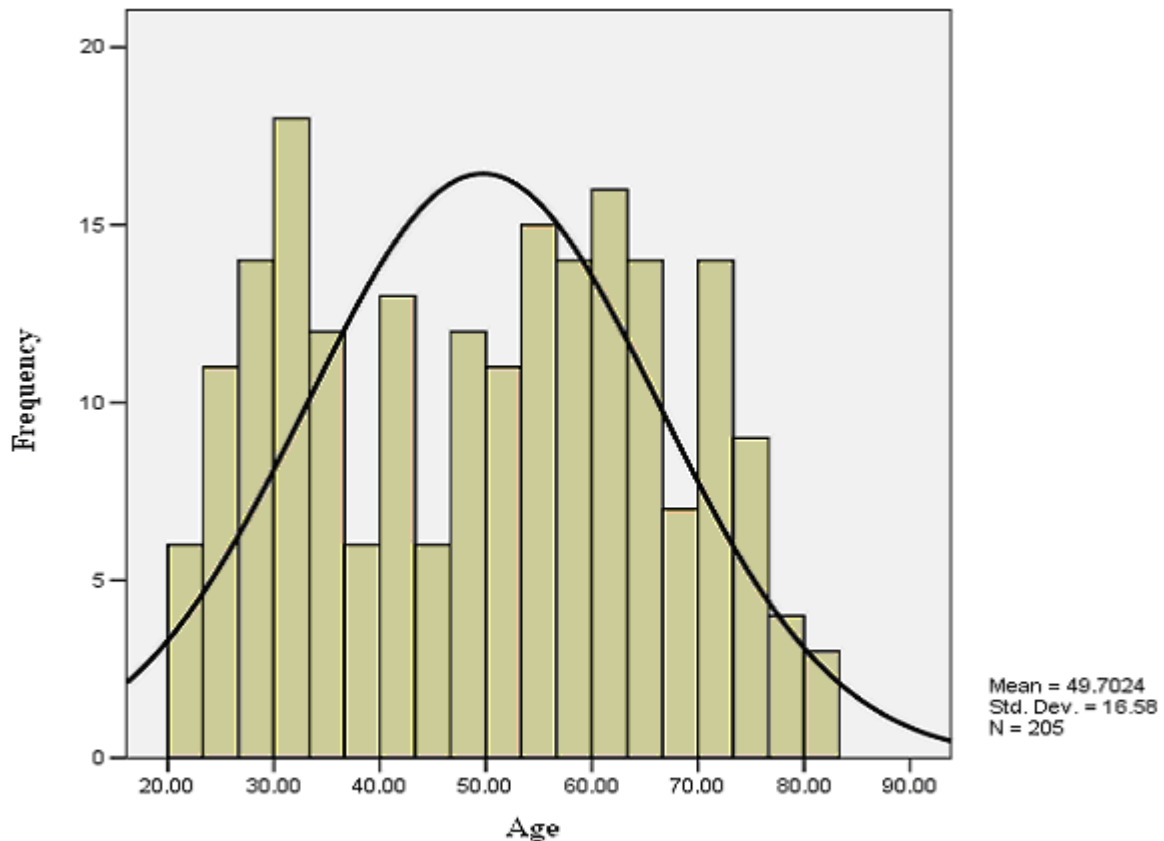


Figure 5 Histogram of Age and Frequency

Correlations

The strength of the relationships between promotional benefits, satisfaction of the loyalty program, behavioral loyalty ('share of wallet' and 'share of visits'), attitudinal loyalty, and demographic variables are found by using Pearson correlations. The Pearson correlation coefficient has a value between -1 and +1, the former representing a purely negative relationship and the latter a wholly positive correlation. Zero merely indicates that there is no linear relationship between the variables (Malhotra and Birks, 2003). Strengths of relationships when using correlations can be determined by guidelines presented by Pallant (2003), which argue that a correlation between 0.10 and 0.29 has a small relationship, 0.30 and 0.49 indicates a medium relationship while a strong relationship is found when there is a correlation between 0.50 and 1.

Promotional Benefits and ICA's Loyalty Card

Satisfaction of the loyalty card has a positive statistically significant medium relationship with special price offers and the magazine Buffé; also there is a strong positive relationship with bonus checks all statistically significant at the 0.01 level. Implying that respondents that are more satisfied with these aforementioned benefits will tend to be more satisfied with the loyalty card. Further, satisfaction of the loyalty program has a small positive relationship with the length of card possession at the 0.05 level. The length of time the respondents owned their ICA loyalty card was found to be, a small, negatively correlated association with coupons, however, there was a positive small relationship with length of ownership and the magazine Buffé, both significant at the 0.05 level. The meaning of the previous statement, may be interpreted as the longer respondents had owned their loyalty

cards the more dissatisfied they were with the coupon benefit, however respondents seemed increasingly satisfied with the club magazine as the time of ownership continues.

ICA's Loyalty Card and Loyalty

Attitudinal loyalty has a positive medium strength relationship with satisfaction of the loyalty card; however, attitudinal loyalty is negatively correlated with the number of other grocery retail card possessed both significant at the 0.01 level, whilst attitudinal loyalty has a small positive relationship with the length of card possession (0.147) at 0.05 level. Suggesting that the more satisfied the respondents are with the loyalty card the more attitudinally loyal they will be; however, when respondents owned more than the ICA grocery retail card they were not as attitudinally loyal, whilst the longer respondents had owned the card the more prone they were to be attitudinally loyal.

Share of visits had a small positive relationship with the amount of times the respondents use the card when frequenting the store, significant at the 0.01 level. Also, share of visit had a small positive relationship with satisfaction of the loyalty card, length of card possession, and a negative small relationship with number of other cards possessed, all at the 0.05 level. Meaning that the respondents satisfied with the loyalty card and owning only the ICA card for a longer time tended to allocate more of their shopping visits to the ICA store.

Share of wallet had small positive relationships with satisfaction of the loyalty card and the frequency of card usage, a negative small relationship with number of other cards possessed, all at the 0.01 level; and a small positive relationship with the time of card ownership at the 0.05 significance level. The preceding statement implies that respondents that are more satisfied with the loyalty card, use the card frequently when visiting the store, and owned the card for a longer time will allocate more of their grocery household budget to the ICA store. However, customers owning more cards than the ICA card, tend to share less of their wallet to ICA.

Promotional Benefits and Loyalty

Satisfaction of bonus checks has a positive medium strength relationship with attitudinal loyalty, and a small positive relationship with 'share of wallet', both statistically significant at the 0.01 level. The former relationship signifies that respondents whom are more satisfied with the bonus checks they receive tend to be more attitudinally loyal, whereas the latter suggests that respondents usually share more of their monthly grocery wallet to ICA due to the fact that they are satisfied with the bonus checks they receive.

Share of wallet, 'share of visit', and attitudinally were all positively related and at least of medium strength all at the 0.01 level, which implies that increases or decreases in either of these would suggest, respectively, an increase or decrease in the other two. Further the positive relation between 'share of wallet' and 'share of visit' was very strong, as such almost become measures of the same phenomena in this study, namely behavioral loyalty.

Demographic variables and promotions, the loyalty card, and loyalty

The monthly account statement has a small positive relationship with age and a small negative relationship with educational attainment, both at a significance level of 0.01. Suggesting that respondents more satisfied with the monthly account statement tended to be older and less educated.

Educational attainment has a small positive relationship with length of card possession at a level of 0.01, and a negative small relationship with satisfaction of the loyalty card at a statistically significant level of 0.05. Implying that customers that have higher educational

attainment are more prone to own other grocery loyalty cards, and are generally more dissatisfied with the ICA loyalty card. There is also a small negative relationship between educational attainment and the magazine Buffé, and the monthly account statement, both at the statistically significant level of 0.01. Meaning that respondents with a higher education tended to be more dissatisfied with the club magazine and the monthly account statement. Educational attainment also has a small negative relationship with satisfaction of bonus checks and satisfaction of coupons, both at the 0.05 level.

Gross household income has a positive medium relationship with number of other cards possessed at the 0.05 level. Suggesting that higher income respondents tended to own other grocery loyalty cards than that of ICA's loyalty card. Additional correlations can be seen in the table overleaf.

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16	Q17	Q18
N	184	160	113	30	187	35	205	205	205	205	205	205	205	25	180	205	205	205
Mean	3.93	3.56	3.35	4.10	4.01	4.00	3.89	0.78	0.76	3.24	2.43	2.44	49.70	4.08	3.91	6.87	0.53	4.82
Std. Dev.	0.09	0.09	0.92	0.85	0.93	1.06	0.73	0.56	0.22	0.95	0.71	1.09	16.58	0.91	0.80	4.51	0.65	0.66
Q1. How satisfied are you with the bonus checks?	1																	
Q2. How satisfied are you with the special card offers?	0.20*	1																
Q3. How satisfied are you with the coupons?	0.15	0.43**	1															
Q4. How satisfied are you with recipes?	0.27	0.35	0.19	1														
Q5. How satisfied are you with Buffé?	0.27**	0.16*	0.22*	0.39*	1													
Q6. How satisfied are you with the customer call center?	0.16	-0.09	0.41	0.77	0.34	1												
Q7. Satisfaction of loyalty program	0.54**	0.31**	0.35**	0.37*	0.31**	0.70**	1											
Q8. Share of wallet	0.23**	-0.03	-0.03	0.10	0.04	0.30	0.23**	1										
Q9. Share of visit	0.14	0.10	0.06	0.28	0.03	0.30	0.18*	0.83**	1									
Q10. Attitudinal loyalty	0.31**	0.14	0.19*	0.35	0.14	0.26	0.43**	0.47**	0.46**	1								
Q11. Educational attainment	-0.16*	-0.03	-0.20*	0.00	-0.21**	-0.46	-0.16*	0.08	0.08	-0.05	1							
Q12. Gross household income (per month)	-0.06	-0.03	-0.15	-0.06	-0.06	-0.15	0.02	0.02	0.00	-0.02	0.26**	1						
Q13. Age	0.09	0.05	0.09	0.25	0.31**	0.12	0.08	0.00	-0.02	0.00	-	0.29**	-0.09	1				
Q14. How satisfied are you with the financial services	0.36	0.21	0.06	0.87	0.24	0.92**	0.77*	0.40*	0.45*	0.38	0.08	-0.18	0.12	1				
Q15. How satisfied are you with the monthly account statement?	0.45**	0.16	0.28**	0.22	0.31**	0.45**	0.49**	0.05	0.02	0.23**	-	0.20**	0.04	0.20**	0.34	1		
Q16. How long ago did you get ICA's card?	0.13	-0.45	-0.22*	0.11	0.19*	0.23	0.17*	0.14*	0.15*	0.15*	-	0.20**	0.08	0.38**	0.29	0.92	1	
Q17. How many other grocery retail cards do you have?	-0.14	-0.09	0.01	-0.06	-0.06	0.08	-0.11	-0.21**	-0.17*	-0.19**	0.05	0.18*	0.01	-0.15	-	0.01	0.10	1
Q18. How often do you use your ICA card?	0.08	0.05	-0.13	-0.17	0.10	0.47**	0.11	0.21**	0.20**	0.02	0.05	0.06	0.01	0.74**	0.09	0.13	0.08	1

* Correlation is significant at the 0.05 level (2-tailed)

** Correlation is significant at the 0.01 level (2-tailed)

Table 9 Correlations

Reliability Measurement

Internal consistency reliability is used to determine reliability when a total score of several items are being used (Malhotra and Birks, 2003). This can be determined by using Cronbach's alpha test, and a satisfactory value to determine internal consistency reliability is 0.6 (Ibid). The aggregate of attitudinal loyalty, which is a result of scores from the three questions, I prefer to always shop at ICA, I am willing to make an extra effort to shop at ICA, and In general, it is important for me to shop at ICA, has an alpha of 0.84 which implies that the items used to measure attitudinal loyalty towards ICA has high internal consistency reliability.

Satisfaction of the loyalty card which is an aggregate of the questions, How satisfied are you with ICA's loyalty card, How well does ICA's loyalty card match your expectations, and Imagine a perfect loyalty card how close to this ideal is ICA's loyalty card, has an alpha of 0.82, as such, also has a value which generates satisfactory internal consistency reliability.

	Cronbach's Alpha Test	N of Items
Attitudinal loyalty	0.84	3
Satisfaction of loyalty program	0.82	3

Table 10 Cronbach's Alpha Test

Gender differences

Females have a mean of 3.96 while males have a mean of 3.73 regarding their satisfaction of the loyalty program. The T-test for equality of means implies that there is a significant difference in the mean scores of satisfaction of the loyalty program between females and males as it has a sig. value of 0.04, which is less than the cut off point of 0.05. Implying that females are more satisfied with the loyalty card than males.

	Gender	N	Mean	Std. Deviation
Satisfaction of loyalty program (alpha 0.82)	Female	148	3.96*	0.69
	Male	57	3.73*	0.81

* Statistically significant at the 0.05 level

Table 11 Group Statistics

Regression analysis

Regression analyses were conducted to find effects between the different components of the conceptual amalgamated framework, however, all components within promotional benefits were not used as at least half of the 205 respondents needed to answer for the results to be valid. As such, financial services, the customer call center, and recipes were not included.

Promotional benefits and the loyalty card

The promotional benefits explain 43 percent of the satisfaction within the loyalty card, as shown in the table overleaf. However, bonus checks and the monthly account statement were the only significant promotions found to be effecting satisfaction of the loyalty card. Larger to lower beta coefficients; signify a variable having a higher to lower impact on a dependent variable. As such, bonus checks have the largest impact on satisfaction of the loyalty card, and monthly account statements the second largest.

Satisfaction of the Loyalty Card		
	Beta	Significance
Bonus checks	0.36	0.00
Special card offers	0.12	n.s.
Coupons	0.17	n.s.
Buffé	0.08	n.s.
Monthly account statement	0.24	0.01
R square	0.43	
Significance	0.00	
F	14.98	

Table 12 Regression Analysis of Dependent Variable Satisfaction of the Loyalty Card and Independent Variables Promotional Benefits

Satisfaction of the loyalty card and loyalty

Satisfaction of the loyalty card is found to explain 19 percent of attitudinal loyalty, 3 percent of ‘share of visits’, and 6 percent of ‘share of wallet’, which can be seen in the table below. As such, satisfaction of the loyalty card has the largest impact on attitudinal loyalty, followed by ‘share of wallet’ and ‘share of visits’, in descending order. A curve estimation was also conducted which found that attitudinal loyalty and ‘share of visits’ has a linear relationship with satisfaction of the loyalty card, whilst ‘share of wallet’ has an s-shaped relationship with satisfaction of the loyalty card, which indicates drastic increases in satisfaction of the card when there is low and high ‘share of wallet’. Suggesting that customer spend quickly increases in the higher and lower segments of satisfaction, whilst stagnating when satisfaction of the loyalty card are in the middle ranges.

	Attitudinal Loyalty		Share of Visits		Share of Wallet	
	Beta	Significance	Beta	Significance	Beta	Significance
Satisfaction of the Loyalty card	0.43	0.00	0.18	0.01	0.23	0.00
R square	0.19		0.03		0.06	
Significance	0.00		0.01		0.00	
F	47.22		6.51		11.78	

Table 13 Regression analysis of the Dependent Variables Attitudinal Loyalty, Share of Visit, and Share of Wallet and the Independent Variable Satisfaction of the Loyalty Card

Promotional benefits effect on the loyalty card and the card’s effect on loyalty

The figure overleaf shows R^2 values and beta coefficients found in the regression analyses presented above, where one star represents a significant value, and two stars a very significant value.

The Accompanying Promotional Benefits Effect on the Loyalty Card and the Card's Effect on Loyalty

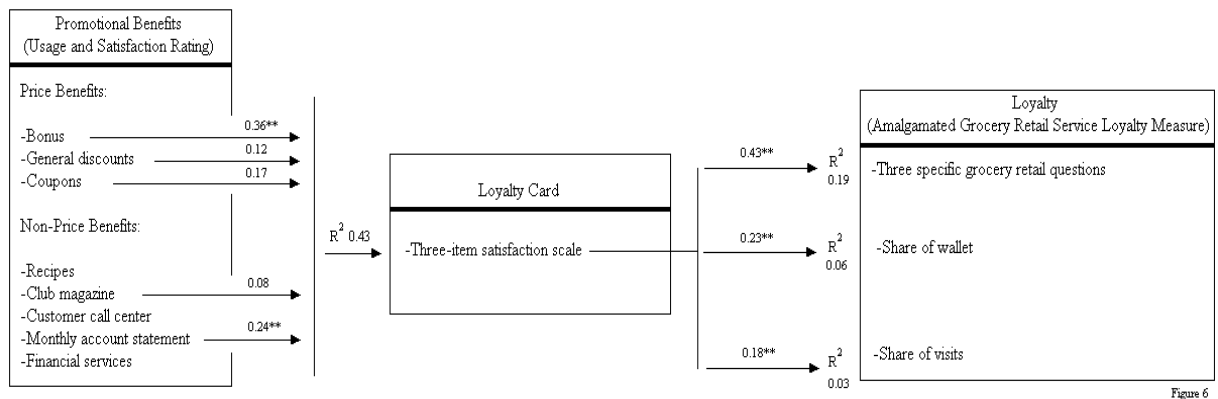


Figure 6

Promotional benefits effect on loyalty

The promotional benefits seen in the table below explains 12 percent of attitudinal loyalty, were bonus checks has the highest beta coefficient and thereby provide the largest explanation. The promotional benefits do, however not have any statistically significant impacts on ‘share of visits’ and ‘share of wallet’. Suggesting that promotional benefits do not account for behavioral loyalty.

	Attitudinal Loyalty		Share of Visits		Share of Wallet	
	Beta	Significance	Beta	Significance	Beta	Significance
Bonus checks	0.25	0.03	0.16	n.s.	0.27	0.02
Special card offers	0.03	n.s.	0.07	n.s.	-0.06	n.s.
Coupons	0.12	n.s.	0.03	n.s.	-0.03	n.s.
Buffé	0.02	n.s.	-0.01	n.s.	-0.01	n.s.
Monthly account statement	0.07	n.s.	-0.07	n.s.	-0.05	n.s.
R square	0.12		0.03		0.06	
Significance	0.02		n.s.		n.s.	
F	2.71		0.59		1.31	

Table 14 Regression Analysis of Independent Variables of Promotional Benefits and all Loyalties as Dependent Variables

Demographic variables and promotional benefits, the loyalty card and loyalty

Age is found to explain 11 percent of the variance in the promotional benefits, shown in the table below, however age only significantly explains the variance in the club magazine Buffé. Educational attainment does not, however have any significant impacts on promotional benefits, whilst gender explains 12 percent of the variance in the satisfaction of the promotional benefits. The club magazine Buffé is the only promotional benefit that on a statistically significant level can be explained by gender. Income is found to not have any impact on promotional benefits.

The demographic variables are found to explain 5 percent of the variance in satisfaction of the loyalty card, however age and income is not found to explain any variance. Education has the largest beta coefficient and thereby has the largest impact on satisfaction of the loyalty card. This beta coefficient is however negative, which means that lower educational attainment of the respondents mark a propensity to be satisfied with the loyalty

card. Gender is a dummy variable and has the second largest beta coefficient, which is negative, as such signifies that women may be more prone to be satisfied with the loyalty card, therefore is consistent with the finding of the T-test above. None of the demographic variables had any impact on attitudinal loyalty, 'share of visits', and 'share of wallet'. All findings of the demographic variables relationships may be seen in the table below.

	Age		Education		Gender		Income	
	Beta	Sig.	Beta	Sig.	Beta	Sig.	Beta	Sig.
Bonus checks	-0.05	n.s.	-0.08	n.s.	-0.13	n.s.	-0.10	n.s.
Special card offers	-0.01	n.s.	0.09	n.s.	-0.17	n.s.	0.05	n.s.
Coupons	0.01	n.s.	-0.17	n.s.	0.09	n.s.	-0.19	n.s.
Buffé	0.28	0.01	-0.13	n.s.	-0.22	0.03	-0.04	n.s.
Monthly account statement	0.14	n.s.	-0.09	n.s.	0.00	n.s.	0.14	n.s.
R square	0.11		0.09		0.12		0.04	
Sig.	0.04		n.s.		0.03		n.s.	
F	2.39		1.95		2.56		0.84	
Satisfaction of the Loyalty Card	0.05	n.s.	-0.16	0.04	-0.15	0.04	0.09	n.s.
R square	0.05							
Sig.	0.03							
F	2.81							
Attitudinal Loyalty	-0.01	n.s.	-0.04	n.s.	-0.08	n.s.	0.00	n.s.
R square	0.01							
Sig.	n.s.							
F	0.42							
Share of Visit	0.00	n.s.	0.09	n.s.	-0.04	n.s.	-0.02	n.s.
R square	0.01							
Sig.	n.s.							
F	0.42							
Share of Wallet	0.03	n.s.	0.09	n.s.	-0.04	n.s.	0.01	n.s.
R square	0.01							
Sig.	n.s.							
F	0.46							

Table 15 Regression Analysis of Demographic Variables as Independent Variables and Promotional Benefits, Satisfaction of the Card, and Loyalty as Dependent Variables

Predictive relationships found in the regression analysis

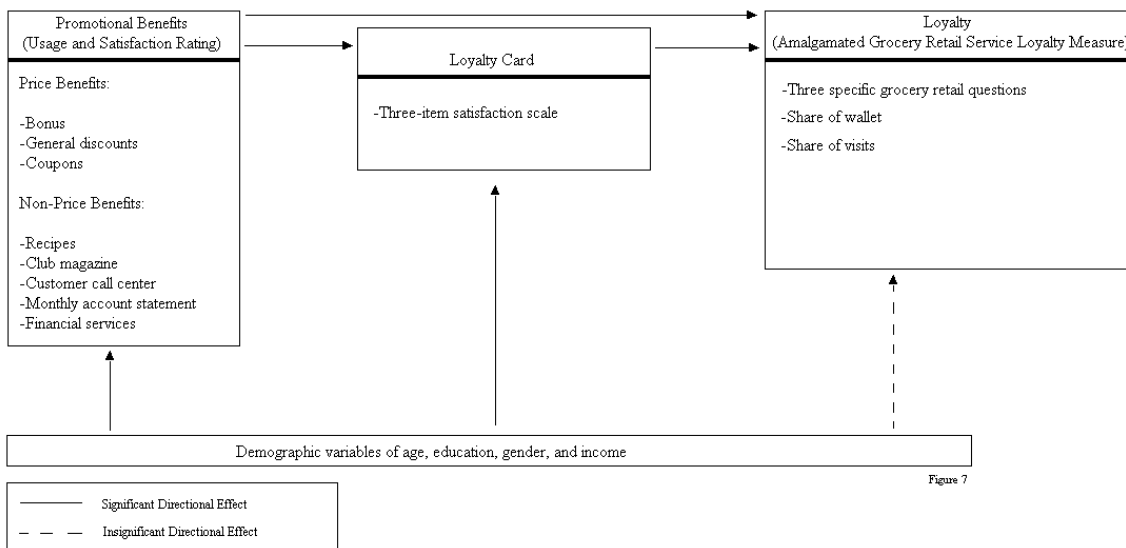
The promotional benefits bonus checks and monthly account statements were found to have an impact on satisfaction of the loyalty card. No other benefits had any relationship with satisfaction of the loyalty card due to either being insignificant or invalid.

Satisfaction of the loyalty card explained 28 percent of loyalty, where attitudinal loyalty had the highest beta coefficient, 'share of wallet' second largest, and 'share of visits' had the smallest beta coefficient.

Promotional benefits were found to explain 12 percent of attitudinal loyalty, where bonus checks were the only significant variable, also having the highest beta coefficient. All other relations were either insignificant or invalid.

Age and gender of the respondents seem to predict satisfaction of the club magazine Buffé. Also, respondent's education and gender negatively explains satisfaction of the ICA loyalty card. The demographic variables do not, however seem to have any association with loyalty. Similarly all other relations were either statistically insignificant or invalid. All relations may be seen in the figure below.

Amalgamated Framework with all Findings of Effect from the Regression Analysis



Discussion

Several findings in this study concur with past theory, however some results suggest alternate perspectives within this theoretical realm. Gauging satisfaction of the loyalty card through its promotional benefits explained a large degree of its variation. Also, all price and non-price benefits are related to satisfaction of the loyalty card. In turn, the loyalty card explains approximately, marginally more than a fourth of overall store loyalty. Loyalty was somewhat linked to the promotional benefits. Further, the demographic variables were somewhat associated with the promotional benefits and general satisfaction of the loyalty card, yet had no connection to behavioral ('share of wallet' and 'share of visits') or attitudinal loyalty. Hence, the relations deduced from the theoretical section and seen in the amalgamated conceptual framework were substantiated, however, in this study there was no link found between demographic variables and grocery retail service loyalty.

The loyalty card and its related promotional benefits

A majority of customers were either satisfied or very satisfied with the promotional benefits, and the loyalty card. Lichtenstein et al (1997) posited that each customer tended to have comparable perceptions of all deals, which has then been further found in this study as customers regarded all card related promotions very similarly. However, Lieberman (1999) whom in the Israeli market found that customers were more pleased with promotions and the loyalty card than letters, somewhat contradict the finding in this study that the monthly account statement, which is a letter received home every month via mail, was held in the same regard as the other benefits. This may be due to disparate socioeconomic factors, progress made in the field of loyalty cards, as well as modern customers becoming disenchanted with the newness of these programs.

Despite becoming disenchanted, findings in this study suggest that satisfaction of the loyalty card may in fact increase with the length of card ownership, which clarifies findings by Reichheld and Sasser (1990) whom posited that there might be some relation between these two aspects. Meaning that customers will become increasingly satisfied with the loyalty card as time goes on. Additional relations were found, bridging the gap between the loyalty card and its promotional benefits, as the card was considerably related to all price and non-price benefits.

One of these relations was discovered between the length of ownership and satisfaction of the coupon, a price benefit. This connection was inverse, suggesting that customers whom are long time members of the loyalty program are more dissatisfied with the coupon benefit. A plausible explanation for this phenomenon may be offered by Smith et al (2003) whom suggest that cardholders may be more critical, as such have higher expectations, which are not lived up to by the membership program resulting in disappointment. The coupon is a price benefit, usually used to gear behavioral loyalty (Alvarez and Casielles, 2005) and may induce switching behavior (Johnson, 1984). This notion coupled with the finding by Noordhoff et al (2004) that over time, cardholders attitudinal loyalty is exclusively affected, suggests that long-time cardholders may only be affected attitudinally, and attempts to effect behavioral loyalty, not present, may in fact do more damage than good, as long-time cardholders in this study were found to be dissatisfied with the price promotion. The aforementioned assertion is propounded by another relationship, namely length of card ownership and the non-price benefit Buffé, meaning that long-time cardholders appreciated or were more satisfied with this non-price promotion than the coupon price promotion. Therefore, long-term customers are no longer satisfied or enchanted with price promotions,

which may be more effective on short-term card-owners, however, the magazine *Buffé* was appreciated by a majority. Hence, findings in this study concur somewhat with findings by Noordhoff et al (2004) that as time goes on attitudinal sympathy with the store prevails, however, new cardholders exhibit patronage both attitudinally and behaviorally.

All promotional benefits accounted for marginally less than half of the satisfaction of the loyalty card. The two foremost promotional benefits impacting satisfaction of the loyalty card, found in the regression analysis, are mostly the satisfaction of the bonus checks and secondly the monthly account statement. The satisfaction of the loyalty card may therefore to an extent, be explained by both a price and non-price promotion; concomitantly Kendrick (1998) also gathered that mixing promotions may increase customer benefaction. Therefore, neither price nor non-price promotions may hold the key independently, however these promotions jointly, may allow customers to be more satisfied with the loyalty card. In addition, the Authors modified questions, originally developed by Mägi (2003), using satisfaction measures was found to be a strong predictor of the overall satisfaction of the loyalty card. Therefore, these questions may be seen to have wider applicability than their original purpose.

The loyalty card and loyalty

Cardholders were typified as being attitudinally loyal through Reichheld's (1993) criteria, where less than a tenth of customers were found to be very attitudinally loyal. Carman (1970) provided the sternest conditions for signifying loyal customers based on 'share of visits', almost a fourth of customers were loyal according to this definition. Further, filtering loyal customers based on 'share of wallet' was gauged through the use of Enis and Paul (1970) categorization, and was found to describe slightly more than a fourth of customers in this study. Allowing for the fact that some customers may be both attitudinally and behaviorally loyal ('share of visit' and 'share of wallet'), there are still more customers whom are behaviorally loyal to the store investigated than attitudinally loyal customers, which is concurrent with findings by Liljander and Strandvik (1995). As such, a higher proportion of spurious loyal customers than attitudinally loyal customers are members of the loyalty program (Dick and Basu, 1994). Therefore the program may be seen to attract and spark spurious loyalty, which is not ideal for any retailer, as this may induce switching behavior to another store to which these 'behaviorally loyal' customers are attitudinally loyal. This may occur when barriers in terms of price and proximity are diminished by the retailer to whom these customers are attitudinally loyal, and customers will in effect become both behaviorally and attitudinally loyal to this retailer (Reichheld, 2003). As such less than a tenth of the respondents in this study represent the desired effect of a loyalty program, namely attitudinal loyalty.

Satisfaction of the loyalty card had direct relationship with attitudinal and behavioral loyalty, which is well grounded (Gremler and Brown, 1996; Hallowell, 1996; Zeithaml et al, 1996; Sharp and Sharp, 1997; Stauss and Neuhaus, 1997; Mägi, 2003), however does not support findings by Reichheld's (1993) and Noordhoff et al (2004). Hence, cardholders that were very satisfied with their cards also tended to be more loyal. Thus contributing to the notion, presented in part one of the theory chapter, that satisfaction acts well to predict and gauge loyalty.

An association was also found between the length of ownership of the card and loyalty, which suggests that long-time cardholders were more prone to be loyal. Further, the amount of other grocery retail cards owned by customers was found to be damaging the loyalty relationship, as customers owning more than the store's loyalty card were more

inclined to be disloyal, a supported finding (Mauri, 2003; Mägi, 2003). Another connection was observed between card usage and behavioral loyalty, which somewhat agrees with findings by Reichheld and Sasser (1990) and Reichheld (2003); however, Bellizzi and Bristol (2004) conclusion was not supported whom found a negative relationship. This study's finding suggests that the more customers use the card when they go shopping the more loyal they will become, plausibly attributable to notions of direct involvement in the loyalty program through the card.

Satisfaction of the loyalty card explained 19 percent of the alteration in attitudinal loyalty, six percent of 'share of wallet', and three percent of 'share of visits'. However, 'share of wallet' does not seem to increase accordingly with loyalty card satisfaction, but is rather portrayed as increasing through drastically low and high satisfaction levels, whilst stagnating at mid-levels of satisfaction. Suggesting that as customers are introduced to the loyalty card their spend, to the store, quickly increases as they are becoming more satisfied, stagnates when satisfaction occurs, but then rapidly goes up when they are becoming very satisfied. Aggregately, satisfaction of the card explains just more than a fourth of loyalty, and therefore contradicts notions brought forth by Tucker (1964) and Duffy (2005), namely that loyalty is an innate function.

Additionally, all loyalties are related as supported by Korgaonkar et al (1985) and Hallowell (1996); exclusively the relation between the behavioral loyalties ('share of wallet' and 'share of visits') is also supported by past theoretical findings (Tate, 1961; Enis and Paul, 1970). Attitudinal loyalty specifically, was captured by means of using items from Ailawadi et al (2001), which was a particularly useful measure to determine this loyalty.

Promotional benefits and loyalty

There were several connections with independent promotions and loyalty. Attitudinal loyalty and 'share of wallet' were both associated with price and non-price promotional benefits. However, 'share of visits' was only related with a non-price benefit. Despite widely held views (Cunningham, 1956; Johnson, 1984; Kumar and Leone, 1988) findings in this study suggest that price promotions may in fact have a positive effect on loyalty, yet these cannot accurately dismiss notions that price promotions may induce price consciousness and switching behavior, however, as satisfaction of price promotions rises, in this study, attitudinal loyalty and 'share of wallet' follow; perhaps indicating that promotional benefits, created successfully, will in fact retain vis a vis disperse customers. This direct retention effect may be attributable to what Stauss et al (2001) term the customer benefit effect, where customers are loyal only due to the benefits they receive, which is advanced as the store used in this study did not tailor promotions to its customers, as such no indirect retention or customer knowledge effect may serve as possible alternative explanations. Mauri (2003) termed the relation as "the engine which gives power to the card scheme" meaning a positive relation between promotional benefits and loyalty, as was gathered in this study.

Price and non-price promotions were linked to the loyalty card, and the loyalty card in turn explained more than a fourth of loyalty. However, only a limited amount of independent promotions were affiliated with loyalty, as such promotions viewed through the card may be more effective influencing loyalty than promotions solely on their own, hence furthering findings by Lieberman (1999) whom stated that the card and its privileges are highly regarded by consumers, therefore giving the promotions an extra admirable dimension.

The regression analysis revealed that bonus checks accounted for 12 percent of attitudinal loyalty. No other relations were found, in the regression analysis, meaning that promotional benefits are poor predictors independently of loyalty. Also, the loyalty card

explained 28 percent of loyalty. As such, the loyalty card, providing customers with these promotional benefits, explain more loyalty than promotions independently, suggesting that the loyalty card enhances the desirability of these benefits.

Demographic relations on promotions, the loyalty card, and loyalty

Age, in this study, was only related with satisfaction of the non-price promotions Buffé and monthly account statement, hence not connected to the loyalty card or loyalty in any way. Implying that older customers tend to be more satisfied with non-price promotional benefits. However, this study was unable to further findings from past theory (Reynolds, et al 1974-1975; East et al, 1995; 1997; McGoldrick and Andre, 1997) as no relation between age and typifying loyal customers was found. Correspondingly, no connection between age and price promotions were found opposing relations reported by Lichtenstein et al (1997) and Harmon and Hill (2003). Also, age had no bearing on the loyalty card, which was found by Bellizzi and Bristol (2004) to be positively connected through older age and card usage. The regression analysis revealed only one relation, specifically that age predicted satisfaction of Buffé to a certain extent, giving direction to the relationship.

Educational attainment was negatively related to certain price and non-price promotions, and the loyalty card. Thus suggesting that less educated customers hold these promotional benefits in higher regard as well as the loyalty card, opposing somewhat to Harmon and Hill (2003) whom showed that educational attainment may only be positively related with price promotions. No other relations were found within these categories. Loyalty in regards to education of the customers was also not present supporting East et al (1995) and Bellizzi and Bristol (2004) inconclusive results, however, contradicts other previous research (Tate, 1961; Enis and Paul, 1970; Reynolds et al, 1974-1975) finding that loyal customers tended to be less educated. The predictive direction asserts that satisfaction of the loyalty card is less accounted for by customers whom are well educated. Implying that mostly customers with less education were satisfied with the loyalty card.

Approximately 72 percent of the customers using the loyalty card in question were female, and 28 percent were male. These numbers are closely matched to those found by Mägi (2003) who also conducted a study, in the Swedish grocery retailing market. Males and females were found to have a significantly different proneness to satisfaction of the loyalty card. Females were more enticed with the loyalty card then that of males found in the T-test and furthered in the regression analysis, this analysis also showed that females were more prone to the magazine Buffé vis a vis males. The latter may be due to as Stern (1993) asserted that advertising is gendered, as such the magazine Buffé may be geared towards females another explanation may be that females are more prone to such advertisement.

Income was not related to attitudinal and behavioral loyalty as such challenges general held notions that lower income household are usually labeled loyal customers (Tate, 1961; Carman, 1970; Reynolds et al, 1974-1975; East et al, 1997; McGoldrick and Andre, 1997; Bellizzi and Bristol, 2004). Further no relation was found between income and price and non-price promotions, hence could not further findings by Laroche et al (2001) who gathered a negative relation between income and use of promotions. Harmon and Hill (2003) posited that income was tied to card usage, yet this study and Bellizzi and Bristol (2004) found no such relation. However, there was one positive association namely the amount of cards possessed by a customer and income. Signifying that high-income households tend to own more grocery loyalty cards, which indirectly may be seen as to diminish loyalty. Knox and Denison (2000) noted a tendency for loyal customers, namely that they had larger budgets, however, grouping the attitudinally and behaviorally loyal, this study cannot conclude any such relationship.

Strategic implications for grocery retail providers

The indisputable fact that the grocery retail market in Sweden is marked by increasing competition from new entrants makes it pivotal for service providers, in this market, to differentiate themselves, attract and retain loyal customers thus ensuring higher profits as well as generating a sustainable competitive advantage, and perhaps gain the highest market share as found by Enis and Paul (1970) through the use of an effective loyalty card.

Half of the sample, in this study, possessed loyalty cards, thereby allowing the store in question, a large unexploited segment for card adoption. Additionally, almost sixty percent allocate over half to almost all their grocery budget to the store in question, and approximately twenty percent consume their entire grocery budget at the store, implying a wide range of profit on which the supermarket can capitalize on, when turning the former aforementioned segment more loyal, which may be possible through an effective loyalty program.

Based on Lewis (2004), findings suggest that ICA's loyalty program is built to retain rather than attract loyal customers as it gives benefits on a cumulative basis. This coupled with the discovery that around twenty-eight percent of loyalty is explained by the loyalty card, further implies that gearing the card to attract loyal customers through new member benefits and so on may in fact give more positive results on loyalty. However, when relationships are to last long-term between the service provider and its customers, attitudinal loyalty may become a more important measure as found by Noordhoff et al (2004). The finding that behavioral loyalty was more prevalent than attitudinal loyalty advocates that the loyalty card is in fact gearing customers towards being behaviorally loyal, which is in general an unwanted phenomena, as the specific service provider will not find any differences between loyal customers and behaviorally loyal customers in terms of sales or profits, until its competitors whom these behaviorally loyal customers are attitudinally loyal to, lowers barriers that are currently and behaviorally deflecting customers. Especially in high competition environments attitudinal or latent loyalty customers are preferred to that of spurious loyalty, the latter of which were heavily represented in this study.

As stated by ICA employees, directly involved with the loyalty card, the aim of their loyalty program was to gear higher 'share of wallet' and 'share of visits' in this respect the program may seem to have been successful as these proportions were significantly higher than that of attitudinal loyalty, yet only a fifth were behaviorally loyal ('share of visits' and 'share of wallet'), as such a majority of customers are not in the loyal segment, which may be seen somewhat as a failure by the loyalty program. Dick and Basu (1994) also posited that consequences of both behavioral and attitudinal loyalty are amongst other, positive word of mouth and a decline in search motivation. Meaning that only a minor amount of customers, in this study, may act as promoters of the store, and only consider to shop in this store.

Also, targeting customers that may be more prone to certain benefits may ensure a higher satisfaction of these promotions thus satisfaction of the loyalty card, and in turn positively impact loyalty. Additionally, loyalty may be enhanced by the mere presence of a loyalty card as the card in turn gives added value to promotional benefits provided by the store, as such should be obligatory for most grocery retail stores.

Satisfaction of the loyalty card was affected by a combination of price and non-price promotional benefits. Grocery retailers should therefore not avoid price promotions in loyalty programs but instead use it in combination with other non-price promotions, and thereby develop attractive promotional benefits, which can be used in today's increasingly competitive market. Further, there is a connection between non-price and price promotions, for example between the non-price promotional magazine Buffé and the price promotions

bonus checks and special card offers, which implies that specific promotional benefits should not be seen as working in isolation, instead they may create a synergy through collaboration.

The investigated loyalty card already had several promotional benefits that encouraged card owners to actively use their card to receive different benefits. However, proposing that the store's marketing strategy should develop new strategies to further encourage card owners to actively use their cards, as findings suggest that there is a relation between card usage and the stores aim of achieving behavioral loyalty.

As findings in this study show that women heavily represent members of loyalty programs, suggests that promotional benefits in loyalty programs should take this segment into account when developing the promotional benefits, also females tend to be more prone to be satisfied with the loyalty card and as such become a crucial segment for which to pander.

Educational attainment, however, seems to have a negative relation with both non-price and price promotions, and also with the satisfaction of the card, as such companies could aim to use promotional benefits to target customers with less education, and thereby be able to increase the likelihood of satisfaction of the card, and as such indirectly increase the chances for loyalty.

Income also seems to have a relation with the number of other cards possessed, which implies that customers with a high income are members of several loyalty programs, and could therefore be considered to have other vested interests. The number of other cards possessed has a negative relation with both attitudinal and behavioral loyalty, and grocery retailers therefore need to offer a desirable loyalty card so that customers with a high income may also become more loyal through only needing and wanting one card. Attempted by the investigated store, through the use of linking the loyalty card with financial services, however, only a small very satisfied proportion used this benefit, as such deemed ineffective. Capturing the high-income segment seems extremely difficult, but will increase in importance as the competition in the grocery market increases, and the grocery market becomes crowded with different loyalty cards. Thus lower-income segment's loyalties are already obtained; hence the high-income segment becomes an alternative source of obtaining market share through an untapped market.

Attracting customers to sign up for the loyalty card becomes a matter of action rather than strategic intentions as there is a positive connection with the longer time customers have had the card for, and satisfaction of price and non-price promotions, as well as the loyalty program and all loyalties. Thus recommending that the sooner customers obtain the card the sooner he or she will hold higher regards for all the promotions, the loyalty card, and become more attitudinally and behaviorally loyal to the store. These high regards and loyal customers will ensure an increase in sales, retention of loyal customers, and creating exit barriers not easily surmountable. Simultaneously, the card should include mixed promotional benefits, be continuously updated and surpass expectations, and perhaps be geared towards females and customers with lower educational attainment, initially. As the loyalty program matures, capturing other less easily attainable segments should be of primary concern, whilst retaining already loyal members.

Conclusion

A loyalty program that can be used to its full potential is a must if companies want to last in the highly competitive grocery retailing market. Past research in this theoretical field state that organizations using a loyalty program can gain customer retention, increase sales, and decrease costs. Previous research has not been able to fully evaluate these loyalty programs, but conclude that maintaining both attitudinal and behavioral loyalty is quintessentially necessary as it costs more to attract new customers than keeping existing customers. The program investigated in this study with its accompanying promotional benefits is considered to create a disproportionate amount of attitudinal and behavioral loyalty. Further, loyal and disloyal customers are attracted by different promotional benefits, therefore organizations need to segment loyal customers in terms of demographic variables, as such be able to target them effectively. An evaluation of previous theory in the area of loyalty and loyalty programs resulted in an amalgamated conceptual framework which was developed to illustrate the different components a loyalty card is based upon and what kind of relations the loyalty card has with promotional benefits, demographic variables, and loyalty.

The loyalty card's accompanying price and non-price promotional benefits are found to impact the satisfaction of the card, these promotional benefits should as such be developed with great thought since promotional benefits is found to explain 43 percent of the changes in satisfaction of the loyalty card. Also, satisfaction of the loyalty card is found to impact both attitudinal and behavioral loyalty, however members of the loyalty card seem to be more behaviorally than attitudinally loyal, as such the loyalty card sparks spurious loyalty which can not be seen as ideal. Both price and non-price promotional benefits are found to have some positive relation with both attitudinal and behavioral loyalty, even though previous research has found price promotions to have a negative impact on loyalty. Price promotions in combination with non-price promotions used through the loyalty card may implicate loyalty more positively, than these promotions are able to independently. Demographic variables however, do not seem to have any relation with loyalty, instead demographic variables have a relation with promotional benefits and satisfaction of the loyalty card. Implying that organizations may target customers whom will be more likely to be satisfied with the promotions and loyalty card, hence indirectly have a higher likelihood to be loyal.

Organizations do however need to offer loyalty cards at an early stage, before the market becomes crowded with different loyalty programs, as customers who are members of competing loyalty programs tend to be less loyal than members who only posses one membership card. Organizations should also consider developing a loyalty card, which attracts females as they not only represent a major segment in the investigated loyalty card being major grocery shoppers, but are also more inclined to be satisfied with the loyalty card. These promotional benefits should also encourage members to actively use the card as behavioral loyalty is found to have a relation with frequency of card usage. Also, the length of card ownership is found to have a relation with the satisfaction of the loyalty card, the promotional benefits, and all loyalties, as such increases the importance of creating and developing a loyalty card before potential and newly existing members are offered other competing membership cards.

This study set out to investigate a loyalty card and its relation to accompanying promotional benefits, and their linkages to grocery retail service loyalty, where a large proportion of the impact on satisfaction of the card was derived from the promotional benefits; in turn, the card explained changes in loyalty to some extent; and, the promotional benefits seemed to be connected limitedly to loyalty. Further the investigation attempted to discern loyal customers based on demographic variables without any direct success. However, indirectly as woman were prone to be satisfied with the loyalty card, and the less-educated

and lower-income segment more satisfied with the promotional benefits, these may also tend to be typified as signifying the emblematic loyal customer.

Future research and limitations

Using a quantitative method in regards to the nature and aim of this study was exceedingly relevant as explained above, however may be furthered through future research using more concentrated in-depth qualitative methods to ascertain the particulars about the promotions and loyalty card to which customers are increasingly satisfied. Clearly, such research will be faced with accompanying limitations such as more biased information as research may be conducted in the home and not in an actual store setting, further issues of replicability, and being forced to work under the assumption that a smaller representative sample will hold similar attitudes and beliefs of all loyalty cardholders, to be relevant.

Investigating loyalties, in this study, within the loyalty cardholding group has provided a premise, but is somewhat limited. As such, conducting a similar study to establish the differences between two samples' loyalty, namely cardholders and non-cardholders, and therefore evaluate the effectiveness of loyalty programs, hence establishing specific loyalties for these two groups. The questions used in this study proved proficient in gauging loyalty, and as such may be used to these means for future research. Also, building on the somewhat diminutive findings regarding demographic variables may be possible through a wider sample, alternatively through accessing database information from a grocery retailer and census data to cross-tabulate and find information on specific individuals, a pattern of the typical loyal customer may emerge.

Also, as was found in past theoretical findings, results of loyalty may be somewhat disparate, and that specifically attitudinal loyalty appears to outlast behavioral loyalty. Therefore, providing a means to which allow findings, in this study, to be compared with other markets outside of Sweden may further research on these loyalties. Other theoretical findings such as stores obtaining the most loyal customers vis a vis their competitors have the largest market share, and all its accompanying perks, may also be worth pursuing, being out of the scope in this study.

In regards to gender aspects discussed under the methodological headline, men and woman were found to differ regarding the proneness to be satisfied by the loyalty card and the magazine *Buffé*, and could therefore be furthered through future research focusing on answering whether promotions are in fact gendered or perhaps promotions are neutral but simply perceived differently dependent on gender.

Appendix 1

Information

Markera endast Ett svarsalternativ. Alla svar är anonyma och kommer endast att användas som underlag till vår magisteruppsats på Lunds Universitet.

Tack för Er medverkan!



**EKONOMI
HÖGSKOLAN**
Lunds universitet

1a. Får Du bonuscheckar?	Ja <input type="checkbox"/> Nej <input type="checkbox"/>
1b. Om Ja, Hur nöjd är Du med bonuschecken?	Väldigt Missnöjd 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Väldigt Nöjd (Likgiltig)
2a. Har Du använt kortpris erbjudanden?	Ja <input type="checkbox"/> Nej <input type="checkbox"/>
2b. Om Ja, Hur nöjd är Du med dessa kortpris erbjudanden?	Väldigt Missnöjd 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Väldigt Nöjd (Likgiltig)
3a. Har Du använt kuponger från kupongmaskinen?	Ja <input type="checkbox"/> Nej <input type="checkbox"/>
3b. Om Ja, Hur nöjd är Du med dessa kuponger?	Väldigt Missnöjd 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Väldigt Nöjd (Likgiltig)
4a. Har Du använt kupongmaskinen för recept?	Ja <input type="checkbox"/> Nej <input type="checkbox"/>
4b. Om Ja, Hur nöjd är Du med dessa recept?	Väldigt Missnöjd 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Väldigt Nöjd (Likgiltig)
5a. Får Du tidningen Buffé?	Ja <input type="checkbox"/> Nej <input type="checkbox"/>
5b. Om Ja, Hur nöjd är Du med tidningen Buffé?	Väldigt Missnöjd 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Väldigt Nöjd (Likgiltig)
6a. Har Du använt ICA's telefon kundtjänst?	Ja <input type="checkbox"/> Nej <input type="checkbox"/>
6b. Om Ja, Hur nöjd är Du med denna telefon kundtjänsten?	Väldigt Missnöjd 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Väldigt Nöjd (Likgiltig)
7a. Får Du bonusbesked via post?	Ja <input type="checkbox"/> Nej <input type="checkbox"/>
7b. Om Ja, Hur nöjd är Du med detta bonusbeskedet?	Väldigt Missnöjd 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Väldigt Nöjd (Likgiltig)
8a. Har Du använt dig av ICA kortets banktjänster?	Ja <input type="checkbox"/> Nej <input type="checkbox"/>
8b. Om Ja, Hur nöjd är Du med dessa banktjänster?	Väldigt Missnöjd 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Väldigt Nöjd (Likgiltig)
9. Hur nöjd är Du med ICA kortet?	Väldigt Missnöjd 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Väldigt Nöjd (Likgiltig)
10. ICA kortet Uppfyller Dina förväntningar	Stämmer Verkligen Inte 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Stämmer Verkligen (Varken eller)

11. ICA kortet är det perfekta kundkortet	Stämmer 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Stämmer Verkligen Inte (Varken eller) Verkligen
12. Hur länge har Du haft ICAs kundkort?
13. Hur många andra dagligvaruhandels kundkort har Du?	Antal Kundkort:.....
14. Du föredrar att alltid handla på ICA	Stämmer 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Stämmer Verkligen Inte (Varken eller) Verkligen
15. Du gör en extra ansträngning bara för att få handla på ICA	Stämmer 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Stämmer Verkligen Inte (Varken eller) Verkligen
16. I allmänhet är det viktigt för Dig att Du handlar på ICA	Stämmer 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> Stämmer Verkligen Inte (Varken eller) Verkligen
17a. Hur mycket pengar använder Du på dagligvaruproduket, totalt per månad?SEK /Månad
17b. Hur mycket av detta total belopp används per månad hos ICA?SEK /Månad
18a. Hur många gånger per månad handlar Du i en dagligvaruhandelsbutik?ggr/ Månad
18b. Hur många av dessa gånger handlar Du hos ICA (per månad)?ggr/ Månad
18c. Av, gångerna Du handlar hos ICA, använder Du kortet:	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 0-20% 21-40% 41-60% 61-80% 81-100%
19. Kön	Man <input type="checkbox"/> Kvinna <input type="checkbox"/>
20. Ditt Födelseår	19.....
21. Hur långt har Du gått i din utbildning?	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Fram till Gymnasiet Gymnasiet Universitet Gymnasiet (Fullbordad) Högskola
22. Hushållsinkomst före skatt (per månad, i tusentals kronor)	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> 0-15 16-31 32-47 48-63 64+
23. Antal inkomsttagare i hushållet	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 + <input type="checkbox"/>

Appendix 2

		Customer frequency (total grocery visits)	Customer frequency (ICA grocery visits)
	1	0	3
	2	1	10
	3	3	12
	4	14	20
	5	5	9
	6	10	13
	7	2	14
	8	34	27
	9	1	8
	10	19	12
	11	0	5
	12	39	15
	13	2	2
	14	0	1
	15	5	5
	16	2	2
	17	2	2
	18	0	2
	19	0	2
	20	15	12
	21	0	0
	22	0	1
	23	0	3
	24	0	1
	25	13	5
	26	0	4
	27	0	4
	28	36	11
	29	0	0
	30	2	0
	Total	205	205

Table 5 Frequencies of Total Grocery and ICA visits

Appendix 3

Amount spent in SEK per month		Customer Frequency (total spent on grocery items per month)	Customer Frequency (spend at ICA per month)
	40	N/A	1
	100	N/A	1
	200	N/A	1
	300	N/A	1
	400	N/A	1
	500	N/A	6
	600	N/A	3
	700	N/A	5
	800	1	2
	900	1	1
	1000	16	25
	1100	N/A	1
	1200	1	3
	1300	2	5
	1400	1	2
	1500	17	24
	1750	N/A	1
	1800	1	3
	1900	1	3
2000	29	27	
2200	2	1	

Table 7 Total Grocery and ICA spend

Amount spent in SEK per month		Customer Frequency (total spent on grocery items per month)	Customer Frequency (spend at ICA per month)
	2300	N/A	4
	2400	1	3
	2500	13	12
	2700	3	4
	2800	N/A	3
	3000	35	18
	3200	2	1
	3500	11	8
	3800	N/A	3
	4000	29	13
	4300	1	N/A
	4500	1	3
	4700	1	N/A
	4750	1	1
	4800	N/A	3
	5000	23	5
	5500	2	1
	5800	N/A	1
	6000	2	1
6500	2	1	
7000	2	N/A	
7200	N/A	1	
7500	N/A	1	
8000	4	1	
Total	205	205	

Table 7 continued

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Endnotes

ⁱhttp://www.ica.se/FrontServlet?s=in_english&state=in_english_dynamic&viewid=579878&showMenu=in_english_0 (2006-04-22)

ⁱⁱhttp://www.ica.se/FrontServlet?s=om_ica&state=organisation_2005&showMenu=om_ica_0 (2006-04-22)

ⁱⁱⁱhttp://www.ica.se/FrontServlet?s=ikk&state=ikk_dynamic&viewid=618397 (2006-04-22)

^{iv}http://www.ica.se/FrontServlet?s=ikk&state=ikk_dynamic&viewid=618397 (2006-04-22)

^vhttp://www.informationfactory.se/Html/kundcase_html.htm (2006-04-22)

^{vi}http://www.informationfactory.se/Image/rb_broschyr_komprimerad.pdf (2006-04-22)

^{vii}http://www.ica.se/FrontServlet?s=mat_recept&state=newbuffe&showMenu=mat_recept_6&showMenu=ikk_0_1 (2006-04-22)

^{viii}http://www.ica.se/FrontServlet?s=ikk&state=bankkorten&showMenu=ikk_2_0# (2006-04-22)

^{ix}Based on four telephone interviews conducted on the 5th of April, 2006, with employees in direct association with the loyalty program whom we guaranteed anonymity. These interviews were only concerned with asking the question in relation to the aim intended by ICA's loyalty scheme, as such is not a major component in this study, but rather a benchmarking tool to evaluate ICA's aims with this program vis a vis our own measures.

^x http://www.ica.se/FrontServlet?s=butiker&state=butiker_dynamic&viewid=591517&showMenu=butiker_6_2 (2006-04-22)