Potential Outcome of Customer Promotion and Demotion in Customer Loyalty Programs from the Customers' Perspective

Unnimaya Chakrapani

Dissertation Submitted for MSc in Management

Submitted to the National College of Ireland, August 2020

Abstract

This dissertation aimed to explore the impact of promotions and demotions of consumers participating in loyalty programs run by various brands and companies. The study also wanted to examine what drove consumers to participate in such loyalty programs and how consumers react to being promoted or demoted. Ultimately the aim was to estimate the impact of consumers' promotions and demotions in loyalty programs on the success of loyalty programs and on the overall revenues of a brand.

This research followed a positivist research philosophy and inductive approach. The primary research method and design adopted was a quantitative one where the data gathered through primary research was analysed statistically. The quantitative design helped to use a representative sample for the entire target population – consumers participating in loyalty programs. A total of 138 respondents participated in a survey. The respondents were selected using the purposive sampling method Statistical software SPSS was used for data analysis.

The study identified several perceived benefits that drive consumers to participate in loyalty programs which were classified under three categories – utilitarian, symbolic and hedonic benefits. The study also identified strong and opposite reactions of consumers being promoted and demoted. The research concluded that while promoted consumers can develop positive feelings towards a brand, the opposite can happen for demoted consumers. The demoted consumers may even consider quitting the loyalty program and even the brand. The study also found consumers demanding that their historical purchasing data and brand loyalty be considered for periods when they do not meet purchase targets set in loyalty programs before they are demoted.

Submission of Thesis and Dissertation

National College of Ireland
Research Students Declaration Form
(Thesis/Author Declaration Form)

Name: Unnimaya Chakrapani

Student Number: x19101805

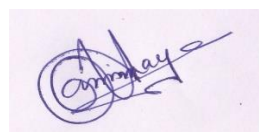**Degree for which thesis is submitted:** MSc in Management

Title of Thesis: Potential Outcome of Customer Promotion and Demotion in Customer Loyalty Programs from the Customers' Perspective

Date: 17/08/2020

Material submitted for award

A. I declare that this work submitted has been composed by myself. ☑

B. I declare that all verbatim extracts contained in the thesis have been distinguished by quotation marks and the sources of information specifically acknowledged. ☑

C. I agree to my thesis being deposited in the NCI Library online open access repository NORMA. ☑

D. ***Either*** *I declare that no material contained in the thesis has been
used in any other submission for an academic award.
Or *I declare that the following material contained in the thesis formed part of a submission for the award of
(State the award and the awarding body and list the material below) ☑

Signature of the research student:

Acknowledgement

At the outset, I want to convey my sincere gratitude and appreciation to my dissertation supervisor Prof. James O'Connor for his continued support and guidance throughout the dissertation. There have been many more who have helped me out in this dissertation project, and it might not be possible to list and name all of them.

I also extend a huge thanks to my peers and mentors for guiding me throughout the project and for contributing to my personal development at various stages of the research. I would also like to thank my fellow students who have helped me by sharing their knowledge at various stages of the project. I also want to extend my gratitude to my institution for giving me the opportunity to undertake this research.

Last but not the least, I also want to thank all the participants of the survey for this dissertation.

Contents

List of Tables

List of Figures

List of Graphs

xi

Chapter 1: Introduction

1.1: Background of the Study

In the current competitive world of business, it is not enough for companies to be able to acquire new customers for maintaining a sustainable market share. It is of equal importance that companies are also able to retain consumers that they acquired or have previously acquired (Gilliland and Bello, 2002). Companies with a loyal band of consumers are more likely to gain a competitive edge over competitors.

One of the most important ways that companies seek to create a brand loyalty among consumers in order to retain them is through creation and implementation of loyalty programs. This also helps companies to develop long term relationships with consumers (Hutchinson *et al*., 2015). Therefore, it can be said that the main objective of companies implementing and running loyalty programs is to retain customers while at the same time ensuring enhanced revenues generated from such consumers – potentially leading to increased profits (Noone and Mount, 2008).

With the proliferation of loyalty programs across all types of industries, there is also a growing importance being attached to loyalty programs and has assumed significant importance for companies as well as for academics and practitioners (Leenheer and Bijmolt, 2008).

Academics and practitioners have argued that consumers perceiving a greater value for themselves from participation in loyalty programs, in terms of benefits that would not be available otherwise, there is an enhancement of the attractiveness of loyalty programs from the consumers' perspective. That increases the chance of consumers participating in loyalty programs (Noone and Mount, 2008). And when consumers' participation in loyalty programs increases, it also enhances the instances of repeat purchase by existing customers. A well-designed loyalty program can also be key to attracting new consumers and there can also be an enhancement in the perceived value of the products and services of the company that runs the loyalty program (Chiu, *et al*., 2012).

However, despite the growing prevalence of customer loyalty programs across all businesses, implementing an effective loyalty program is still a challenge for many companies. While many companies create and offer loyalty programs, not all such programs have managed to yield the desired results.

Success of loyalty programs are also important for companies because they spend money and resources for designing, implementing and running loyalty programs. However, for such programs to be successful, it is imperative that loyalty programs also be in sync to the behaviour of consumers in an industry (Ho *et al*., 2009). Therefore, it is required that companies continuously monitor, analyse, and revise new and ongoing loyalty programs continuously so that such programs can address the needs of consumers – which often keeps changing constantly (Ho *et al.,* 2009). Hence, companies need to obtain an in-depth understanding of the benefits that consumers desire by associating themselves with any loyalty program (Wagner, Hennig-Thurau and Rudolph, 2009). The appeal and success of a loyalty program is therefore acutely dependent on how the levels of satisfaction of the consumers are met with the benefits offered and delivered by that loyalty program (Clark, Scholder Ellen and Boles, 2010).

Further, consumers' response to loyalty programs launched by companies can be significantly influenced by standing that customers achieve by being consumers of the company. The reputation of a company in the market is also at stake (Hallberg, 2003). A company's understandings of the benefits that consumers relate to, value and are associate with a loyalty program is critical. Therefore, in companies being able to design loyalty programs that are effective, attractive, and profitable for both the consumers and for the companies (Kim *et al*., 2013). If consumers do not find any significant value or perceived benefits from associating with a loyalty program, it is highly unlikely that consumers will opt to join the same. This is because the perceived satisfaction levels for consumers from participation in such loyalty programs will be low and therefore it is likely that the loyalty programs will be considered to be unimportant by consumers and in its ability to influence a consumers' choice of a brand to patronize (Omar, *et al*., 2015).

1.2: Promotion and Demotion in Loyalty Programs

Loyalty programs have been defined as *"integrated system of marketing actions that aims to make member customers more loyal"* (Leenheer *et al*., 2007, p-32). The primary goal of loyalty programs is to create or enhance customer loyalty.

Under ideal conditions, loyalty programs not only are expected to enhance loyalty of participating consumers towards the programs but towards the company implementing the program as well (Yi and Jeon, 2003). Hence it can be said that a change in consumer behaviour is created by loyalty programs.

Most often loyalty programs are tiered or are hierarchical in nature of their structures which essentially segments consumers into different status levels based on the cumulative values of the purchases made by consumers. Such levels of different status in a loyalty program are primarily used to induce loyalty (Henderson, Beck, and Palmatier, 2011).

The benefits in the form of the quality of rewards that are offered to or given to consumers is dependent on the status or level of consumers in a hierarchical loyalty program structure and often varies between companies and industries (Bolton, Kannan and Bramlett, 2000). In most loyalty programs, consumers move upwards, most often automatically from one status level to the next higher one, based on the spending level. Generally, consumers are prompted to start off with the lowest program of a hierarchical loyalty program structure where the benefits are the lowest while those offered at the highest level are the most and are sometimes exclusive (Demoulin and Zidda, 2009). This movement of consumers up the so-called hierarchical ladder of a loyalty program is referred to a consumer promotion in a loyalty program.

Past studies into loyalty programs have suggested that low or moderate patronage levels for a brand or a company is present among consumers at the lower ranks of a loyalty program (Lacey, Suh, and Morgan, 2007; Kim, *et al*., 2009). And by making more offers for them in higher levels, consumers are induced to purchase more over time to move up the hierarchical ladder of a loyalty program. Researchers such as Lacey, Suh, and Morgan, (2007) and Kim *et al*. (2009) have exhibited a higher attitudinal and behavioural loyalty among consumers are linked

to higher level status. Further, loyalty programs also manage to influence light purchasers to make more purchases and hence contribute to loyalty towards the firm.

But since the levels of spending is the primary determinant of consumers being assigned a particular status in a hierarchical loyalty program, therefore it is also assumed that those consumers who spend less or when there is a diminishing of spending levels by consumers, the status or level of such consumers is also reduced in a hierarchical loyalty program (Hutchinson, *et al*., 2015). This process is basically known as customer demotion and results in the withdrawal of desired customer status and the advantages associated with it. Given that status promotions and demotions are intrinsic elements in loyalty program management, therefore studies are being conducted about the impact and effects of promotions and demotion on the attitude of consumers towards loyalty programs and their intentions to remain loyal to the firm running the loyalty program. For example, Wagner, Hennig-Thurau and Rudolph (2009) found that when consumers are demoted in a hierarchical loyalty program, there is likelihood of lowering of loyalty intentions among such consumers. On the other hand, promotions of consumers in a hierarchical loyalty program can have the opposite impact. Therefore, initial review of past literature has revealed that the emotional attitude of consumers towards a loyalty program and consequently toward the firm running the loyalty program changes with change in status of consumers – positive for promoted and negative for demoted (Paulssen, Roulet and Wilke, 2014).

1.3: Significance of the Research

This research assumes significance because retaining customers is vitally important for all businesses in the current competitive business world. This study also emphasizes on what customers feel about either being promoted or demoted in a hierarchical loyalty program and hence companies planning to design and implement such programs will be able to use them. Further, this study also highlights the impact that promotions and demotions in a loyalty program on the intent of consumers to continue their participation in such programs. This will help companies to understand how their loyalty programs can be affected by

promotions or demotions of consumers. And lastly, this research assumes significance because of the intent of consumers to participate in loyalty programs is directly linked to their frequency and quantity of purchase. This will have a direct impact on the bottom line of companies.

1.4: Rationale of the Research

The rationale for this research is to identify how consumers react to promotion and demotion in loyalty programs. It also aimed to identify the impact of the feelings and reactions of consumers being promoted and demoted in loyalty programs.

While initial review of literature has indicated that there have been quite a lot of studies and research on the loyalty programs, the types and forms of loyalty programs, the aims and objectives of loyalty programs, what drives consumers to join and participate in such loyalty programs, etc. Almost all the studies examined initially had revealed a consensus among researchers about the crucial importance of loyalty programs for companies in the present competitive global business environment. There was also an apparent agreement among researchers about successful loyalty programs being able to meet certain needs, expectations and desires of consumers from participation in such programs. However, the researcher noticed a shortage of any direct theoretical explanation about how consumers react to them being promoted or demoted in hierarchical loyalty programs and how such feelings or reactions can impact the attitude of such consumers towards such loyalty programs.

Since this research had a specific aim of understanding the impact on loyalty programs because of promotions or demotions of consumers participating in such programs, therefore this study also had the potential to develop some useful recommendations for companies organizing loyalty programs to use while designing and implementing them. The outcomes of the research were also expected to augment the understanding of companies about the importance of promotions and demotions of consumers in participating in loyalty programs with respect to the impact on loyalty programs. This is important because past studies have shown that loyalty programs have the potential to increase frequency and quantity of purchase, and thus revenues and profits for companies.

1.5: Aim, Research Objectives and Research Questions

The primary aim of the research was to determine the effects or the impact of customer demotion and/or promotion in customer hierarchical loyalty programs

The specific Research Objectives of this research were:

➢ To analyse the application of prospect theory in Customer status and customer loyalty intention

➢ To determine impact of promotions and demotions of customers participating in loyalty programs.

➢ To determine the impact of promotion and demotion of customers on their loyalty intent and towards the loyalty programs

The research questions that this study has aimed to specifically answer was:

1) *What are the perceived benefits from customers' viewpoint of them agreeing to join loyalty programs?*
2) *What are the potential reactions/feelings of consumers being promoted and/or demoted in a loyalty program?*
3) *What is the specific impact of promotion and/or demotion of customers in loyalty programs towards such loyalty programs and brands running such programs?*

1.6: Research Structure

The rest of the research is segmented into four main sections. The second chapter that follows immediately after this one is a critical review of past studies and existing literature on customer promotions and/or demotions in loyalty programs, the impact of such acts by companies on customers' loyalty intent, the impact on loyalty programs, etc. with the aim of creating a conceptual framework for gathering of primary data. The next chapter details the methods and tactics used in this study which is followed by a chapter where the results of primary data are presented and analysed and then discussed. The last section of this research summarises the outcomes of the study in a conclusion form which includes the

outcomes and findings of both the primary and secondary data and make recommendations for management of companies.

Chapter 2: Literature review

2.1: Introduction

This chapter highlights that role and importance of demotion and promotion activities and actions of companies on customers through the customer loyalty programs and how these impacts performance of such programs based on past studies and industry reports. While examining the theoretical perspectives of how consumers are impacted by such actions from the psychological point of view, this chapter also attempted to create a theoretical framework that was used for collecting primary data through a survey of consumers.

2.2: An overview of Customer Loyalty

Loyalty programs for businesses as well as in marketing research have attained a fair degree of importance as companies these days are spending millions on such programs. The aim of such loyalty programs is to hold on to existing customers, keeping them loyal to a brand and inducing them to make more purchases through promotions and special offers (Berry 2013; Wagner *et al*. 2009). In fact, according to Kivetz and Simonson (2003, p-454), loyalty programs *"have become a key component of customer relationship management"*.

In common parlance it can be said that loyalty is an attitude that consumers may show and exhibit towards brands, services, stores, product categories, and activities. In context of this study, the term consumer loyalty is emphasized to a greater extent than brand loyalty simply to stress that loyalty is a feature of people instead of the phenomenon being an inherent property of the brand with which people show loyalty. However, this study could not find any universally accepted definition of the term which was confirmed by authors like Jacoby and Chestnut (1978), Dick and Basu (1994) and Oliver (1999).

However, it has also been noticed that here are three popular conceptualizations used to explain customer loyalty towards a brand. The first suggests that loyalty is

primarily an attitude that can often lead to the creation and establishment of a relationship between a customers and brand. Further, loyalty is primarily expressed in terms of revealed behaviour such as through the patterns of past purchases. And lastly, the moderating factors for consumer purchasing intent are an individual's characteristics, circumstances, and/or the purchase situation.

2.2.1: Loyalty as primarily an attitude that sometimes leads to a relationship with the brand

There are many researchers and practitioners who have argued in favour of the existence of strong 'attitudinal commitment' towards a brand by customers for the creation of true loyalty (Day 1969; Jacoby and Chustnut 1978; Foxall and Goldsmith 1994; Mellens et. al. 1996; Reichheld 1996). Authors have identified manifestation of this through behaviours such as consistent exhibition of a favourable set of stated beliefs towards the brand purchased. It is also possible to measure the attitudes by questioning customers about their feelings and likings about a brand, whether they feel committed to it, whether they would recommend the brand to others, and examining whether they have positive beliefs about it compared to other rival brands (Dick and Basu, 1994). Therefore, the degree of strength represented by these attitudes is often used to judge and predict the purchase and repeat patronage of a brand. This was central to the explanation of customer loyalty by Oliver (1997, p-392) as: *"A deeply held commitment to rebuy or patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing despite situational influences and marketing efforts having the potential to cause switching behaviour"*.

Describing customer loyalty using this concept is often significantly supported by researchers as well as practitioners in the fields of advertising and brand equity research (Aaker 1996; de Chernatony and McDonald 1998; Keller 1998). This is also popular among actual practitioners of brand management and advertising because this concept aligns well with strategies and tactics used by practitioners in the actual field to try and increase the strength of consumers' attitudes towards a brand. Additionally, there is some evidence that suggests that this is a profitable strategy. Ahluwalia, Unnava and Burnkrant, (1999) have depicted that those

customers who are attitudinally loyal towards a brand are most often much less susceptible to negative information about the brand compared to those customers who are less loyal. Therefore, this decreases the chance of such loyal customers to be swayed away from a brand to which they are loyal by rival brands. Additionally, when there is an increase and extension of the 'attitudes define loyalty' perspective, a relationship with a brand id formed by customers. For example, Fournier, (1998) viewed loyalty as a committed and affect-laden partnership between consumers and brands. The author suggested that this relationship could get stronger when it is supported by the brand as well as by other members of a household or buying group. It is also strengthened when consumption is associated with community membership or identity. For example, the study on customer loyalty and brand relationship to particular European soccer teams by Arnould, Price and Zinkhan, (2002), the Beanie Babies craze by Morris and Martin, (2000), Jeep brand fests by McAlexander, Schouten and Koenig (2002), and the case of brand loyalty of Harley-Davidson bikers by Schouten and McAlexander, (1995).

However, there are criticisms of this concept for explaining customer loyalty despite the robust nature of the approaches to 'attitudes drive behaviour' and 'relationship' supported by psychological and sociological theories. For example, Dowling, (2002) opined that this concept and explanation is inadequate to explaining and understanding the buying of low-risk, frequently-purchased brands, or in the case of impulse buying or when customers seek to purchase a variety of products and brands compared to customers taking more risky purchase decisions such as that of purchasing car. This notion was supported in the work of Dabholkar (1999). Oliver, (1999) noted the existence of little systematic empirical evidence and research to either corroborate or refute this perspective of customer loyalty. However, it can be concluded that the criticisms as mentioned above is limited compared to the work that supports this concept of customer loyalty.

2.2.2: Loyalty is primarily expressed as revealed behavior

This concept is not only used to describe consumer loyalty but also to measure it. This is often considered controversial but is also supported by data at the same time. This is a controversial perspective for consumer loyalty because it is defined

primarily with reference to the pattern of past purchases of a consumer while according only secondary attention to consumer motivations or commitment to the brand (Ehrenberg 1988; Fader and Hardie 1996; Kahn, Kalwani and Morrison 1988; Massy, Montgomery and Morrison 1970).

However, most modern companies and practitioners tend to have robust set of data about the past purchase behaviour and patterns of consumers – often over many years and across dozens of product categories and for many diverse countries (Uncles *et al*. 1994). This makes measurement and categorization of consumers in terms of their level of loyalty towards a brand very quantitative and easy to identify. This also helps researchers as well as practitioners to categorize consumers based on customer loyalty towards a brand. For example, it is possible to categorize customers who are 'monogamous' or exhibiting 100 per cent loyalty, or those who are 'promiscuous' – those who do not have any loyalty to any brand. Such categorization can be done according to the discretion of the brand. For example, some brand might also want to include a category of customers who are 'polygamous' or those who are loyal to range of brands within a specific a product category. Considering this perspective, Ehrenberg and Scriven, (1999) defined customer loyalty as an ongoing propensity on the part of the customers to buy the brand generally as one out of several brands.

Hence the premise of this concept is to view a market focus instead of an individual focus wherein the key measures of customer loyalty are KPIs such as brand shares, penetration, average purchase frequencies, repeat-buying, etc for a specific period.

However, critics of this concept argue that customers often make repeat purchases form brand not because of any strongly-held prior attitude or deeply-held commitment, but more because the customer does not want to waste time and resources to search for an alternative (East, 1997). Researchers have found tendency among consumers to purchase a functionally similar or substitutable brand form a range of brands if the usual brand that they purchase is unavailable such as its products are out of stock (Ehrenberg, Barnard and Scriven, 1997; Ehrenberg, Uncles and Goodhardt, 2003). Hence, this measure cannot be a dependable measure for estimating customer loyalty towards a brand. This has

resulted in using this concept to define customer loyalty and hence devise programs around this.

2.2.3: Purchasing moderated by the characteristics, circumstances, and/or the purchase situation of the individual customer

Proponents of this concept for explanation of and measuring of customer loyalty argue that the best way to conceptualize customer loyalty is to allow moderators influence the relationship between purchasing attitude and actual purchasing behaviour. Such moderating variables can be the current circumstances and characteristics of an individual customer, and the actual purchase situation the customer is in.

Hence the proponents argue that it is possible that customer with a customer with a strong attitude towards a brand might exhibit very weak likeness towards the brand under some specific situations and therefore it is not possible to accurately predict or predict with any significant degree of certainty that a customer purchasing a product now will also be purchasing the same brand on the next purchase occasion. This is because the actual purchase decision is influenced by a number of factors which often can co-determine the particular which brand or brands that a customer finds to be desirable at under some specific purchase situations (Belk 1974, 1975; Blackwell *et al.* 1999; Fazio and Zanna 1981).

Researchers and proponents of this concept of perspective of customer loyalty have identified a number individual circumstance that can influence choice of brand by a customer. That can include budget effects or the actual money that a customer is willing to spend and the actual cost of the brand. It can also include time pressures such as the need to buy any brand in the category at the next available opportunity. Further elements include the desire to make a variety of purchases of brands, the need to conform, the tolerance for risk, etc.

In terms of purchasing situation, the elements can include product availability, promotions and deals offered by brands, a specific use occasion such as for gifts or for personal or family use, etc (Olive, 1997).

This study investigated some detail into customer loyalty because of the need to understand the various aims and objectives of companies offering loyalty

programs and the various influencers that can have an impact on customer loyalty. The next part of the literature review looks at the need for and aims of offering customer loyalty programs form the company's perspective as well as why consumers choose to participate in loyalty programs.

2.3: The 'why' and 'how' of and Consumer Loyalty Programs from Customers' Perspective

The concept of customer loyalty is granted poignancy by its use for justification of spending millions of dollars on CRM programs and the costly customer databases that support these. And this trend is manifested by customer loyalty programs.

The proponents of customer loyalty programs tend to argue that the psychological bonding between customer and brand hat is generated by customers' memberships in such programs through benefits to customers can be advantageous for brands in terms of increased revenues (Pearson, 1996). They also argue that customer loyalty programs, based on the concepts of customer loyalty, are also justified because they help to generate significant insights about customers through the analysis of the program database which is a benefit for brands (Brown 2000). Hence both the customers and the firms benefit from customer loyalty programs.

Since it is not economically feasible to provide all customers with additional benefits or treat all customers in a superior fashion, companies often chose to prioritize sets or groups of customers and then selectively offer special offers and deals to those targeted customers. Current available research identifies many advantages of offering targeted customers with preferential treatment that can lead to higher sales, better profitability, establishing relationship of commitment, and growth of positive word-of-mouth (Homburg *et al*. 2008; Lacey *et al*. 2007; Wübben and Wangenheim 2008). Similarly, past literature focused on sales promotions talks about positive reactions of targeted customers towards receiving special offers that can vary discount size (Saini *et al*. 2010), frequency (Alba *et al*. 1999), framing (Chen *et al*. 1998), incentives (Winterich and Barone 2011), and restrictions (Weathers *et al*. 2015).

Critics however argue that customer loyalty – both attitudinal and behavioural – for most customers is quite passive and is in fact a reflection of a habit and not that of any serious commitment to a brand. That therefore does not justify the huge expenses that brands incur in setting up, implementing and maintaining such elaborate customer loyalty programs (Dowling and Uncles 1997).

Proponents of customer loyalty programs, from the perspective of a focus on individual customers, are often viewed as vehicles or tools used by brand and firms to enhance single-brand loyalty. The other aims of such programs include decreasing price sensitivity of customers, increasing the resistance of customers towards counter offers or counter arguments as proposed through advertising, marketing or sales-people and reduce the propensity of customers to desire ort try out alternative brands (Bolton, Kannan and Bramlett, 2000). The aims also include encouraging word-of-mouth support and endorsement for a brand, attracting a larger pool of customers and to enhance the amount of product bought.

Keeping these aims in focus, the arguments that many researchers and practitioners offer in support of loyalty programs is he that these are aimed at creating a larger group of single-brand loyal customers. However, critics of this concept about the aim of customer loyalty programs argue that if customers are already single-brand loyal, such loyalty scheme will only be effective to in potentially getting such customers to purchase more of the brand. However, this is not easy to achieve because of the rising expectations of customers of getting return from a brand in exchange for their loyalty towards it. And when the rewards of being loyal are not sufficiently large, it can have a negative impact on loyalty and consequently on sale. On the other hand, however, it is also not feasible for companies and brands to continue to offer large financial benefits to loyal customers participating in loyalty schemes. Therefore, there can be a tendency of a mismatch between the expectations of rewards of the customers form a brand that they are loyal to and the actual offers made by the brand against their loyalty. Further, this situation gets aggravated if the loyal customers are not heavy buyers of a brand despite being loyal. In that case companies tend to follow the concept of deciding on past purchases in order to categorize customers'

loyalty and consequent offers made against their loyalty. These can result in outcomes that are contrary to the actual aim of implementing and maintain costly loyalty programs (Ehrenberg, Uncles and Goodhardt, 2002).

In their study on loyalty programs and their impact on consumers as well as brand offering the programs, Bolton, Kannan and Bramlet, (2000) found that 43 per cent of the customers surveyed had not made use of the facilities offered by the loyalty programs they had participated in while about 36 per cent used the facilities and offers sparingly. This was because they believe4d that the program was not sufficiently motivating to warrant heavy usage. A similar reaction and reason for the reaction was found by Wright and Sparks, (1999) in their study. Such studies show that simply enhancing the bond between customers and their brands and then expecting that it would lead to an automatic growth in demand for a specific product category of the brand is not always true. This therefore is evidence of defeat of the aim of customer loyalty programs.

However, there are studies by academics and industry that put forward the other extreme of this picture. They claim that loyalty program could be offered to customers who do not buy the target brand but are purchases of other brands in a category. In case of a sufficiently appealing customer loyalty programs, there can be a switch of brands by customers (Goh and Uncles, 2003), or even include the brad in his or her portfolio of brands to purchase from (Ehrenberg, Uncles and Goodhardt, 2002).

One of the characteristics of many customer loyalty programs is the opportunity that they provide for cross-selling as well as for cross purchasing. The aim of such offers is to increase share-of-wallet instead of market share (Peppers and Rogers 1997). Under such programs, participating customers are encouraged to buy products that they would not normally have bought from that provider. Therefore, these kinds of loyalty programs can be viewed as a brand extension aid.

An important aspect of customer loyalty programs is the perceived enhancement of class among consumers through participation in such programs. According to Palmatier *et al*. (2009), there is an integrated psychological pressure to behave reciprocally in favour of the giver because of a rise in feelings of gratitude. This

therefore increases the performance of the giver as well as the receiver. Therefore, it is accepted that when a customer is bestowed with a reward, it should increase the desire among customers to give back something to the brand in return which results in gratitude-based reciprocal behaviours which has the impact of customers tending to make more purchases from the brand (Dahl *et al*. 2005; Morales 2005). Additionally, according to Henderson *et al*. (2011, p-259), *"the allure of status is profound"*. This prompted Dwyer *et al*. (1987) to suggest that status and social recognition are forces that can have a longing impact. People in general are drawn naturally towards status-based systems and tend to look out for opportunities which can help them to exhibit their own superior status (Heffetz and Frank 2011). Hence researchers have argued that status rewards are important in achievement of positive relationship outcomes (Drèze and Nunes 2011). Those customers who are accorded preferred status in a loyalty program – such as being labelled as an elevated or special customer within a hierarchical program, would want to hold on to the status or position., this then drives them to increase their patronage so that they are able to exhibit their higher status and retain their level.

This part of the study dealing in the basic reasons why customers participate in customer loyalty programs is important because it can be assumed that if such participating customers are not offered the specific reasons to participate in the loyalty programs, they can refrain from participating. For example, the status argument that customers use to remain within a customer loyalty program and show greater patronage to a brand, if degraded can result in reduced patronage or even exit from the program. This therefore leads this study to examine the issues of demotion and promotion of customers within customer loyalty programs and the impact on customers of such actions by brands or companies.

2.4 Perceived benefits of loyalty programs

Past studies carried out on the aspect of benefits for customers from participation in customer in customer loyalty have identified the perceived benefits for consumers. Studies such as those carried out by Steyn *et al*. (2010) and Keller (1993) have focused on how loyalty programs can help customers to gain access to additional benefits by such participation. Past research has identified that one of the main aims of loyalty programs is to deliver additional perceived additional

worth or value to customers so that strong customer relationships can be established and maintained. However, such programs also need to be considered and acknowledged as being beneficial for them by customers (Yi and Jeon, 2003) and the perceived benefits from a loyalty program can be identified as delivering some additional benefits to its members (Mimouni-Chaabane and Volle, 2010). Hence, it can be concluded that one of the determinants of success of a loyalty program is the acceptance by the customers that it is beneficial for them by participating in the program in terms of the rewards accrued from such programs (Demoulin and Zidda, 2009).

Over the year, past studies have categorised the benefits accrued by consumers from participating in loyalty programs into two broad classifications - hard benefits and soft benefits (Capizzi and Ferguson, 2005; Demoulin and Zidda, 2009; Lacey, Suh, and Morgan, 2007).

Hard benefits refer to those benefits that are tangible such as discounts, cash rewards, coupons, and gifts. On the other hand soft benefits are those that are sensed by customers that are emotional in nature such a sense of being offered preferential treatment, priority on wait lists, etc., which are able to instil a sense of being importance among customers for the company or brand.

According to the conceptual models developed and worked upon by past studies on the broad perceived benefits by customers from participation in loyalty programs, these can be divided into three categories – utilitarian, symbolic and hedonic benefits (Yi and Jeon, 2003; Mimouni-Chaabane and Volle, 2010).

2.4.1: Utilitarian benefits

Utilitarian benefits are referred to those that are basic benefits. This include aspects such as safety needs and typically are related to the tangible attributes of a product. Further, utilitarian benefits may be subdivided into categories of instrumental, functional, or which are able to generate value for consumers by fulfilling a need or providing a solution to an issue (Malär, Krohmer, Hoyer and Nyffenegger, 2011; Chiu, *et al.*, 2012; Voss, Spangenberg, and Grohmann, 2003). In terms of loyalty programs therefore, utilitarian needs can be those that are able to deliver a means to a customer to use goods or services offered to meet some

end and is additionally able to deliver value such as financial rewards (Anderson *et al*., 2014; Chai, Malhotra, and Alpert, 2015). Most often it is the financial rewards aspect hat customers look to achieve as value addition from participating in loyalty programs in addition to the products meeting some basic needs (Anderson *et al*., 2014; Bolton *et al*., 2000; Chai, Malhotra, and Alpert, 2015). Another of the utilitarian benefit sought by customers while signing up for a loyalty program is convenience benefits – easy way to choose among product or service alternatives (Sheth and Parvatiyar, 1995). These help customers to get a sense of superior shopping convenience and experience by participation in loyalty programs that can help in saving in time and energy in the process (Bolton *et al*., 2000).

2.4.2: Symbolic Benefits

Symbolic benefits in terms to loyalty programs are those that a customer can fulfil with respect to need for social approval and achieving a sense of worth (Mimouni-Chaabane and Volle, 2010). Hence, this can relate to needs of customers to achieve individual expression, self-image, and societal approval (Kang and Shin, 2016; Omar *et al*., 2015). Through loyalty programs in this aspect, companies can distinguish customers based on the perceived value of such customers for the company. As a result, the selected customers are offered special treatment which is seen by customers as an opportunity for them to achieve a symbol of esteem which in turn increases their perception of addition of value from participating in loyalty programs (Gordon, McKeage, and Fox, 1998). Such perceived social benefits from loyalty programs can be in the form of special treatment, additional attention, and personalized services from companies or brands that can help the recipient customers to feel special and different from other customers (McAlexander, Schouten, and Koenig, 2002). This can therefore lead to an experience of recognition benefits from the customers' point of view (Csikszentmihalyi, 2000), with a feeling that they are being treated in a special or a different way by companies compared to those who are not participants of loyalty programs (Beatty *et al*., 1996; Gwinner, Gremler and Bitner, 1998). Further, there is also chance that participating members will be able to develop social bonds with other participating members of the program and thus gain the

feeling of being a part of an exclusive group or a special community (McAlexander, Schouten, and Koenig, 2002; Muniz and Oguinn, 2001).

2.4.3: Hedonic benefits

According to Hirschman and Holbrook, (1982), customers achieve perceived hedonic value from non-instrumental and empirical as well as emotive advantages that are individually satisfying which can relate to shopping, usage of media by consumers, and augmented loyalty in consumer behaviour (Dastan and Gecti, 2014; Arnold and Reynolds, 2003). Therefore, exploration and entertainment are the two broad hedonic benefits that customers can gain from participation in loyalty programs (Anderson *et al*., 2014; Chai *et al*., 2015)

Such benefits can be in the form of having greater access to social occasional and marketing offers as well as access to greater information more easily (Chai *et al*., 2015; Hu and Chuang, 2012; Omar *et al*., 2015). Customers can participate in practices of companies through being part of loyalty programs which they would not have otherwise (Chai *et al*., 2015; Hu and Chuang, 2012; Omar *et al*., 2015). Customers can therefore also feel joy from practices such as accumulation and redemption of reward points by participating in loyalty programs.

2.5: Prospect Theory to Explain Customer Status and Customer Loyalty Intention

2.5.1: The Prospect Theory

According to prospect theory, individuals are assumed to value losses and gains differently and the decisions that take are based on the perceived gains that one would derive from such decisions instead of evaluating the loss that they could entertain. This theory is also known as loss-aversion theory. This theory suggests that the decisions taken by individuals on issues are based more on the probability of a perceived gain from the decision compared to the probability of losses such a decision could entail. The prediction of the behaviour of an individual according to the prospect theory is determined by the fact that choice is singular and independent (Holmes *et al*., 2011). This theory can therefore also be used to explain why customers choose to remain or exit a customer loyalty program.

Prior to the establishment of the prospect theory, the dominant theory that was used to explain decision making by individuals was the expected utility theory which suggested that individual's make rational choices when they are faced with the prospect of a loss (Keeney and Raiffa, 1976). There are two major principles of the expected utility theory - utility maximization and choice invariance. According to the former principle, individuals decide on their choice to maximize their ultimate utilities while the later principle postulates that the preference between choices is not dependent on varied representations of the same choice. According to the arguments presented by Tversky and Kahneman (1981), imperfection of human perceptions often leads to violation of these two principles.

But under the prospect theory, the emphasis is on the value of an uncertain outcome – which can be either positive or negative compared to the reference point of view. The outcome is not determined by the probability.

Prospect theory tries to include the observed violations of expected utility into the theory of risky choice as an alternative. This theory essentially differentiates two phases in the choice process. The first is the editing phase in which an individual does a preliminary analysis of the choice problem and includes the identification of the alternatives that are available to the individual, the potential result or the consequences of each of the alternatives and the perceived values and probabilities hat can be attached to each of the outcome of the alternatives. It also incorporates the association and reformulation of the perceived options to *"simplify subsequent evaluation and choice"* (Tversky and Kahneman, 1981, p. 453; Kahneman & Tversky, 1979, p. 274). The second phase is the evaluation phase wherein an individual evaluates all the possible outcomes and then selects the preferred prospect.

Prospect theory therefore suggests that people feel their losses more heavily than they feel their gains. This is often referred to in the theory as loss aversion which is a corrective form of the term risk aversion. Loss aversion relates to fact that individuals are most often much more sensitive towards any decrease in their wealth compared to heir sensitivity when it comes to increases in wealth. This concept gets reflected in the prospect theory that has a "kink in the origin" with a much steeper curve on the y-axis compared to that on the x-axis. In prospect

theory by Tversky and Kahneman (1986, p-71), outcomes are expressed in terms of *"positive or negative deviations (gains or losses) from a neutral reference outcome, which is assigned a value of zero"*. It is here that this theory contrasts with the traditional theories of decision making under uncertainty which assumes that individuals calculate outcomes of potential decisions in levels of wealth, independent of any reference point, such as the starting point, or any neutral outcome with a value of zero.

Hence, according to the prospect theory, individuals' perception of increase or decrease utility is with respect to a reference point. In contrast to the expected utility theory which assumes final states of wealth as the ultimate for comparison of utility, the prospect theory assesses the relative value of utility.

According to Kahneman and Tversky (1981, p-281), while considering he perceived utility of the outcome of a decision, an individual uses a reference point which is usually the earlier state or condition and evaluates he outcome in relation to that previous state and accordingly evaluates and calculates the gains or losses from a decision.

Three major aspects of the prospect theory were outlined by Kahneman and Tversky, (1981) which had the potential to influence the outcome of a decision. First is that, individuals use a reference point to evaluate outcomes and hence, the evaluation is done in relative terms. The second aspect is that here is a reduction in marginal utility as one moves further away from the neutral reference point. The last aspect of the theory is that individuals tend to be risk averse; which means that individuals will tend to choose the option that is less risky in a situation when they are faced with a loss making situation and will not take risks for making gains. Hence, an individual who is risk averse may even be willing to shell out a premium to avoid a risk.

Therefore, it is possible to use some parts of this prospect theory to explain consumer decision making – particularly in the context of participating in a customer loyalty program.

2.5.2: The Prospect Theory and Demotion and Promotion in Customer Loyalty Program

According to the study conducted by Wagner, Hennig-Thurau and Rudolph, (2009) on the negative impact of customer demotion on loyalty, the assumptions of the prospect theory was used with the conclusion that the loyalty intention of customers get decreased at a faster rate compared to the increase in the intention of status elevation by customer demotion actions by brands. This was based on the prospect theory that focused on an individual's tendency to reduce loss or of loss aversion compared to taking risks for making gains. Therefore, when consumers are demoted in a loyalty program – particularly those that are hierarchical in nature, the likely outcome according to the prospect theory is for customers to reduce patronage for the brand in order to reduce loss than to increase purchase or take on risk to enhance status in the hierarchy.

Further, intention of customers of being loyal to a brand or to continue to exhibit the same level of patronage to showcase gratitude is decreased by demotion because of a sudden decrease in the perception of benefits – or a loss of benefits because of the demotion in a loyalty scheme.

The prospect theory concept was also used by researchers Kim, Shim, Kim and Youn (2013), who examined the repurchase intent among consumers because of free gifts. The researchers found a positive correlation between granting of free gifts and the repurchase intention of consumers. This was also explained by the prospect theory as consumers evaluated the gains from purchase as the gifts added value to their purchase. Hence, the gains were only considered by such consumers after ensuring that the losses were minimized from the repurchases because of the addition of value by the free gifts. This, therefore, was a form of promotion of customers in a loyalty program which found a positive impact on repurchasing intent of consumers.

Other studies have also established the prospect theory with respect to impact of promotion and demotion on consumers. For example, Bateson, Nettle and Roberts, (2006), noted that tools that are socially relevant are often more influential in motivating behaviour among consumers compared to those that are purely economic or ethical based. This drove the researchers to conclude that

conferring an elevated status to consumer through loyalty programs and marketing efforts has the potential to motivate consumers behave loyally. Various researchers such as Griskevicius *et al*., (2010); Han, Nunes and Drèze, (2010) have found that a conspicuous rise in consumption can be motivated by a desire for status which includes purchase of luxurious or altruistic goods. Loyalty programs can be used by companies and brands to evoke status motives or in-group favouritism in order to bring out better responses (Grier and Deshpandé, 2001). Rucker and Galinsky, (2008) went a step further to conclude that consumer show has low power are the ones who are more willing to expend more to obtain status-related goods. These studies therefore show that when there is a promotion of status accorded to consumers by brand and companies through a loyalty program, consumers tend to purchase more because they not only see more benefits in more spending but also low losses in taking risks of more purchase – with the aim of gaining status.

Therefore, based on the prospect theory, it can be said that when there is an increase in customer status, it is perceived to be a gain or an award for the customers or, put in another way, a sign of reduced loss. This is because there is additional perceived value of the promotion from the customers' point of view in the form of certain benefits which were not accessible to them before the elevation of status. Such benefits can include special discounts, first or exclusive view of products, additional convenience at stores, recognition, etc (Shugan 2005, p-190).

And in contrast, when a preferred status of a customer is withdraw, for example because of a reduction in spending or on the basis of previous spending over a period of time, it is viewed as a loss by the customer relative to his or her reference point – which is the previously held status (Knetsch 1989). Hence, when faced with such a situation according to the prospect theory, a customer will try and avert the loss by not taking risks – or simply not purchase more as might be required to regain the loss status. This is because the loss of the status demotion for customer – which means that the customer can no longer access the additional benefits that corresponded to the elevated status, will have a much greater impact on and influence on the behaviour of the customer compared to any intention to take more risks to regain the status. That in turn can have a direct impact on the

human judgments and future behaviour - namely customer loyalty intentions (Ho, Lim, and Camerer 2006).

Therefore, it can be said that according to the prospect theory, the likelihood of consumers rethinking and reorienting their loyalty relationship with a brand or a company is directly and inversely influenced by status promotion or demotion within a customer loyalty program.

Extensive literature has also noted that the impacts of rewarding customers for their loyalty displayed towards a brand or a company (Bolton *et al*., 2000; Dowling and Uncles, 1997; Obrien and Jones, 1995). While most hierarchy programs are considered to create positive reactions of customers when they are promoted, they have also noted to elicit negative behaviour because of demotion, such as revoking their membership status of they are unable to meet certain spending thresholds in order to maintain their status. However, while the advantages of hierarchy-based loyalty programs have been extensively investigated, there is a dearth of literature that examines the impact of demotion of loyalty levels of customers (Wagner *et al*., 2009).

2.6: Relationship between Customer Satisfaction and Customer Commitment with Customer Loyalty Intention

2.6.1: Customer Satisfaction and Customer Loyalty

There is a significant relation between customer satisfaction and customer loyalty. A 1% change in customer satisfaction would lead to 61.7% change in customer loyalty and therefore it has been assumed that customer loyalty is a function of customer satisfaction (Odunlami and Matthew, 2015).

Customer satisfaction has been defined as an overall evaluation of a product or a service conducted by a consumer based on the total purchase and consumption experience over a period (Anderson *et al*. 1994). There are many studies that have investigated the link between customer satisfaction and customer loyalty in which loyalty has most often been viewed as a repurchase intention of a customer (as in Anderson and Sullivan 1993; Cronin and Taylor 1992; Oliver 1980), or an emotional bond (as in Bloemer and Kasper 1995), or a deeply held commitment (as in Oliver 1997). Researchers have over the years also established that

satisfaction as one of the enduring antecedents of loyalty (Harris and Goode 2004).

Therefore, there is a direct and positive and relationship between customer satisfaction and customer loyalty which in turn negatively impacts or tends to reduce the intention of customers to switch (Mohsan, Nawaz, Khan and Shaukat, 2011). This was established as one of the aims of goals of launching and maintaining customer loyalty programs.

Based on the above discussions, it can be said that customer satisfaction is an attitude of customers towards a product or a brand whereas customer loyalty is a behaviour.

Chen and Wang (2009) suggested viewing customer satisfaction as a form of evaluation of consistency by a customer between the existing expectations of the customer and the perceived service performance of the products or services. Hence, when a customer makes a positive evaluation of a product or service, it becomes one of the major reasons for the customer to continue having a relationship with the products or services consumed from that brand. And when this positive perception persists, it helps to create customer loyalty. Hence, it is more likely that those customers who are satisfied and have a positive evaluation will make repurchase of the product or service from the same brand. A persistence positive evaluation is also likely to reduce price sensitivity and engage in positive word-of-mouth recommendation and thereby transform into a loyal customer (Chen and Wang 2009). The results of perceived positive evaluation therefore are congruent of the aims and objectives of setting up and maintaining customer loyalty programs.

Past studies have dealt with how customers perceive the benefits of loyalty programs (Bose and Rao, 2011; Radder *et al*., 2015) and examined the impact of the perceived benefits of such loyalty programs on satisfaction derived by customers (Lamidi and Rahadhini, 2018; Kyguoliene, Zikiene, and Grigaliunaite, 2017; MimouniChaabane and Volle, 2010). According to Mcllroy and Barnett, (2000), customer satisfaction is an important criterion that must be considered while creating and developing customer loyalty programs – including those with

hierarchical ones. Satisfaction from a loyalty program can be described as the state of mind of customers resulting from their evaluation of successive experiences of participating in a loyalty program (Omar *et al*., 2015). Hence, both customer satisfaction and customer loyalty are considered for this study while evaluating the impact of promotions and demotions in loyalty programs.

Therefore, both customer satisfaction and loyalty are among the top priorities of customer centric brands and have the potential to generate success and profit for a company. However, a single bout of customer satisfaction is most likely not to get transformed into customer loyalty but needs some time provided the brand being able to create a positive evaluation by the customer and meeting the expectations of the customer. Customers also go through several phases or steps before converting to loyal customers - including awareness, exploration, expansion, commitment, and dissolution (Arantola 2000).

In that sense therefore, customer loyalty can be thought of as a by-product of continued customer satisfaction (Fornell 1992).

It can be said that among other things, it is possible to increase customer loyalty for a brand by being consistent with level of customer satisfaction. The vice versa is also true wherein there will be a steady decline in customer loyalty towards a brand when there is deterioration of customer satisfaction (Chi 2005).

The relationship between customer satisfaction and customer loyalty can be explained in through the following graph.

Figure 1: Relationship between Customer Satisfaction and Loyalty
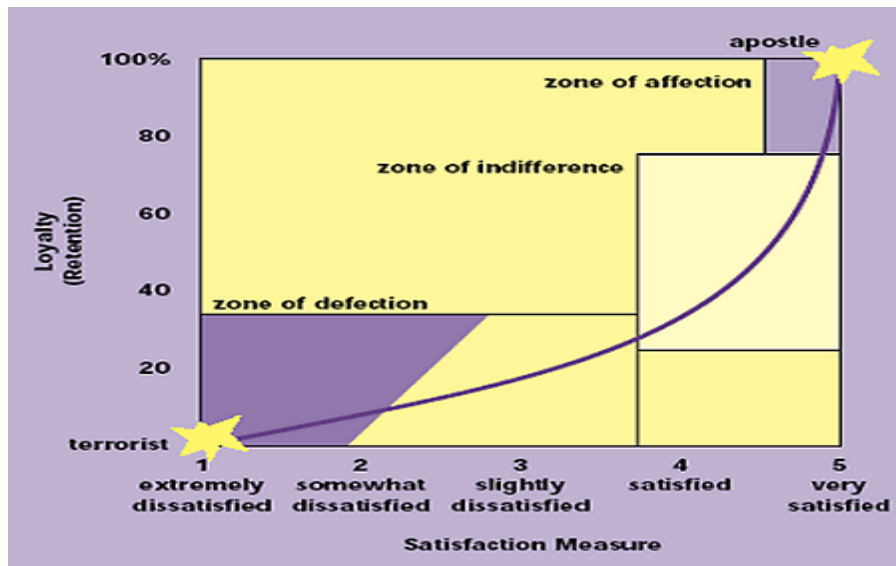
(Adapted from Heskett *et al*. 2011)

The above figure depicts the gradual increase of customer loyalty with an increase in customer satisfaction. According to the figure, customer can be divided briefly in to three groups and subdivides into three different zones. The "extremely dissatisfied" are denoted as 'terrorist' and have the least level of loyalty. According to Heskett *et al*. (2011), it is more likely that unhappy and unsatisfied customers will speak out against a poorly delivered service at every opportunity and could even go to extent of discouraging their acquaintances from trying a service or product.

On the other extreme of the chart are customers who are called 'apostles' and they are those customers who are truly satisfied with the brand and the service offered. The result is true loyalty to the company. It is more likely that satisfied customers will be willing to pay more for product or services of a brand that they are extremely loyal to. It is also expected that highly satisfied customers will also spread positive sentiments about the brand that they like through word of mouth within his or her community. Therefore, customer satisfaction is the main driver of loyalty and for that customer must be highly satisfied.

The insight about the relationship between customer satisfaction and customer loyalty will come in handy to better understand and explain the impact of customer satisfaction, and consequently customer loyalty, of customer demotion and promotion by brands in their loyalty programs.

Both aspects of normative and affective commitment have been found to be useful for customer retention. Affective commitment is generated by positive word-of-mouth, resulting in enhanced loyalty. On the other hand, past studies have found that normative commitment plays a mediator in the process of impact on consumer retention by affective commitment (Hur, Park and Kim, 2010). It has also been found that affective commitment tends to have a higher degree of impact on customer loyalty compared to calculative commitment. Emotions to improve customer loyalty must also be therefore included in loyalty programs designed and implemented by brands (Marshall, 2010).

Thus, based on the above arguments, it can be said that customer loyalty is influenced and impacted by customer commitment.

2.6.2: Customer Commitment and Customer Loyalty

In any business transactions, a relationship is sought to be established between the customer and the brand. Researchers and practitioners have strongly argued in favour of maintaining such relationships with commitment to maintain the relationship from both sides. In the context of this study, only the customer side of commitment is explored.

According to Morgan and Hunt, (1994), points to a common pattern in existing literature about business relationships and say that commitment among exchange partners is the key to achieving valuable outcomes for both parties – the customer and the brand. Brands therefore need to try and develop and maintain this precious attribute in their relationships (Gilliland and Bello, 2002). Therefore, customer commitment has been described as a psychological sentiment of the mind, which helps in formation of an attitude or an intention to continue a relationship with a brand (Wetzels *et al.*, 1998). When commitment is high, it is likely that there will be an increase in acquiescence and a lowering of the propensity to leave (Morgan and Hunt, 1994).

Many scholars and even practitioners have suggested that there is no difference between customer commitment and loyalty (Hennig *et al.*, 2004). However, such suggestions by been rejected by the majority of academics and scholars and have claimed while these two constructs are related, they are inherently different and

have argued that customer commitment is an antecedent to loyalty (Kelly, 2000; Morgan and Hunt, 1994). Therefore, by definition, commitment is crucial in development of a successful business relationship and one that can lead to customer loyalty (Newman *et al.*, 2001).

According to Bettencourt, (1997), there is a strong positive relationship between customer commitment and loyalty. As mentioned previously, not all repurchases can be classified as reflections of loyalty, commitment however, if measured, can be an antecedent to loyalty (Day, 1969).

According to Gounaris, (2005), customer loyalty is a form of commitment towards brand that is stimulated by certain positive attitudes and is an indication on the part of the customer that they are motivated to maintain a relationship with a brand. This has the effect of reducing customer turnover.

A significant and positive association between commitment and customer loyalty was found by Ulaga *et al*. (2006), while Shabbir *et al*. (2007) found customer commitment to be an antecedent to customer loyalty. Similar conclusions were also reached by Henniget , (2004); Morgan and Hunt, (1994) and Cater, (2010).

Hence based on the arguments presented above it can be said that both customer commitment and customer satisfaction have the potential to influence customer loyalty intention.

2.7: Perceived betrayal level among promoted and demoted customers

The perception of betrayal as felt by a customer when he is demoted – particularly in the hierarchical structure-based customer loyalty program is best explained by the Emotions Theory. The aspect of status as applicable to customer loyalty programs have been talked about defined in the previous sections. The need for status and to compare oneself with others are important psychological elements of customers (Festinger 1954; Frank 1985; Gilbert, Giesler, and Morris 1995), and these have also been discussed. The additional benefits that come with high status and ranking in a loyalty program has also been identified. Therefore, it is the difference in benefits that high status customers tend to have access to compared to other customers also means that such special status customers also enjoy special psychological treatment, like respect and recognition, in addition to better

functional benefits such as exclusive services (Drèze and Nunes 2009; Wagner, Hennig-Thurau, and Rudolph 2009). This can lead to an increase in loyalty towards a brand and such customers will also be willing to spend more with the brand and pay a premium (Homburg, Droll, and Totzek 2008; Lacey, Suh, and Morgan 2007; Steinhoff and Palmatier 2016).

But when the special customer status and the benefits associated with it are withdrawn by a brand – essentially demoting a customer over possible reasons such as a recent history of low spending, it can not only result in diminished commitment but also provoke withdrawal behaviours among such customers. Such behaviours can include scaling back their transactions with the brand or switching to a rival brand (Banik, Gao, and Rabbanee 2019; Hwang and Kwon 2016; Wagner, Hennig-Thurau, and Rudolph 2009).

This is explained by the emotion theory that investigates negative effect of customer demotion. The emotion theory assumes that emotions are provoked by a certain event which in turn activates a specific motivation and behaviours intended to resolve the problem (de Hooge, Zeelenberg, and Breugelmans 2010; Wagner, HennigThurau, and Rudolph 2009).

Application of the emotion theory in the case of customer demotion can be, evoking of negative emotions such as those of anger or disappointment because of the act in a hierarchical customer loyalty program (Wagner, Hennig-Thurau, and Rudolph 2009). It can also evoke emotions of being betrayed (Ramaseshan and Ouschan 2017) or of frustration (Banik, Gao, and Rabbanee 2019). It is likely that such emotional outburst could prompt customers to withdraw from not only the loyalty program but also from the brand because they would feel protected by avoiding or distancing themselves from the demotion. Another explanation is that negative emotions in customers because of customer demotion may trigger withdrawal behaviour in them with the aim of restoring a more equitable state between the brand and themselves (Henderson, Beck, and Palmatier 2011; Ramaseshan and Ouschan 2017). By restoring a more equitable state, the demoted customers alleviate the negative emotions and ultimately solve the problem created in their mind by demotion.

The converse can be true for those customers who are promoted in a hierarchical customer loyalty program according to the emotion's theory. Promotion up the ladder and an increase in status can evoke feelings and motions of joy and gratefulness, and such customers may also want to return the favour or gratitude by being more active in the loyalty program (Yamanouchi 2009). Such customers may be prompted to spend more because of their positive motions towards the brand and become more engaged, committed and loyal to the brand because of the positive emotional feelings, in contrast to the customers demoted and developing negative emotions towards the brand (Wagner, Hennig-Thurau, and Rudolph, 2009). This may also increase their propensity to shrug off enticing offers form rival brands, their price sensitivity, an increase in willingness to pay a premium and a reduced propensity to switch brands (Grégoire, Tripp, and Legoux 2009).

Hence, there is also a clear difference between loyalty intentions among consumers who are demoted compared to those who are promoted in a hierarchical based customer loyalty program with the demoted customers likely to exhibit lower level of loyalty intent compared to promoted customers.

Chapter 3: Research Methodology

3.1: Introduction

Research methodology has been described as a process that helps a researcher to choose the best and the most appropriate techniques suited for a study and according to the nature of the study as well as the intended outcomes of the study. It can therefore be said that research methodology is not the description of a method but rather describes the process used for selection of the best methods and techniques for a study.

The process of development of research methodology therefore is closely related to a researcher first identifying the best methods, techniques and approaches for a study topic, including the various stages of the study, such as the research philosophy, the research approach, sampling and data collection techniques and data analysis methods (Goddard and Melville, 2011). This study followed the research methodology process by first identifying the various research

philosophies and approaches suggested in literature and then selecting the one that was perceived to be the most appropriate. In this selection process, suggestions and examples form similar past studies were also considered closely along with the resources and scope of the study.

3.2. The Saunder's model

This research made extensive use of the Saunder's model' – which is one of the basic models created to decide on research methodology. Despite appearing to be a complex looking model, the Saunder's model is in fact quite simple to understand and has over the years turned out be a very useful tool for identifying the various methods and techniques that can be used for a research. The tool then allows researchers to choose that method that seems to be the most apt and suited for the research considering the nature of the study as well as the desired outcome. The pictorial representation of the Saunder's model shows that various methods and techniques available to a researcher.
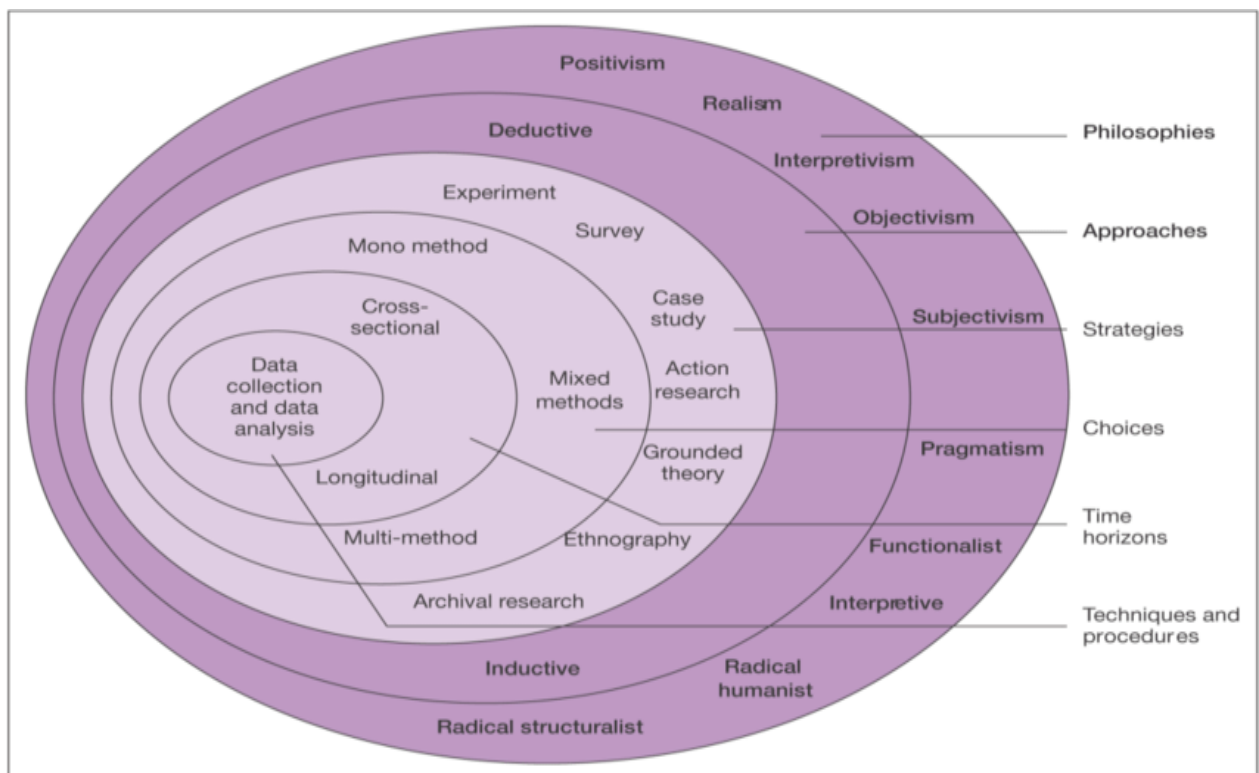
Figure 2: *Saunder's* Model
(Source: Saunders, Lewis and Thornhill, 2016)

The picture above shows the Saunder's model. It is evident that the model comprises of concentric layers of methods and techniques that can be used in a research. The model postulates that a researcher should consider and evaluate every method or technique as shown. A researcher is then prodded to evaluate and critically examine them and make selection of the most appropriate method or technique that is the most appropriate for the research. However, this process of selection is advised to be done in a sequential manner – starting off with the outermost layer of the model to select the research philosophy and then move on to the next. This process has been equated with the peeling off the layers of an onion and therefore the alternative name of 'Research Onion' has been given to the Saunder's model (Saunders, Lewis and Thornhill, 2016).

This model allows a researcher to examine and evaluate a range of options for every research aspect and then make selection of the most appropriate method or technique (Bryman, 2007). Following this methodological approach, it is possible for a researcher to complete the study in a smooth manner (Goddard and Melville, 2011).

3.3: Research Philosophy

This study aimed to identify and understand how promotions and demotions of customers participating in customer loyalty programs, particularly those that are hierarchy based, affects the consumers who are either promoted or demoted and to the loyalty program as well. While considering this research topic and aim, the researcher realized that those are closely associated with the understanding of the psychology of consumers and how they feel when they are promoted or demoted in a loyalty program – which includes both personal views and beliefs and social influences. Further, the choice of research philosophy was also made considering the individual elements or stages of the study such as the way data is to be collected and analysed further to arrive at a conclusion (Bryant, 1985).

The study assumed that the constant nature of the impact on consumers from either promotion or demotion in a loyalty program, and the assumption that it can be observed under appropriate conditions through the reactions of the consumers themselves, this study chose to adopt the positivist research philosophy. This philosophy allowed the researcher to not only observe the phenomenon among

consumers through the primary data collected but also allowed the researcher to explain the attitudes of consumers in an objective manner (Saunders, Lewis and Thornhill, 2016).

Further, what also prompted this study to adopt the positivist philosophy is the fact that it eliminates the need for a researcher to make any interference with the issue or the phenomenon being observed and examined. While mandating that a researcher makes the observations of a phenomenon – the reaction of the consumers to demotion or promotion, after isolating it, the positivist philosophy also allowed the researcher to implement small manipulations of the reality comprising of minor variations in just a single independent variable so that it is possible to identify regularity of a phenomena. This also helped in developing relationships among some of the variables of the study.

Further, following this phenomenon, this researcher was able to make predictions for the future based on experiences and observations of the past about the phenomena. That meant that it allowed the researcher to conclude that the observations made during this study were predictable and potentially replicable under similar conditions in which the observations were made. Hence a potentially strong generalizability of the outcome of the study was made possible (Avison, Baskerville and Myers, 2001). Moreover, this philosophical approach also allowed the researcher to identify and explain relationships between multiple past observations about the phenomena being investigated (Avison, Baskerville and Myers, 2001) as was done in the literature review where past studies were referred to establish that there was a relationship between promotions and demotions of consumers and their reactions. While making this assumption, this study attempted to understand how that relationship would affect the customers and their participation in the loyalty programs.

Further, this choice of philosophy was also supported by a postulate made by Alavi and Carlson (1992) who claimed that all empirical studies used positivist approach, following close examination of 902 IS research articles.

There has however been criticism of this philosophical approach to research work relating to its ability for generalizing and universal application of the outcomes of

a study and whether this approach can be used in the same manner and with the same ease in social science research as it is used for physical and natural sciences (Myers and Well, 2003). There are academics such as Kuhn, (1987) and Bjørn-Andersen and Clemmensen, (2017) have also postulated that researches should adopt a greater pluralistic attitude in those studies related to social sciences.

While it was worthwhile to just mention a couple of criticism of this philosophical approach at this juncture, this researcher does not intend to get deeper into the details of the debate at this stage. This is because this researcher found support for this philosophical approach in the work of Theyel, (2012) who claimed that this philosophy can be used to aptly describe the interactions between people and business elements and companies and therefore should be considered apt for studies of social science subjects and issues and should not be classified as only fit for purely physical and natural science research.

3.4. Research Approach

Using the Saunder's model and considering the two most widely used research approaches - inductive and deductive, this study chooses to adopt the inductive approach – also known as the process of inductive reasoning.

This research approach postulates that a study would start off with a set of observations and their recordings and then gradually move on to sue those observation data to come to a generalised theory at the end of the research (Goddard and Melville, 2004).

This study started off with observations about consumers' reactions to promotions and demotions and then used such observation data to conclude about the phenomenon. Therefore, the choice of the inductive approach was reasoned to be justified.

Further, this choice was also supported by the main techniques that are prescribed in this approach - looking for and identifying patterns from the recorded data of the observations and later analysing them to put up explanations or theories (Bernard, 2011). This was exactly how this study was initially planned – gathering primary data and then analysing the data to arrive at a conclusion and express the impact of promotion and demotion on consumers in the form a generalised theory.

While generally, this research approach does not promote the use of application of already established theories at the beginning of a research, there is certain flexibility allowed that gives an opportunity to make limited use of existing theories. This was done in the literature review section of the study where past research work and theories on customer loyalty, loyalty programs, consumer behaviour, etc. were used to create a framework for gathering of primary data (Saunders, Lewis and Thornhill, 2016). This approach also allowed this researcher to make minor alterations even when one has advanced into the research process which can bring in small changes in the overall direction of the research so that it aligns with the desired outcome. This was done during the literature review work when focus on studying more of the promotion and demotion characteristics and its possible impact on consumers was applied during the later stages of the literature review but before the collection of primary data (Bernard, 2011).

3.5. Research Strategy

While the aim and even at the formative stages for this study was to gather data directly from a large number of consumers in the form of numerical data and use such numerical enriched data for analysis, therefore a quantitative research design was selected for this study. Further, both the positivist philosophy and the inductive approach, as chosen for this study, support quantitative research design, therefore this choice was perceived to be naturally apt (Bryman and Bell, 2015). This strategy was also necessitated by the fact that this researcher anticipated gathering of large amounts of data through observation of sources of primary data. That meant the presence of many data sources points both in the literature review as well as for the analysis of primary data which essentially increased the breadth of the study. This also mandated a quantitative approach for more accurate and easier analysis of such primary data as it allowed this researcher to include multiple choices for the study (Saunders, Lewis and Thornhill, 2016).

Furthermore, since this study also planned to conduct identification of patterns and common themes in the analysis of primary data, hence this researcher found it best to adopt a quantitative strategy for the study.

3.6: Sampling

One of the most important aspects for any quantitative study to deliver the best results is to choose the most appropriate sample for the study. That in turn depends on the choice of the most appropriate sampling technique and is one of the determinants of the success of primary data gathering (Saunders, Lewis and Thornhill, 2016). For this study, sampling strategy of sources for secondary data was also carefully considered in order to keep the quality of secondary data sources high.

One of the elements of sampling that this study had considered to be vital throughout the study was to have a representative sample. This was important because of the nature of the target population – those consumers who were regular participants in hierarchy-based loyalty programs. For the purpose of this study therefore, the minimum requirement for selection and participation of consumers in the study was their being part of a hierarchical loyalty program. But this researcher also realised that the target population this defined for the study was a very large one even when one or two industries were considered and when a specific geographic area was considered – which would run into millions. Therefore, trying to include the entire target population in primary data collection was not feasible because of the practical and resource constraints encountered for this study which includes time and financial resources. Further, this researcher also found it physically and economically difficult to reach out to even a fraction of the target population. Hence the best alternative was to find out a representative sample by carefully selecting potential participants for the study – which was conducted through a survey so that the best results out of a survey were obtained (Fowler and Lavrakas, 1988).

At this stage, the Saunder's model was again used for identification of the most appropriate sampling technique for this study, selecting from among a range of sampling techniques as mentioned in the Suander's model.

After careful consideration, this study chose to use the simple random sampling technique for identifying the potential participants of this research. This technique is one of the forms of probability sampling that, in theory, can provide an equal chance of participating in the study to every member of a target population. Use

of this sampling method also allows a researcher to remove any possible bias that could creep into the sample selection process along with a high likelihood of ending up with a representative sample (Cohen, Welkowitz and Lea, 2011).

However the constraints of time and finances, accentuated by the roadblocks created by the novel coronavirus pandemic and the related restrictions that have been imposed on travelling, acted as blockers for this researcher to create a sample that should be typically be greater than a few hundred so that the sample is of a minimum size and become representative.

And since it was not possible to physically reach and approach each one or most of the targeted participants for the survey, therefore this study extensively used multiple social media platforms to identify and to get in touch with the prospective participants. This research also assumed that anyone who is a participant in a loyalty program for any brand or company, as stated in the criteria for selection of participants previously, was considered viewed to be a possible candidate for the survey.

During this process, the researcher approached about 165 people separately on social media platforms, primarily comprising of Facebook users but some through twitter and Instagram as well. This process comprised of making about 9 appeal posts over a period of 15 days on social media platforms. The researcher identified several consumer groups and networks on the social media and made a general appeal to all members of the groups or networks to participate in the survey, explaining the purpose of the survey and stating the criteria for participation. From among those who responded positively to the calls, this study chose to get in touch with 165 of them. The researcher also made extensive use of his own friend circle on social media platforms and outside of them and requested them to participate in the survey. However, during this process, the researcher was cautious of not including too many personal friends.

Out of the 165 people who were personally sent requests for participation, 152 people participated in the survey – questionnaires and other documents were sent electronically. However, the researcher had to cancel answers of 14 of the respondents because those respondents had not completed the questionnaire while

this researcher had set a benchmark of at least 90 per cent completion of the questionnaire to consider a valid answer. Hence a total of 138 final answers were considered for the survey.

Therefore, in this manner, the use of the simple random sampling technique, it was possible for the researcher to address the impediment of not being able to reach out to the desired number of respondents for the survey. This sampling technique allowed this researcher to get hold of a sample that was representative in nature and therefore he survey was able to bring out the point of views and opinions of the entire target population even though a limited number of people from the target population actually participated in the survey (Kothari, 2004).

3.7: The Survey and the Questionnaire

This study used a close ended multiple-choice answer for the survey. A total of 25 questions were posed to the respondents. The in order to generate primary data in statistical format, this study chose to use the Likert scale of survey questionnaire. This comprised of close ended questions and statement with 5 choices to each for the respondents to choose from according to what they felt best represented their feelings. Each of the answers was also coded with or attached a value – ranging from 1 to 5. For each answer a respondent chose, the corresponding value attached to the answer was used for deciphering the answers. Hence, it was possible to instantly transform the answers to statistical data which was then analysed statistically (Lei Chang, 1994).

There were 25 questions in the questionnaire that as given to the participants – out of that 2 dealt with personal demographic information of the respondents such as age and gender. The questions were close ended and had multiple choice answers, but the answers were not attributed any value.

The rest of the questions were directly related to the research topic – each also with multiple answers. The questions primary attempted to uncover the reaction and feelings of the respondents to different scenarios of promotions and demotions and about their attitude towards a loyalty program in which they are promoted and/or demoted. Questions were also placed about their perceptions of the brand because of such promotions and/or demotions.

3.8: Data Analysis Procedures

As is already evident from the above sections, primary data in statistical form was primarily used. Therefore, following a quantitative research strategy, this study used statistical methods for data analysis. The data analysis process comprised of extraction of data from the surveys with the help of the numbers since each of the answers was laced with a value. Those values were transformed into statistical format and put up on an Excel sheet document and statistical data analysis was then done.

The main purpose of conducting statistical analysis of the primary data was to be able to identify common trends among the answers and therefore making them comparable to the generalized idea that the study started out with. The analysed results also allowed this researcher to find answers to the research questions.

To help readers get a better understanding of the outcome of the study, results of the analysis were presented in the form of graphs, charts and tables. Statistical techniques were utilised for input of data as well as for tabulation, which made it easier to analyse the data in an accurate manner (Kruger, Mitchell and Welman, 2005). The researcher used computer software SPSS for compilation and analysis of primary data.

3.9: Research Ethics

This study also followed the established ethical norms and unwritten ethical rules for academic research. These were primarily related to collection of primary data and in the data protection process. The researcher gave a declaration in clear words to every participant about the nature and purpose of the survey and the study as a whole and assured adequate data protection measures of all data that they provided. The researcher also assured the participants that all data would be stored in the personal electronic device of this researcher and would be protected by software to prevent theft. The study also assured that all primary data would be erased after 6 months or till publication of the study whichever was earlier.

Further, during secondary research, the study made sure that adequate credit to all the authors whose work or whose original ideas were used in the study was given (Sim and Wright, 2000).

3.10: Research Limitations

One of the major limitations of this study was the very small sample size that was used which could raise doubts and questions about the generalizability of the data. Resources of time and finances were the major factors of the above limitation. Moreover, this researcher was also limited because of the current novel coronavirus pandemic related restrictions in travelling and meeting people in person.

Chapter 4: Analysis of Primary Data and Discussions of Results

4.1: Analysis of Primary data

This section analyses the data gathered from the survey about the feeling of consumers getting demoted or promoted in a hierarchy-based loyalty program of any brand. The data gathered was done through a survey comprising of close ended questions using the Likert scale and the answers were converted into statistical format for statistical analysis.

SPSS statistical software was used to analyse the answer which were represented in the form of tables and graphs for better understanding and comprehension of the readers.

The age distribution of the respondents

Age of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-20	15	10.9	10.9	10.9

	Frequency	Percent	Valid Percent	Cumulative Percent
21-30	57	41.3	41.3	52.2
31-40	19	13.8	13.8	65.9
41 and above	47	34.1	34.1	100.0
Total	138	100.0	100.0	

Table 1: frequency table of age distribution (source: SPSS)
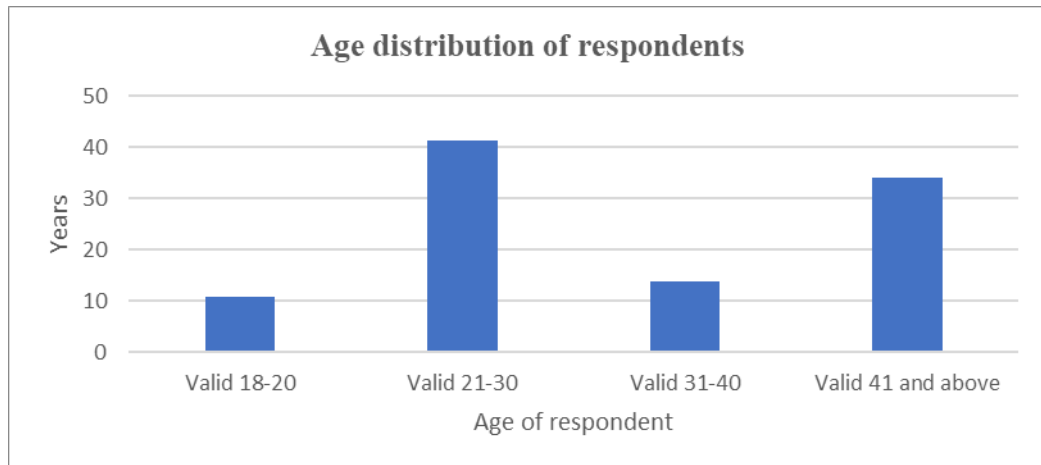
Graph 1: Age distribution of respondents (Source: SPSS)

The above table and graph show that most of the respondents were in the age group of 21-30 year while those over 41 years of age as the formed the second largest group out of the 138 respondents.

Gender distribution of the respondents

Gender of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	44	31.9	31.9	31.9
	Male	93	67.4	67.4	99.3
	Prefer not to say	1	.7	.7	100.0
	Total	138	100.0	100.0	

Table 2: frequency table of gender distribution (source: SPSS)
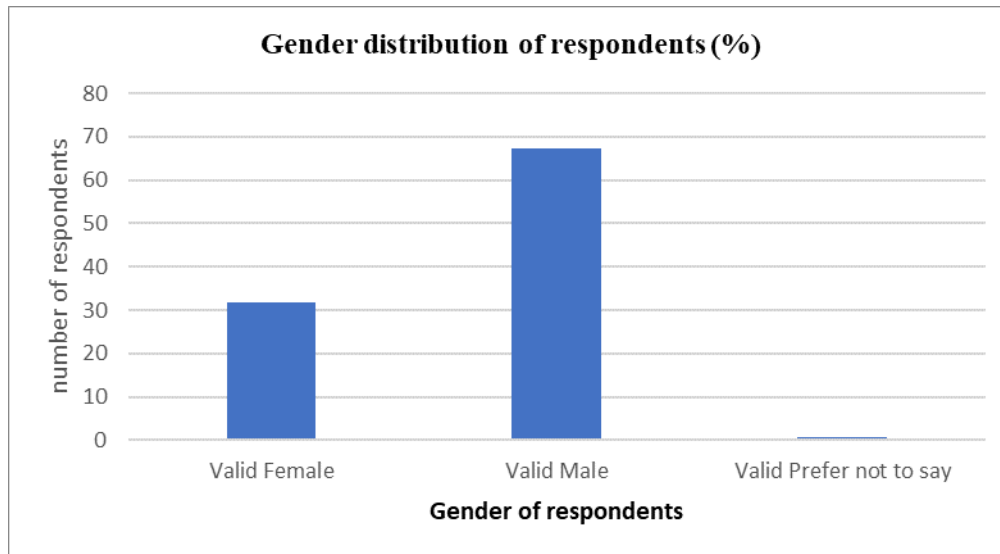
Graph 2: Gender distribution of respondents (Source: SPSS)

The above table and graph clearly show that most of the respondents (67.4%) were males and almost 32% were female while 1 respondent chose not to reveal gender.

The next question, posed as a statement, attempted to understand the ratio of the respondents who regularly participate in loyalty programs of companies with the condition that they must have done so for at least a year at any point of time.

I regularly participate in loyalty programs of companies (at least for the last one year)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	67	48.6	48.6	48.6
	Disagree	19	13.8	13.8	62.3
	Neither agree nor disagree	25	18.1	18.1	80.4
	Strongly agree	18	13.0	13.0	93.5
	Strongly disagree	9	6.5	6.5	100.0
	Total	138	100.0	100.0	

Table 3: frequency table for rate of participation in loyalty programs (source: SPSS)
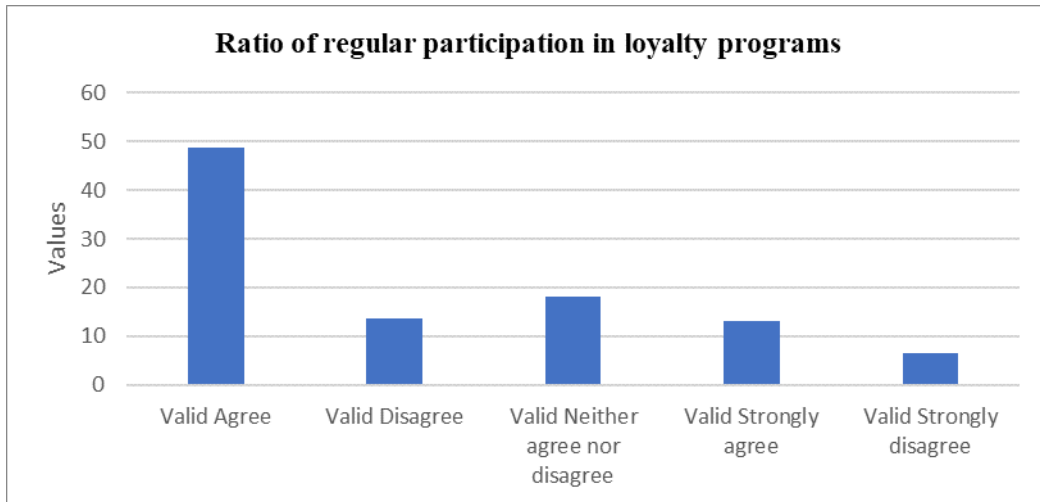
Graph 3: Ratio of respondents participating regularly in loyalty programs (Source: SPSS)

The above table and graph show that almost 63% of the respondents either strongly agreed or agreed that they were regular participants in loyalty programs while just about 20% said otherwise. A significant number (18%) of the respondents chose not to say anything as they neither agreed nor disagreed with the proposition. Now since about 20% of the respondents did not give positive response does not mean that they did not participate in any loyalty programs. It rather indicated that these respondents had not participated for a continuous period of one year at any point in time. Therefore, the opinions of these respondents on the rest of the questions of the survey still hold value. This is also true for the 18% who chose not to say anything

The next set of propositions, all with the option of choosing between 'agree', 'disagree', 'neither agree or nor disagree', 'strongly agree' and 'strongly disagree' were posed to understand the motivation of the respondents in participating in or wanting to participate in loyalty programs offered by the companies.

The next proposition put forward for the respondents aimed to know whether their expectation of additional benefits for purchasing products of the brand as their motivator for participation in loyalty programs. This was defined as a utilitarian benefit.

		Frequency	Percent	Valid Percent	Cumulative Percent
I expect additional benefits in purchasing by participation (utilitarian benefits)					
Valid	Agree	82	59.4	59.4	59.4
	Disagree	6	4.3	4.3	63.8
	Neither agree nor disagree	14	10.1	10.1	73.9
	Strongly agree	32	23.2	23.2	97.1
	Strongly disagree	4	2.9	2.9	100.0
	Total	138	100.0	100.0	

Table 4: frequency table Utilitarian benefits expected from loyalty program participation (Source: SPSS)
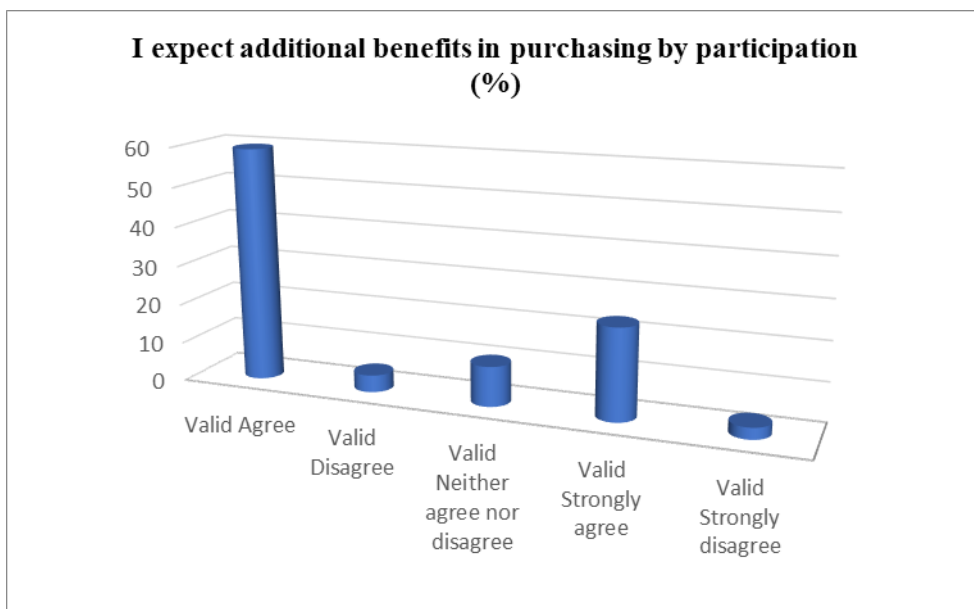
Graph 4: Ratio of respondents expecting additional benefits of while purchasing as motivator for participating in loyalty programs (Source: SPSS)

The above table and graph shows that a vast majority of the respondents (82.6%) either strongly agreed or agreed that they were motivated by the expectation off getting additional benefits while shopping, compared to non-participants, for a brand of company and this drives them to participate in loyalty programs. Just 7.2% of the respondents did not opine to this view while about 10%, apparently could not make up their minds.

The next statement asked respondents to state whether they wanted to showcase their loyalty to the brand by participating in loyalty programs. This answer also would act as an aid to identify another of the motivators of respondents for participating in loyalty programs

I want to showcase my loyalty to the brand

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	76	55.1	55.1	55.1
	Disagree	12	8.7	8.7	63.8
	Neither agree nor disagree	25	18.1	18.1	81.9
	Strongly agree	18	13.0	13.0	94.9
	Strongly disagree	7	5.1	5.1	100.0
	Total	138	100.0	100.0	

Table 5: frequency table off brand loyalty as motivator for participation in loyalty programs (Source: SPSS)

Graph 5: Ratio of respondents wanting to showcase brand loyalty by participating in loyalty programs (Source: SPSS)

The above table and graph show that a vast majority of the respondents (68.1%) either strongly agreed or agreed that they wanted to showcase their brand loyalty by participating in loyalty programs while just 13.8% of the respondents answered otherwise. However, a notable number ratio of the respondents (18%) chose not to say anything.

The next statement attempted to view the role of marketing efforts in convincing consumers to participate in loyalty programs.

I joined because of marketing efforts of the company/companies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	70	50.7	50.7	50.7
	Disagree	12	8.7	8.7	59.4
	Neither agree nor disagree	29	21.0	21.0	80.4
	Strongly agree	20	14.5	14.5	94.9
	Strongly disagree	7	5.1	5.1	100.0
	Total	138	100.0	100.0	

Table 6: frequency table to illustrate ratio of participants influenced by marketing to join loyalty programs (Source: SPSS)

Graph 6: Ratio of respondents influenced by marketing to join loyalty programs (Source: SPSS)

The above table and graphs show that a large majority of the respondents (65.2%) either strongly agreed or agreed to the proposition that they had been convinced by the marketing efforts of brands and companies to join the respective loyalty programs. Just about 14% of the respondents said otherwise while a significant section of the respondents (21%) chose not to say anything indicating that they were unsure whether marketing efforts hand messages had played nay roe in them joining or wanting to join a loyalty program.

The next statement posed to the respondents read: "I wanted to enhance my social position with respect to my peers who were also in participants of loyalty programs (exhibit my own superior status among friends and family)". In theory this was identified as being a symbolic benefit of participating in loyalty programs.

I wanted to enhance my social position with respect to my peers who were also in participants of loyalty programs (exhibit my own superior status among friends and family) (Symbolic benefits)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	51	37.0	37.0	37.0
	Disagree	30	21.7	21.7	58.7
	Neither agree nor disagree	35	25.4	25.4	84.1
	Strongly agree	11	8.0	8.0	92.0
	Strongly disagree	11	8.0	8.0	100.0
	Total	138	100.0	100.0	

Table 7: frequency table to illustrate ratio of participants wanting to enhance social position by joining loyalty programs (Source: SPSS)
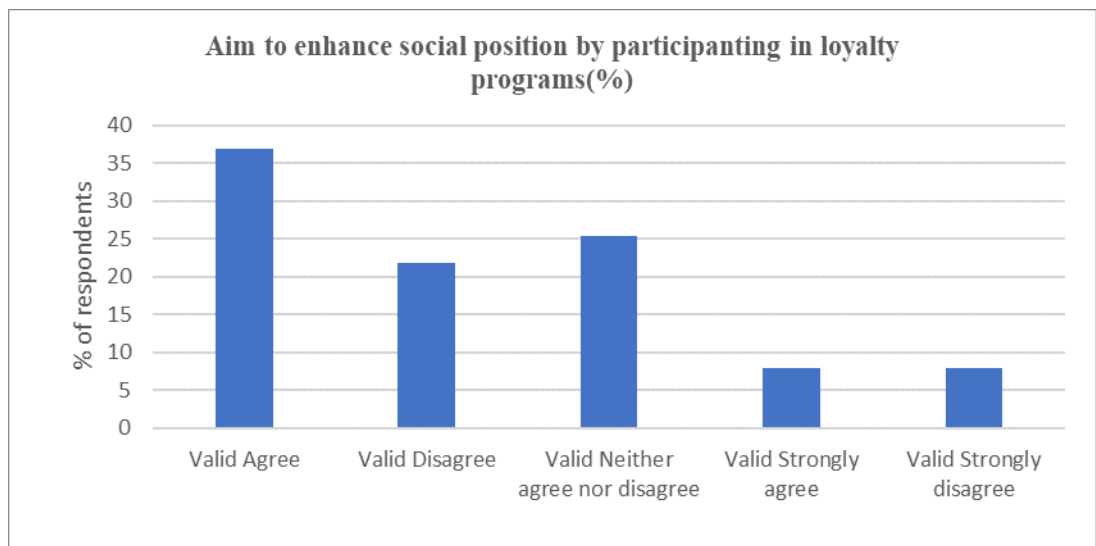
Graph 7: Ratio of respondents wanting to enhance social position by joining loyalty programs (Source: SPSS)

The above table and graphs show that less than half of the respondents (45%) of the respondents either strongly agreed or agreed that their aim of joining loyalty programs was to enhance their social position compared to their peers and to show off their superior status among friends and family. In fact, a significant number of the participants (almost 30%) disagreed to this being their motivating factor of

their joining loyalty programs while a significant number of the respondents (25%) were apparently undecided.

Was the opportunity to being able to gain from cross purchasing offered by loyalty programs the motivator behind participants joining or wanting to join the loyalty programs was the next question.

I hope to gain/have gained from cross purchasing offered by loyalty programs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	81	58.7	58.7	58.7
	Disagree	6	4.3	4.3	63.0
	Neither agree nor disagree	25	18.1	18.1	81.2
	Strongly agree	22	15.9	15.9	97.1
	Strongly disagree	4	2.9	2.9	100.0
	Total	138	100.0	100.0	

Table 8: frequency table to illustrate whether cross purchasing was an intent to join loyalty programs (Source: SPSS)
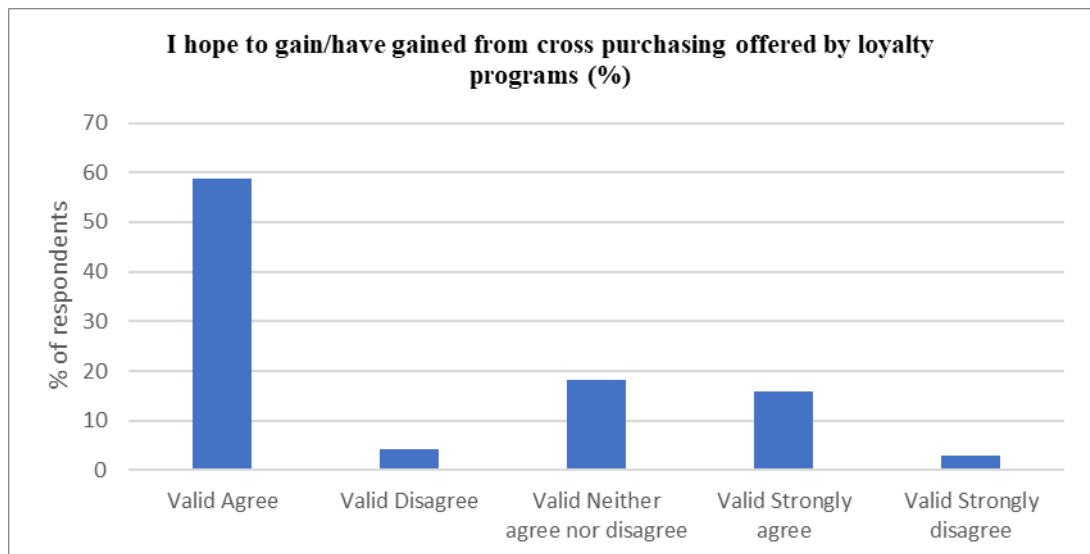
Graph 8: Ratio of respondents identifying cross purchasing to be a motivator to join loyalty programs (Source: SPSS)

The above table and graph show that vast majority of the respondents (74.6%) either strongly agreed or agreed about the proposition that one of the motivators of them joining or wanting to join loyalty programs was the opportunity of cross purchasing offered by one or more brands. But along with majority, a notable number of participants (18%) were unsure about the answer to this question while just about 7.5% of the respondents disagreed.

The symbolic benefit of wanting to give back something to the brand for serving the consumers well by participating in loyalty programs was the next proposition put forward to the participants.

I wanted to give back something to the brand for serving me well

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	72	52.2	52.2	52.2
	Disagree	21	15.2	15.2	67.4
	Neither agree nor disagree	20	14.5	14.5	81.9
	Strongly agree	18	13.0	13.0	94.9
	Strongly disagree	7	5.1	5.1	100.0
	Total	138	100.0	100.0	

Table 9: frequency table about ratio of respondents joining loyalty programs because they wanted to give something back to a brand for serving them well (Source: SPSS)
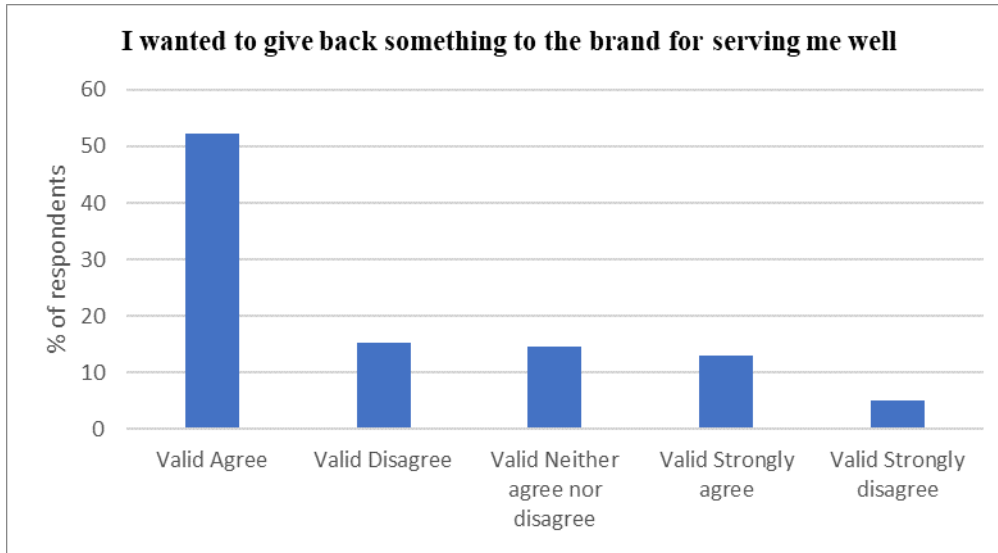
Graph 9: Ratio of respondents joining loyalty programs because they wanted to give something back to a brand for serving them well (Source: SPSS)
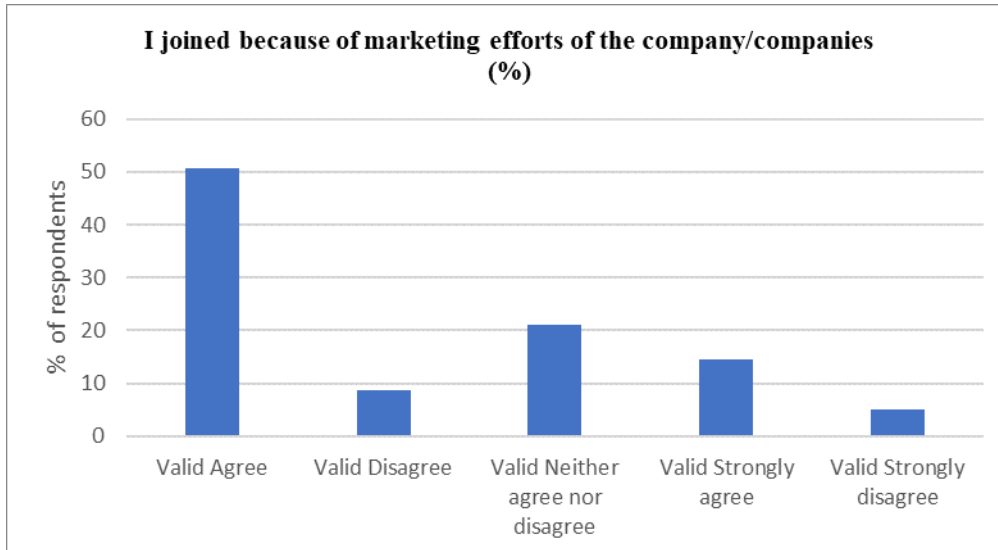
The above table and graph show that large majority of the respondents (65.2%) either strongly agreed or agreed about them wanting to give something back to the brand by joining loyalty programs. However, a sizable chunk of the respondents (20.3%) thought otherwise while a notable section of respondents (about 15%) also chose not to answer this question.

The next question asked the respondents whether they believed that their participation in loyalty programs will prod the company to give special attention to any issues/queries that they might have about their products or services. This was identified to be one of the utilitarian benefits of such participation.

I believe that participation in loyalty programs will prod the company to give special attention to any issues/queries that I have about their products or services (Utilitarian benefits)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	71	51.4	51.4	51.4
	Disagree	12	8.7	8.7	60.1
	Neither agree nor disagree	18	13.0	13.0	73.2
	Strongly agree	33	23.9	23.9	97.1
	Strongly disagree	4	2.9	2.9	100.0
	Total	138	100.0	100.0	

Table 10: Frequency of respondents joining loyalty programs because they believe brand/company will give special attention to their issues/queries (Source: SPSS)
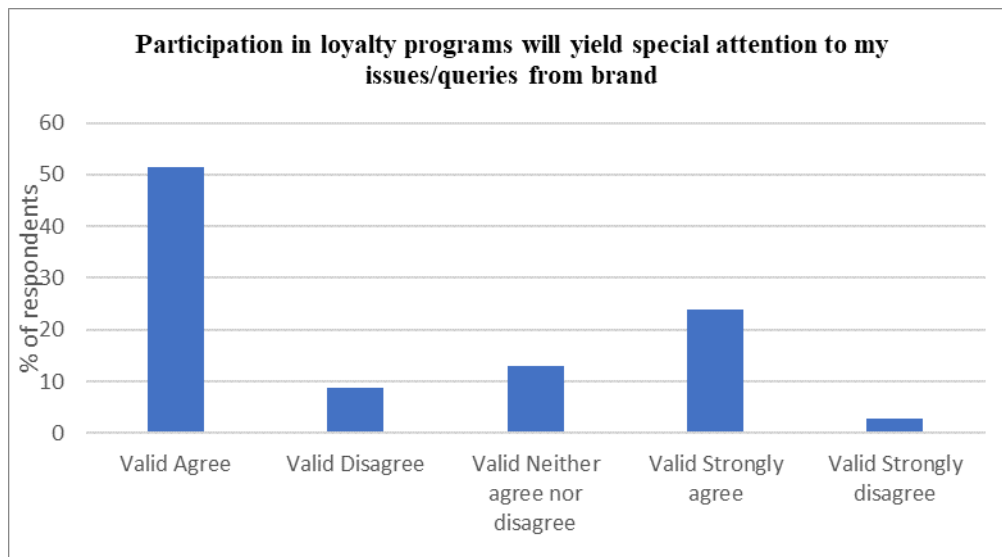
Graph 10: Ratio of respondents joining loyalty programs because they believe brand/company will give special attention to their issues/queries (Source: SPSS)

The above table and graph depict that a vast majority of the participants (almost 76%) do believe that their issue and queries about a company's product or service will be given special attention if they are members of a loyalty program of that

company. Just about 10% of the respondents disagreed while 13% chose not to answer the question.

The next proposition was about expectations of the respondents of getting special treatment, additional attention, and personalized services from companies or brands running the loyalty programs. This was identified as one of the social benefits of participating in loyalty programs.

I expect to get special treatment, additional attention, and personalized services from companies or brands running the loyalty programs (Social benefits)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	70	50.7	50.7	50.7
	Disagree	11	8.0	8.0	58.7
	Neither agree nor disagree	23	16.7	16.7	75.4
	Strongly agree	30	21.7	21.7	97.1
	Strongly disagree	4	2.9	2.9	100.0
	Total	138	100.0	100.0	

Table 11: frequency table about expectation of respondents to get special and personalized treatment by brands running loyalty programs (Source: SPSS)
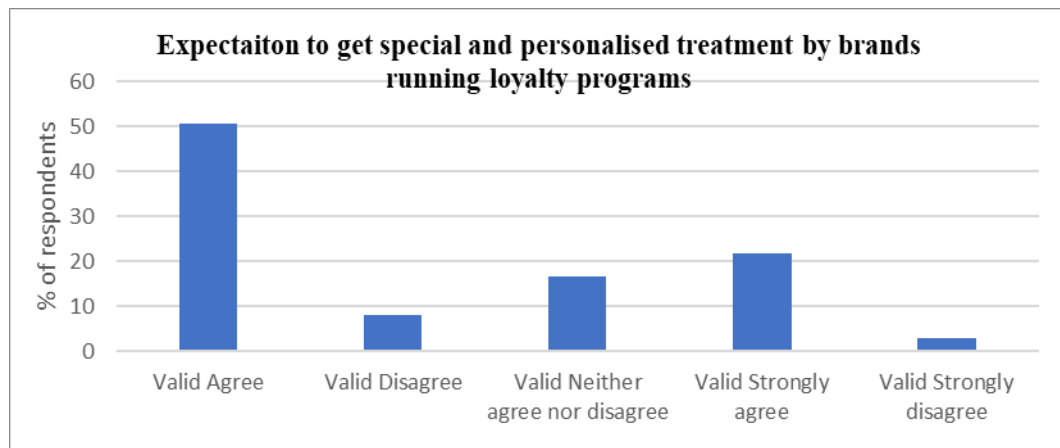
Graph 11: Ratio of participants expecting to get special and personalized treatment by brands running loyalty programs (Source: SPSS)

The above table and graph show a large majority of the respondents (about 72%) agreed or strongly agreed about them expecting special attention and personalized treatment from and companies and brands if they participate in the loyalty

programs that are run by them. Just about 11% of the participants said that they had not such expectations while a notable 16% could not make up their minds.

The next question prodded the respondents to opine about their expectations of having greater access to occasional and/or marketing offers as well as to greater information about the products or services more easily compared to non-participants in loyalty programs. This was identified to be a hedonic benefit for the consumers/participants.

I expect to have greater access to occasional and/or marketing offers and greater information more easily about the products or services from participation in loyalty programs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	82	59.4	59.4	59.4
	Disagree	8	5.8	5.8	65.2
	Neither agree nor disagree	18	13.0	13.0	78.3
	Strongly agree	27	19.6	19.6	97.8
	Strongly disagree	3	2.2	2.2	100.0
	Total	138	100.0	100.0	

Table 12: frequency table about expectation of respondents to get additional information easily about products and services by participating in loyalty programs (Source: SPSS)

54

The above chart and graph show that about 70% of the respondents either agree or strongly agree that they expect to have greater access to and obtain additional information easily about products and services by participating in loyalty programs. On the other hand, a notable number of respondents (15%) disagreed while 13% could not make up their minds.

The next set of questions in the survey were designed to bring out the reactions of the participants of the survey about their promotion and/or demotion in loyalty programs that they currently participate or have participated in previously.

In that context the next proposition posed was to know whether the respondents were aware that their position in a loyalty program is dependent on the volume and frequency of purchase that they make from a brand or company.

I do realize that my position in a loyalty program is dependent on my volume and frequency of purchase

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	86	62.3	62.3	62.3
	Disagree	6	4.3	4.3	66.7
	Neither agree nor disagree	20	14.5	14.5	81.2
	Strongly agree	26	18.8	18.8	100.0
	Total	138	100.0	100.0	

Table 13: frequency table showing ratio of respondents aware about their position in a hierarchical loyalty program is dependent on volume and frequency of purchase of a brand or company (Source: SPSS)
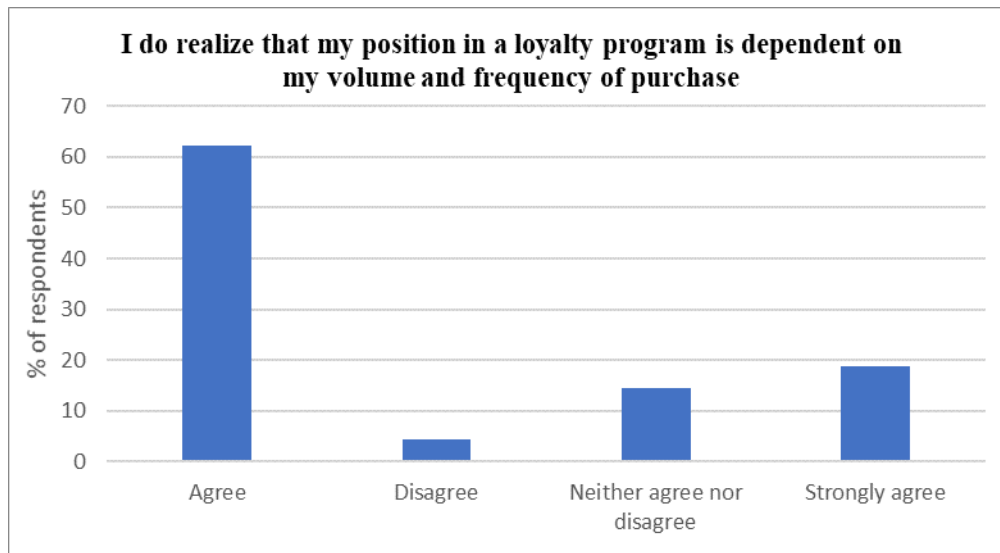
Graph 13: Ratio of participants aware about their position in a hierarchical loyalty program is dependent on volume and frequency of purchase of a brand or company (Source: SPSS)

The above chart and graph shows that a large majority of the participants (about 81%) were aware that their position in a loyalty program completely depended on the volume of money they spent in purchasing and the frequency of their purchasing of a product or service of a particular brand or a company. Just 4.3% of the respondents disagreed with none strongly disagreeing about this precondition to their position in a loyalty program. However about 15% of the respondents were not sure about the answer.

Based on the previous question the respondents were also asked whether they were always under pressure to showcase their loyalty towards a brand through acts such as by purchasing more frequently, in order to retain their position in the loyalty program. This as an important question because it highlighted the importance of the need felt by the respondents to remain in a loyalty program despite pressure of continuous and frequent purchasing.

there is always pressure to showcase my loyalty towards the brand, like buying more frequently, to reytain position in a loyalty program

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	42	30.4	30.4	30.4
	Disagree	45	32.6	32.6	63.0
	Neither agree nor disagree	27	19.6	19.6	82.6
	Strongly agree	15	10.9	10.9	93.5
	Strongly disagree	9	6.5	6.5	100.0
	Total	138	100.0	100.0	

Table 14: frequency table showing ratio of respondents admitting they are always under pressure to showcase brand loyalty such as by purchasing more frequently, in order to retain their position in loyalty programs (Source: SPSS)
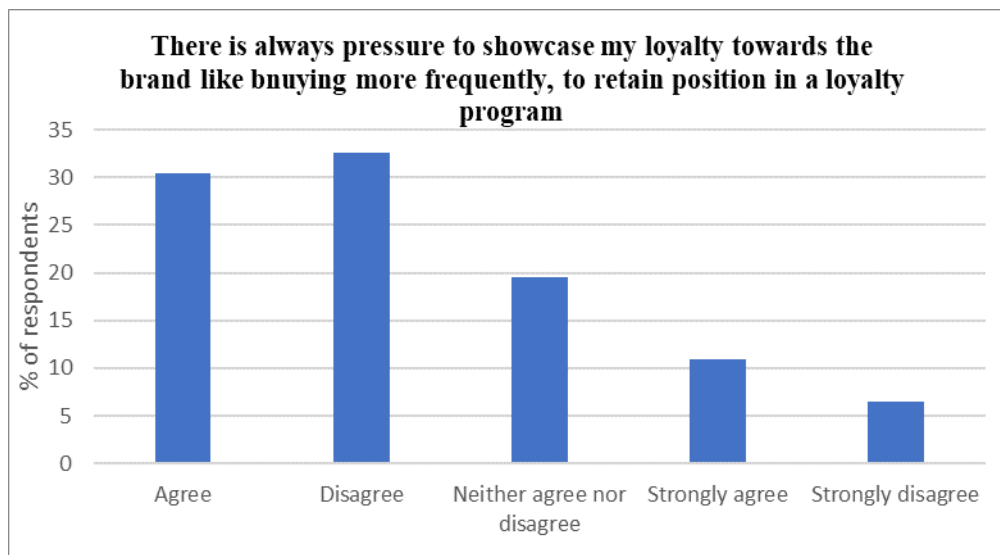
Graph 14: Ratio of participants admitting of being under pressure to showcase brand loyalty, through acts such like purchasing more frequently, to retain their position in loyalty programs (Source: SPSS)

The above chart and graph clearly depict that more than 41% of the respondents admitted of always being under pressure of purchasing more frequently to hold on to their position in a loyalty program. At the same time an equally large proportion of respondents (about 39%) said no significant pressure existed on them to purchase more. But about 20% of the respondents could not visibly make up their minds. The answers show an almost equal number of respondents feel

they need to purchase more to retain their position in a loyalty program while a similar number does not feel any such pressure. The respondents who did not answer in either affirmative or negative therefore appears to be the crucial lot in deciding whether hierarchical loyalty programs create pressure on consumers to purchase more and in greater frequency. Currently, this aspect of loyalty programs seems to be undecided.

Next, the respondents were asked to opine about whether they had received communication/messages from brand/companies requesting/urging them to continue to shop more in order to better their position in a loyalty program.

Companies seending messages to urge consuemrs to shop more to enahnce consumers' position in loyalty program

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	79	57.2	57.2	57.2
	Disagree	16	11.6	11.6	68.8
	Neither agree nor disagree	11	8.0	8.0	76.8
	Strongly agree	28	20.3	20.3	97.1
	Strongly disagree	4	2.9	2.9	100.0
	Total	138	100.0	100.0	

Table 15: frequency table showing ratio of respondents admitting they have been urged by companies to shop to enhance their position in loyalty programs (Source: SPSS)
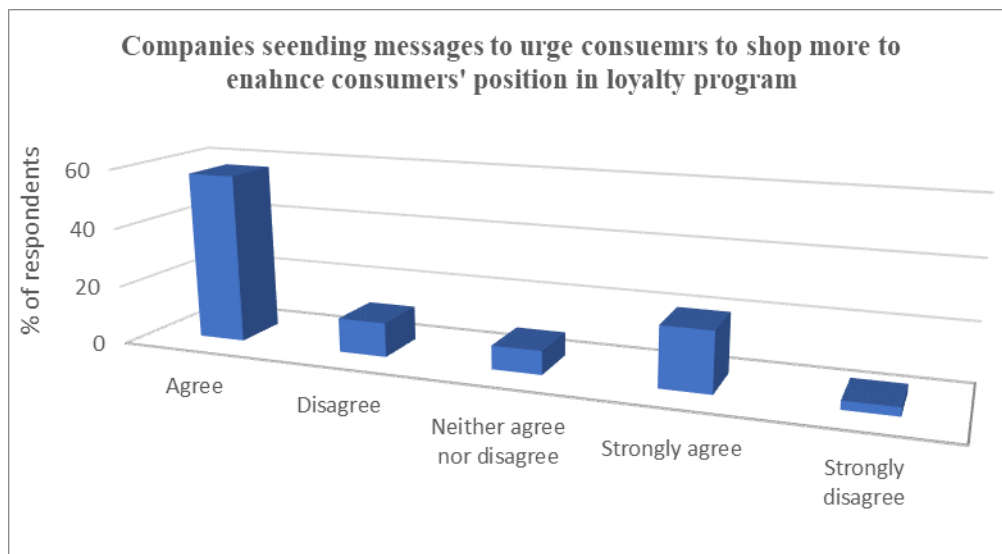
Graph 15: Ratio of participants admitting of being contacted by companies and brands urging them to shop more to better their position in loyalty programs (Source: SPSS)

The above chart and graph clearly depicts that a vast majority of the respondents (more than 77%) of the respondents admitted that they had been contacted by companies and brands through marketing messages and other means to urge them to spend more on shopping to enhance their position in loyalty programs. However, about 14% of the participants informed of not having been contacted by companies and brands while just 8% chose not to say anything.

The next proposition put forward for the respondents was about whether they were excited by the prospect of being offered more than others in a loyalty program or getting promoted.

I am excited by the prospect of being offered more than others in a loyalty program or getting promoted

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	70	50.7	50.7	50.7
	Disagree	15	10.9	10.9	61.6
	Neither agree nor disagree	32	23.2	23.2	84.8
	Strongly agree	19	13.8	13.8	98.6
	Strongly disagree	2	1.4	1.4	100.0
	Total	138	100.0	100.0	

Table 16: frequency table showing ratio of respondents admitting they have been urged by companies to shop to enhance their position in loyalty programs (Source: SPSS)
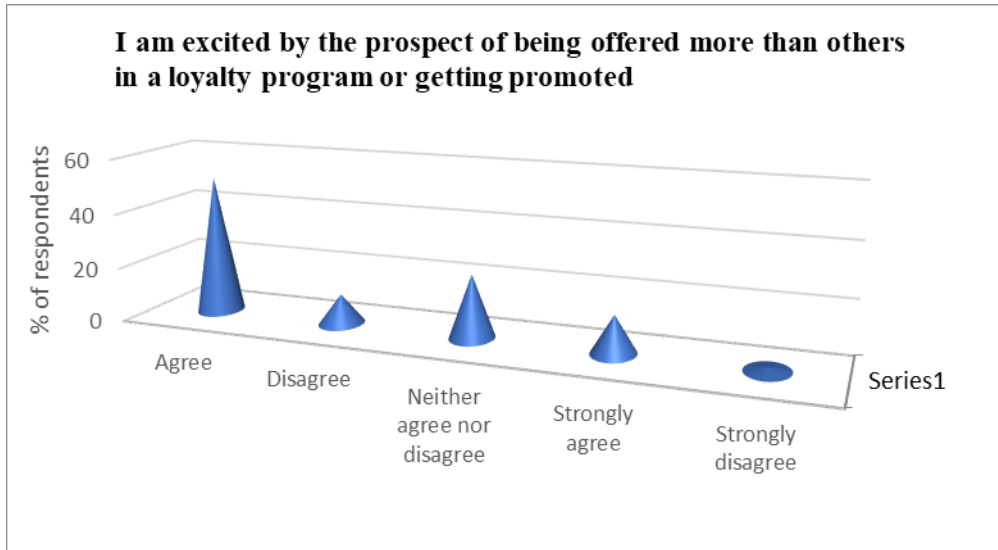
Graph 16: Ratio of participants admitting they are excited when they are offered more than others in a loyalty program or getting promoted (Source: SPSS)

The above chart and graph shows that healthy majority of the respondents (more than 64%) either agreed or disagreed to the proposition about them being excited if they are offered a chance for promotion in a loyalty program while just about 12% of them denied about being excited. However, a significantly large number of respondents (23%) could not make up their minds. This answer therefore indicates that even though majority of the respondents do like the idea of being promoted, a significant number of them think otherwise if those who chose not to answer is included.

The next proposition put forward for the respondents was whether they would be willing to spend more on purchases from a brand/company if they were offered the opportunity to get automatically promoted in the program.

Willinness to spend more on purchases if offered opportunity of automatic promotion in a loyalty program

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	76	55.1	55.1	55.1
	Disagree	11	8.0	8.0	63.0
	Neither agree nor disagree	29	21.0	21.0	84.1
	Strongly agree	22	15.9	15.9	100.0
	Total	138	100.0	100.0	

Table 17: frequency table depicting number and % of respondents willing to spend more on purchases against being automatically promoted in loyalty programs (Source: SPSS)
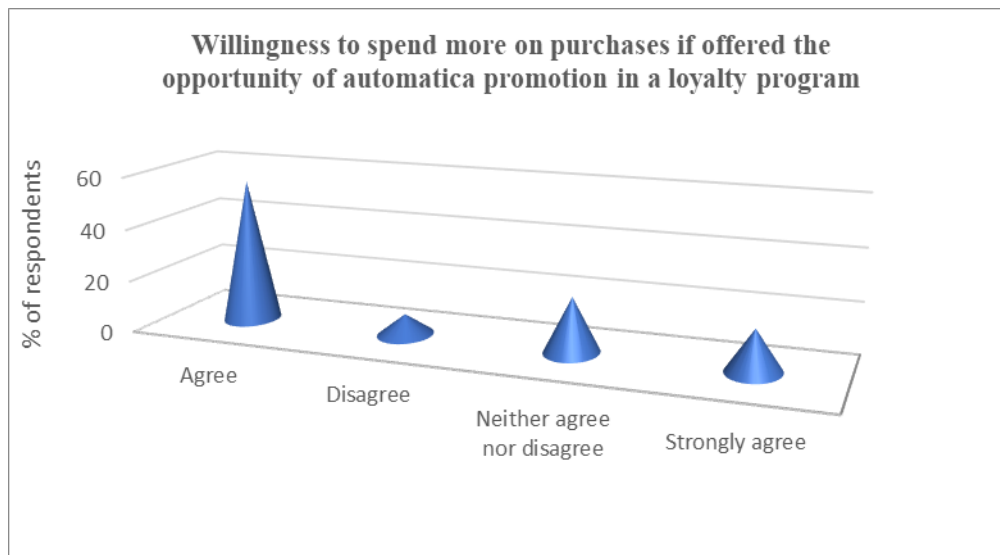
Graph 17: Ratio of participants willing to spend more on purchases if they are automatically promoted in loyalty programs (Source: SPSS)

The above chart and graph shows that healthy vast majority of the respondents (more than 71%) either agreed or disagreed to the proposition about them willing to spend additional money on purchasing products and services from a particular brand or company if they are automatically promoted in a loyalty program. While just 8% of the respondents disagreed, a significant number of them (21%) chose not to say anything about this proposition.

The next question brought out the thoughts and feelings of the respondents if they found that their position in a loyalty program was not enhanced (promoted) automatically despite them spending more for a brand.

I am/would be very disappointed if I am not upgraded/promoted automatically in a loyalty program despite greater spending on a brand

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	69	50.0	50.0	50.0
	Disagree	10	7.2	7.2	57.2
	Neither agree nor disagree	27	19.6	19.6	76.8
	Strongly agree	31	22.5	22.5	99.3
	Strongly disagree	1	.7	.7	100.0
	Total	138	100.0	100.0	

Table 18: frequency table depicting number and percentage of participants getting disappointed if they are not automatically promoted in a loyalty program despite spending more for a brand (Source: SPSS)

Graph 18: Number and percentage of participants getting disappointed if they are not automatically promoted in a loyalty program despite spending more for a brand (Source: SPSS)

The above table and graph shows that more than 77% of the respondents agreed or strongly agreed to the proposition, while about 14% of them answered in the

negative – which meant that they would not be disappointed if they were not promoted in a loyalty program despite spending more on a brand. Interestingly about 20% of the respondents could not make up their minds on this aspect.

The next question asked the respondents whether they were aware that their position in a loyalty program can be lost, or be demoted, if they did not make a certain level of purchase as prescribed in a loyalty program.

Aware about loosing one's position, getting demoted in a loyalty program if a certain level of purchase as prescribed in a loyalty program not achieved

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	72	52.2	52.2	52.2
	Disagree	17	12.3	12.3	64.5
	Neither agree nor disagree	27	19.6	19.6	84.1
	Strongly agree	17	12.3	12.3	96.4
	Strongly disagree	5	3.6	3.6	100.0
	Total	138	100.0	100.0	

Table 19: frequency table depicting awareness among respondents about losing position, getting demoted, in a loyalty program if a certain prescribed level of purchasing not achieved (Source: SPSS)
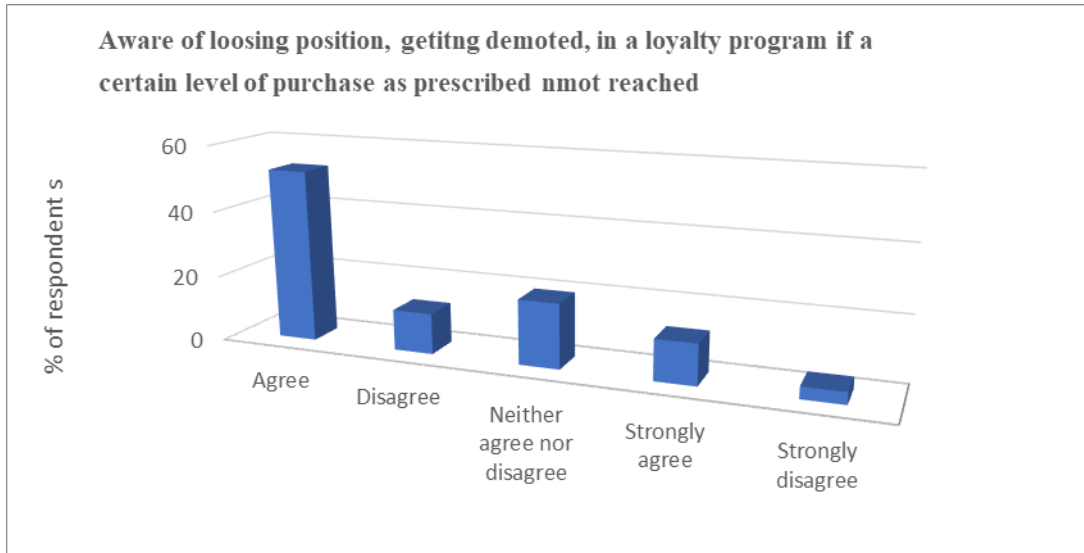
Graph 19: Ratio of participants aware about losing their position, getting demoted, in a loyalty program if a certain prescribed level of purchasing not achieved (Source: SPSS)

The above data shows that a large majority of the respondents (almost 65%) where are of the consequences of not reaching a certain prescribed level of purchasing, getting demoted, with respect to loyalty program while about 16% seemed unaware of such consequence. About 20% of the respondents could not make up their minds on this issue.

The next proposition attempted to bring about any feelings of concern or fear among the respondents about being demoted in a loyalty program.

I do feel significantly concerned about losing my position/being downgraded (demotion) in a loyalty program

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	57	41.3	41.3	41.3
	Disagree	27	19.6	19.6	60.9
	Neither agree nor disagree	29	21.0	21.0	81.9
	Strongly agree	19	13.8	13.8	95.7
	Strongly disagree	6	4.3	4.3	100.0
	Total	138	100.0	100.0	

Table 20: frequency table depicting significant concerns among respondents about being demoted in a loyalty program (Source: SPSS)
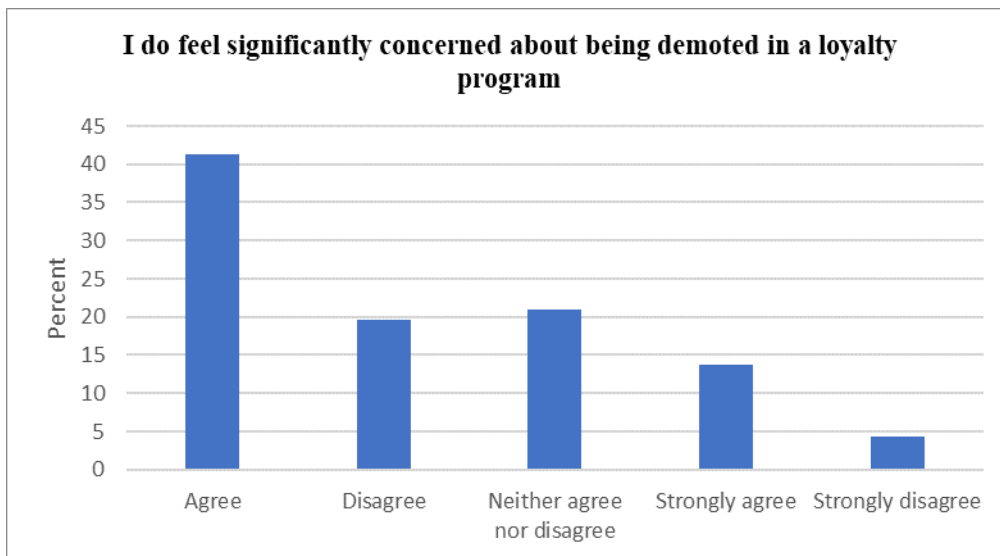
Graph 20: Ratio of participants feeling significantly concerned about being demoted in a loyalty program (Source: SPSS)

The data above shows that just a little over half of the respondents (about 55%) are concerned to any significant degree of being demoted in a loyalty program while about 24 of them said they are not concerned to any significant degree. A notable 21% of the respondents could not make up their minds in this aspect.

The next question was proposed as an alternative to the respondents for the current system of ranking in a loyalty program. The proposition suggested the respondents to consider whether their history of purchases/brand loyalty should be considered by a brand/company with respect to their position in a loyalty program even if they are unable to meet the present threshold of purchases for a period.

hisotry of purchase should be considered for my poition in a loyalty program if i ma not able to meet a spending threshold in a certain period

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	69	50.0	50.0	50.0
	Disagree	6	4.3	4.3	54.3
	Neither agree nor disagree	26	18.8	18.8	73.2
	Strongly agree	36	26.1	26.1	99.3
	Strongly disagree	1	.7	.7	100.0
	Total	138	100.0	100.0	

Table 21: frequency table of numbers and percentages of respondents about their opinion on considering of historical purchasing figures for promotion/demotion in a loyalty program (Source: SPSS)
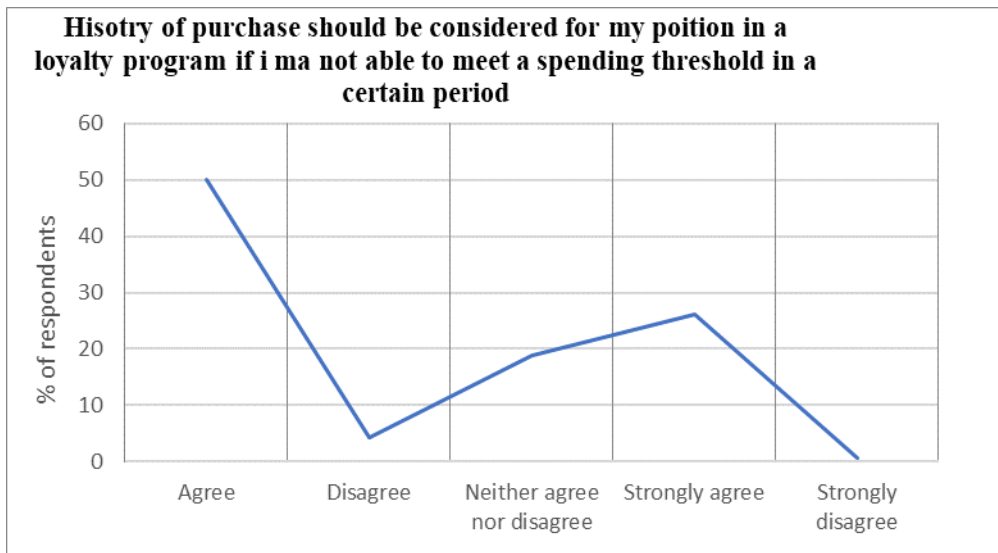
Graph 21: Ratio of participants who believe that history of purchase should be considered while deciding on promotion and/or demotion in a loyalty program (Source: SPSS)

The data presented above clearly shows that a vast majority of the respondents (more than 76%) either strongly agree or at least agree that companies and brands should consider the history of purchases/brand loyalty of the respondents with respect to their position in a loyalty program even if they are unable to meet the present threshold of purchases for a particular period. Just about 11% of the participants disagreed while about 19% chose not to say anything.

Linked to the previous question, the next one attempted to bring out the concerns among the participants if their history of purchases/brand loyalty is not considered and they are demoted or in a loyalty program for a particular period which could make them very disappointed.

I would be very disappointed if history of purchases is not considred before demotion in a loyalty program due to nonachievement of a threshold for a particular period

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	60	43.5	43.5	43.5
	Disagree	16	11.6	11.6	55.1
	Neither agree nor disagree	30	21.7	21.7	76.8
	Strongly agree	32	23.2	23.2	100.0
	Total	138	100.0	100.0	

Table 22: frequency table of numbers and percentages of respondents being disappointed if history of purchases not considered prior to demotion due to non-achievement of a threshold for a period (Source: SPSS)
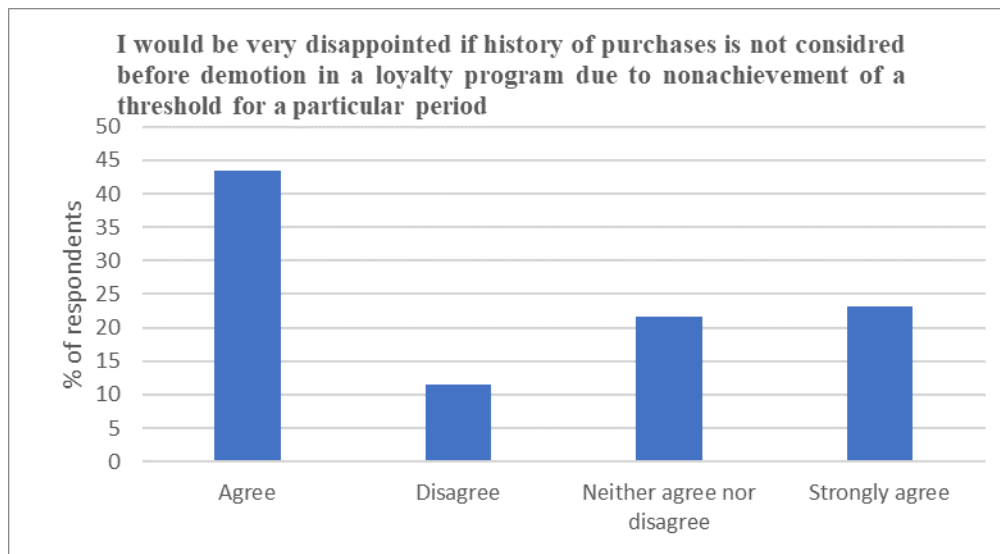
Graph 22: Proportion of respondents being disappointed if history of purchases not considered prior to demotion due to non-achievement of a threshold for a period (Source: SPSS)

The data presented above clearly shows that a vast majority of the respondents (more than 76%) either strongly agree or at least agree that companies and brands

should consider the history of purchases/brand loyalty of the respondents with respect to their position in a loyalty program even if they are unable to meet the present threshold of purchases for a particular period. Just about 11% of the participants disagreed while about 19% chose not to say anything.

The next set of questions was directed to know the reactions of the participants about loyalty programs with respect to Promotion and/or Demotion of consumers.

The next question asked respondents whether they would rethink about continuing participation in a loyalty program if I they are not promoted even after them meeting the present meeting set thresholds of purchasing for a period.

Rethinking about continuing participation in loyalty program if no promotion even after meeting set thresholds of purchasing for a time period

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	63	45.7	45.7	45.7
	Disagree	15	10.9	10.9	56.5
	Neither agree nor disagree	30	21.7	21.7	78.3
	Strongly agree	30	21.7	21.7	100.0
	Total	138	100.0	100.0	

Table 23: frequency table showing number and percentage of participants who could rethink participating in loyalty program if not promoted despite meeting purchase thresholds (Source: SPSS)
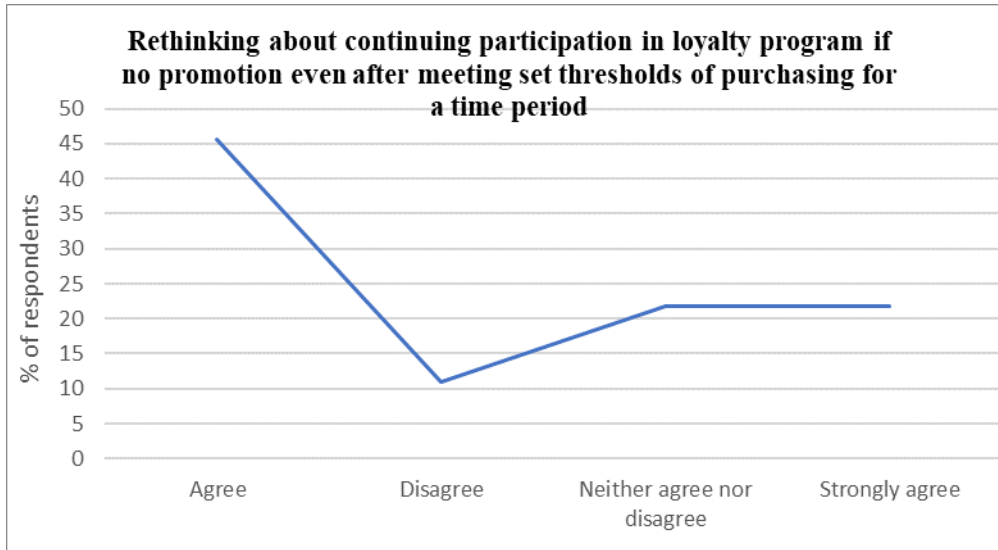
Graph 23: Proportion of respondents who could rethink participating in loyalty program if not promoted despite meeting purchase thresholds (Source: SPSS)

The data represented above shows that a vast majority of the respondents (67%) would indeed rethink their participation in loyalty programs of they are not automatically promoted even after they spend the required amount for a time period. This underscores the importance that most of the respondents attach to promotion in loyalty programs. While about 11% of the participants said they would not consider a rethink of them being part of a loyalty program under the conditions posed in the question, a significant number (almost 22%) of the respondents could not apparently make up their minds in this respect.

The next proposition posed was the respondents rethinking continuation of participation in a loyalty program in the case of demotion without their historical purchase data is ignored for a period.

Rethinking about continuation of participation in loyalty program if demoted/downgraded without considring past loyalty and historical purchase data

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	55	39.9	39.9	39.9
	Disagree	20	14.5	14.5	54.3
	Neither agree nor disagree	36	26.1	26.1	80.4
	Strongly agree	27	19.6	19.6	100.0
	Total	138	100.0	100.0	

Table 24: frequency table showing number and percentage of respondents who will to reconsider loyalty program participation if they are demoted without their brand loyalty being considered (Source: SPSS)
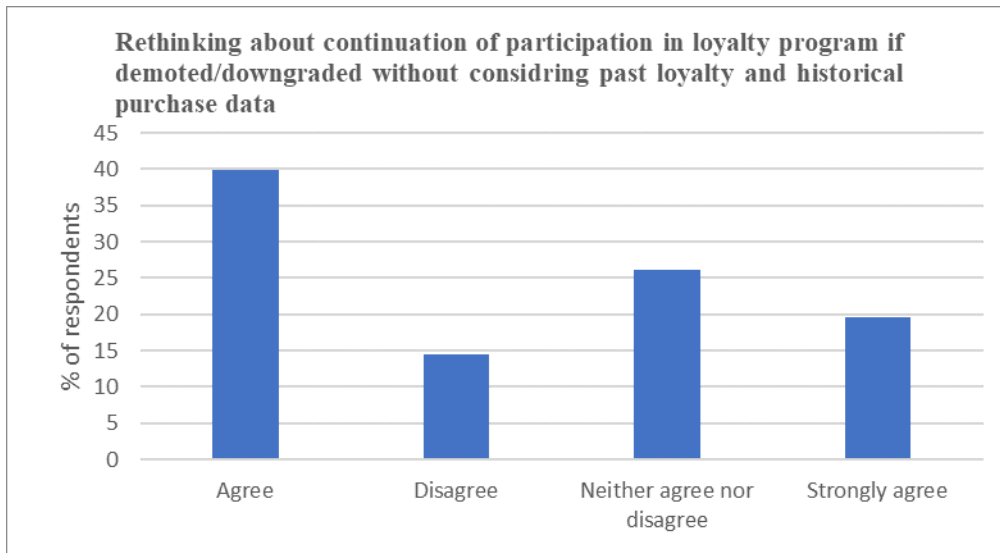
Graph 24: Proportion of respondents who will to reconsider loyalty program participation if they are demoted without their brand loyalty being considered (Source: SPSS)

70

The data sets presented above show that a comfortable majority of the respondents (about 60%) agreed to the proposition the question while about 15% disagreed and a significantly large 26% chose not to say anything.

The last question asked respondent's opinions about whether there should be a fundamental change in the way companies and brands run loyalty programs. Companies should consider overall loyalty of a customer towards a brand instead of depending only on spending for a time period for promotions and/or demotions.

Historical brand loyalty only consideration instead of spending for the brand for a particular time period for promotions and/or demotions in a loyalty program

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	77	55.8	55.8	55.8
	Disagree	6	4.3	4.3	60.1
	Neither agree nor disagree	26	18.8	18.8	79.0
	Strongly agree	28	20.3	20.3	99.3
	Strongly disagree	1	.7	.7	100.0
	Total	138	100.0	100.0	

Table 25: frequency table showing respondents reaction about historical brand loyalty only determinant of promotion and/or demotion in loyalty program (Source: SPSS)

Graph 25: Proportion of respondents' reaction about historical brand loyalty only determinant of promotion and/or demotion in loyalty program (Source: SPSS)

The above table and graph show a large majority of the respondents (almost 76%) agreed or strongly agreed pot the proposition in the question while just about 5% disagreed or strongly disagreed. About 19% of the respondents chose not to say anything on this aspect.

4.2: Discussions of Results of Primary and Secondary Data

4.2.1: Perceived Benefits of participating in loyalty programs

Secondary data from past studies in the literature review showed that customer loyalty is primarily an attitude that sometimes leads to a relationship with a brand. Researchers and practitioners in marketing and advertisements have identified customers' brand loyalty by the presence of strong 'attitudinal commitment' towards a brand by customers (Mellens et. al. 1996; Reichheld 1996) which creates consistent favourable set of stated beliefs towards the brand purchased. This can be found out by questioning customers about their feelings and likings about a brand, whether they feel committed to it, whether they would recommend the brand to others, and examining whether they have positive beliefs and feelings about it compared to other rival brands (Dick and Basu, 1994). Past research has also found that customer loyalty is mainly expressed in terms of revealed

behaviour of the customers in terms of the pattern of past purchases (Fader and Hardie 1996; Kahn, Kalwani and Morrison 1988). But importantly, past studies have also identified that customer loyalty is moderated by the characteristics, circumstances, and/or the purchase situation of the individual customer.

Based on the secondary data, this research also identified several perceived benefits of loyalty programs that consumers expect to gain from their participation in such programs. The main aim of loyalty programs is to deliver additional perceived additional worth or value from the viewpoint of customer (Yi and Jeon, 2003). Based on past studies, this research identified utilitarian, symbolic and hedonic benefits to be the primary benefits that consumers seek to gain from participation in loyalty programs.

Utilitarian benefits are related to the tangible attributes of a product and can include benefits that can generate value for consumers by fulfilling a need or providing a solution to an issue (Malär, Krohmer, Hoyer and Nyffenegger, 2011; Chiu, *et al*., 2012) and possible financial rewards (Anderson *et al*., 2014; Chai, Malhotra, and Alpert, 2015). It also includes convenience benefits such as getting an easy way to choose among product or service alternatives (Sheth and Parvatiyar, 1995).

Symbolic benefits include achieving a sense of worth and enhancement of self-image, and societal approval (Kang and Shin, 2016; Omar *et al*., 2015). This can be gained through special treatment, additional attention, and personalized services from companies or brands (McAlexander, Schouten, and Koenig, 2002).

Hedonic benefits include having greater access to social occasional and/or marketing offers as well as access to greater information more easily (Chai *et al*., 2015) which can make them feel joy.

Primary data has shown that majority of consumers are motivated to participate in loyalty programs because of their expectation of getting additional benefits while shopping, compared to non-participants. There was an inherent intention among consumers to showcase their brand loyalty by participating in loyalty programs and those who had joined had been convinced by the marketing efforts of brands and companies.

But less than half of the consumers' intention was to enhance their social position compared to their peers in prompting them to joining loyalty programs. This does not correspond to the findings from secondary data which identified perceived social benefits as one of the major motivators for consumers to join loyalty programs.

Primary data instead found that utilitarian benefits to be the major drive why consumers join loyalty programs. For example, primary data showed that most consumers desired to be able to gain benefits from cross purchasing offered by loyalty programs

The primary data was not congruent with secondary data about the symbolic benefit of wanting to give back something to the brand for serving the consumers well by participating in loyalty programs. While more than half of the consumers exhibited this intention in primary data, there were also a sizable number of consumers who believed otherwise.

However other symbolic benefits such as brands and companies according special attention to any issues/queries which consumers might have about their products or services, as well as getting additional attention and personalized services were among the major expectations of consumers form participation in loyalty programs. This was congruent with secondary data.

Primary and secondary data also confirmed that perceived hedonic benefits of having greater access to occasional and/or marketing offers as well as to greater information about the products or services more easily compared to non-participants in loyalty programs was also one of the important expectations of customers.

Issues which were different between Primary and Secondary data

Contrary to secondary data, less than half of the consumers' intention was to enhance their social position compared to their peers in prompting them to joining loyalty programs. This does not correspond to the findings from secondary data which identified perceived social benefits as one of the major motivators for consumers to join loyalty programs.

Further, primary data was not congruent with secondary data about the symbolic benefit of wanting to give back something to the brand for serving the consumers well by participating in loyalty programs. While more than half of the consumers exhibited this intention in primary data, there were also a sizable number of consumers who believed otherwise.

4.2.2: Reactions to Promotion and/or demotion in loyalty programs
Issues that were common between Primary and secondary data

According to analysis of secondary data, explanation of the way consumers react to promotions and/or demotions in loyalty programs can be made through the Emotions Theory. Customers enjoy special psychological treatment, such as respect and recognition, in addition to better functional benefits such as exclusive services because of their status in a hierarchical loyalty program. There are also perceived benefits sought by customers (Drèze and Nunes 2009; Wagner, Hennig-Thurau, and Rudolph 2009). This may also translate to a positive and favourable attitude towards a brand among customers and they could also be willing to spend more with the brand and pay a premium (Homburg, Droll, and Totzek 2008; Steinhoff and Palmatier 2016).

Diminished commitment as well as provoking withdrawal behaviours can result among customers who are demoted, or the special customer status and the associated benefits are withdrawn by a brand for reasons such as a recent history of low spending. Manifestation of such feelings can be in the form of scaling back their transactions with the brand or switching to a rival brand (Banik, Gao, and Rabbanee 2019; Hwang and Kwon 2016). Hence according to past studies, there is a clear difference between feelings and loyalty intentions among consumers who are demoted compared to those who are promoted in a hierarchical based customer loyalty program with the demoted customers likely to exhibit lower level of loyalty intent compared to promoted customers.

Many of the findings from past studies were found to match with those obtained from primary data. While the majority of consumers were aware that their position in a loyalty program completely depended on the volume of money they spent in purchasing and the frequency of their purchasing form a brand, less than

half of the consumers felt pressure of purchasing more frequently to hold on to their position in a loyalty program. However, majority of the consumers felt no pressure which indicated that they accepted the necessity to purchase more to retain and enhance position in a loyalty program. Primary data also found a prevalent sense of excitement among most consumers about them being promoted in a loyalty program and would spend more to better their status in such programs.

Hence, it can be said that consumers exhibit very specific feelings and attitudes with respect to promotion and demotion in loyalty programs. While automatic promotions with additional spending bring in feelings of joy and potentially higher brand commitment and loyalty, demotion can bring out the opposite feelings and attitudes among consumers.

Issues which were different between primary and secondary data

While secondary data was unable to bring out the exact feelings of consumers with respect to demotion, primary data showed that consumers would be disappointed if they were not promoted in a loyalty program despite spending more on a brand. Further while being aware of the consequence of loss of status in the loyalty program for not spending enough, many consumers were significantly concerned of being demoted in a loyalty program.

This prompted the consumers to opine that their history of purchases and exhibition of brand loyalty should be considered by a brand or a company with respect to their position in a loyalty program even if they are unable to meet the present threshold of purchases for a particular period. This is something that as not deciphered in past studies and not found in secondary data.

4.2.3: Possible Reaction towards loyalty programs by Consumers with respect to Promotion and/or Demotion of consumers

Issues which were common in Primary and Secondary data

Past studies have indicated two possibilities with respect to promotions and demotion in terms of consumer attitude towards loyalty programs. An emotional

outburst of demoted customers could prompt them to withdraw from not only the loyalty program but also from the brand because they would feel protected by avoiding or distancing themselves from the negative event of demotion. Moreover, these can be because of withdrawal behaviour among consumers aimed at restoring a more equitable state between the brand and themselves (Henderson, Beck, and Palmatier 2011; Ramaseshan and Ouschan 2017).

In the case of promoted customers, it can evoke feelings and motions of joy and gratefulness, and such customers may also want to return the favour or gratitude by being more active in the loyalty program (Yamanouchi 2009). They might even be encouraged thus to spend more because of their positive emotions and become more engaged, committed and loyal to the brand (Wagner, Hennig-Thurau, and Rudolph, 2009).

Primary data showed most customers would rethink their participation in loyalty programs if they are not automatically promoted even after they spend the required amount for a time period. Consumers were also even willing to reconsider their continuation of participation in a loyalty program in the case of demotion without their historical purchase data is ignored for a period.

Issues which were different between primary and secondary data

According to primary data, consumers demanded that brands and companies running loyalty programs should consider the overall loyalty of a customer towards a brand instead of depending only on spending for a time period for promotions and/or demotions. This is a fundamental change that the consumers demanded and was not indicated in the past studies that were consulted and referred to for this research. This was not captured in secondary data and hence was a new revelation for the researcher.

Chapter 5: Conclusion and Recommendations

5.1: Conclusion of the Research

This section of the study essentially summarizes the findings from the research and examines whether the initial research questions that this research set out to find answers to have been answered.

In this context therefore it pertinent to revisit the research questions which are listed below:

1) *What are the perceived benefits from customers' viewpoint of them agreeing to join loyalty programs?*
2) *What are the potential reactions/feelings of consumers being promoted and/or demoted in a loyalty program?*
3) *What are the specific impacts of promotion and/or demotion of customers in loyalty programs towards such loyalty programs and brands running such programs?*

It can be said conclusively that the research identified several factors or perceived benefits from the perspective of consumers that consumers expect to get from and act as motivators to joining loyalty programs. Based on the analysis of primary as well as secondary data, it can be said that utilitarian, symbolic and hedonic benefits from participation in loyalty programs. These can be summarized as a list shown below:

Utilitarian Benefits

➢ Tangible attributes which can generate value for consumers by fulfilling a need or providing a solution to an issue
➢ Mainly relates to financial benefits and financial rewards
➢ Convenience benefits such as getting an easy way to choose among product or service alternatives
➢ Benefits from cross purchasing offered by loyalty programs

Symbolic Benefits

➢ Achieving a sense of worth and enhancement of self-image, and societal approval

- ➢ Special treatment
- ➢ Additional attention
- ➢ Personalized services from companies or brands
- ➢ Enhancing their own social position compared to their peers by getting the above benefits compared to those who had not joined
- ➢ Intention of giving back something to a brand for serving consumers well

Hedonic Benefits

- ➢ Greater access to social occasional and/or marketing offers
- ➢ Access to greater information about products and services more easily
- ➢ Generating a feeling of joy from participation in loyalty programs.

This research also managed to identify a range of possible feelings and attitudes that are expressed by consumers when they are promoted and/or demoted in a loyalty program. The outcomes in this regard as found in the study based on both primary and secondary data can be summarized as below.

Consumers being Promoted in Loyalty Programs

- ➢ Create a positive and favorable attitude towards a brand
- ➢ Potentially exhibit a willingness to spend more with the brand
- ➢ Willingness to pay a premium
- ➢ A possible limited feeling of pressure to purchase more among some consumers
- ➢ A sense of excitement among many consumers about them being promoted in a loyalty program

Consumers being Demoted in Loyalty Programs

- ➢ Diminished commitment among consumers
- ➢ Potential provocation of withdrawal behaviors
- ➢ Prompt consumers to scale back their transactions with the brand
- ➢ Prompt customers to switch to a rival brand

- ➢ A sense of disappointment if they were not promoted in a loyalty program despite spending more on a brand

- ➢ An ongoing sense of concern of being demoted in a loyalty program is they were aware of the need to continue spending to hold on to status in a loyalty program.

These feelings were found to have a significant impact among consumers with respect to their attitudes primarily towards loyalty programs and a consequent impact on the success of such programs and the revenues of brands organizing such programs. The outcome of the promotions and/or demotions of consumers in loyalty programs as found in this research are summarized below.

Promoted Consumers

- ➢ Promoted customers may develop positive feelings towards brands such as feelings and emotions of joy and gratefulness

- ➢ Such customers may want to return the favor or gratitude by being more active in the loyalty program

- ➢ Can be encouraged to spend more because of their positive emotions

- ➢ Potentially increase engaged, committed and loyalty of consumers towards the brand

Demoted Consumers

- ➢ Emotional outburst of demoted customers could prompt them to withdraw from not only the loyalty program but also from the brand because

- ➢ Such consumers feel protected by avoiding or distancing themselves from the negative event of demotion

- ➢ Prompt withdrawal behavior among consumers who want to restore a more equitable state between the brand and themselves.

- ➢ Customers would rethink their participation in loyalty programs if they are not automatically promoted even after they spend the required amount for a time period.

- ➢ Customers could also cancel their continuation of participation in a loyalty program when they are demoted without their historical purchase data being considered for a period.

5.2: Recommendations for Brands running or planning to implement Loyalty Programs

Based on the above discussions and the he summary of the findings from this research, it can be stated that brands and companies running or planning to create and implement loyalty programs for their consumers should take this business activity as being a critical part of their efforts to retain consumers. This is because retaining customers through loyalty programs not only can ensure a steady flow of revenues from purchases made by participating consumers but can also be transformed into a competitive advantage.

However, while designing hierarchical structured loyalty programs, companies and brands need to very carefully set consumer spending and other thresholds for consumers to enter and upgrade in such programs. It should be remembered that while automatic upgrading of consumers in loyalty programs can bring out a sense of joy and create a positive attitude towards the brand, the opposite can happen in the case of demoted customers. Such consumers can get disappointed from demotions – potentially because they did not spend enough money in purchasing from brands within a present period. This can also lead to withdrawal syndrome among such consumers – potentially resulting in many of them withdrawing from loyalty programs and potentially also developing negative attitudes towards brands.

Hence, based on primary data, this research recommends that brands and companies that are running loyalty programs should also consider the historical spending and loyalty of consumers in the case of them not being able to reach spending threshold in a certain period. This was found to be the major demand among consumers participating in primary data collection process. While this is a fundamental change to the conventional and traditional way in which companies and brands run loyalty programs, incorporating this aspect to give a second chance to consumers unable to achieve a set threshold of spending in certain period can in fact enhance trust and loyalty towards the brand.

5.3: Research Limitations

Time and resources were limited for this study. While the researcher did not encounter much issues in identifying and gathering of secondary data, obtaining primary data was turned out to be a major problem. For example, the sample size of primary data gathering was much smaller than expected. This can be attributed to the prevent Covid-19 environment and the restrictions on movement imposed because of the pandemic. The researcher found it very difficult to approach people in person and hence had to rely on electronic modes to contact potential participants. This resulted in a limited number of participants being able to join the study. This potentially reduced the ability of the research outcomes to be generalized for the entire target population of consumers participating in loyalty programs which was huge.

However, it is hoped that the outcomes derived from this research will be able to act as a guideline for companies and brands dealing with loyalty programs particularly in the case of demotion of consumers in a hierarchy structured program.

References

Aaker, D., 2010. *Building Strong Brands*. 4th ed. [Hamilton, N.Z.]: Summaries.Com.

Ahluwalia, R., Rao, U. and Brunkrant, R., 1999. *Towards Understanding the Value of a Loyal Customer: An Information-Processing Perspective*. Marketing Science Institute, Report No. 99-116. [online] Cambridge, MA: Marketing Science Institute, pp.99-116. Available at: <https://www.msi.org/reports/towards-understanding-the-value-of-a-loyal-customer-an-information-processi/> [Accessed 7 June 2020].

Alavi, M. and Carlson, P. (1992). A Review of MIS Research and Disciplinary Development. *Journal of Management Information Systems*, 8(4), pp.45-62.

Alba, J., Mela, C., Shimp, T. and Urbany, J., 1999. The Effect of Discount Frequency and Depth on Consumer Price Judgments. *Journal of Consumer Research*, 26(2), pp.99-114.

Ali, A. and Gittelman, M. (2016). Research paradigms and useful inventions in medicine: Patents and licensing by teams of clinical and basic scientists in Academic Medical Centers. *Research Policy*, 45(8), pp.1499-1511.

Anderson, E. and Sullivan, M., 1993. The Antecedents and Consequences of Customer Satisfaction for Firms. *Marketing Science*, 12(2), pp.125-143.

Anderson, E., Fornell, C. and Lehmann, D., 1994. Customer Satisfaction, Market Share, and Profitability: Findings from Sweden. *Journal of Marketing*, 58(3), pp.53-66.

Anderson, K., Knight, D., Pookulangara, S. and Josiam, B., 2014. Influence of hedonic and utilitarian motivations on retailer loyalty and purchase intention: a facebook perspective. *Journal of Retailing and Consumer Services*, 21(5), pp.773-779.

Anderson, K., Knight, D., Pookulangara, S. and Josiam, B., 2014. Influence of hedonic and utilitarian motivations on retailer loyalty and purchase intention: a facebook perspective. *Journal of Retailing and Consumer Services*, 21(5), pp.773-779.

Arnold, M. and Reynolds, K., 2003. Hedonic shopping motivations. *Journal of Retailing*, 79(2), pp.77-95.

Arnould, E., Price, L. and Zinkhan, G., 2002. Consumers. 1st ed. New York: McGraw-Hill.

Avison, D., Baskerville, R. and Myers, M., 2001. Controlling action research projects. Information Technology & People, 14(1), pp.28-45.

Banik, S., Gao, Y. and Rabbanee, F., 2019. Status demotion in hierarchical loyalty programs and its effects on switching: Identifying mediators and moderators in the Chinese context. Journal of Business Research, 96, pp.125-134.

Bateson, M., Nettle, D. and Roberts, G., 2006. Cues of being watched enhance cooperation in a real-world setting. *Biology Letters*, 2(3), pp.412-414.

Beatty, S., 1996. Customer-sales associate retail relationships. *Journal of Retailing*, 72(3), pp.223-247.

Belk, R., 1974. An Exploratory Assessment of Situational Effects in Buyer Behavior. Journal of Marketing Research, 11(2), p.156.

Bernard, H. (2011). *Research methods in anthropology*. 5th ed. AltaMira Press.

Berry, J., 2013. Bulking up: The 2013 COLLOQUY loyalty census – Growth and trends in U.S. loyalty program activity. *COLLOQUYtalk*, June, pp. 1–13). Cincinnati: LoyaltyOne/ COLLOQUY. (Berry, J. (2013). Bulking up: The 2013 COLLOQUY loyalty census – Growth and trends in U.S. loyalty program activity. COLLOQUYtalk (Vol. June, pp. 1–13). Cincinnati: LoyaltyOne/ COLLOQUY.), pp.1–13.

Bettencourt, L. and Brown, S., 1997. Contact employees: Relationships among workplace fairness, job satisfaction and prosocial service behaviors. *Journal of Retailing*, 73(1), pp.39-61.

Biddle, J. and Emmett, R. (2014). *A research Mannual*. Bingley, U.K.: Emerald.

Bjørn-Andersen, N. and Clemmensen, T. (2017). The Shaping of the Scandinavian Socio-Technical IS Research Tradition. Confessions of an accomplice. *Scandinavian Journal of Information Systems*, [online] 29(1). Available at: https://aisel.aisnet.org/sjis/vol29/iss1/4 [Accessed 29 June. 2020].

Blackwell, S., Szeinbach, S., Barnes, J., Garner, D. and Bush, V., 1999. The Antecedents of Customer Loyalty. Journal of Service Research, 1(4), pp.362-375.

Bloemer, J. and Kasper, H., 1995. The complex relationship between consumer satisfaction and brand loyalty. *Journal of Economic Psychology*, 16(2), pp.311-329.

Bolton, R., Kannan, P. and 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), pp.95-108.

Bolton, R., Kannan, P. and 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), pp.95-108.

Bolton, R., Kannan, P. and 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), pp.95-108.

Bolton, R., Kannan, P. and 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), pp.95-108.

Bose, S. and Rao, V., 2011. Perceived benefits of customer loyalty programs: Validating the scale in the Indian context. *Management & Marketing*, 6(543).

Bryant, C. (1985). *Positivism in social theory and research*. Basingstoke: Macmillan.

Bryman, A. (2007). The Research Question in Social Research: What is its Role? *International Journal of Social Research Methodology*, 10(1), pp.5-20.

Bryman, A. and Bell, E. (2015). *Business research methods*. Oxford: Oxford Univ. Press.

Buttle, F., 2015. Customer Relationship Management. Taylor and Francis.

Capizzi, M. and Ferguson, R., 2005. Loyalty trends for the twenty-first century. *Journal of Consumer Marketing*, 22(2), pp.72-80.

Čater, T. and Čater, B., 2010. Product and relationship quality influence on customer commitment and loyalty in B2B manufacturing relationships. *Industrial Marketing Management*, 39(8), pp.1321-1333.

Chaabane, A. and Pez, V., 2019. The reward gap in hierarchical loyalty programmes: how to enhance bottom-tier customers' loyalty without alienating top-tier customers. Journal of Marketing Management, 36(1-2), pp.51-71.

Chai, J., Malhotra, N. and Alpert, F., 2015. A two-dimensional model of trust–value–loyalty in service relationships. *Journal of Retailing and Consumer Services*, 26, pp.23-31.

Chen, M. and Wang, L., 2009. The moderating role of switching barriers on customer loyalty in the life insurance industry. *The Service Industries Journal*, 29(8), pp.1105-1123.

Chen, S., Monroe, K. and Lou, Y., 1998. The effects of framing price promotion messages on consumers' perceptions and purchase intentions. *Journal of Retailing*, 74(3), pp.353-372.

Chiu, C., Wang, E., Fang, Y. and Huang, H., 2012. Understanding customers' repeat purchase intentions in B2C e-commerce: the roles of utilitarian value, hedonic value and perceived risk. *Information Systems Journal*, 24(1), pp.85-114.

Chiu, C., Wang, E., Fang, Y. and Huang, H., 2012. Understanding customers' repeat purchase intentions in B2C e-commerce: the roles of utilitarian value, hedonic value and perceived risk. *Information Systems Journal*, 24(1), pp.85-114.

Clark, W., Scholder Ellen, P. and Boles, J., 2010. An Examination of Trust Dimensions across High and Low Dependence Situations. *Journal of Business-to-Business Marketing*, 17(3), pp.215-248.

Cohen, B., Welkowitz, J. and Lea, R., 2011. Introductory Statistics for The Behavioral Sciences. Chichester: John Wiley & Sons.

Cronin, J. and Taylor, S., 1992. Measuring Service Quality: A Reexamination and Extension. *Journal of Marketing*, 56(3), p.55.

Csikszentmihalyi, M., 2000. The Costs and Benefits of Consuming. *Journal of Consumer Research*, 27(2), pp.267-272.

Dahl, D., Honea, H. and Manchanda, R., 2005. Three Rs of Interpersonal Consumer Guilt: Relationship, Reciprocity, Reparation. Journal of Consumer Psychology, 15(4), pp.307-315.

Dastan, I. and Gecti, F., 2014. Relationships among Utilitarian and Hedonic Values, Brand Affect and Brand Trust in the Smartphone Industry. *Journal of Management Research*, 6(2), p.124.

Day, G., 1969. A two-dimensional concept of brand loyalty. *Journal of advertising research*, 9(3), pp.29-35.

De Chernatony, L. and McDonald, M., 2003. *Creating Powerful Brands*. Oxford: Butterworth-Heinemann.

de Hooge, I., Zeelenberg, M. and Breugelmans, S., 2010. Restore and protect motivations following shame. Cognition & Emotion, 24(1), pp.111-127.

Demoulin, N. and Zidda, P., 2009. Drivers of Customers' Adoption and Adoption Timing of a New Loyalty Card in the Grocery Retail Market. *Journal of Retailing*, 85(3), pp.391-405.

Demoulin, N. and Zidda, P., 2009. Drivers of Customers' Adoption and Adoption Timing of a New Loyalty Card in the Grocery Retail Market. *Journal of Retailing*, 85(3), pp.391-405.

Dick, A. and Basu, K., 1994. Customer Loyalty: Toward an Integrated Conceptual Framework. *Journal of the Academy of Marketing Science*, 22(2), pp.99-113.

Dowling, G. and Uncles, M., 1997. Do Customer Loyalty Programs Really Work. Sloan Management Review, 38(4), pp.71-82.

Dowling, G. and Uncles, M., 1997. Do customer loyalty programs really work? *Sloan Management Review*, 38, pp.71–82.

Dowling, G., 2002. Customer Relationship Management: In B2C Markets, Often Less is More. *California Management Review*, 44(3), pp.87-104.

Drèze, X. and Nunes, J., 2011. Recurring Goals and Learning: The Impact of Successful Reward Attainment on Purchase Behavior. Journal of Marketing Research, 48(2), pp.268-281.

Dwyer, F., Schurr, P. and Oh, S., 1987. Developing Buyer-Seller Relationships. Journal of Marketing, 51(2), p.11.

East, R., Wright, M. and Vanhuele, M., 2008. Consumer Behaviour. Los Angeles: SAGE.

Eggert, A., Steinhoff, L. and Garnefeld, I., 2015. Managing the Bright and Dark Sides of Status Endowment in Hierarchical Loyalty Programs. Journal of Service Research, 18(2), pp.210-228.

Ehrenberg, A., 1988. Repeat-Buying: Facts, Theory and Application. London: Griffin.

Ehrenberg, A., Barnard, N. and Scriven, J., 1997. Differentiation or Salience. *Journal of Advertising Research*, 37(6), pp.7-14.

Ehrenberg, A., Uncles, M. and Goodhardt, G., 2004. Understanding brand performance measures: using Dirichlet benchmarks. Journal of Business Research, 57(12), pp.1307-1325.

Fader, P. and Hardie, B., 1996. Modeling Consumer Choice among SKUs. *Journal of Marketing Research*, 33(4), p.442.

Fazio, R., Zanna, M. and Cooper, J., 1978. Direct Experience and Attitude-Behavior Consistency: An Information Processing Analysis. Personality and Social Psychology Bulletin, 4(1), pp.48-51.

Festinger, L., 1954. A Theory of Social Comparison Processes. *Human Relations*, 7(2), pp.117-140.

Fornell, C., 1992. A National Customer Satisfaction Barometer: The Swedish Experience. *Journal of Marketing*, 56(1), p.6.

Fournier, S., 1998. Consumers and Their Brands: Developing Relationship Theory in Consumer Research. *Journal of Consumer Research*, 24(4), pp.343-353.

Fowler, F. and Lavrakas, P., 1988. Telephone Survey Methods: Sampling, Selection and Supervision. Journal of the American Statistical Association, 83(404), p.1223.

Foxall, G., Brown, S. and Goldsmith, R., 1998. *Consumer Psychology for Marketing*. London: International Thomson Business.

Gilbert, D., Giesler, R. and Morris, K., 1995. When comparisons arise. *Journal of Personality and Social Psychology*, 69(2), pp.227-236.

Gilliland, D. and Bello, D., 2002. Two Sides to Attitudinal Commitment: The Effect of Calculative and Loyalty Commitment on Enforcement Mechanisms in Distribution Channels. *Journal of the Academy of Marketing Science*, 30(1), pp.24-43.

Gilliland, D. and Bello, D., 2002. Two Sides to Attitudinal Commitment: The Effect of Calculative and Loyalty Commitment on Enforcement Mechanisms in Distribution Channels. *Journal of the Academy of Marketing Science*, 30(1), pp.24-43.

Goddard, W. and Melville, S. (2011). *Research methodology*. Kenwyn, South Africa: Juta & Co.

Goh, K. and Uncles, M., 2003. The benefits of airline global alliances: an empirical assessment of the perceptions of business travelers. Transportation Research Part A: Policy and Practice, 37(6), pp.479-497.

Gordon, M., McKeage, K. and Fox, M., 1998. Relationship marketing effectiveness: The role of involvement. *Psychology and Marketing*, 15(5), pp.443-459.

Gounaris, S., 2005. Trust and commitment influences on customer retention: insights from business-to-business services. *Journal of Business Research*, 58(2), pp.126-140.

Grégoire, Y., Tripp, T. and Legoux, R., 2009. When Customer Love Turns into Lasting Hate: The Effects of Relationship Strength and Time on Customer Revenge and Avoidance. Journal of Marketing, 73(6), pp.18-32.

Grier, S. and Deshpandé, R., 2001. Social Dimensions of Consumer Distinctiveness: The Influence of Social Status on Group Identity and Advertising Persuasion. *Journal of Marketing Research*, 38(2), pp.216-224.

Griskevicius, V., Tybur, J. and Van den Bergh, B., 2010. Going green to be seen: Status, reputation, and conspicuous conservation. *Journal of Personality and Social Psychology*, 98(3), pp.392-404.

Gwinner, K., Gremler, D. and Bitner, M., 1998. Relational Benefits in Services Industries: The Customer's Perspective. *Journal of the Academy of Marketing Science*, 26(2), pp.101-114.

Hallberg, G., 2003. Is your loyalty programme really building loyalty? Why increasing emotional attachment, not just repeat buying, is key to maximising programme success. *Journal of Targeting, Measurement and Analysis for Marketing*, 12(3), pp.231-241.

Han, Y., Nunes, J. and Drèze, X., 2010. Signaling Status with Luxury Goods: The Role of Brand Prominence. *Journal of Marketing*, 74(4), pp.15-30.

Harris, L. and Goode, M., 2004. The four levels of loyalty and the pivotal role of trust: a study of online service dynamics. *Journal of Retailing*, 80(2), pp.139-158.

Henderson, C., Beck, J. and Palmatier, R., 2011. Review of the theoretical underpinnings of loyalty programs. Journal of Consumer Psychology, 21(3), pp.256-276.

Henderson, C., Beck, J. and Palmatier, R., 2011. Review of the theoretical underpinnings of loyalty programs. Journal of Consumer Psychology, 21(3), pp.256-276.

Henderson, C., Beck, J. and Palmatier, R., 2011. Review of the theoretical underpinnings of loyalty programs. *Journal of Consumer Psychology*, 21(3), pp.256-276.

Hennig-Thurau, T., 2004. Customer orientation of service employees. *International Journal of Service Industry Management*, 15(5), pp.460-478.

Heskett, J., Jones, T., Loveman, G., Sasser, W. and Schelsinger, L., 2011. The Ownership Quotient: Putting the Service Profit Chain to Work for Unbeatable Competitive Advantage. *Harvard Business Review*.

Hirschman, E. and Holbrook, M., 1982. Hedonic Consumption: Emerging Concepts, Methods and Propositions. *Journal of Marketing*, 46(3), p.92.

Ho, R., Huang, L., Huang, S., Lee, T., Rosten, A. and Tang, C., 2009. An approach to develop effective customer loyalty programs. *Managing Service Quality: An International Journal*, 19(6), pp.702-720.

Ho, T., Lim, N. and Camerer, C., 2006. Modeling the Psychology of Consumer and Firm Behavior with Behavioral Economics. *Journal of Marketing Research*, 43(3), pp.307-331.

Homburg, C., Droll, M. and Totzek, D., 2008. Customer Prioritization: Does it Pay off, and how Should it be Implemented? *Journal of Marketing*, 72(5), pp.110-130.

Homburg, C., Droll, M. and Totzek, D., 2008. Customer Prioritization: Does it Pay off, and how Should it be Implemented? *Journal of Marketing*, 72(5), pp.110-130.

Hu, F. and Chuang, C., 2012. A study of the relationship between the value perception and loyalty intention toward an e-retailer website. *The Journal of Internet Banking and Commerce*, 17(`), pp.1–18.

Hur, W., Park, J. and Kim, M., 2010. The role of commitment on the customer benefits–loyalty relationship in mobile service industry. *The Service Industries Journal*, 30(14), pp.2293-2309.

Hutchinson, K., Donnell, L., Gilmore, A. and Reid, A., 2015. Loyalty card adoption in SME retailers: the impact upon marketing management. *European Journal of Marketing*, 49(3/4), pp.467-490.

Hutchinson, K., Donnell, L., Gilmore, A. and Reid, A., 2015. Loyalty card adoption in SME retailers: the impact upon marketing management. *European Journal of Marketing*, 49(3/4), pp.467-490.

Hwang, I. and Kwon, H., 2015. Effects of demotion in loyalty programs on brand-switching intentions. Service Business, 10(3), pp.489-505.

Hwang, Y. and Mattila, A., 2018. Spillover Effects of Status Demotion on Customer Reactions to Loyalty Reward Promotions: The Role of Need for Status and Exclusivity. Journal of Travel Research, 58(8), pp.1302-1316.

Jacoby, J. and Chestnut, R., 1978. *Brand Loyalty: Measurement And Management*. 1st ed. New York.: Wiley.

Jha, N. (2008). *Research methodology*. 1st ed. Chandigarh: Abhishek Publications

Kahn, B., Kalwani, M. and Morrison, D., 1988. Niching versus Change-of-Pace Brands: Using Purchase Frequencies and Penetration Rates to Infer Brand Positionings. *Journal of Marketing Research*, 25(4), p.384.

Kahneman, D. and Tversky, A., 1979. Prospect Theory: An Analysis of Decision under Risk. Econometrica, 47(2), p.263.

Kang, M. and Shin, D., 2016. The effect of customers' perceived benefits on virtual brand community loyalty. *Online Information Review*, 40(3), pp.298-315.

Keller, K., 1993. Conceptualizing, Measuring, and Managing Customer-Based Brand Equity. *Journal of Marketing*, 57(1), p.1.

Keller, K., 1998. *Strategic Brand Management*. 1st ed. Upper Saddle River, NJ: Prentice Hall., p.Keller, Kevin L. (1998), Strategic Brand Management. Upper Saddle River, NJ: Prentice Hall.

Kim, D., Lee, S., Bu, K. and Lee, S., 2009. Do VIP programs always work well? The moderating role of loyalty. Psychology and Marketing, 26(7), pp.590-609.

Kim, D., Lee, S., Bu, K. and Lee, S., 2009. Do VIP programs always work well? The moderating role of loyalty. *Psychology and Marketing*, 26(7), pp.590-609.

Kim, H., Lee, J., Choi, D., Wu, J. and Johnson, K., 2013. Perceived Benefits of Retail Loyalty Programs: Their Effects on Program Loyalty and Customer Loyalty. *Journal of Relationship Marketing*, 12(2), pp.95-113.

Kim, J., Fiore, A. and Lee, H., 2007. Influences of online store perception, shopping enjoyment, and shopping involvement on consumer patronage behavior towards an online retailer. Journal of Retailing and Consumer Services, 14(2), pp.95-107.

Kim, S. and Martinez, B., 2012. Fashion consumer groups and online shopping at private sale sites. International Journal of Consumer Studies, 37(4), pp.367-372.

Kivetz, R. and Simonson, I., 2003. The Idiosyncratic Fit Heuristic: Effort Advantage as a Determinant of Consumer Response to Loyalty Programs. *Journal of Marketing Research*, 40(4), pp.454-467.

Knetsch, J., 1989. The endowment effect and evidence of nonreversible indifference curves. *American Economic Review*, 79, pp.1277-1284.

Kruger, F., Mitchell, B. and Welman, C., 2005. Research Methodology. Cape Town: Oxford University Press.

Kuhn, T. (1987). Objectivity, value judgment, and theory choice. In: J. Kourany, ed., *Scientic Know ledge: Basic Issues in the Philosophy of Science*, 2nd ed. Belmont, CA: Wadsworth, pp.197-207.

Kumar, A. and Kashyap, A., 2018. Leveraging utilitarian perspective of online shopping to motivate online shoppers. International Journal of Retail & Distribution Management, 46(3), pp.247-263.

Kyguoliene, A., Zikiene, K. and Grigaliunaite, V., 2017. The influence of perceived benefits on the satisfaction with the loyalty program. *Engineering Economics*, 28(1).

Lacey, R., Suh, J. and Morgan, R., 2007. Differential Effects of Preferential Treatment Levels on Relational Outcomes. *Journal of Service Research*, 9(3), pp.241-256.

Lacey, R., Suh, J. and Morgan, R., 2007. Differential Effects of Preferential Treatment Levels on Relational Outcomes. *Journal of Service Research*, 9(3), pp.241-256.

Lacey, R., Suh, J. and Morgan, R., 2007. Differential Effects of Preferential Treatment Levels on Relational Outcomes. *Journal of Service Research*, 9(3), pp.241-256.

Lacey, R., Suh, J. and Morgan, R., 2007. Differential Effects of Preferential Treatment Levels on Relational Outcomes. *Journal of Service Research*, 9(3), pp.241-256.

Lamidi, L. and Rahadhini, M., 2018. The Effects of Hedonic Value, Utilitarian Value, and Customer Value on Satisfaction and Behavioral Intentions. *Journal of Applied Philosophical Management and Innovation*, 1(1), p.13.

Lee, H. and Kim, J., 2008. The effects of shopping orientations on consumers' satisfaction with product search and purchases in a multi-channel environment. *Journal of Fashion Marketing and Management: An International Journal*, 12(2), pp.193-216.

Leenheer, J. and Bijmolt, T., 2008. Which retailers adopt a loyalty program? An empirical study. *Journal of Retailing and Consumer Services*, 15(6), pp.429-442.

Leenheer, J., van Heerde, H., Bijmolt, T. and 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), pp.31-47.

Leenheer, J., van Heerde, H., Bijmolt, T. and 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), pp.31-47.

Lei Chang, 1994. A Psychometric Evaluation of 4-Point and 6-Point Likert-Type Scales in Relation to Reliability and Validity. Applied Psychological Measurement, 18(3), pp.205-215.

Malär, L., Krohmer, H., Hoyer, W. and Nyffenegger, B., 2011. Emotional Brand Attachment and Brand Personality: The Relative Importance of the Actual and the Ideal Self. *Journal of Marketing*, 75(4), pp.35-52.

Marshall, N., 2010. Commitment, Loyalty and Customer Lifetime Value: Investigating The Relationships Among Key Determinants. *Journal of Business & Economics Research (JBER)*, 8(8).

Massy, W., Montgomery, D. and Morrison, D., 1970. Stochastic Models Of Buyer Behavior. 1st ed. Boston: MIT Press., p.Massy, William F., Dave B. Montgomery and Don G. Morrison (1970), Stochastic Models of Buyer Behavior. Boston: MIT Press.

McAlexander, J., Schouten, J. and Koenig, H., 2002. Building Brand Community. *Journal of Marketing*, 66(1), pp.38-54.

McAlexander, J., Schouten, J. and Koenig, H., 2002. Building Brand Community. *Journal of Marketing*, 66(1), pp.38-54.

McIlroy, A. and Barnett, S., 2000. Building customer relationships: do discount cards work?. *Managing Service Quality: An International Journal*, 10(6), pp.347-355.

Mellens, M., Marnik, G. and Jan-Benedict, E., 1996. A Review of Brand-Loyalty Measures in Marketing. *Tijdschrift voor Economie en Management*, 41(4), pp.507-533.

Mimouni-Chaabane, A. and Volle, P., 2010. Perceived benefits of loyalty programs: Scale development and implications for relational strategies. *Journal of Business Research*, 63(1), pp.32-37.

Mimouni-Chaabane, A. and Volle, P., 2010. Perceived benefits of loyalty programs: Scale development and implications for relational strategies. *Journal of Business Research*, 63(1), pp.32-37.

Morales, A., 2005. Giving Firms an "E" for Effort: Consumer Responses to High-Effort Firms. Journal of Consumer Research, 31(4), pp.806-812.

Morgan, R. and Hunt, S., 1994. The Commitment-Trust Theory of Relationship Marketing. *Journal of Marketing*, 58(3), p.20.

Morris, R. and Martin, C., 2000. Beanie Babies: a case study in the engineering of a high-involvement/relationship-prone brand. *Journal of Product & Brand Management*, 9(2), pp.78-98.

Morris, R. and Martin, C., 2000. Beanie Babies: a case study in the engineering of a high-involvement/relationship-prone brand. *Journal of Product & Brand Management*, 9(2), pp.78-98.

Morris, R. and Martin, C., 2000. Beanie Babies: a case study in the engineering of a high-involvement/relationship-prone brand. *Journal of Product & Brand Management*, 9(2), pp.78-98.

Muniz, A. and Oguinn, T., 2001. Brand community. *Journal of consumer research*, 27, pp.412–432.

Myers, J. and Well, A., 2003. Research Design and Statistical Analysis. Mahwah, N.J.: Lawrence Erlbaum Associates.

Newman, K., 2001. Interrogating SERVQUAL: a critical assessment of service quality measurement in a high street retail bank. *International Journal of Bank Marketing*, 19(3), pp.126-139.

Noone, B. and Mount, D., 2008. The effect of price on return intentions: Do satisfaction and reward programme membership matter? *Journal of Revenue and Pricing Management*, 7(4), pp.357-369.

Noone, B. and Mount, D., 2008. The effect of price on return intentions: Do satisfaction and reward programme membership matter? *Journal of Revenue and Pricing Management*, 7(4), pp.357-369.

Obrien, L. and Jones, C., 1995. Do rewards really create loyalty. *Harvard Business Review*, 73, pp.75–82.

Odunlami, IB. and Matthew,AS. (2015). Impact of Customer Satisfaction on Customer Loyalty: A Case Study of a Reputable Bank in Oyo, Oyo State, Nigeria. International Journal of Managerial Studies and Research.

Oliver, R., 1980. A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions. *Journal of Marketing Research*, 17(4), pp.460-469.

Oliver, R., 1997. *Satisfaction: A Behavioral Perspective on The Consumer*. 1st ed. New York: Irwin/McGraw-Hill.

Oliver, R., 1999. Whence Consumer Loyalty? *Journal of Marketing*, 63, p.33.

Omar, N., Mohd Ramly, S., Shah Alam, S. and Azrin Nazri, M., 2015. Penilaian Kesan Manfaat Program Kesetiaan dalam Hubungan Kepuasan-Kesetiaan: Bukti Empirikal di Malaysia. *Jurnal Pengurusan*, 43, pp.145-159.

Omar, N., Mohd Ramly, S., Shah Alam, S. and Azrin Nazri, M., 2015. Penilaian Kesan Manfaat Program Kesetiaan dalam Hubungan Kepuasan-Kesetiaan: Bukti Empirikal di Malaysia. *Jurnal Pengurusan*, 43, pp.145-159.

Omar, N., Mohd Ramly, S., Shah Alam, S. and Azrin Nazri, M., 2015. Penilaian Kesan Manfaat Program Kesetiaan dalam Hubungan Kepuasan-Kesetiaan: Bukti Empirikal di Malaysia. *Jurnal Pengurusan*, 43, pp.145-159.

Palmatier, R., Jarvis, C., Bechkoff, J. and Kardes, F., 2009. The Role of Customer Gratitude in Relationship Marketing. Journal of Marketing, 73(5), pp.1-18.

Paulssen, M., Roulet, R. and Wilke, S., 2014. Risk as moderator of the trust-loyalty relationship. *European Journal of Marketing*, 48(5/6), pp.964-981.

Pearson, S., 2016. Building Brands Directly. London: Palgrave Macmillan Limited.

Peppers, D. and Rogers, M., 1999. Enterprise One-To-One: Tools For Competing In The Interactive Age. New York: Doubleday.

Radder, L., Van Eyk, M. and Swiegelaar, C., 2015. Levels of customer loyalty and perceptions of loyalty program benefits: A South African retail example. *The Retail and Marketing Review*, 11, pp.92–105.

Rai Utama, I., 2014. Destination Loyalty Model of Elderly Foreign Tourists Visiting Bali Tourism Destination. *SSRN Electronic Journal*.

Ramaseshan, B. and Ouschan, R., 2017. Investigating status demotion in hierarchical loyalty programs. Journal of Services Marketing, 31(6), pp.650-661.

Rucker, D. and Galinsky, A., 2008. Desire to Acquire: Powerlessness and Compensatory Consumption. *Journal of Consumer Research*, 35(2), pp.257-267.

Saini, R., Rao, R. and Monga, A., 2010. Is that Deal Worth my Time? The Interactive Effect of Relative and Referent Thinking on Willingness to Seek a Bargain. *Journal of Marketing*, 74(1), pp.34-48.

Saunders, M., Lewis, P. and Thornhill, A. (2016). *Research methods for business students*. Harlow (Essex): Pearson.

Schouten, J. and McAlexander, J., 1995. Subcultures of Consumption: An Ethnography of the New Bikers. *Journal of Consumer Research*, 22(1), p.43.

Shabbir, H., Palihawadana, D. and Thwaites, D., 2007. Determining the antecedents and consequences of donor-perceived relationship quality—A dimensional qualitative research approach. *Psychology and Marketing*, 24(3), pp.271-293.

Sheth, J. and Parvatiyar, A., 1995. The evolution of relationship marketing. *International Business Review*, 4(4), pp.397-418.

Shugan, S., 2005. Brand Loyalty Programs: Are They Shams? *Marketing Science*, 24(2), pp.185-193.

Steinhoff, L. and Palmatier, R., 2014. Understanding loyalty program effectiveness: managing target and bystander effects. *Journal of the Academy of Marketing Science*, 44(1), pp.88-107.

Steyn, P., Pitt, L., Strasheim, A., Boshoff, C. and Abratt, R., 2010. A cross-cultural study of the perceived benefits of a retailer loyalty scheme in Asia. *Journal of Retailing and Consumer Services*, 17(5), pp.355-373.

Theyel, N. (2012). Extending open innovation throughout the value chain by small and medium-sized manufacturers. *International Small Business Journal: Researching Entrepreneurship*, 31(3), pp.256-274.

Toor, A., Hunain, M., Hussain, T., Ali, S. and Shahid, A., 2016. The Impact of E-Banking on Customer Satisfaction: Evidence from Banking Sector of Pakistan. *Journal of Business Administration Research*, 5(2).

Tversky, A. and Kahneman, D., 1981. The framing of decisions and the psychology of choice. Science, 211(4481), pp.453-458.

Tversky, A. and Kahneman, D., 1986. Rational Choice and the Framing of Decisions. *The Journal of Business*, 59(S4), p.S251.

Ulaga, W. and Eggert, A., 2006. Relationship value and relationship quality. *European Journal of Marketing*, 40(3/4), pp.311-327.

Uncles, M., Dowling, G. and Hammond, K., 2003. Customer loyalty and customer loyalty programs. *Journal of Consumer Marketing*, 20(4), pp.294-316.

Uncles, M., Ehrenberg, A. and Goodhardt, G., 2004. Reply to commentary on "Understanding brand performance measures: using Dirichlet benchmarks". Journal of Business Research, 57(12), pp.1329-1330.

Uncles, M., Hammond, K., Ehrenberg, A. and Davis, R., 1994. A replication study of two brand-loyalty measures. *European Journal of Operational Research*, 76(2), pp.375-384.

van Berlo, G., Bloemer, J. and Blazevic, V., 2014. Customer demotion in hierarchical loyalty programmes. The Service Industries Journal, 34(11), pp.922-937.

Vargas-Hernández, J. (2012). Research Methodology Strategies in Strategic Management. *JPAIR Multidisciplinary Research*, 7(1).

Viswanathan, V., Sese, F. and Krafft, M., 2017. Social influence in the adoption of a B2B loyalty program: The role of elite status members. International Journal of Research in Marketing, 34(4), pp.901-918.

Voss, K., Spangenberg, E. and Grohmann, B., 2003. Measuring the Hedonic and Utilitarian Dimensions of Consumer Attitude. *Journal of Marketing Research*, 40(3), pp.310-320.

Wagner, T., Hennig-Thurau, T. and Rudolph, T., 2009. Does Customer Demotion Jeopardize Loyalty? *Journal of Marketing*, 73(3), pp.69-85.

Wagner, T., Hennig-Thurau, T. and Rudolph, T., 2009. Does Customer Demotion Jeopardize Loyalty? *Journal of Marketing*, 73(3), pp.69-85.

Wagner, T., Hennig-Thurau, T. and Rudolph, T., 2009. Does Customer Demotion Jeopardize Loyalty? *Journal of Marketing*, 73(3), pp.69-85.

Wagner, T., Hennig-Thurau, T. and Rudolph, T., 2009. Does Customer Demotion Jeopardize Loyalty? *Journal of Marketing*, 73(3), pp.69-85.

Wagner, T., Hennig-Thurau, T. and Rudolph, T., 2009. Does Customer Demotion Jeopardize Loyalty? *Journal of Marketing*, 73(3), pp.69-85.

Weathers, D., Swain, S. and Makienko, I., 2015. When and how should retailers rationalize the size and duration of price discounts? *Journal of Business Research*, 68(12), pp.2610-2618.

Wetzels, M., de Ruyter, K. and van Birgelen, M., 1998. Marketing service relationships: the role of commitment. *Journal of Business & Industrial Marketing*, 13(4/5), pp.406-423.

Wilson, R. and Creswell, J., 1996. Research Design: Qualitative and Quantitative Approaches. Journal of Marketing Research, 33(2), p.252.

Winterich, K. and Barone, M., 2011. Warm Glow or Cold, Hard Cash? Social Identity Effects on Consumer Choice for Donation versus Discount Promotions. *Journal of Marketing Research*, 48(5), pp.855-868.

Wright, C. and Sparks, L., 1999. Loyalty saturation in retailing: exploring the end of retail loyalty cards?. International Journal of Retail & Distribution Management, 27(10), pp.429-440.

Wübben, M. and Wangenheim, F., 2008. Instant Customer Base Analysis: Managerial Heuristics Often "Get It Right". *Journal of Marketing*, 72(3), pp.82-93.

Yamanouchi, K., 2009. Frequent Fliers May Lose Perks: Delta, AirTran Will Shorten Expiration, Flexibility of Points. The Atlanta Journal-Constitution, January 20(1B).

Yi, Y. and Jeon, H., 2003. Effects of Loyalty Programs on Value Perception, Program Loyalty, and Brand Loyalty. *Journal of the Academy of Marketing Science*, 31(3), pp.229-240.

Appendix: Survey Questionnaire

The purpose of this questionnaire is to collect data for a research project that is part of my course i.e.

Research Topic:
Potential Outcome of Customer Promotion and Demotion in Customer Loyalty Programs from the Customers' Perspective

(Information gathered through this questionnaire will be kept confidential and will be used for academic purposes only.)

SECTION – A: Details of Respondent

Please ✓ for the answer that matches with you.

1. Age of Respondent:
- 18-20
- 21-30
- 31-40
- 41 and above

2. Gender of Respondent:
   i. Male   ii. Female

SECTION – B: Details about effects on consumers by promotion/demotion by brands in their loyalty programs

Please ✓ for the answer that matches with you.

3. I regularly participate in loyalty programs of companies (at least for the last one year)

Strongly agree (1)	Agree (2)	No comments (3)	Disagree (4)	Strongly disagree (5)

Why I participate in loyalty programs?

4. I expect additional benefits in purchasing by participation (utilitarian benefits)

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree	Disagree (4)	Strongly Disagree (5)

		(3)		

5. I want to showcase my loyalty to the brand

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

6. I joined because of marketing efforts of the company/companies

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

7. I wanted to enhance my social position with respect to my peers who were also in participants of loyalty programs (exhibit my own superior status among friends and family) (Symbolic benefits)

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

8. I hope to gain/have gained from cross purchasing offered by loyalty programs

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

9. I wanted to give back something to the brand for serving me well

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

10. I believe that participation in loyalty programs will prod the company to give special attention to any issues/queries that I have about their products or services (Utilitarian benefits)

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

11. I expect to get special treatment, additional attention, and personalized services from companies or brands running the loyalty programs (Social benefits)

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

12. I have/expect to have greater access to social occasional and/or marketing offers as and to greater information more easily about the products or services from participation in loyalty programs (hedonic benefits)

Strongly Agree (1)	Agree (2)	Not tasted outside of my States (3)	Disagree (4)	Strongly Disagree (5)

Reactions to of Promotion and/or demotion in loyalty programs

13. I do realize that my position in a loyalty program is dependent on my volume and frequency of purchase

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

14. I am always under pressure to showcase my loyalty towards the brand (such as by purchasing more frequently) to remain in the loyalty program

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

15. I have received communication/messages from brand/companies requesting/urging to continue to shop more top enhance my position in a loyalty program

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

16. I am excited by the prospect of being offered more than others in a loyalty program (getting promoted)

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

17. I am mostly willing to make greater purchases from a brand/company if I am offered the opportunity to get automatically upgraded/promoted in the program

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree	Disagree (4)	Strongly Disagree (5)

		(3)		

18. I am/would be very disappointed if I am not upgraded/promoted automatically in a loyalty program despite greater spending on a brand

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

19. I am aware that I would lose my position in a loyalty program if I do not make a certain level of purchase as prescribed in a loyalty program (demoted)

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

20. I do feel significantly concerned about losing my position/being downgraded (demotion) in a loyalty program

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

21. I feel that my history of purchases/brand loyalty should be considered by a brand/company with respect to my position in a loyalty program even if I am unable to meet the present threshold of purchases for a period

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

22. I would be very disappointed if I am demoted/downgraded in a loyalty program if my history of purchases/brand loyalty is not considered by a brand/company even if I am unable to meet the present threshold of purchases for a period

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

Possible Reaction towards loyalty programs by Consumers with respect to Promotion and/or Demotion of consumers

23. I would rethink about continuing/could even discontinue participation in a loyalty program if I am not promoted/not upgraded despite meeting set thresholds of purchasing

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

24. I would rethink about continuing/could (even discontinue participating in a loyalty program if I am demoted/downgraded if my past loyalty is not considered even if I do not comply with/fail to meet thresholds of spending for a period

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

25. I think my promotions/demotions (upgrades/downgrades) in a loyalty program should depend on my overall loyalty towards a brand and not only dependent on my spending for the brand for a time period

Strongly Agree (1)	Agree (2)	Neither Agree nor Disagree (3)	Disagree (4)	Strongly Disagree (5)

Thank you for your time and patience in completing this questionnaire.

Submitted to National College of Ireland