



LUND UNIVERSITY
School of Economics and Management

MULTIPLE MEMBERSHIPS

- Loyalty Programs from a Consumer Perspective

Authors: Evelina Lundell & Sophie Hedestad
Supervisor: Karin Alm

LUND UNIVERSITY
School of Economics and Management
BUSM08
Master thesis in International Marketing and Brand Management
Spring 2011
Seminar date 2011-06-01

THANK YOU!

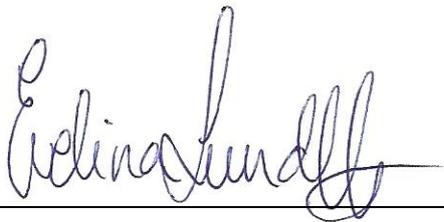
Karin Alm, Supervisor
Respondents

We want to thank all of you,
that made this Master thesis viable.

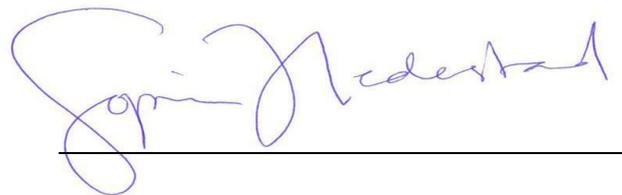
A special thank you to Karin Alm,
who has supported and guided us during this process.

Thank you, all respondents,
who have take time off to assist with empirics,
without you this study was not possible.

Also, thank you nearest and dearest,
for support outside thesis studies.



Evelina Lundell



Sophie Hedestad

ABSTRACT

- Title:** Multiple Membership- Loyalty Programs from a Consumer perspective.
- Date of seminar:** 2011-06-01
- Course:** BUSM08, Degree Project in International Marketing and Brand Management - Master Level
- Authors:** Evelina Lundell and Sophie Hedestad
- Examiner:** Ulf Johansson
- Advisor:** Karin Alm
- Key words:** Loyalty programs, multiple memberships, consumer enrollment, consumer experience, relationship marketing
- Thesis purpose** The aim of this study is to unravel consumer motives for enrolling in multiple programs and explore the consumer experience of multiple memberships in the highly competitive loyalty program market.
- Methodology:** We have conducted a qualitative research with a hermeneutic approach. A sample group of nine women in the ages 47-62 were selected based on a snowball sample. Through detailed account of the process and rich example of empirical data we aimed to maintain a high validity and reliability throughout the thesis.
- Theoretical perspective:** The thesis builds upon the relationship marketing perspective; the relationship between company and consumer is essential to build consumer satisfaction and retention to gain competitive advantage.
- Empirical data:** The respondents kept a diary for seven days reflecting on the usage and received offering from their loyalty programs. The diaries were followed up by a semi-structured interview with each respondent.
- Conclusion:** Consumers' motives for initiating multiple memberships have been found to mainly relate to opportunistic reasons due to convenience and economical benefits. Consumers partake in competing loyalty programs to take advantage of all available offers and reward systems. The experience of multiple memberships does not increase commitment or bond towards a company and not convincingly be said to add value to the experience as the multiple membership is indicated to have a cancel out effect. The experience of multiple memberships is affected by the persistence by competing companies to attain members to the extent that consumers take distance from further relationships.

TABLE OF CONTENT

- 1. INTRODUCTION..... 5
 - 1.1 LOYALTY PROGRAMS 5
 - 1.1.1 The Explosion of Loyalty Programs 5
 - 1.2 PROBLEM FORMULATION 6
 - 1.2.1 Theoretical Problem..... 6
 - 1.2.2 Practical Problem 8
 - 1.3 RESEARCH QUESTION 8
 - 1.4 PURPOSE..... 9
 - 1.5 DEMARCATIONS 9
 - 1.6 EXPECTED KNOWLEDGE CONTRIBUTION 9
 - 1.7 CONCEPT DEFINITIONS 9
- 2. METHODOLOGY 11
 - 2.1 BACKGROUND 11
 - 2.2 METHODOLOGICAL CHOICE..... 11
 - 2.2.1 Philosophical Perspective 12
 - 2.3 PRIMARY DATA COLLECTION..... 12
 - 2.3.1 Choice of Respondents 12
 - 2.3.2 Diary Entries 14
 - 2.3.3 Interviews..... 14
 - 2.3.4 Interpretation of Data 16
 - 2.4 GATHERING THEORY..... 17
 - 2.5 CRITISICM..... 17
 - 2.5.1 Limitations 17
 - 2.5.2 Validity& Reliability 18
 - 2.5.3 Generalizability..... 18
- 3. THEORETICAL FRAMEWORK 19
 - 3.1 RELATIONSHIP PERSPECTIVE..... 19
 - 3.2 INITIATING MEMBERSHIP 19
 - 3.2.1 Habits & Convenience 20
 - 3.2.2 Opportunistic Behavior 20
 - 3.2.3 Individualistic Consumer 20
 - 3.3 REWARD SYSTEM & BENEFITS 21

3.3.1	Economical Benefits	21
3.3.2	Psychological Benefits	22
3.3.3	Social Benefits	22
3.4	THE MEMBERSHIP EXPERIENCES	22
3.4.1	Loyalty within Loyalty Programs	22
3.4.2	Relational Mode	23
3.4.3	The Five Dimensions	23
3.5	Theoretical Review	25
4.	ANALYSIS & EMPIRICS	27
4.1	CONSUMER ENROLLMENT	27
4.1.1	Enrolling due to Dependence	27
4.1.2	Habits and Convenience.....	27
4.1.3	The Economical Reason.....	28
4.1.4	Rejection of Loyalty Programs	31
4.2	THE MEMBERSHIP EXPERIENCES	32
4.2.1	Loyalty within Loyalty Programs	32
4.2.2	Relational Interest	34
4.2.3	Satisfaction.....	35
4.2.4	Commitment	39
4.2.5	Trust	41
4.2.6	Communication.....	41
4.2.7	Bonding.....	42
4.3	WHAT WE BRING WITH US	43
5.	CONCLUSION.....	45
5.1	BACK TO THE QUESTION	45
5.2	DISCUSSION.....	45
5.2.1	The Enrollment – An Economical Affair.....	45
5.2.2	The Experience – Reversed Effect.....	47
5.2.3	Enrollment and Experience – Intertwined	48
5.3	FULFILLMENT OF PURPOSE	49
5.4	MANEGERIAL IMPLICATIONS.....	49
5.5	FUTURE RESEARCH.....	50
6.	REFERENCES	51
7.	APPENDIX.....	55

1. INTRODUCTION

In the first chapter we will introduce the reader to the background, identify the knowledge gap and present the research question and purpose that will form the basis for our studies. Lastly, demarcations, expected knowledge contribution and concepts used in the paper will be presented.

1.1 LOYALTY PROGRAMS

“Consumers criticize loyalty programs – vague terms, small rewards and unclear communication means that consumers have tired of stores loyalty programs” (dn.se, 2011)

This headline from an article on dn.se might be the opinion of some, but it does not correlate with the behavior of most consumers. Consumer membership in loyalty clubs have the last couple of years been growing exponentially and loyalty programs have become an imperative component of many companies customer relationship management (CRM) strategies (Dowling, 2002; Liu, 2007; Liu & Yang, 2009; Omar et al., 2010). CRM is founded on the conviction that loyal consumers are more profitable than non-loyal consumers; the cost have been estimated to be approximately 80 % less to maintain existing customers (Ray & Chiagouris, 2009).

Customers are regarded as a prime asset and firms try through loyalty programs create consumer satisfaction and retention (Haq et al., 2010; Omar et al., 2010; Sharp & Sharp, 1997). Through analyzing consumers’ needs, expectations and interaction with a firm; relationships can be developed and customer loyalty created. Maintaining continuous consumer patronage have great potential benefits as it can result in repeat business and acquiring of rich consumer information that will further improve the CRM strategies (Liu, 2007; Berman 2006).

1.1.1 The Explosion of Loyalty Programs

The development of loyalty programs have been brought about by today’s demanding and knowledgeable consumers, a market environment characterized by intense competition (Omar et al., 2010; Liu & Yang, 2009) as well as a general positive view on CRM by managers (Dowling, 2002). In order for companies to achieve enhancing consumer loyalty they are required to make large investments and long-term commitment in creating and implementing loyalty programs (Liu, 2007; Bagdonienė & Jakštaitė, 2007). However, investing in loyalty programs does not by any means guarantee success (Bagdonienė & Jakštaitė, 2007) and interestingly enough there is no consensus among research on the effectiveness of such programs (Berman, 2006; Leenheer et al., 2007; Liu, 2007). Nevertheless, loyalty programs are increasingly common and appear to have no problem attracting members (Berman, 2006).

In 1981 American Airlines launched the first contemporary loyalty program and since then loyalty programs has expanded into retail-, travel-, financial & grocery store industry

(Berman, 2006; Liu, 2007). Loyalty programs are most commonly card-based, meaning that each member obtains an individual plastic card. The loyalty card is scanned at check-out, where the consumer identity and all purchases are recorded. Most loyalty programs are free to join, but require consumers to submit personal information such as name, address, phone number, civil status and number or, if any, children in the household (Bellizzi & Bristol, 2004). There are a variety of different types of loyalty programs ranging from offering cardholders discount directly at the register, programs that require members to accumulate point based on purchase before receiving discounts and offerings and programs that analyze consumer purchase data and members receive individualized offers and mailings (Berman, 2006). There are endless variations and they are all part of companies relationship marketing strategy with the aim to encourage loyal behaviors and continuous patronage (Leeheer et al., 2007; Sharp & Sharp, 1997; Liu, 2007).

The extent of the loyalty program industry is hard to grasp. In America it is estimated that 80 - 90% of the population partake in some kind of loyalty program, additionally a majority of all consumers are members of more than *one* loyalty program (ACNielsen, Consumer insight, 2002 in Leenheer et al., 2006; Mägi, 2003; Berman, 2006). Most studies on loyalty program participation have been conducted in North America or in the United Kingdom, but there is ample data that suggest that loyalty programs have grown exponentially all over the world (Omar et al., 2010).

As mentioned, there has been an explosion of loyalty programs on the market; this has increased the number of consumers enrolled in several loyalty clubs (Berman, 2006). Consumers have their wallets heavy with membership cards that they need to remember to swipe at the point-of-sale terminal to receive their discount or add on points towards a future reward.

1.2 PROBLEM FORMULATION

We have conducted a review of previous research within the area of loyalty programs and multiple memberships. We have encountered a gap in current research; consumers being members in multiple loyalty programs have remained relatively unexplored:

1.2.1 Theoretical Problem

We have observed a large number of studies focusing on evaluating loyalty programs from a behavioral perspective where they have been regarded as single entities not influence by other programs. An earlier study by Sharp and Sharp (1997) examined loyalty programs impact on repeat-purchase, by examining a single large scale loyalty program. Further similar studies have been conducted by Bagdonienė and Jakštaitė (2007) estimated the effect of loyalty programs based on qualitative research method, while Gudonavičienė and Rutelionė (2009) to determine the formation of successful loyalty programs, using quantitative approach. In these studies there seem to have been a strong focus measuring loyalty programs behavioral effect by statistical methods, while making no attribution to consumer multi-loyalties as a relevant factor.

We experience that former studies have not been comprehensive enough; there is a lack of understanding the underlying motives for consumers initiating multiple membership and their experience of the phenomenon. De Wulf et al. (2003) researched the drivers of consumer participation in loyalty programs however the study had a single focus and neglected the actual use and experience of the membership. Berman (2006) reflects upon that there is a lack of empirical research on whether loyalty program members view the programs as valuable. A recent survey study by Furinto et al. (2009) focuses on the consumer's perception of competing loyalty programs which offered different types of reward systems. Although this study gain deeper insight in consumers' perception and what consumer appreciate about loyalty programs there is no attention on the experience of multiple memberships. Omar et al. (2010) study also take a consumer perspective and measured how benefits offered consumers through loyalty programs influence satisfaction, trust and commitment. The research was conducted through surveys with consumers who were members of *one* specific loyalty program. Furinto et al. (2009) and Omar et al. (2010) still have a strong focus on behavioral effect and although they measuring consumer perceptions related to specific loyalty programs they do not put them in a joint context.

There are studies that reflect upon markets with high rivalry between loyalty programs and what firms can hope to achieve with their programs. Dowling (2002) acknowledge the competitiveness of loyalty programs in the same market. Liu and Yang (2009) researches attribute the divergence in existing studies to a lack of attention to the market environment and to the treatment of loyalty programs as entities in isolation and mean that that to understand the effectiveness of loyalty programs it is essential to assess the impact of competitive forces. However, the research does not reveal how many of the research subjects were members of more than one of the fifteen loyalty programs that were a part of the survey study.

The research area of multiple consumer loyalty is not entirely unexplored. Mägi (2003) made some significant findings in her study focusing on why consumers vary in how they divide their purchase. When taking into consideration the large overlap of card ownership a significant finding was made. Out of the available loyalty cards included in the study a majority of the consumers held two or more loyalty cards; the result indicated a negative effect on share-of-purchase for a store if consumers held competing cards. Further, Bellizzi and Bristol (2004) research indicated that consumer with multiple loyalty cards were more likely to shop at several stores.

These findings correlate with Leenheer et al. (2007) that indicate that loyalty programs effectiveness depends on how many other loyalty programs a consumer is member in. The study's result showed a gradual decrease in relation to the more number of loyalty cards a consumer enrolled in. These findings highlight the importance of considering consumer membership in multiple loyalty programs. The result indicated that the effect of companies loyalty program efforts may be cancelled out by each other when a consumer is member in competing loyalty programs. Also Meyer-Waarden and Benavent (2009) research indicate that multiple membership in geographically close companies cancel each other out. However, none of the studies have set out to study memberships in multiple programs; the effect of multiple memberships was revealed through the analysis and was by the researchers considered unexpected results. Further research within the area is therefore suggested.

We have identified a lack of knowledge in present research within the area of loyalty programs; there is a gap in the theoretical comprehension of why consumers enroll in multiple loyalty programs. The view of loyalty programs today is based on the assumption that they

exist in isolation and consumers are regarded to be enrolled in single programs. There is moreover a lack in the understanding of consumers experience with being enrolled in multiple programs as well as a disregard for the competitiveness between the loyalty programs on today's market in existing research.

1.2.2 Practical Problem

As stated, the leading discourse among managers emphasizes the relationship as essential to success (Dowling, 2002). In firms effort to create these relationships it has become exceedingly easy and often free for consumers to join loyalty programs. Customers are often offered free points and additional discounts to initiate a membership (Berman, 2006). Further, besides letting consumers collect points towards future redemption, companies' often offer price discounts if consumers swipe their membership card at the cashier. This act as a strong incitement for a consumer to become member in several loyalty programs, although they feel no commitment to the firms (Bellizzi & Bristol, 2004).

As more consumers have become members of multiple programs, it has become increasingly difficult for one loyalty program to maintain a significant competitive advantage over others. Loyalty programs has grown more similar each other which seems to have lead to further escalation of companies loyalty program efforts towards consumers (Liu & Yang, 2009).

Further, today's advanced technology has enabled companies to collect extensive amount of information and make detailed analyses on loyalty program members purchasing habits which has generated concerns on privacy (Dowling, 2002). Many loyalty programs use this technology and keep comprehensive databases, which does not only keep track of accumulated points, but save all purchase and personal information which are then used to send more or less personalized offerings to the customers (Berman, 2006).

We have identified an increasing problem in the market where the number of offered loyalty program is constantly rising and consumers' are enrolling in multiple loyalty programs. The competitiveness between loyalty programs seems to have created an incentive for consumers to join as many loyalty clubs as possible to continuously receive offerings. Some consumers seem to get involved in loyalty membership clubs to bargain; and not out of loyalty (De Wulf et al., 2003), this indicate contradictions regarding to relationship marketing theory and paradoxical effects of managerial decisions. Based on these findings we have formulated a research question and purpose which we will present below.

1.3 RESEARCH QUESTION

Why do consumers enroll in multiple loyalty programs and what is the consumer's experience of their memberships?

1.4 PURPOSE

The aim of this study is to unravel consumer motives for enrolling in multiple programs and explore the consumer experience of multiple memberships in the highly competitive loyalty program market.

1.5 DEMARCATIONS

The study has been demarcated to female consumers on the Swedish market. Further, this thesis seeks to study loyalty programs from a consumer perspective, focusing on consumers' experiences and motives for enrolling and being a member in multiple programs. The study has not regarded consumer behavior in relation to loyalty programs to be a factor as research already exists within this area.

1.6 EXPECTED KNOWLEDGE CONTRIBUTION

Previous research has focused on the behavioral effects of loyalty programs and measuring consumer perceptions through a simplified picture of the consumer's loyalty program membership. Through our findings we aim contribute sciences as well as managers by broadening the perception of loyalty by putting them in the context of the market, as well as taking a consumer perspective and elucidating consumer enrollment and experiences of simultaneous being member of several loyalty programs.

1.7 CONCEPT DEFINITIONS

Relationship marketing: We define relationship marketing to be the focus of directing marketing activities towards building consumer loyalty by acquiring and maintaining long-term relationships with consumers (Grönroos, 2007:267-275; De Wulf & Odekerken-Schröder, 2003).

Loyalty programs: A loyalty programs is a tool used in relationship marketing. (Alrubaiee & Al-Nazer, 2010). We define loyalty programs as programs offered by companies where consumer sign- up for membership by providing personal information in exchange for rewards and benefits. Loyalty programs provide consumer with incentives for loyalty through rewards that can be redeemed directly or indirectly (Liu, 2007; Sharp & Sharp, 1997). We consider all consumers members of a firm's loyalty program to be in a relationship with the firm.

Consumer loyalty: We define consumer loyalty as relative term where loyalty does necessarily translate to an exclusive preference for one retailer by the consumer (Terblanche & Boshoff, 2006), but rather a positive consumers attitude and willingness to continue a relationship as well as positive repurchase intention in the relation to other retailers on the market (Alrubaiee & Al-Nazer, 2010, Omar et al., 2010).

Consumer experience: The consumers experience is defined based on Schmitt (1999) view of the holistic experience, which is affected by the encounter, undergoing and living through things. The consumer experience is determined by how it generates value in the mind of the consumers regarding to the senses (sensorial), how it makes the consumer feel (emotional) and how the consumer think and reflect (cognitive) (Jain & Bagdare, 2009). The consumer experience is an internal and subjective response.

Multiple member/-ships: Refers to consumers having membership in several loyalty programs simultaneously, both within competing and unrelated sector at one time.

2. METHODOLOGY

The method chapter aim to enable the reader to independently assess our research process, and determine the logic and trustworthiness of our data collection and analysis. In the chapter we present the study's methodological choices relative to the research problem, describe and motivate data collection, as well as take a critical standpoint to the research process and reflect on the study's limitations.

2.1 BACKGROUND

The background and research problem was presented in the previous chapter; however, we would like to clarify the process of the discovery of our knowledge gap. The choice of subject was derived from a personal interest and experiences by the researchers. To gain insight into the fullness of the problem formulation an extensive literary review was carried out in accordance with Bryman and Bell (2007:94). We conducted a review of literature on our subject through scanning more than sixty articles and reading more than thirty, looking for key words relevant to our subject (e.g. loyalty programs, consumer, loyalty, experience) where one article often lead to new discoveries. Based on academic research articles we identified a knowledge gap on which we designed our research

2.2 METHODOLOGICAL CHOICE

Our research aim was to reach a deep and detailed understanding of consumer enrollment and experience of membership in multiple loyalty programs. The knowledge we sought exist in the minds of consumer using multiple loyalty cards and therefore we needed to access their thoughts and gain a view through their eyes (Bryman & Bell, 2007:416), we aimed to do this through qualitative methods. With a qualitative approach we would in a greater extent than to a quantitative method, be able to get a nuanced and rich understanding of the multiple-member consumer (Jacobsen, 2002:144-147; Patel & Davidson, 2003:28-29). By using qualitative methods we were not be limited to preset categories, such as e.g. in surveys, but rather allowed us to inquire more openly.

We chose to conduct the study through qualitative diaries and interviews with a relevant sample group (see 2.3.1). The basis of this decision laid in the belief that researcher cannot observe feelings, thoughts or intentions (Patton, 1990:278) but they can be interpreted through spoken and written language (Patel & Davidson, 2003:28-29). We decided to capture the knowledge by asking a sample group to keep diary as well as through the spoken words by conducting interviews.

The research method was structured to first collect empirical data through diaries; according to Bryman and Bell (2007:555) and Patton (1990:10) personal documents, such as diaries, can be used as primary data in qualitative research. By having used qualitative diaries we believe that we gained insight in our respondent's daily experiences, usage of loyalty cards and receiving and retention of offerings; which provided us with the ability to reveal aspects that had not otherwise been considered. After receiving the diaries we performed semi-structured

interviews to gain deeper understanding of the issues raised in the diary as well as bringing up new topics. This allowed us a fuller view into the mind of the consumer and to deepen our knowledge, the diary entry and semi-structured interview will be further discussed in 2.3.2 and 2.3.3.

2.2.1 Philosophical Perspective

A fundamental aspect to understand our methodical choices lay in our choice of a hermeneutic approach. As our thesis concerns the subjective social world we strived to understand the reasons behind consumers' enrolling as well as their experiences of multiple loyalty programs. In accordance with Jacobsen (2002:144-147) we did not attempt to explain but rather *understand*, therefore we took a hermeneutic approach. The hermeneutic approach identifies, interprets and understands the essence of a unique phenomenon; we did not seek absolute truths since these are not presuming to exist.

2.3 PRIMARY DATA COLLECTION

The study was conducted in the Swedish market and was carried out during the period March to May 2011. The empirical data was gathered from sample group consisting of nine women, age 47-62, who kept diaries for a seven day period and thereafter were interviewed. We begin describing the empirical data collection by presenting the progression of choosing and finding respondents.

2.3.1 Choice of Respondents

Before finding a sample group we decided to define a population of interest (Patel & Davidson, 2003:57). We narrowed the category of people by deciding that it was essential that each person were enrolled in at least three, but preferably more, loyalty programs. Further, we decided **not** to limit our research to one industry (e.g. retail) since we were interested in how multiple loyalty programs interact with each other; membership in all sectors where relevant. We consider the choice of respondents to be crucial to the validity of the study and therefore carefully defined our sample group and made research to make sure it was well-founded; presented in the section below.

2.3.1.1 Sample Group

We decided to constrict the study to women. For over hundred years marketers have target the women as a consumer, almost to the exclusion of men. Women are the primary purchaser of consumer goods; they are also considered to be the primary purchaser for their men and children (Hill, 2002:5-19). We found evidence of this in Mägi's (2003) research; the result showed that 74% of primary shoppers are women in Swedish households. Since the gender plays a big role in consumption we believe that an investigation of only females is interesting and relevant.

Leenheer et al. (2007) determined that neither socio-demographic, household size nor income had any significant effect on loyalty program membership. Neither did Bellizzi and Bristol (2004) find any relationship between loyalty program members regarding to income or education, however, frequent users of loyalty cards were found to be generally older than those who use them occasionally. Based on this we limited our sample group to women in ages between 30 and 65 not regarding household size or socio-demographic to be variables interesting to us. However, we focused our search for respondent to larger cities, as the close vicinity to many shopping malls, retailers, grocery store, etc. was believed to increase the likelihood of multiple memberships.

Our first attempt to access our sample group was by advertising on notice boards; unfortunately this was unsuccessful as we received no responses. To obtain respondents we got in touch with personal contacts who gave us access to people who could fit our sample group, thus we gained access to them by using a snow-ball sampling method (Bryman & Bell, 2007:197-203). Through the snow-ball sampling we received information (name, location, telephone number and email) of fifteen women appropriate for our research with which we established contact. The women, in the ages 30-65 year old, got presented with the general conditions for being a respondent in the study. The requirements was; having membership in at least three loyalty programs, commit to keep a diary for at least five minutes a day over a seven day period and agreeing to be interviewed for up to 60 minutes after concluding the seven days of diary keeping. Seven of the women were living in Stockholm and eight in Gothenburg, the two largest cities in Sweden; we felt that we managed to concentrate the respondents to an urban area with close vicinity to several of retailers.

2.3.1.2 Respondent Characteristics

Ten women agreed to the requirements and decided to partake in our study. It was observed that the age span of the sample group was unbalanced, out of the ten respondents nine were in the ages 47-62 while only one was 32.

We realized that having one respondent 15-30 years younger than the other ones could have consequences on the results; we decided to remove the 32 year old women from our study to ensure the validity of the research (Patel & Davidson, 2003:98). The chosen sample group went from women in the ages 30-65 to women between 47-62 years old. We reflected positively upon this change, our respondents were narrowed down additionally; instead of 35 years of age span it was now only 15 years between the youngest and oldest. We consider the more age specific sample group outweighed the loss of a respondent.

Consequently, the sample group consisted of nine women in the ages 47 to 62, enrolled in four to ten loyalty programs, and living in either Gothenburg or Stockholm and additionally they all were full-time employees (see Appendix 7.1). We argue that the reformation of the sample group has been to our advance; the specific segment has enhanced the reliability and validity of the research to a greater extent than a more scattered sample group.

2.3.2 Diary Entries

The respondents were sent an email with the instructions for the diary keeping (See appendix 7.2). They wrote their seven-days of diary starting from between the 8th of April and 15th of April, they were told to take at least five minutes every day and were guided by a fixed set of inspirational questions. This was done in accordance with Patel and Davidson (2003:66-68) that mean that it is important to guide the respondents in the right direction to obtain valuable answers, but without directing them by revealing too much of the purpose with the diaries. The respondents made notes of their daily experiences and encounters with loyalty cards, as well as the absence of any use of loyalty card, special offers or anything else they regarded as relevant. We believe that the diaries as part of the empirical data increased the validity of our study by increasing the quality of the interpretation of data as we had more reliable accounts of the consumers' experiences. The length and scope of the diaries varied in-between the respondents as well as day-to-day for each individual. The answers ranged from a few sentences one day to a paragraph or more another (See Appendix 7.4 for an example).

The diary entries were at the end of the week e-mailed back to us and were read in preparation for the personal interview. The diary entry enabled us to explore the respondents' perspectives in beforehand and we could prepare with follow-up questions. Notes about specific entries and questions were made in order to be able to deepen the interview by asking relevant questions and to elaborate on certain diary entries. The diaries were fully interpreted after all the empirical material was collected, this will be discussed more detailed in 2.3.4.

We experienced that having diary entries as a method for collecting the empirical data was of great importance to our study. However, we felt that they could not add value to the research alone; the diary entries greatly assisted in increased depth of the qualitative interviews. By using diaries we consider the respondents to be prepared mentally for the interview; they had reflected upon their multiple membership and usage of received offerings. Once the interviews were conducted the respondents was confident and overall more certain about e.g. how many offerings they received during the week and what offerings appealed them, without the diaries we believe we would have got different and unconsidered responses. We believe that the answers in the interviews were trustworthy and well thought of as a result from the diary entries. In addition; this provided us with the ability to reveal aspects that had not otherwise been considered, we would never had grasp the fully consumer experience. The variety of diaries helped us develop the interview guide further and opened up for new perspectives (Bryman & Bell, 2007: 555).

2.3.3 Interviews

The respondents were geographically spread to Gothenburg and Stockholm; to make it possible to carry out face-to-face interviews only one of the researchers was present at each interview. The respondents were interviewed once they concluded the diary writing; nine qualitative interviews were held between 16th April and 24th of April 2011 and lasted between 40 to 55 minutes.

All interviews were audio recorded, thus, we maintained fully focused on the respondent instead of distracting ourselves with writing. Soon after conducting each interview we transcribed each other's interviews; which were an excellent method to get to know our

empirical data. After transcribing each other's interviews the transcripts were read through by the one that had conducted the interview to ensure that the mood and full context of what was being said had been captured (Patel & Davidson 2003:77-82). This way both authors was involved transcribing the audio files. The interviews were made in Swedish, as it was both the interviewer and respondent mother tongue. The translation into English was not an issue since we both feel fluent and comfortable with the language.

To gain qualitative information from the respondents we semi-structured our interviews, which means, they were dialogue oriented although we used a structured interview guide. The interview guide consisted of 44 questions that assisted and supported us with the content of the interview (see appendix 7.3). We designed our interview guide based on Becker (2008:69-71) who advice researchers to avoid *why* questions as they can appear threatening and rather use *how* as this formulation makes the respondents answer openly and detailed.

2.3.3.1 The Actual Interview

We strived to increase the quality of the interviews by conducting them in a quiet and relaxed atmosphere (Patel & Davidson 2003:71-73, Bryman & Bell, 2007:481). Two of the respondents, Ewa and Christina, were interviewed at their workplace; Christina in a quiet conference room and Ewa in their own office. Six respondents, Carina, Madeleine, Katherine, Marie, Elisabeth and Ann-Britt, were interviewed in their own homes. The familiarity of the location made the respondent seem comfortable and at ease. Upon arriving to each interview we small talked with the respondents and were each time offered coffee and biscuits, when this pleasant atmosphere had been created we asked the respondents if the interview could commence and the recording was started in a more official manner to bring the focus to the interview and eliminate the distraction of chit-chat. The ninth respondent, Ann, was unable to meet us for a personal interview and was instead interviewed over telephone. Before officially initiating the interview she was asked to sit down in a quiet room and if possible close the door, which she did.

During the interview we followed the general structure of the interview guide but frequently added follow-up questions based on what the respondent said or interposed questions based on the diary. We let the respondent speak freely around the questions we asked without unnecessary interruptions and avoiding asking guiding questions (Bryman & Bell, 2007:485-487; Patel & Davidson 2003:71-73). We sought to truly capture uniqueness of our research problem to increase the reliability of the research (Patel & Davidson, 2003:102-103). Although we had some degree of structure, we experienced that the respondents took a relaxed position; describing and giving own examples of their multiple loyalty membership.

By having all but one of the interviews face to face we could clearly observe the respondents' reactions, essential to qualitative research (Bryman & Bell, 2007:486). During the interviews we encountered our respondents to sometimes look confused when not registering a question which allowed us to rephrase and develop; we could through body language and tone of voice understand when the respondent was ironic or annoyed. During the telephone interview the researcher was more alert to the tone of voice and pauses and laughs to try to capture the meaning of what was being said.

2.3.4 Interpretation of Data

The main challenge we encountered was coding the data, this was done soon after all interviews was conducted to reduce misinterpretations. Our empirical study had generated a large amount of information; the *word document* consisted of diary entries and interview transcription contained 48 pages single spaced text, which we aimed to process systematically in a logical manner (Alvesson & Sköldbberg, 2000:7-13). To at all time be able to interact with each other we opened a dropbox folder, a web based file hosting service, where we shared documents, articles, transcriptions and updated the thesis; we could constantly take part of each other's efforts and easy access the latest updated version of our work.

In the process of interpreting the extensive empirical data we first of all gave each respondent a color; e.g. Carina was purple; the transcription of her interview and her diary was colored purple, Christina was red, Katherine blue and so on. The diaries were separated from the interview by being marked in **bold** font. This was done so we easily could differentiate the respondent's answers from each other and separate interviews from diaries once we started interpreting the data. Reading through the transcripts we noted reoccurring experiences that we identified to be related to the theory. We were looking for themes such as; why consumer initiate or reject membership, their view of their relationships, their experience of having multiple memberships etc. We started cut and paste related experiences under specific headlines. E.g. one headline was *monetary benefits*. Under it we pasted quotes from diary and interviews; "I much prefer discounts..." (in green), "Bonuses, I always try to use those, they are the best reward..." (in blue) "**I get happy when I receive discount offers for my favorite products...**" (in pink), and so on to separate respondents as well as interviews from diaries. In this manner all the transcripts and diaries were sectioned up. In the end we had a long document divided into numerous headlines with related data. Then each section was read and the different opinion identified as well as common more general interpretations were made, we sorted the different answers and quotes with theory we felt would give our analyze depth as well as reliability.

To facilitate the interpretation of our empirical data we separated between our two different sources of empirical data; the diaries and the interviews. However, through the interpretation process it became clear that as the interviews followed up on the diaries the data was intertwined. Because the 'wholeness' of the empirical data was regarded as the essential we did not put any focus on differentiating the interviews from the diaries in the analysis. In the analysis we have aimed to make it very clear who said what while putting little emphasis on referring to whether it was said in the interview or written in the diary.

As theoretical concepts already were incorporated the analysis was structured in this manner as we started. The process was time consuming but as we elaborated back and forth and rearranged the text finding more appropriate ways to present it we strived to reinforce a deep analyze. We structured the coding of our data through the interpretative paradigm of *phenomenography* which concerns studying and understanding people's perception and make sense of how people act and reason (Patel & Davidson, 2003:32-34).

2.4 GATHERING THEORY

The theory used in our study was collected from books and journals. A majority of the data has been collected from articles in peer-reviewed journals from internet databases provided by Lund University; mainly LibHub and Ebscohost. Books from libraries that have been used have primarily been authored by researchers. We also collected theory from book written by established researchers within the area.

The research question and purpose consistently compose the foundation of our methodical-reasoning and choices. We have screened available theory in consumer-, relationship marketing- and in the loyalty program research for a nuanced picture of the formulated problem. We have been able to identify several theoretical areas relevant to our topic; the selected theories have suited our aim and made our contribution to science trustworthy. Literature and articles were in general produced in a different context in contrast to our research aim (Merriam, 1994:117); therefore we have strived to critically view the relevance of the information. By developing our own theoretical framework we have strived convey the relevance of our theories as well as explaining the relationship between them.

2.5 CRITISICM

We want to take a critical standpoint to our research process. We are aware that our research design has affected the study as the choices we have made have brought implications and limitations to the outcome of the study.

We have argued that a qualitative method to be appropriate to answer our research question. However, we acknowledge the methods we have chosen are demanding on the researcher as the data was rich and substantial in quantity; thus it is our interpretation of the respondents' feelings, intentions and experiences will determine the result of the study (Alvesson & Sköldberg, 2000:17). It is inevitable that both we and the respondent reflect and create meanings depending on previous experience. However, within the hermeneutic approach the researchers understanding, feelings and thoughts are seen as an asset, rather than a hinder, in interpreting the research object (Easterby et al., 2002:93; Patel & Davidson, 2003:30). We have aimed to strengthen the validity of our interpretations by incorporating numerous quotations from the interviews and the diaries into the analysis.

2.5.1 Limitations

The method chosen of diaries and interviews require the researchers to find a representative sampling of respondents. Our first intention to gather respondents between 30 to 65 years old failed as we had difficulties with access. However, as earlier, mentioned we reflect positively upon this as we got a narrower sample group which we believe lessen the effect of other variables which enhanced the reliability and validity of the research.

We are conscious that our sampling of respondents through a snow-ball sampling is not based on probability as not every woman between the ages 47-62 living in Stockholm or Gothenburg had the same chance to be selected (Bryman & Bell, 2007:197-200). However,

we believe that the randomness and geographical distance between the subjects add to certifying the validity and reliability of the study.

A limitation that we acknowledge with our research method is that it required active participation by the respondents, as they needed to keep diary for a seven day period and be interviewed. This had a negative effect on the accessibility of respondents, limiting the number of participants as they needed to be motivated to take time from their daily life. A reason to why we had difficulty acquiring the younger span of our initial age group of 30-65 was believed to be due to them still having young children at home which require much attention, while the women who made up our sample group all had grown children that had moved from home.

Although, through the data collection from the nine women we experienced a general sense of data saturation occurred when we at the last interviews felt: *“I’ve heard this before!”* However, we believe that more respondent could have strengthened the findings further.

2.5.2 Validity& Reliability

We have throughout this chapter strived to illuminate our process and how we actively have tried to create and strengthen the validity and reliability. We have aimed to maintain a good quality throughout by continuously reflecting on our process and making sure we conduct a transparent study (Patel & Davidson, 2003:102), this to make independent evaluations of the study possible for the readers. Further we have in our analysis tried to give a fair and balanced image in our interpretation by allowing versatile and contradictive arguments be brought forward. Through maintaining the independent opinions of the respondents by presenting quotations in their context we have tried to made sure our results corresponds with reality and that the analyze follows a logic (Bryman & Bell, 2007:41-42).

Ensuring reliability is difficult since the social dimension is changeable and not static. If someone else conducting the same research, someone might get other answers. The hermeneutic approach is open to that peoples understanding change through learning and development, as well as accepting many different interpretations of reality (Patel & Davidson, 2003:32-34). To overcome this and to make our result repeatable we have tried to describe our methodical choices as detailed as possible, by doing so we hope to increase this research credibility and that it hopefully yield for a similar result (Bryman & Bell, 2007:40-41)

2.5.3 Generalizability

The use of qualitative method, snowball sampling and the geographical limitations of the all indicate that there are restrictions regarding the generalizability of our study (Bryman & Bell, 2003:197; Patel & Davidson, 2003:56-57). We believe our study has some kind of broader applicability, the explosion of loyalty programs and multiple loyalty is a general phenomena that have been observed worldwide. However, the motives and experience are culturally affected and therefore our results will be more indicative rather than generally applicable larger populations and social groups.

3. THEORETICAL FRAMEWORK

We have gathered relevant theory and constructed a theoretical framework that will assist us answering our thesis; to grasp why consumers enroll in several loyalty programs and their experience of them. The framework firstly present the relationship perspective, second theories regarding consumer motives for memberships initiation, followed by theories on consumer perception of benefits and rewards and lastly present theories related to the membership experience, relate from the dimensions of consumer-firm relationships.

3.1 RELATIONSHIP PERSPECTIVE

We first and foremost want to call attention to that our interpretation of membership in loyalty programs is derived from *Relationship Marketing* paradigm. Relationship marketing is based on the view that in order for a company to be successful and be competitive in the market it needs to keep consumers loyal through building strong relationships (Alrubaiee & Al-Nazer, 2010, Gudonaviciene & Rutelione, 2009). Companies develop and implements loyalty programs as a tool to manage customer relationship to strengthen loyalty and retention (Meyer-Waarden & Benavent, 2009). According to the theory by Gummesson (1995:109) the consumer as a “member” is a way to strengthen relationships with individual consumers. The relationship between the company and consumer becomes more concrete when a consumer enrolls in a company’s loyalty program, as the consumer has made a conscious decision to take part. If the consumers find the relationship valuable it will add competitive advantages for the firm as the consumer will choose this particular product or service over competitive offers (Dowling, 2002; Gudonaviciene & Rutelione, 2009; Sharp & Sharp, 1997).

3.2 INITIATING MEMBERSHIP

According to Gummesson (1995:31-34) relationships between consumer and company is initiated because of an interdependence between the parties. From a consumer perspective this entails the consumer having a need that the company can fulfill. The substance of the relationship must be regarded as meaningful to the consumer and the company must possess products, knowledge or information that the consumer needs or is dependent on. Thaler (1985) evolve this theory and mean that consumers enroll in membership programs as the result of a process where the consumers consider the expected value they receive from a loyalty program against associated costs. They only enroll in a program if they judge the financial advantages or the benefit of the relationship to be perceived more valuable. In relation to this De Wulf et al. (2003) theorize that for many consumers the benefit serve as the most compelling reason for consumers to participate in a loyalty program.

3.2.1 Habits & Convenience

Dowling (2002) theorize that loyalty program initiation often is the result of convenience for the consumer. Leenheer et al. (2007) evolve this and mean that consumers that already are heavy buyers of a company's products are most likely to become members in loyalty programs as they are the ones that will derive the highest benefits. These customers are most likely to become members in such programs to reap the savings and discount rewards without purchasing more and increase their loyalty.

Dowling (2002) and Leenheer et al. (2007) theories can be related to Ji and Wood (2007) theory that say that consumer actions are economized and simplified through habits. Habits lessen the need of conscious thought of our consumption; a sense of predictability and routines creates a sense of security in our daily routines. In relation to the theory of consumer habit there is another essential aspect; Hubbard (1978) theory state that time and distance are fundamentally important and that a consumer is affected by these factors. Consumer estimate travel time and distance; the minimizations of these are essential, although consumers do have an inherent zoon in which they are willingly to travel freely.

3.2.2 Opportunistic Behavior

Bellizzi and Bristol (2004) theory state that as many loyalty programs reward consumer directly at point of purchase consumers are encouraged to obtain several loyalty cards to shop around. This result in consumers enrolling in several different chains on a regular basis; as joining all available programs enable consumer to take advantage of all programs benefits (Sharp & Sharp, 1997). Consumers shopping in several different stores are therefore more likely to join several loyalty programs to take advantage of them all. Multiple memberships also encourage cherry picking; taking advantage of the best offers among the different memberships and leaving the rest which induce consumers to shop around in different stores. Hence, the consumers have learned to optimize rewards through membership in multiple programs (Dowling, 2002; Leenheer et al. 2007).

De Wulf et al. (2003) support this theory and state that consumers behave opportunistically and self-interested when deciding to participate in a customer loyalty program, they want to minimize their input and maximize their outcomes.

3.2.3 Individualistic Consumer

Cova and Cova (2009) theorizes that the consumers of today are individualistic, as they seek few constraints and as many choices as possible. The searches for individuality among consumers have resulted in inconsistent purchase pattern. Further according to Holbrook and Hirschman (1982) the consumer take functionality and utilitarian aspects of consumption for granted and are today becoming more demanding as they seek pleasure from their consumption. The individualistic consumer has according to Gudonaviciene and Rutelione, (2009) theory resulted in a lack of loyalty by the consumer, regardless of being satisfaction and having had their needs fulfilled. The consumer is requesting more interesting loyalty programs to a greater extent. Further, it is theorized that the individualistic consumer is

private does not like to have his integrity limited. Hence, the more personal information consumers are asked to provide the less likely they are to enroll in the program (De Wulf et al., 2003).

3.3 REWARD SYSTEM & BENEFITS

According Leenheer et al. (2007) reward systems have an effect on enrollment decision, depending on the loyalty program offers delayed or direct rewards; delayed benefits promote long-term loyalty and retention while direct benefits and discounts attract consumers to become members without any thoughts of commit to the firm. Berman (2006) theorize that successful loyalty programs should reward loyal behavior, rather than rewarding card ownership. By offering direct rewards at register the long term relationship is not promoted. The aim is to give delayed reward to consumers based on past purchase and create a commitment to the relationship. In addition, delayed loyalty program where consumers must accumulate points may create switching costs in the consumers mind (Morgan & Hunt, 1994). Meyer-Waarden (2007) theory also claims that loyalty programs must go beyond rewarding usage. The reward should be equal and be based on the proportion of the consumers total expenses to encourage more spending.

De Wulf et al. (2003) theorize that the perceived benefits explain why consumers take part in loyalty programs as highly perceived benefits induce loyalty among consumers. The consumer perceived benefits of loyalty programs refer to perceived value that consumers attach to the loyalty program experience. These benefits motivate loyalty and strengthen the relationship with the firm. Consumers receive both tangible and intangible rewards from a loyalty program, these mechanisms are; economical-, psychological and social benefits (Bolton et al., 2004).

3.3.1 Economical Benefits

From an economical perspective loyalty programs provide members with value in the form of discounts and special offers (Leenheer et al., 2007). Foo et al. (2008) theorize that attractive economic benefits provided by loyalty programs are a trap; at the end of day consumers will establish a relationship with the reward, but not with the firm. More loyalty programs based only on cash value is considered to be easily copied by rivals and cause just price competition between companies (Berman, 2006).

Mimouni-Chaabane and Volle (2009) add meaning to the economical benefits by regarding them as *utilitarian benefits*, which consist of monetary savings as well as introducing the concept of practical benefits. The utilitarian benefits makes it easier for consumer to chose as it automates the decision making process. The consumer can by this avoid complex decision making process and reduce search costs (Bolton et al., 2000).

3.3.2 Psychological Benefits

The psychological effects of attaining rewards as a result of a membership give the consumer the feeling of being a smart shopper, increases the pride of being economical. Further, consumer tends to over-value rewards and contradictive to being economical consumers use received benefits as a mean to justify luxury consumption (Kivetz & Simonson, 2002). Similar Morgan and Hunt (1994) theorize that loyalty programs induce a feeling of pride about having won something, without having paid the regular price. Psychological benefits can also be expressed as hedonic benefits and increase the consumers urge for exploration and entertainment. Further, loyalty programs are a joy in themselves as consumers like to collect benefits and redeem points (Hirshman & Holbrook, 1982). The feeling of being a special customer increase loyalty and the sense of being important can deepen their relationship with a firm according to Gwinner et al. (1998).

3.3.3 Social Benefits

With the intangible and non-economical mechanisms companies should stress the joy and connectedness that the program brings. Original and joyful benefits should be enhanced by the program (Bolton et al, 2004). Belonging to a group is fundamental for human motivation; the materialistic society is increasing the need to identification with companies (Fournier, 1998). The social benefits can enhance word of mouth recommendations according to Wirtz et al. (2007)

As a part of the social benefits, membership in loyalty programs can be further enhanced through symbolic benefits which are necessary in a relationship as they are needed for the consumer's personal expression, self-esteem and social approval. Loyalty programs differentiate between consumers; customized offerings are seen as signs of respect and distinctiveness (Keller, 1993; Gordon et al., 1998). Gwinner et al. (1998) further theorize that loyalty program members perceive to be better treated than non-members.

3.4 THE MEMBERSHIP EXPERIENCES

The relationship is the core of loyalty programs and membership in loyalty programs has many positive effects on the consumers' experience. According to Grönroos (2007:24-28) it is in the relationships that direct and indirect interactions that the experience occurs and value is created. The value creation is dependent on mutual interdependence and mutual cooperation.

3.4.1 Loyalty within Loyalty Programs

Customer loyalty is by Sharp and Sharp (1997) suggested to be defined as the degree to which a customer stay with a company and resist competitive offers. Consumers are more exited and interested in firms they already have membership with (Leenheer et al, 2007). Loyalty is not a static state for the consumer; both behavior and attitude change over time. Loyalty is determined by feelings, expectations and is influenced by emotional and rational elements. A

loyalty program must be valuable to its participants if they are to be loyal to the firm (Grönroos, 2007:24-25). Customer loyalty is dependent on both consumer behavior and attitude (Morgan & Hunt, 1994; Hallowell, 1996). An understanding of consumers' attitude is crucial as it is linked via future usage (Wirtz et al., 2007).

3.4.1.1 Competing for Loyalty

It has been theorized by Meyer-Waarden (2007) that the explosion of loyalty programs on the market has destroyed differentiation, a key reason for loyalty, which leads to the competitive market condition remained fairly unchanged. Competing loyalty programs, geographically close, may cancel one another out as they often are easy imitated loyalty programs lessen the effect, and weaken the relationships. Consumers with multiple loyalty cards are less likely to be loyal, these consumer like to receive different discounts and offerings. In concurrence with this Berman (2006:124) theorized that “*one explanation for the lack of success in of many loyalty programs is the extent to which consumers are members of multiple loyalty programs*”. The consumer experience similar relationships with multiple firms and therefore the loyalty programs do not add any significant competitive advantage.

3.4.2 Relational Mode

According to Grönroos (2007:37-38) not all customers are interested in relationships. Consumers' expectations and reactions to initiating relationship varies depending on what *relational mode* they are in; transactional, passive or active mode. This theory is reflected by De Wulf et al. (2003) who discuss passive and active loyalty card users. The consumer in an *active relational mode* is looking for occasion where they can interact with the firm and is actively seeking offerings and is more sensitive to the perceived value in the relationship. A consumer in *passive relational mode* is positively affected by their relationships with retailers but prefer to keep distance and seldom or rarely respond to offering and invitations. A consumer in *transactional mode* is not seeking any relationship more than necessary to find a solution to their needs (Grönroos, 2007:37). In relation to the transactional mode Dowling (2002) theorize that consumers are lacking time, interest and energy to engage in relationships with firms, and are mainly interested in products that get the required job done, if there is a possibility to easy enroll in a loyalty program that is just an added benefit.

3.4.3 The Five Dimensions

Alrubaiee and Al-Nazer (2010) present five dimensions that affect the consumer experience of a loyalty program and which determine the success of it. The five dimensions are; satisfaction, commitment, trust, communication and bonding.

3.4.3.1 Satisfaction

The affective or emotional state of the consumer towards a relationship determines the satisfaction (Alrubaiee & Al-Nazer, 2010). Based on relational theory Grönroos (2007:38) claim that consumers in relationships with firms react positively and experience higher value as a result of these relationships. The reasons for this is that relationships reduce the consumers need to make choices; consumer value having a reliable partner who they trust makes other alternatives less attractive. As a continuation of this Gwinner et al. (1998) states that consumer experience confidence as a result of the decreased insecurity and increased trust. A second reason consumers can derive value from relationships are that they facilitate consumers to more effectively fulfill their goals; goals are very individual but a relationship with a firm can fulfill goals such as reduce cost, be more healthy or even gain more self-esteem (Grönroos, 2007: 38). Again Gwinner et al. (1998) have similar ideas as it is said that consumer may experience social benefits which can boost self-esteem as well as the advantage of special treatment which could constitute of faster service and time saving and savings. A third explanation for the positive experience is simply the relationship itself. For many consumer relationships are ends in themselves as consumer like to be involved (Grönroos, 2007: 38).

3.4.3.2 Commitment

Commitment is defined as the consumers enduring desire to continue to be involved with a company and the willingness to make efforts of maintaining a relationship (Alrubaiee & Al-Nazer, 2010) According to Liu (2007) loyalty programs goals are to establishing long term relationship with its customers, through commitment to the company the consumer is motivated to do business with the firm.

Dwyer et al. (1987) suggest that commitment should be measured according to three criteria's: inputs, durability and consistency. The first criterion of the commitment is a high level of input, both consumer and firm must provide e.g. economic, communication or emotional resources. Secondly, there must be durability over time, a common belief in the future exchange. The third commitment is referred as consistency, this mean how frequent the inputs have been made. Inconsistency in input level reflects on low commitment and leads to a weakened commitment.

3.4.3.3 Trust

Omar et al. (2009) theorize that members will be committed to a loyalty program only when they trust the program, when they feel their needs will be fulfilled today and in the future. According to Morgan and Hunt (1994) trust occurs when the consumer feel the exchange partner is reliable and has integrity. In relation to this Grönroos (2007:40-41) mean there is a generalized trust that provides the consumer with the assurance that the company will stay in business, due to size and reputation. Further, there is a personal-based trust based on the human tendency to rely upon another person. Trust is also processed based; built over time and based on the interactions with the firm that have been pleasing. Another aspect of trust is theorized by Leenheer et al. (2007) that mean loyalty programs awake privacy concerns and make consumers uncomfortable.

3.4.3.4 Communication

To strengthen the relationship and increase the value derived from the experience communication is essential (Gummesson, 1995:47). According to Dowling (2002) a positive effect of loyalty programs in regard to the consumer experience is the increased possibility for target marketing and customized offers. A company's communication ought to convey consumer interest and serve to strengthen the relationship. Direct and targeted communication increase feelings of trust, special status and closeness (De Wulf & Odekerken-Schröder, 2002; Morgan & Hunt, 1994). As loyalty programs have consumers personal information registered there is vast potential for marketing directly to the consumer and increase the personal feeling and sense of closeness of the relationship (Gummesson, 1995:47).

Gummesson (1995:46-47) complement this theory and explain that due to the cost of upholding personal relationships have been rationalized and mechanized through the scale of mass marketing. The shift from personal relationships to mass relationships has developed in different direction, but can often be described by the contradictive term *personalized mass marketing*. Through marketing strategies companies try to create the illusion of personal relationships, without actually getting to know or meet the consumer.

3.4.3.5 Bonding

Dowling (2002) theorize that through accumulation of reward point, and being rewarded for repeat purchase, psychological bonds are created in the minds of the consumer. In relation to this Grönroos, (2007:35-41) mean that the consumers' experience of loyalty program create bonds that keep the consumer attached to a firm by making the retailer interesting in the mind of the consumer. The attraction can be based on e.g. financial, technological or social factors. The bonds create switching cost due to the accumulation of points and the expectation of future rewards (Leenheer et al., 2007; Morgan & Hunt, 1994)

A relationship bond can be considered as demanding or non-demanding. If loyalty programs are open to anyone or no qualification is necessary the relationship between the consumer and company can be regarded artificial and unreal (Gummesson, 1995:109). The ease of which a consumer can join, gain rewards and the redemption requirements affect the consumer relationship. The membership is affected by whether the consumer receives rewards directly at the register or based on cumulative purchase, and whether companies maintain and utilize consumer database that link purchases to the individual consumer (Berman, 2006).

3.5 Theoretical Review

We have in the theoretical framework brought forward our main perspective which is derived from relational marketing. However, to understand multiple memberships we have introduced a range of theories that can help us understand how the abundance and competitive environment between loyalty programs have impacted the consumers' enrollment decision and experience of multiple memberships.

The interpretation of membership in loyalty programs is derived from *Relationship Marketing*; a strategic tool to build strong relationships and to craft loyalty. Loyalty is

suggested to be defined as the degree to which a customer stay with a company and resist competitive offers. The foundation for analyzing the enrollment and experience consequently lay in the relational theories.

There are several reasons theorized for consumers enrollment in loyalty programs. One theory suggests that consumers enroll in a loyalty program when the expected value is greater than the associated cost. Another theory means that loyalty program initiation is a result of general liking of the products and assortment derived from habits and convenience. Consumers are additionally theorized as individualistic and opportunistic when enrolling in loyalty programs.

Both enrollment and experience of loyalty programs is related to the core of the theory behind loyalty programs – the reward system. The reward system serves as a convincing reason to both initiate membership and to stay within a loyalty program. The benefits derived from the reward system can be divided into; economical-, psychological- and social benefits.

The theoretical framework includes several perspectives related to the consumer experience. To capture the experience of multiple membership consumer loyalty is regarded as well as the relational mode. If a consumer react positively on a relationship and experience high value, this will reinforce consumer loyalty and retention. Although, not all customers are interested in a relationship with a firm, this depends on the relational mode the consumers are in, divided into; transactional, passive or active. In the theoretical framework we presented five dimensions that affect the consumer experience of loyalty programs; satisfaction, commitment, trust, communication and bonding. These dimensions determine the success of a program and will be essential in understanding the consumer experience.

4. ANALYSIS & EMPIRICS

In this chapter we will present and analyze the collected empirical data through the use of the theoretical framework. The analysis will be conducted through bringing forwards numerous of quotes and interpretations from the empirics connected with relevant theories. We have structured the analysis into two main parts regarding the study's research question; enrollment and experience.

4.1 CONSUMER ENROLLMENT

In this part we will analyze different reasons to why consumers enroll in numerous loyalty programs. Further, we will analyze the consumers' reasons for rejecting to initiate memberships.

4.1.1 Enrolling due to Dependence

According to Gummesson (1995:31-34) relationships between consumer and company is initiated because a company possesses products, knowledge or information the consumer is dependent upon or need. The enrollment in loyalty programs based on these premises is supported by the empirical data, there are statement made by the respondents that indicate a general liking which induce them to become members as stated here:

“Well, one of the main arguments to join would be that you like their assortment and products.” – Elisabeth

“The assortment should be good for me to join!” - Carina

There is a general view presented by the all the respondents that enrollment in loyalty programs is related the assortment as well as a general liking for the company. Initiation can also derive from a need to obtain more information; Ewa joined NK partly to receive their newsletter and Katherine joined Ica partly to receive their magazine buffé. Carina and Elisabeth indicate that the IKEA catalogue served as a reason to initiate membership as it is inspiring and provides them with updates on smart solutions for their home. However, as the analysis will show, initiation because of liking and dependence for a company is only one reason to initiate membership but not the only reason for enrolling in loyalty program.

4.1.2 Habits and Convenience

Enrollment decision is strongly indicated by the empirical data to be related to how easy accessibility the consumer have to a store. All the respondents have memberships with companies that have stores in close vicinity to their homes, place of work or country house.

This could be understood through Dowling (2002) who mean that enrollment in multiple loyalty programs often is the result of convenience. It is indicated that the theory is supported by the respondents accounts:

“It all depends on which store is the closest. ICA is closest to here and therefore I became a member at ICA” - Ann-Britt

Ann-Britt makes it clear that the convenience is crucial, similarly Elisabeth, who has membership at both Hemköp and ICA, mention:

“Well, nearby we have both Hemköp and ICA Maxi, which are good stores. Hemköp is slightly more expensive therefore I do my weekly shopping at ICA, while Hemköp is more of a convenience store”. - Elisabeth

Initiation of membership is indicated to be related to habits, the accounts of the respondents above indicate a strong tendency towards initiating membership where they do their daily or weekly shopping. This can be related to Ji and Wood (2007) theory stating that habits simplify the daily life for consumers and create a sense of security. Ewa state in her diary that she shops weekly at ICA which is the reason she thought she ought to have a membership there, and in the interview more fully explained:

“Habit, safety, security are part of the reason I became member.” - Ewa

Further, both convenience and habits are indicated to be related to the consumer’s experience of distance; in accordance with Hubbard (1978) the respondents initiate memberships with companies at easy distance from their homes or workplace; as they try to minimize the travel distance. This is indicated by that all the respondents express similar views to Katherine who in her diary states that she has initiated memberships at all the stores between her work place and home stating:

“It is easiest since they are all nearby; I always pass there on my way home.” - Katherine

The membership in multiple stores can be explained by Hubbard’s (1978) zoon of indifference. The respondents Carina, Ewa, Katherine, Elisabeth, Marie, Christina, Ann-Britt, Madeleine and Ann all have several memberships with companies that are of easy distance to their homes. The multiple membership contrast Gummesson (1995:31-34) theory as the consumer does not seem to be dependent on any single *one* of their relationships to attain products or knowledge. Further, the multiple memberships and habits to visit several competing stores do not correlate with the theory that membership is a path to loyalty and resistance for competing offers. (Morgan & Hunt, 1994; Hallowell, 1996).

4.1.3 The Economical Reason

A general consensus was interpreted from the empirical data; the enrollment in loyalty programs was to gain economical benefits. Leenheer et al. (2007) and De Wulf et al. (2003) mean that financial benefits serve as the most compelling reason to initiate in a loyalty program and imply that special offers and discounts provide value for the consumer. The respondents seem to have the same opinion; they state that they enroll in loyalty programs because of the economical benefits; bonuses, discounts or a special offer:

“I joined Ellos because they offered me 50% off if I bought something, I found something for 600 SEK and thought it was an excellent deal for 300 SEK so I joined and bought it.” - Madeleine

“I join to get discount and special prices. 10% off is a joke, are they making offerings they should make them count!” - Katherine

Carina says that a good benefit that would induce her to join would be 200 SEK discount when purchasing from 500 SEK and Christina became members at Åhléns when she received 100 SEK in cash value. The respondents have the same opinion; initiating a membership is mainly to reap the savings and express similar views:

“I want some money back; that is the only reason I initiate”. - Ann

Apart from expecting economical benefits in exchange for joining, the respondents account also can be understood in relation to Kivetz and Simonson, (2002) psychological aspect to why consumer prefers economical benefits; there is a pride associated with being a smart shopper and being economical. This supported by empirical data that suggest that enrolling in loyalty programs is seen being an economical consumer. All respondents had similar experiences which had influenced their decision to enroll; Elisabeth tells us about a situation where she was standing in the counter with a numerous of goods and they told her she would get 10 % off if she joined them in a membership for free;

“If you are standing at the checkout with products you should have bought anyway it is great to get a discount”. - Elisabeth

The economical reasons for enrolling in loyalty programs are strongly indicated to be initiation reasons in the mind of the consumer, however there is often little interest in the actual loyalty program; as Madeleine state:

“I join a program if I obtain a discount, but not because I want to become a member” - Madeleine

The empirical data on consumers motives for initiation is further understood by Thaler (1985) that mean that consumer initiate in loyalty programs if they consider the expected value to be more valuable than the cost. Hence, the multiple membership displayed may be explained by that today no financial cost are associated with joining a loyalty program; none of the respondents had ever been required to pay any fee to enroll. This is made clear by Katherine that says:

“Bonus, discounts and special prices makes it worth to join and it does not cost you anything.” - Katherine

The respondents mean that they can participate in any given program without compensate for their membership, they join available programs and take advantage of them all. Ann-Britt mentions that she became a member at SIBA one year ago to receive 10 % off on a purchase and never to return again;

“//...the card ended up in my wallet and then in some drawer” - Ann-Britt

The respondents' view of the value of economical benefits indicates that Foo et al. (2008) theory that attractive economic benefits create a discouraging spiral where to consumer does not build relationships with the companies with which they have relationships, but rather to

the reward. As the consumer express; they are continuously looking for opportunities to gain bonuses and discounts.

4.1.3.1 The Opportunistic Consumer

Closely related to the economical benefits, as reason to initiate, is the consumer opportunistic behavior. The respondent describe that they never have taken the initiative to ask if a store has a members club, but have instead each time been asked at the point of purchase to join and been induced by being offered a discount. This indicates that all respondents initiate membership mainly because of financial advantages; aligned with De Wulf et al. (2003) theory that consumers behave opportunistic and self centered. Elisabeth state that she always become a member if it can give her 20-30 % off;

“It would be stupid to reject, you take the discount and then you never use it again”-Elisabeth

Elisabeth continues to say that the cards end up thrown away somewhere. A similar experience is reflected upon and described by one of the respondents:

“I can become a member to receive a discount but will never use that card again”- Madeleine

The respondents’ recollections indicate a confirmation of Bellizzi and Bristol’s (2004) theory regarding that a consumer who is rewarded directly at the point of purchase will be encouraged to obtain more loyalty cards, and shop around. This is further supported Leenheer et al. (2007) that explained that multiple memberships enable consumer to cherry-picking between best offers. The respondents feel that the programs are easy to join and can therefore take financial advantages of them all;

“I cherry-pick among special offers, if a company cannot match ÖB’s prices I go to ÖB for sure.” - Katherine

All respondents have joined additional clubs merely to receive a discount without any intention to become loyal to the firm. The empirical data seem to confirm Dowling (2002) theories that the numerous economical benefits and the ease of which they can be obtained discourage loyalty and encourage consumer to enroll in multiple programs and take advantage of them all.

4.1.3.2 No Reason not to Enroll

Related to the economical reasons to enroll and the opportunistic reason Leenheer et al. (2007) offer a complementary theory. It is theorized that since consumers who already are heavy buyers are the ones who will derived the highest benefits; therefore they are likely to enroll. This is supported by the respondent’s accounts; they reason that if they are already making frequent purchases at a store that offer a loyalty program that delivers benefits based on the amount you buy there is no reason not to join as the examples illustrate;

“Ica has products I like and I shop there almost daily, then I figured I can just as well have that membership to get those offerings.”- Elisabeth

“The membership came later than the buying habits” - Ewa

This seems to support Morgan and Hunts (1994) theory that loyalty programs induce feelings of pride of having gained something as a result of not paying regular price. Leenheer et al. (2007) explain that heavy buying consumers are most likely to become members as they will reap high benefits without changing their buying habits, which is evident in our respondents. All the consumer are members of grocery stores and receive monthly bonus checks as a result of their buying but they proclaim they would buy equally as much regardless of they had the membership or not, similarly Katherine explain her reason for enrolling in H&M, she would buy their products regardless but explain with a shrug:

“Then why not join?” - Katherine

This can be related back to further support De Wulf et al. (2003) theory. The consumer indicates a self-interest and opportunistic behavior as they are trying to minimize their input, and maximize their outcome.

4.1.4 Rejection of Loyalty Programs

We have in the analysis found indications that the consumer’s self-interest is a reason to enroll in multiple loyalty programs. However, the consumer’s self-interest also seems to motivate the consumer to reject membership invitations. In contrast to Dowling (2002) theory that the consumer enroll in multiple loyalty programs to take advantage of the benefits the empirical data show that our respondents have become less inclined to enroll in further new membership the more memberships they had; they think it is tiresome to care about the membership:

“When they ask me in the counter to participate in their program I reject, I do not have the energy to take care of them all” - Katherine

Carina has rejected a membership when she was about to receive 20 % off on a purchase. She felt she did not want another card and since she did not purchase many goods from that store the discount was not worth it. Ann-Britt declares that all though you receive an initial discount you have to buy a load of things to actually receive further discount; she is not prepared to make these investments just to receive the offerings. This can be understood through Cova and Cova (2009) theory that the consumers of today are very individualistic; as they seek new choices and have inconsistent purchase patterns. In accordance with this the respondent’s statements indicate that they shop in several different stores and are frequently offered to enroll memberships. Eventually they feel like they do not want to restrict themselves any further by enrolling in yet another program.

Further, Holbrook and Hirschman (1982) mean that consumers take the functionality and utility of shopping for granted and now seek pleasure. It is by the respondents indicated that the functionally and the utilitarian of consumption is limited by multiple memberships. Marie has rejected several memberships since she felt it would be hard to keep track. Christina expresses a commonly uttered opinion:

“I think it is stupid to have as many cards as I have; I do not want my wallet to be filled with all these cards” - Christina

The respondent’s accounts indicate that being a multiple member has a negative effect on motivation to enroll, regardless of the possibility of economical benefits. Further

contradictions are found regarding Bellizzi and Bristol (2004) theory that consumers who are offered rewards directly at the point of purchase will be encouraged to enroll in multiple programs. The consumer feel the memberships are very similar and have few differences, being offered 20% discount on a purchase for the third time in exchange for becoming a member gets uninteresting for the consumers. The empirical data show support for Gudonaviciene and Rutelione (2009) theory that consumers with multiple memberships become less inclined towards new loyalty programs as they are requesting more interesting membership clubs. Indicative of this is Madeleine who means that companies today, apart from developing loyalty programs, have good offerings in store without becoming a member, she wrote in her diary;

“I believe there are so many offers in store; I cannot see the point gathering bonus in a program.” - Madeleine

4.1.4.1 Sharing of Personal Information

Enrollment decision is not indicated to be affected by privacy concerns. The empirical data indicate that all though consumers are not positive towards sharing personal information they do not reflect actively most of the time on what information they have given to become members. A typical statement is presented below:

“I have given out my name and address, I can’t remember if I have given out my social security number; I hope I haven’t!” - Carina

When asked to actively reflect Ewa does not want to give out the four last digits in her personal security number, Madeleine claim not to want to give out her cell phone number and Ann does not want to share her e-mail. However, in the moment of initiation they have disregarded these thoughts and joined anyway. The empirical data does not support De Wulf et al. (2003) theory that giving out personal information has a negative effect in consumer engaging in loyalty programs. It is indicated that if the consumer has any concern regarding joining due to privacy concerns they are granted exceptions by the company if they prefer not to fill something:

“If there is something personal information I do not want to share I have ask and been allowed to leave it blank” - Ewa

4.2 THE MEMBERSHIP EXPERIENCES

In this part the analysis will first concern consumer loyalty related to loyalty programs, followed by an analysis of the consumer’s usage and relational mode. And to deepen the analysis of the consumer experience the five dimensions will be analyzed separately and incorporated with the aspect of economical, psychological and social benefits.

4.2.1 Loyalty within Loyalty Programs

According to Leenheer et al. (2007) loyalty programs have a positive effect on the consumer experience and increase loyalty. This in relation Sharp and Sharp (1997) definition of

consumer loyalty to be the degree to which a customer stay with a company and resist competitive offers is not supported by the empirical data. The respondents' accounts suggest that consumers with multiple memberships cannot be regarded as loyal. Ann, Ann-Britt, Katherine, Carina and Christina all had membership in both ICA and Coop's loyalty programs. Several of them had additional memberships in Vivo and Hemköp. Further, Ewa, Carina, Elisabeth, Katherine, Marie and Ann-Britt had membership in at least two stores with competing products, i.e. they both offer make-up, clothing or sportswear, e.g. Lindex, Kappahl, H&M and Åhléns. Further, the respondent indicates that they often shop in stores where that do not offer memberships. This multiple membership displayed by our respondents is paradoxical regarding that Berman (2006) mean that the purpose of loyalty cards is to increase loyalty by creating differentiation and competitive advantage that would makes the consumer chose one over another.

Leenheer et al. (2007) also mean that that loyalty program strengthen relationships. A general contradiction to this was indicated by the respondents' unawareness of all their memberships:

"I have more memberships than I thought; first I had a couple of membership cards, and then I had some more!" - Elisabeth

All of the respondents only had a vague idea of all their memberships. Madeleine, Cristina, Ann, Ewa, Ann-Britt, Katherine, Christina, Marie and Elisabeth all had to take a look into their wallets to find out which loyalty programs they had enrolled with. Forgotten memberships are not likely to have positive effect on the consumer loyalty. According to Grönroos (2007:24-25) loyalty is not static, multiple memberships could be explained by being initiated under different emotional state and rational reason, but have afterwards changed. A typical response is given below:

"Well, I have been a member in IKEA but not renewed it; I think I am a member of Åhléns and Intersport and well more clubs I don't even remember" – Ann-Britt

Several of the respondents had loyalty cards they never use, and had experienced memberships being cancelled due to them not being used for a year or more. This seems to indicate a confirmation of Grönroos (2007:24-25) theory that consumers must find loyalty programs to be of value to if they are to strengthen loyalty.

4.2.1.1 Attitude

According to Morgan & Hunt (1994) and Hallowell (1996) it is the attitude of the respondents towards the company that determine loyalty. The respondents indicate a confused and contradictive attitude as they first say:

"I prefer ICA, they have really nice products, and I like their assortment." - Carina

"I would describe myself loyal to ICA, Coop and H&M." - Katherine

Marie and Elisabeth regard themselves loyal to some companies, Elisabeth state she is loyal to the extent that she would wait to buy a product if she knew it would come to Åhléns instead of going somewhere else. This seems to indicate support Wirtz et al. (2007) theory that a positive attitude correlate with frequent buying at a certain shop or company. However, the respondent goes on and contradicts themselves as they go on to say:

"I am not loyal to anyone!" - Carina

“I am price-conscious, I am not loyal!” - Katherine

“I never let the loyalty cards steer my steps!” - Elisabeth

“I would regard myself loyal to ICA and NK. But, I could easily trade them off if there was something else I wanted” - Ewa

Ann and Christina simply state that they go to whatever store that have what they need. It is indicated that membership does not strongly influence consumers attitude towards companies and their feelings of loyalty. Again, Leenheer et al. (2007) theory that loyalty programs have positive effect on the consumer and increase loyalty is contradicted.

4.2.2 Relational Interest

According to De Wulf et al. (2003) consumers can either be passive or active loyalty program members. Through the empirical study it is indicated that the respondents have an active usage with at least a few cards. This active relationship was with firms delivering every day use goods such grocery membership, as well with retailer they frequently made purchases from.

“I most often use my ICA and NK card.” - Ewa

“I use the grocery cards mostly, I use ICA and COOP every day, but also H&M” - Katherine

“With my ICA- and gasoline card I would call myself active”. - Ann-Britt

Elisabeth has recently become more active with her IKEA membership as she is renovating her kitchen and therefore regularly follows their mailings. However, the consumer rarely use any of the offers they receive apart from the bonus checks, Ann-Britt, Christina, Madeleine and Ann feel that is easy to forget the coupons and cards at home. Accounts from the diaries reflect on this:

“I receive discounts once a month from VIVO but most often I forget to use it because the coupons are left at home” - Ann

“I was shopping at ICA today and would have cashed in 50 SEK bonus, which is great... if I would have remembered to bring it!” - Madeleine

The active usage does not seem to correlate with Grönroos (2007:37-38) theory of an active relational mode towards relationships where the consumer is active in making use of the benefits to gain value. This could also be related to the lack of differentiation between loyalty programs, which according to Meyer-Waarden (2007) lessen the effect of individual memberships and even cancel out one another.

All respondents had membership in firms that they only used once to receive an offering. Katharine feels that she has plenty of membership cards in her wallet and is surprised that she has so many; the reward systems are very similar and does not add value to her. All respondents have experienced initiation of memberships to receive discounts as reflected below:

“I have agreed to some memberships in-store to take advantage of an offering, never to use it again.” -Ewa

According to Dowling (2002) theory this indicate that consumers are lacking interest and energy to engage in relationships and do not see enrolling in a loyalty program as a relationship, instead it is seen as an added benefit in that moment of time.

Grönroos (2007:37-38) mean that not all consumers are interested in relationships with companies, and related to this a general view was expressed by the respondents; the experience of multiple memberships discouraged them to enrolling in any further loyalty programs in the future. Similar views are expressed:

“It is too much information already; I cannot keep track of more memberships.” - Ewa

“The more memberships I have the less inclined I feel to use them, it is just too much work!”- Madeleine

“I am tired of keeping track of different offers, they all seem the same” -Marie

“Abolish membership clubs!” - Christina

These findings indicate support for Berman (2006) theory that multiple memberships are the reason for the lack of success among loyalty programs. The multiple memberships are clearly related to the consumers’ change of attitude from up to this point initiating in numerous loyalty programs and now expressing a lack of energy or even an aversion for them.

4.2.3 Satisfaction

According to Bolton et al. (2004) satisfaction is related to the perceived value attached to the experience and it is through the benefits the relationship is strengthened. In accordance with this all respondents described positive recollection of loyalty program experiences; the respondents expressed satisfaction mainly through the economical benefits but also psychological and social benefits e.g. as Carina account is an example of; she is exited that she at IKEA can get a cheap lunch if she swipes her loyalty card, but she also feels very good about the possibility to give up collected points for IKEA donating the corresponding sum to charity.

4.2.3.1 Economical Benefits

There is an emphasis by the respondents on the economical benefits as it is expressed in correlation to Grönroos (2007:24-28) to generate a high perceived value in the minds of the consumer, as respondents’ state:

“For me it is all about the bonus!” -Ann

“It’s simply about the discounts!” - Elisabeth

“I like discounts, but why do I have to be a member?” – Madeleine

The empirical data is further explained by Leenheer et al. (2007) theory that it is through benefits, and especially economical benefits, the consumer experience value. Elisabeth tells us that she just bought a kitchen from IKEA and that she received 10 % discount;

“//...that is a great deal if you buy for 50 000 SEK, we received offers combined with that; an Easter offer at IKEA gave us 10 % out of every 1000 SEK, perfect!”

Marie and Katherine express that they experience satisfaction from receiving promotional offerings. Marie especially look forward to receiving her monthly mail offering from Åhléns as she need to get a new mascara and Åhléns often offer membership rebate of 20% on the cosmetic department. The empirical data indicate that consumers are members only to receive discounts which Berman (2006) mean causes price competition between companies. Once again; De Wulf et al. (2003) theory can be related; consumer indicates a self-interest and opportunistic behavior as they are trying to minimize their input, and maximize their outcome.

4.2.3.2 Psychological Benefits

Related to the economical benefits the respondents express satisfaction over having gained something when redeeming collected point or using a discount coupon are psychological, which according to Kivetz and Simonson (2002) consumer tend to over value. Satisfaction derived from receiving economical benefit was indicated to be more psychologically related as most of the respondents expressed a value from promotional offerings and discount but in reality it was very seldom they redeemed any.

“I receive discount checks once a month but it is rarely I use them, I always tend to forget them at home...” - Ann

“I get happy when I receive a bonus-check, but the often expire before I use them” - Christina

When the respondents were asked to consider how often they used the offerings all seemed to realize that it is much more rarely than they thought. In accordance with Gwinner et al. (1998) theory that consumers receiving rewards feel special; regardless if they use the offerings or not they generate a sense of satisfaction.

The empirical data indicate that there is a joy connected collecting benefits more than just the actual economical saving according to Hirschman and Holbrook (1982). The experience of loyalty programs can be enriched, as described by Carina and Elisabeth by companies giving the consumer the opportunity to donate the collected bonus points to a good cause:

“Today I contributed to the planting of three trees, instead of receiving free mascara, it feels really good!”- Elisabeth

”Bonuses that goes to a good cause is excellent” - Carina

However, the other respondent had never encountered the possibility of doing charity through their loyalty programs, but Katherine stated she would appreciate it.

4.2.3.3 Practical Benefits

Mimouni-Chaabane and Volle (2009) theorizes that consumers seek relationships with companies to add utilitarian benefits, such as convenience. These practical benefits are something several respondents favored and had a positive effect on the experience. Ann, Ewa

and Ann-Britt mention the self-scanning at ICA; they mean that it is simple to use, time effective and that they do not have to stand in line.

“I always use the self-scanning; it is convenient and fast, I do not have to queue, that is the worst thing to do”. - Ann

While Katherine and Christina mean that Coop has become the most convenient since they started credit the membership cards with the bonus and discounts directly, eliminating the need for coupons.

“You do not forget the coupons at home and you do not have to care for if coupons running out of date”. - Katherine

This indicates confirmation to Bolton et al. (2000) theory that loyalty programs can facilitate the shopping experience. The practical benefits of a loyalty program were an important dimension of enhancing the respondent satisfaction.

4.2.3.4 Social Benefits and Status

Gwinner et al. (1998) mean that loyalty program members perceive to be better treated than non-members. We found no support for this in the empirical data; the respondents expressed view similar to:

“I have never felt special or chosen because of any membership” - Katherine

Further, none of the respondents have ever attended any VIP sales or other social events as they state the discounts are always very low at such events and not worth it. There seem to be little support for Bolton et al. (2004) theory that loyalty programs create connectedness between consumers within a loyalty program. Carina, Elisabeth, Christina and Madeleine mention loyalty programs is something they would never discuss and they cannot recall ever mentioning a program they initiated membership in with friends.

“It is something I would never discuss there are so many programs to join” - Christina

Katherine however state that she can talk about offerings she has been particularly happy with, but she has never discussed or recommended a loyalty program. No support is found for Wirtz et al, (2007) who mean that consumer spread positive word of mouth about loyalty programs they are happy with.

Fournier’s (1998) statement that the belonging to a group is fundamental in today’s materialistic society is partially supported. Three respondents believe there could be some status related to the experience of loyalty program;

“NK is superior of Lindex, some stores has a better value and is more luxurious, clubs that not everyone can join is automatically considered finer” - Katherine

“NK have cards in different colors standing for different levels of membership, I think that affects status.” - Ewa

However, neither Katherine nor Ewa means that they would never feel effected of status among loyalty clubs. Carina expresses similar view:

“Many people probably feel status connected to loyalty programs especially at NK that offer gold membership, but I do not.” - Carina

The empirical data indicate little support for Keller (1993) and Gordon et al. (1998) that mean that consumer experiencing positive effect from loyalty programs differentiation between consumers. None of the respondent could personally relate to experiencing feelings of being distinguished or seen the offers they receive as a sign of respect by the companies.

4.2.3.5 Reduce Choices, Fulfill Goals and Being Involved

Grönroos (2007:38) three aspects further explain consumer satisfaction due to the loyalty programs. When loyalty programs are regarded as reliable by the consumer alternatives become less attractive and satisfactions are derived from the reduction of choice which is reflected upon:

“Membership reduces the need to run around and search, it makes it possible to go straight to the target.” - Elisabeth

This can be related to Gwinner et al. (1998) that mean confidence is a consequence of positive experiences. The respondents mean that membership cards reduces inconvenient situations visiting new stores. Paradoxically, several of the respondents experienced satisfying aspect derived from loyalty programs also claim that loyalty cards do not reduce their choices, which is shown by the respondents multiple memberships in competing companies. Meyer-Waarden (2007) means that large numbers of loyalty program memberships may cancel each other out. The empirical data show that consumers often do not let relationships with company's affect choice of stores:

“I am not affected, I do not steer my steps based on my loyalty cards” - Elisabeth

Katherine also reflects on her multiple memberships and concludes they have made her an erratic consumer that shops here and there. This indicates a confirmation of Berman (2006) theory that consumer experiences of different memberships are very similar and no competitive advantages are added. The respondents have the same opinion; they are not ruled by their membership cards and feel free to visit whatever stores they like.

Grönroos (2007:38) second aspect considers that relationships facilitate consumers to more effectively fulfill their goals which are further explained by the satisfaction Christina express in her diary:

“I was at Åhléns to buy a foundation and lip-gloss. When I bought two products I also received a make-up bag with more products as well as 100 SEK discount due to being a member. I like shopping at Åhléns!”

Regarding fulfilling a goal such as reducing the financial cost the multiple memberships seem to create an advantage that can lead to consumer satisfaction; consumers have multiple cards to choose from and can pick and chose offering as described by Leenheer et al. (2007) concept of cherry picking.

Grönroos (2007: 38) third aspect means that satisfaction is a consequent of the consumers liking of being involved and being a part in relationships could serve as an explanation to the general trend in the world towards more consumers being enrolling in multiple relationships

(Berman, 2006). But the respondents strongly indicate continued enrollment in loyalty programs because satisfaction due to of economical value, which Bellizzi and Bristol (2004) mean is encouraged by companies as they reward consumers directly at the purchase rather than based on accumulated purchases. Grönroos (2007:24-28) mean relationships should be based on mutual cooperation's but as Ewa says:

"I take advantage of their programs, and take advantage of me".

4.2.3.6 Dissatisfaction

The respondents' recollections express a general satisfaction with individual events and offerings they have received due to their memberships which according to Grönroos (2007:38) increase the value of the relationship. However, there is another contradictive perspective present by the respondents, which indicate that relationships may well cause feelings of stress and a sense of hassle with the memberships. Especially the before mentioned impracticality that comes with carrying around the numerous loyalty cards in their wallets.

"Well, with all the cards you get some percentage rebate, but then you have to have the card with you, which I always forget as they are too many to fit in my wallet. For a while I tried putting them in a separate wallet but of course I never had it with me in the occasions I was shopping"- Ann-Britt

"I think it is such a hassle! I cannot fit everything in my wallet with all the plastic cards I have, now I only use my VISA card and do not give a damn about all the discounts I could receive, I just do not have the strength to bother" - Madeleine

Carina, Elisabeth, Ann and Katherine all describe the hassle to fit all the cards in the wallet as well as remembering to swipe the card at the check-out if the clerks disregard to ask. The reason for this can be explained by Alrubaiee and Al-Nazer (2010) theory that satisfaction with loyalty programs is driven by the emotional state of the consumers towards a relationship. The annoyance of forgetting coupons at home or having them expired once the respondents finally use them is drawing from the experience and decrease the satisfaction, or as Christina puts it:

"It pisses me off to forget the coupons at home!"

4.2.4 Commitment

Commitment as part of the experience concerns, according to Alrubaiee and Al-Nazer (2010), the consumers enduring desire to continue with a company. For the most part respondents describe a general lack of commitment:

"I do not have the energy. Sometimes I buy something small at Åhléns and do not bother to swipe my membership card; I rather pay what it costs" - Madeleine

This shows a lack of commitment, as the respondent have no willingness to make the effort to maintain the relationship. Similar views are expressed by Ewa, Katherine and Christina who

express opportunistic commitment, they are committed as long as it suits them and switch if something better comes along:

“I am loyal to the extent that I use a store, but I could switch them off if there was something else I wanted.” - Ewa

The lack of commitment can be related to Meyer-Waarden (2007) theory that loyalty programs must go beyond rewarding consumer each time they use their membership cards and instead reward based on proportion to total spending. The respondents indicate that the point of having loyalty programs are weakened by that they obtain many in-store membership offers as well as all the non-membership in-store promotional offering, representative for what all the respondents express:

“Most of the retailers give you discounts regardless if you are member or not!” - Katherine

The lack of commitment by the respondent seems to confirm Liu (2007) theory that the lack of commitment in the relationship from the consumer towards the company can discourage the consumer to do business with the firm. Ann-Britt has had several memberships that have been deactivated due to rare use and she also relate that she would never recommend any of her loyalty programs and state that she rather only use VISA credit card. It is indicated that memberships are not an indication of commitment by the consumer which according to Berman (2006) is related to multiple memberships.

4.2.4.1 Inputs, Durability and Consistency

Although the general commitment is shown to be weak; there are respondents who can be regarded as more committed than others. According to Dwyer et al. (1987) commitment are related to the three criterions; input, durability and consistency.

The input that the respondent makes to the relationship is dominieeringly economical as they make purchases. Nevertheless, it can also be the time and effort it takes to swipe their card and go through offerings. Especially concerning groceries it seems a larger amount of the purchases made are at the same company and the loyalty card is consistently being swiped at these occasions, i.e. Ewa, Ann and Elisabeth make weekly shopping trip to Ica and are frequently using their membership cards as they both frequently receive rebates in form of bonus checked based on the accumulated purchase amount. E.g. Christina received an extra bonus one month as she had accumulated points above a certain level and Katherine receive monthly bonus checks from Ica but also a yearly gold bonus from H&M as she spent more than 7000 SEK there last year. This show that consumers do make repeat purchases with a few of their membership cards which according to Berman (2006) could promote long-term relationships and commitment.

This could correlate with a strong commitment, however essential aspects lacking. Beside the economical input very few other inputs into maintaining the relationships are made by the respondents in the form of emotional or communication input. Relating back to the previously analyzed theory by De Wulf et al. (2003) mean that consumer can be opportunistic and self-interested which is implied by the respondents as they are looking to maximize their outcome and minimize their inputs:

“Membership means that I get bonus when I make purchases that is how I see it!” - Christina

4.2.5 Trust

According to Morgan and Hunt (1994) trust occurs when consumers feel the exchange partner is reliable and has integrity. The empirical data seem to suggest that trust to our respondent is related to the use companies make of the purchase information recorded when the consumer has swiped the membership cards:

“Ica are very personal and have statistics on what I buy, my yogurt, my sausage, well my reoccurring purchases //...// Well, in these times with all the surveillance I am not surprised that shops use this opportunity as it is available. It feels OK. We are revealing so much about ourselves today in so many different ways. We would have to shut down our e-mail account and never log into Facebook or blog or tell anyone where we are” - Elisabeth

There is a similar view:

“I do not care so much if they register everything I buy, they register everything in this country, But in the other hand they can go in and look at my exact purchases, I think that is unnecessary” - Ann

In contrast to Leenheer et al. (2007) consumers are not negatively affected by privacy concern. Ewa and Ann-Britt concur and mean it is unavoidable that companies in today's society would not use the existing technique to collect information. While just one of the respondents completely distrust the companies where they have loyalty cards, one respondent do feel that her integrity is being attacked as she puts it:

“I do not think it is pleasant that they know I buy raspberry jam, no I do not like that at all” - Carina

Although, the consumers seem to have limited trust for their membership programs they do keep being enrolled and using the card, not anyone mentioned that they actively cancelled a membership.

Grönroos (2007: 40-41) theory regarding general and personal-based trust can explain why consumers keep being involved and still extract value from being members in loyalty programs. Since the consumer keeps using and stay enrolled it is possible that even though there is a lack in the personal trust a general trust exist. Christina talk about the quality of Åhléns and Ewa and Ann mention that Ica give them a sense of safety, and Marie feel confidence for IKEA and Coop as she has been a member there for more than 10 years. It is indicated that some sort of general trust is held by the consumers towards the companies with which they have loyalty card, but it is more based on large scale and durability of the membership than trust on a more personal level.

4.2.6 Communication

The consumer experience of the member relationship needs to be strengthened by communication (Gummesson, 1995:47). The respondent diaries revealed that it is clear that companies are communicating to their members, as all of our respondents received membership related promotional offerings and information. E.g. Ewa received SMS from Kappahl, email from NK, an offer for a free book at pocket shop and 20% coupon for Pagelle. In average the respondents received three membership related offerings during the week they

kept diaries. Although this indicates that consumers enrolled in multiple loyalty programs receive some communication every week there is weak indication of confirmation that Dowling's (2002) theory that the communication evokes positive feeling and enhance the experience.

Accordance with Dowling (2002) theory that loyalty programs increase the possibilities targeted marketing eight out of nine respondents had received personalized offerings. Carina and Elisabeth explain that they receive mailings that greet them by first name and tell them that will receive discounts on certain products they often buy. According to Gummesson (1995:47) companies try to create the illusion of personal relationships. The respondents' express similar views:

"Every ten days I receive personalized offerings with my name on it, but it feels fake!" - Katherine

"They send me personal mail where they say "Hi Ann", they think! I don't feel it." - Ann

"They feel general and not personal. It is silly that they say "Dear Ewa" - Ewa

The consumer is not much excited which could be explained by the implementation of rationalized and mechanized personal mass marketing by companies (Gummesson, 1995:46-47). The respondents indicate that they feel the personalized mass communication is shallow.

Gummesson (1995:109) theory is confirmed; meaning that the consumer suspect each personalized offering they received is actually mass marketing strategy the consumer can regarded the relationship with a the company as artificial and unreal. Although, there is a respondent mentioning in her diary:

"Sometimes I do think offerings are fun and appealing." - Marie

There is ambiguity regarding companies' communication. Consumers do gain some value from the communication; Ewa, Christina and Katherine admit membership offerings have lead to additional purchases.

4.2.7 Bonding

Strengthening bonds by the accumulation of points towards future rewards is one of the foundations of loyalty programs (Grönroos, 2007:35; Leenheer et al., 2007; Morgan & Hunt, 1994). The reality described by the respondents seem to diverge from this as the respondents receives many discount directly at purchase as well as numerous promotional offerings in store that are unrelated to the membership program. Christina reason around this:

"It is better to have promotions that you receive in-store rather than carrying around loads of plastic cards. I get angry if I have forgotten it at home, better to have discount in the store."- Christina

According to Berman (2006) the bond between consumer and company depends on whether rewards are received directly at the register or based on cumulative purchase. The empirical data does not show that the respondents do collect point, but are quite unaware of the reward systems, further the respondents diaries reveal that Carina, Christina, Katherine and Elisabeth

collect point at several competing stores simultaneously. They all express similar views as Christina:

“I randomly collect points, I get really happy when I get a check, but really I am not keeping track!” -Christina

According to Gummesson (1995:109) and Meyer-Waarden (2007) enrollment in of loyalty programs by consumers is a mean toward consumer retention, the empirical data does not support this as it is indicated that the respondents use loyalty programs without much reflection. Without the consumers awareness of accumulation of points he will not be sensitive to loyalty programs efforts to reward loyal behavior according to Dowling (2002) who mean that no psychological bonds will be created in the minds of the consumers.

According to Grönroos (2007:24-28) the bond is dependent on the perception of value. The views on membership expressed by the study’s respondent indicate something essential; a general lack of bonds in the relationships:

“I like to make bargains but think that membership cards are a hassle as you have to keep track of them. Therefore I rather use promotions offered in the shop.” - Madeleine

As value is based on the experience of direct and indirect interactions a loyalty program member that expresses the membership as a hassle show that the satisfaction and value of the relationship is inadequate. The mutual cooperation and interdependence is lacking as the consumer feel unmotivated to the point of not bothering to take out and swipe the card that identifies her as member. Another example of the consumer perspective is given below:

“Membership? Actually I do not see the advantages of being a member or not being a member, perhaps if you really favored one store and shopped there very often. But then, I am probably not very loyal. I shop and have membership at Ica, but that is because it is the closest and the best store around here.”- Ann-Britt

Despite expressing a lack of bonding to loyalty programs Ann-Britt along with the other respondents have membership in at least four different loyalty clubs. This indicates that Gummesson (1995:109) view of “memberships” as a way to strengthen relationship with individual consumers does not hold strong as a majority of the respondent expresses an indifference regarding choosing one store above another even though a membership exists.

4.3 WHAT WE BRING WITH US

We will conclude the analysis by bringing forward the essential aspects of the analysis that lay as foundations for the discussion and conclusion in the next chapter.

The analysis shows that the consumer enrollment and experience of multiple memberships is not the result of dependence by the consumer towards a company. The analysis indicates that enrollment in loyalty a program is partly related to assortment and a general liking of a firm. However, enrollment is largely based on habits and convenience; the respondents indicate a strong tendency towards initiating membership where they do their daily or weekly shopping with an easy distance from their home and workplace.

Further, economical benefits serve as the most compelling reason to initiate in a program and imply that special offers and discounts provide value to the consumer. There is often a little

interest in the actual loyalty program; consumers initiate in multiple loyalty programs to shop around; using all available offers. The consumers have opportunistic reasons to initiate; multiple memberships enable them to cherry-pick among best offers. The programs are easy to join and are not related to any associated cost. The analysis indicates there is a pride of being a smart shopper; the respondents mean that there are no incitements not to join and that it is exceedingly easy to get a discount. If consumers has any concerns regarding privacy they are granted exceptions by the company, e.g. if they prefer not to give out personal security number they do not need to do so.

This was also shown to effect the experience, resulting in a low commitment. Beside the economical input very few other contributions into maintaining the relationships are made by the respondents in the form of e.g. emotional input. Consumers are opportunistic and self-interested which is implied by the respondents as they are looking to maximize their outcome and minimize their inputs.

Rejection of enrollment is indicated to be related to the consumer experience of multiple memberships. There is a lack of value derived from many multiple loyalty programs and a hassle of practicalities such as storage of membership cards. The respondents experience they have too many cards and coupons to storage that they need to remember to bring to the stores. This indicate that consumers are lacking in interest and energy to engage in their memberships and do not see enrolling in a loyalty program as a relationship. They experience loyalty programs as similar and have few differences. Further, there are several economical benefits without being a member; enrollment decision is negatively affected by the discounts and promotional offerings in-store.

The mutual cooperation and interdependence is lacking as the consumer feel unmotivated to take out and swipe the card that identifies her as member. This indicates that the view of “memberships” as a way to strengthen relationship with individual consumers does not hold strong as a majority of the respondent expresses an indifference regarding choosing one store above another even though a membership exists.

It is indicated that some sort of general trust is held by the consumers towards the companies with which they have loyalty card, but it is more based on large scale and durability of the membership than trust on a more personal level. There is ambiguity regarding companies’ communication; consumers do gain some value from the communication; the respondents admit membership offerings have lead to additional purchases although they experience the communication as bothering.

None of the respondent experienced any social benefits from their membership and they could not relate to any situation where they have been distinguished nor treated as a special customer. Anyhow, the empirical data indicate that there are some psychological joys connected to memberships accept for the actual economical saving. The experience of loyalty programs can be enriched e.g. the opportunity to donate collected points to a good cause. There is also a practical benefit enhancing the satisfaction such as e.g. the possibility to self-scan or to get bonus without bringing the coupons.

The analysis overall support that multiple memberships have a weak effect on consumer loyalty and retention as consumer are unaware or disregard of the reward system in their different loyalty programs. Consumers are not interested in developing relationships, but rather see loyalty programs as convenient that fulfill self-interests.

5. CONCLUSION

In this chapter we will reconnect to the research question and purpose of the study which will be put in relation to the findings of the analysis. The analysis will be discussed and conclusion presented. Lastly, managerial implications and suggestions for future research will be brought forward.

5.1 BACK TO THE QUESTION

Why do consumers enroll in multiple loyalty programs and what is the consumer's experience of their memberships?

Throughout the study we have aimed towards answering our research question. We have through a qualitative research accumulated empirical data that have been analyzed by the theoretical framework. The study has created insight on why consumers initiate memberships as well as understanding the feelings and thoughts regarding the experience of multiple membership relationships. The main aspects of the analysis will now discussed and conclusions drawn.

5.2 DISCUSSION

In the introducing chapter it was mentioned that the effect of loyalty program efforts may be cancelled out by each other when a consumer is member in competing loyalty programs. The findings of our study seem to support the fact and further; they have a cancel out effect even if the loyalty programs is not in competing firms. It seem that the more membership a consumer initiate the less excited they get; a increasing number of membership seem to correlated with a decreasing interest in initiating further memberships. This indicates that the more membership cards a consumer obtain the less willing it will be to initiate in further loyalty programs and stay loyal with present memberships. The analysis has revealed a contradictive tendency to the relationship marketing perspective; consumer initiating membership in loyalty programs do this to take advantage of all available benefits and not in an attempt to strengthen a relationship.

The motives for consumers enrolling in loyalty programs and their experience of being a member of several programs are found to be interrelated. Consumers enrollment effect the experience which in return affect motives for further enrollment. Before argue the interrelationship we will discuss each of the aspects in turn.

5.2.1 The Enrollment – An Economical Affair

The competition for gaining market share has increased the implementation of loyalty programs. The consumer can these days experience a jungle of loyalty programs to choose from and at the same time loyalty programs have become openly available as they are free to

join without any condition attached. We have found that this encourage consumers to enroll in multiple programs; to reap the savings and take advantage of them all as there are no incitements not to join. Consequently, when consumers have initiated several membership it gets tiresome to collect all the membership; and even a discount gets ignored as a result of the weak commitment and reject initiation with further companies.

The result of the analysis shows that consumers do not become members as an active choice to strengthen their relationship with a company. We argue that the ease of initiation and the accompanied initiation-reward have encouraged consumers to behave opportunistic; decisions are based on maximization of their own value. Most apparent are the economical incentives to join. Consumers enrolling in multiple memberships on these premises are less likely to be loyal to a company; they will mainly use their membership when there is a direct reward to gain from; once a benefit is gained the membership is forgotten.

Through the analysis we found that consumers enroll in loyalty programs with companies where they like their assortment and also the convenience of being close to their home or work. The analysis illustrate that consumers become members in stores in which they already were frequent buyers did not change their attitude or strengthening their commitment, the already established purchase patterns will not lead to further profit to the firms.

We have noticed that grocery chains loyalty program differs from the retail industry. Grocery chain membership is not found to have loyal consumers since the respondents are enrolled in rivalry firms programs; anyhow, grocery membership tends to be stable based on long-term commitment. A reason for this could be that grocery shopping are affected by daily routines and convenience to a greater extent; the patterns will only change once moving to another district or if something occurs with the already established relationship with the local store.

The consumers motives can be discussed; are the consumer initiating because of a desire to build a relationship or is the membership mainly motivated by an opportunistic goal to obtain as much discounts and rebates as possible and maximize their outcome? We argue consumers initiate membership since it is easy to join as well as a result of the companies persisting efforts in their attempt to get consumers to sign up. The consumer feels they have nothing to lose from it, only gain as there is no direct cost connected to initiating a membership.

The enrollment in multiple loyalty programs is driven by the competitiveness of the market. The findings of the analysis suggest that the consumers' acquire little sense of differentiation between the loyalty programs and have vague ideas of their reward systems. The analysis show that rivaling companies such as Ica and Coop or H&M and Åhléns have very similar loyalty programs and the consumer seems equally satisfied with either. Consequently, it serves as a purpose to initiate membership with several companies to constantly acquire a discounts and a feeling of satisfaction. As it is shown that there is a pride of being economical; loyalty program initiation can be regarded to increase the feeling of satisfaction rather than serving the purpose to enrich the experience and strengthen loyalty.

We further argue that the theoretical aspect of privacy concerns being a reason for consumers to limit their membership enrollment can in some sense be regarded as dated. In contrast to the theory the respondents indicated that they share so much of themselves to day anyway with Facebook, blogs and all the surveillance in society. Not giving out their email or telephone number is not going to make them feel more private or gain more integrity. We live in a time where anyone can find out anything about everyone which seems that the consumer has resigned to, at least regarding sharing personal information with companies. However, privacy concerns the aspect that sharing of personal information might mean that the

consumer will receive more mailings, emails and SMS. We argue that this, rather than privacy concerns, make consumers already having multiple memberships hesitant to enroll in further loyalty programs to limit the overwhelming and irritating amount of promotional offerings they receive.

5.2.2 The Experience – Reversed Effect

The consumer experience show that loyalty programs as a tool in companies relationship marketing strategy is limited. Membership in loyalty programs cannot conclusively be said to add value to the experience. We argue that the analysis of the five dimensions of relationships indicate that although there are positive aspects and outcomes of loyalty programs they are often outweighed by the lack of commitment and trust. The consumer satisfaction derived from loyalty programs is believed to often be related to the economical benefits and not at all related to a value derived from the relationships. This is based on consumers' stating that they become members to take advantage of special discounts. However, since there are numerous offerings in store not related to memberships, there is a general reflection among the respondents that these were more valuable to the consumer as it eliminated the hassle of the membership card.

Loyalty programs have in the analysis been found to often be the source of dissatisfaction, due to the multiple enrollments the positive effects are cancelled out. The findings indicate that a source of dissatisfaction often are derived from forgotten or expired coupons for discounts, as well as a general sense irritation when the consumer do not find time or energy to redeem offering that they find valuable. Further, they experienced hassle connected to the plastic cards; to storage them and to carry them around to receive offerings. The occurrence of multiple memberships was found to negatively affect the experience by the numerous mailings, SMS, and email. Consumers tend to get interrupted in their daily lives receiving plenty of promotion; which cause irritation towards the communicating company. Based on this we argue that the loyalty program experience can have a negative effect on the consumers overall perception of a company.

The benefits of loyalty programs are said to be essential to strengthen the experience and the relationship to members. Our findings indicate that focus on psychological and social benefits in relationship marketing theory is overstated. Primarily it is the communication of economical benefits that contribute to adding value to the loyalty program experiences. However, we argue that the experience and the continued enrollment in loyalty programs are related to the psychological benefits. The consumers seem to have intrinsic feelings that relate loyalty programs to a feeling of having won something, and a tendency to overvalue the actual benefits they receive. Regarding social benefits such as event invitations the consumers appreciate the gesture but rarely respond to the offerings, they are critical and do not trust the intentions of companies but rather suspect someone is trying to take advantage of them. Furthermore, not want to participate shows a lack of commitment; consumers tend to have a passive relational mode with firms they have a relationship with.

Theory related to relationship marketing stated that loyalty programs assist companies in creating personalized communication which has a stronger impact on the consumer than general communications. Although the analysis shows that loyalty programs have embraced this the consumer experience did not correlate to the theoretical view. The consumer indicated that they do not regard personalized offerings as personal, but instead rather superficial. We

argue that the companies of today have grown big and impersonal. The companies in which the respondents had loyalty programs are store chains, with multiple stores in each city and often armies of staff. The consumers of today are intelligent and knowledgeable and realize that personalized offerings are part of a mass-market strategy and the result of electronic analytic process which has calculated which products they often purchase. Anyhow, the respondents reflects positively on receiving offers of items they often buy; but rather mean that the companies should be honest and not address consumers personalized or like they knew them.

By the literature company's clubs are talked about as "loyalty programs" which is the term we have used all through the study, more appropriate might have been membership clubs. As mentioned; the findings in this study indicate that membership do not strengthen loyalty when the consumer is enrolled in multiple loyalty programs. Loyalty program intentions towards making additional purchases and retention can neither be confirmed to be the result of enrollment in multiple loyalty programs. We argue that the analysis indicate a general indifference among the respondents. The multiple memberships and companies' ongoing attempt trying to make them enroll in further programs have made loyalty programs a natural part of consumption but the lack of differentiation makes the consumer indifferent to them. The experience of loyalty programs has resulted in weak relationships and a false loyalty with focus on economical benefits.

5.2.3 Enrollment and Experience – Intertwined

The consumers have shown that they do prefer some of their memberships to others, however there are no clear indication that it is because the actual loyalty program. Consumers that prefer some programs before others do this mainly because of their assortment, something they could access without being a member.

We believe that the multiple memberships cause the consumers to no longer reflect actively upon their membership which alter consumers relational mode towards a more passive or transactional relationship. All respondents enrolled in several loyalty programs were negative to initiating in further loyalty programs in the future. We argue that the multiple membership affect the overall experience of loyalty programs; having several memberships to take care off, receiving "disturbing" promotions, small rewarding etc will lead to cancelling out effects and lead to that consumers with multiple membership cards will end initiate further memberships.

Moreover, it seems that the experience of being involved in multiple loyalty programs reduce the satisfaction and is the source of disappointment against loyalty programs in general. The analysis show that consumers are induced by companies to enroll as a member and gain financial benefits, seemingly without and consequences such as membership fees, the consumer see no drawback cherry-picking offering and enroll in multiple loyalty programs.

However, through enrolling by giving name, address, cell phone number and e-mail address consumers become targets for multiple companies marketing efforts, receiving an abundance of both general and personalized offerings. Further the consumer become the owner of numerous membership cards, these are consequences of multiple memberships that were not regarded by the consumer in advance. The financial benefit for initiating memberships and the positive aspects of loyalty programs are in many aspects overshadowed by the drawback of

the impracticalities multiple memberships entail. Hence, reconnecting back to the quote at the very beginning of the study; dn.se (2001) may not be far from the reality:

“Consumers criticize loyalty programs – vague terms, small rewards and unclear communication means that consumers have tired of stores loyalty programs” (dn.se, 2011)

5.3 FULFILLMENT OF PURPOSE

We believe that we have managed to fulfill the objectives we set out to do with this study; we will now in short relate our findings relating to the aim of the study:

The aim of this study is to unravel consumer motives for enrolling in multiple programs and explore the consumer experience of multiple loyalty membership in the highly competitive loyalty program market.

Consumers' motives for initiating multiple memberships have been found to mainly related to opportunistic reasons due to convenience and the positive sensation of reaping benefits from purchases they would have done regardless. The relationship aspect of enrolling in multiple loyalty programs is subordinate to economical incitements. Consumers partake in competing loyalty programs to take advantage of all available offers and reward systems. The experience of loyalty programs is contradictive and cannot convincingly be said to add value to the experience as the multiple membership is indicated to have a cancel out effect. The competitiveness of the market has caused the experience of loyalty programs to weaken relationships and a false loyalty with focus on economical benefits. The experience of multiple memberships is affected by the persistence by competing companies to attain members to the extent that consumers take distance from further relationships as well as causing consumers to disregard memberships as a factor when determining where they make their purchases.

5.4 MANEGERIAL IMPLICATIONS

Today's loyalty programs do neither make consumers loyal or building strong relationships. Loyalty programs are often principally alike, it is easy imitating one another's system; managers must continuously make efforts differentiating their loyalty programs from their competitors. Managers must create a mutual ambition between company and customer by being attentive to the consumers needs and create a valuable reward system. The study show that consumer require easiness; companies has for a long time had strong focus on plastic cards and coupons; however it appears that consumers are requesting something else. We believe loyalty program must be adapted to the industry the company competing in and differentiate themselves to create uniqueness among consumers. Loyalty programs are as previously stated easy to join; we believe they should continue to be but companies should evaluate the effectiveness of attracting consumers with discounts linked to initiation and work on letting the consumer be more active in the initiation process and strive to reduce the enrollment of consumers that become members because of the economical benefit of an initiation offer. Loyalty and building relationships will still be the essence, the way of doing this must change.

5.5 FUTURE RESEARCH

This study indicates that loyalty programs from a relationship marketing perspective are lacking in success due to enrollment in multiple memberships. We believe further similar research is needed within the area to fully understand the effects and reasons behind multiple memberships.

We have in this study investigated all loyalty programs regardless of industry; this was a conscious decision since we wanted to investigate how multiple memberships affected each other. For future research we suggest investigating multiple loyal consumers from a specific industry to get a thorough understanding of rivalry loyalty programs. Further, since our study was limited to the Swedish market; we believe it to be relevant to conduct further research within the area of multiple memberships should be conducted in different market. We believe it to be relevant to conduct studies in different cultures as culture has a large impact on consumer's perspective and consumption patterns.

Moreover, future research should investigate both genders in all ages. We have limited this study to only include women at the age of 47-62. Similar studied focusing on men's experience of loyalty program could be relevant many companies market product excusably to men, as many of the companies included in this study exclusively serve the female segment of the market. Further, future research on usage of loyalty programs among the younger generation would be interesting as many loyalty programs communicate via SMS, email and apps which today's youths have great access to.

6. REFERENCES

6.1 Academic Books

Alvesson, M. & Sköldberg K. (2000) *Reflexive methodology: new vistas for qualitative research*. SAGE, London UK

Becker, H. S. (2008) *Tricks of the trade*, Liber: Malmö

Bryman, A. & Bell, E (2007) *Business Research Methods* (2nd edition) Oxford University Press.

Grönroos, C. (2007) *Service Management and Marketing, Customer Management in service Competition* (3d Edition), John Wiley and sons Ltd, Chichester UK

Gummesson, E. (1995) *Relationsmarknadsföring: från 4 P till 30 R*. Liber-Hermods AB, Malmö

Hill, D. D. (2002). *Advertising to the American woman 1900-1999*. Ohio State University Press: Columbus

Jacobsen, D. (2002) *Vad, hur och varför: om metodval i företagsekonomi och andra samhällsvetenskapliga ämnen*. Studentlitteratur, Lund

Merriam, S. B. (1994) *Fallstudien som forskningsmetod*. Studentlitteratur, Lund Sweden.

Patel, R. & Davidson, B. (2003) *Forskningsmetodikens grunder – Att planera, genomföra och rapportera en undersökning* (3d Edition) Studentlitteratur, Lund

Patton, M. Q. (1990) *Qualitative evaluation and research methods* (2nd ed.). Sage: Newbury Park

6.2 Scientific Articles

Alrubaiee, L., & Al-Nazer, N. (2010) Investigate the Impact of Relationship Marketing Orientation on Customer Loyalty: The Customer's Perspective. *International Journal of Marketing Studies*, 2(1), 155-174

Bagdonienė, L. Jakštaitė, R. (2007) Estimation of Loyalty Programmes from Customers' Point of View: Cases of Three Retail Store Chains. *Engineering economics*, 5(55), 51-58

Bellizzi, J. A., & Bristol, T. (2004) An assessment of supermarket loyalty cards in one major US market. *Journal of Consumer Marketing*, 21(2), 144-154

Berman, B. (2006) Developing an Effective Customer Loyalty Program. *California Management Review*, 49(1), 123-148

- Bolton, R., Kannan, PK. & Bramlett, M. (2000) Implications of loyalty program membership and service experiences for customer retention and value. *Journal of the Academy of Marketing Science*, 28(1), 95-108
- Bolton, R., Lemon, KN. & Verhoef, PC. (2004) The theoretical underpinnings of customer asset management: a framework and propositions for future research. *Journal of the Academy of Marketing Science*, 32(3), 271–92
- Cova, B., & Cova, B. (2009) Faces of the New Consumer: A Genesis of Consumer Governmentality. *Recherche et Applications en Marketing* (English Edition), 24(3), 81-99
- De Wulf, K., & Odekerken-Schröder, G. (2003) Assessing the impact of a retailer's relationship efforts on consumers' attitudes and behavior. *Journal of Retailing & Consumer Services*, 10(2), 95-108
- De Wulf, K., Odekerken-Schröder, G., De Cannière, M., & Van Oppen, C. (2003) What Drives Consumer Participation to Loyalty Programs? A Conjoint Analytical Approach. *Journal of Relationship Marketing*, 2(1/2), 69-83
- Dowling, G. (2002) Customer Relationship Management: In b2c markets, often less is more. *California Management Review*, 44(3), 87-104
- Dwyer, F. R., Schurr, P.H., & Oh, S. (1987) Developing buyer seller relations. *Journal of Marketing*, 51(2), 11-28
- Foo, M-H., Douglas, G. & Jack, M.A. (2008) Incentive Schemes in the Financial Services Sector. *International Journal of Bank Marketing*, 26 (2), 99-118
- Furinto, A., Pawitra, T., & Balqiah, T. E. (2009) Designing competitive loyalty programs: How types of program affect customer equity. *Journal of Targeting, Measurement & Analysis for Marketing*, 17(4), 307-319
- Gordon M.E., McKeage K., & Fox M.A. (1998) Relationship marketing effectiveness: the role of involvement. *Psychological Marketing*, 55(5), 443–59
- Gudonavičienė, R., & Rutelionė, A. (2009) Decisions of customers loyalty programs formation. *Economics & Management*, 14, 397-406.
- Gwinner, K. P., Gremler D. D., & M. J. Bitner (1998) Relational Benefits in Services Industries: The Customer's Perspective. *Journal of the Academy of Marketing Science*, 26(2), 101-114
- Hallowell, R. (1996) The relationships of customer satisfaction, customer loyalty, and profitability: an empirical study. *International Journal of Service Industry Management*, 7, 27-42
- Haq, I., Ramay, M., Rehman, M. U., & Jam, F. (2010) Big Five Personality and Perceived Customer Relationship Management. *Research Journal of International Studies*, (15), 37-45
- Hirshman, E., & Holbrook, M. (1982) Hedonic consumption: emerging concepts methods and propositions. *Journal of Marketing*, 46(3), 92-102
- Hubbard, R. (1978). A Review of Selected Factors Conditioning Consumer Travel Behavior. *Journal of Consumer Research*, 5(1), 1-21

- Jain, R., & Bagdare, S. (2009) Determinants of Customer Experience in New Format Retail Stores. *Journal of Marketing & Communication*, 5(2), 34-44
- Ji, M.F., & Wood, W. (2007) Purchase and Consumption Habits: Not Necessarily What You Intend. *Journal of Consumer Psychology*, 17(4), 261-276
- Keller LK. (1993) Conceptualizing, measuring and managing customer-based brand equity. *Journal of Marketing*, 57(1), 1-22
- Kivetz, R. & Simonson, I. (2002) Earning the Right to Indulge: Effort as a Determinant of Customer Preferences Toward Frequency Program Rewards. *Journal of Marketing Research*, 39(2), 155-170
- Leenheer, J., van Heerde, H. J., Bijmolt, T. A., & Smidts, A. (2007) Do loyalty programs really enhance behavioral loyalty? An empirical analysis accounting for self-selecting members. *International Journal of Research in Marketing*, 24(1), 31-47
- Liu, Y. (2007) The Long-Term Impact of Loyalty Programs on Consumer Purchase Behavior and Loyalty. *Journal of Marketing*, 71, 19–35
- Liu, Y., & Yang, R. (2009). Competing Loyalty Programs: Impact of Market Saturation, Market Share, and Category Expandability. *Journal of Marketing*, 73(1), 93-108
- Mägi, A. W. (2003) Share of wallet in retailing: the effects of customer satisfaction, loyalty cards and shopper characteristics. *Journal of Retailing*, 79(2), 97-106
- Meyer-Waarden, L. (2007) The effects of loyalty programs on customer lifetime duration and share of wallet. *Journal of Retailing*, 83(2), 223–236
- Meyer-Waarden, L., & Benavent, C. (2009) Grocery retail loyalty program effects: self-selection or purchase behavior change?. *Journal of the Academy of Marketing Science*, 37(3), 345-358
- Mimouni-Chaabane, A. & Volle, P. (2009) Perceived benefits of Loyalty Programs: Scale development and implications. *Journal of Business Research*, 63(1), 32-37
- Morgan, R.M. & Hunt, S.D. (1994) The commitment–trust theory of relationship marketing. *Journal of Marketing*, 58, 20–38
- Omar, N., Wel, C., Musa, R., & Nazri, M. (2010) Program Benefits, Satisfaction and Loyalty in Retail Loyalty Program: Exploring the Roles of Program Trust and Program Commitment. *IUP Journal of Marketing Management*, 9(4), 6-28
- Ray, I., & Chiagouris, L. (2009) Customer retention: examining the roles of store affect and store loyalty as mediators in the management of retail strategies. *Journal of Strategic Marketing*, 17(1), 1-20
- Schmitt, B. (1999) Experiential Marketing. *Journal of Marketing Management*, 15(1-3), 53-67
- Sharp, B., & Sharp, A. (1997) Loyalty programs and their impact on repeat-purchase loyalty patterns. *International Journal of Research in Marketing*, 14(5), 473-486

Terblanche, N. S., & Boshoff, C. C. (2006) The relationship between a satisfactory in-store shopping experience and retailer loyalty. *South African Journal of Business Management*, 37(2), 33-43

Thaler, R. (1985) Mental Accounting and Consumer Choice, *Marketing Science*, 4, 199-214

Wirtz, J., Mattila, A. S. & Lwin M. O. (2007) How effective are loyalty reward programmes in driving share of wallet? *Journal of Service Research*, 4, 327-334

6.3 Internet Sources

www.DN.se (2011) <http://www.dn.se/ekonomi/konsumenterna-sagar-lojalitetsprogrammen>
retrived: 11-03-28

7. APPENDIX

7.1 Respondents

Name	Age	Fulltime Worker	Memberships Initiated	# of Cards	Urban District
Christina	48	X	Vivo, MedMera, Ica, Kicks, Ikea, Hemköp, H&M, Lindex	8	Stockholm
Ewa	57	X	ICA, Kappahl, NK, H&M, Pagelle, Joy, Pocket Shop, Twilfit, IKEA	10	Stockholm
Carina	63	X	ICA, H&M, Kappahl, IKEA, Pocketkubben, MedMera, Martin Olsson, Axfood	8	Gothenburg
Elisabeth	62	X	ICA, Åhléns, Yves Roches, Life, Statoil, Hemköp, IKEA	7	Gothenburg
Katherine	47	X	ICA, MedMera, H&M, IKEA, Ellos, CDON, Kappahl, Guldfynd, Kicks, Royal Caribbean Cruise	10	Stockholm
Marie	51	X	MedMera, Åhlens, IKEA, Grand parfymeri	4	Gothenburg
Ann-Britt	56	X	ICA, Statoil, IKEA, Åhléns, Intersport, MedMera	6	Gothenburg
Madeleine	60	X	ICA, Taxi Göteborg, Shell, IKEA, Lindex, Hemtex, kicks, KRISS, läsvärdigt	9	Gothenburg
Ann	56	X	ICA, VIVO, Polarn & Pyret, Pocketshop, SF bio	5	Stockholm

7.2 Diary Entry Guide

Dear Respondent,

You are asked to make diary entries for a couple of minutes every day for 7 days in a row. You can reflect upon-, describe feelings- or thoughts around your membership in different customer clubs. Beneath, some questions is formulated that can guide you in your writing. They can be used as a starting-point; however, all thoughts around customer club membership are interesting.

With membership in a customer club we refer to all companies having customer cards or where you have registered as a customer and receive discount or offerings. (E.g. H&M, MedMera, SF, ICA, IKEA, Bauhaus, Kappahl, guldfynd etc.)

After 7 days, when you are finished we would like you to send us a copy of your diary document electronically.

Questions to start with:

Name:

Age:

Starting date:

Which membership cards do you have?

Day 1-7

Have you bought anything today? Did you use your membership card? Have you received any offerings? (Mail, e-mail, text messages?) When you were out shopping, did the membership card affect you anyhow? Did you receive membership discount, how did it feel?

7.3 Interview Guide

Intro

1. How was it to actively reflect upon your usage and received offerings from customer clubs during the 7 days?
2. Before you were asked to commit to this survey, did you know how many memberships you actually had? More or less than you thought?
3. How would you describe the usage of your membership card? Active / passive?

Experience and thoughts around membership clubs

4. Is there any of your card you use more often?
5. Do you have additional cards you use more often?
6. Can you tell us about a specific situation when you have used your membership card?
7. Do you have cards you never use? If yes, how do you reflect upon this?
8. Have you been special treated using a membership card? How do you feel about that?
9. How does the company contact you?
10. Is there other ways of receive offerings?
11. What do you do with the offerings?
12. What do you think about the received offerings?
13. How often do you actual use the offerings?
14. Do you receive targeted or general offerings?
15. Which personal offerings have you received?
16. What do you think about companies register all your purchases?
17. Do you think membership clubs have changed as you became a member?
18. If yes, can you give an example of this?
19. Do you think you get affected by having several membership cards? How?
20. When you are out shopping, do you visit the stores you have cards to a greater extent?
21. Do you shop more often in these stores?
22. Would you call yourself loyal to any of the companies where you have membership cards?
23. Would you recommend any of these customer clubs? If yes, how do you reflect upon this?

Benefits

24. What do you obtain as a member?
25. Which benefits do you think is most important?
26. Can you tell us about the best benefit you ever received?
27. Have you been disappointed about any benefit? If yes, what was it?
28. Are you collecting points with any membership card? How do you reflect upon this?
29. Are the offerings an outcome of how often you buy in the store chain?
30. What do you get out off being a member?
31. Do you feel proud over any membership?
32. Do you tell your friends and family about your involvement in different clubs?
33. Are you in the same clubs as your friends?
34. Would you consider some clubs to be a status symbol?

35. Is there a disadvantage to be a member in several clubs?

Why initiate memberships

36. Which reasons would you initiate another membership?

37. Can you tell us about when you became a member in X? How did you reason?

38. What was the determinant reason you became a member?

39. Did you know about their reward system when you initiated membership?

40. Have you been asked to become a member at the cash point?

41. Have you become a member at that time? Convinced by a discount?

42. Which information about yourself have you provided when initiate membership? Any thoughts about that?

43. Have you declined an offer when you were asked? How do you reflect upon this?

44. Which is the greatest incitement to become a member?

45. Do you think there are companies that should have membership cards?

7.4 An Example: 2 Days of Diary Entry

Day 1 – e.g. Kathrine

Today I did my food shopping at ICA Krusboda, almost every week they have special offers on some groceries. I receive directed advertising and coupons with my name on it approximately every ten day; it is offerings on special groceries that I normally purchase. Usually I cut out all these offerings and put them in my handbag. At the moment I have no coupons to use. If there is a discount I often buy it, even if I should not, I shop spontaneously even if I have dinner food at home because it such a great deal.

I received a coupon from Kappahl with discount on one purchase; I saved the coupon for another occasion if I find something. If I receive cash value instead of percent I normally use the offer even if I was not supposed to purchase that article without the offering.

I discovered that I was a member in more clubs than I first thought. I recently became a member in Royal Caribbean cruises; I wrote my husbands' name on the membership since I always give his name when booking a trip. I love cruising and members get discounts and benefits. The more you travel with this card, the cheaper it gets and better offer I receive. I watch my email every day to see if I have received a great offer, as a member I hope for more luxurious cabin for next time we travel.

Day 7 - e.g. Elisabeth

Today I went to systembolaget, they do not have any offerings, but it would be good if they had. I went to ICA and received some membership offers and discounts, it always feels very good to receive a discount, and especially if it is products you normally buy and already planned to buy.

I bought some makeup and lotions at Yves Roches with a membership discount that I received earlier this week. I normally plan all purchases so I can take advantage of the offerings I already planned to buy in a later occasion. As I bought these products I contributed with the plantation of three trees if I rejected a free mascara, it is nice to do a good cause for the environment.