

University of Groningen

The influence of marketing instruments and rewarding on cardholders' behavior in coalition loyalty programs

Dorotic, Matilda

IMPORTANT NOTE: You are advised to consult the publisher's version (publisher's PDF) if you wish to cite from it. Please check the document version below.

Document Version

Publisher's PDF, also known as Version of record

Publication date:

2010

[Link to publication in University of Groningen/UMCG research database](#)

Citation for published version (APA):

Dorotic, M. (2010). *The influence of marketing instruments and rewarding on cardholders' behavior in coalition loyalty programs*. Groningen: University of Groningen, SOM research school.

Copyright

Other than for strictly personal use, it is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), unless the work is under an open content license (like Creative Commons).

Take-down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

Downloaded from the University of Groningen/UMCG research database (Pure): <http://www.rug.nl/research/portal>. For technical reasons the number of authors shown on this cover page is limited to 10 maximum.

The Influence of Marketing Instruments and Rewarding on Cardholders' Behavior in Coalition Loyalty Programs

Full Title

The Influence of Marketing Instruments and Rewarding on Cardholders' Behavior in Coalition Loyalty Programs

Publisher

University of Groningen, Groningen, The Netherlands

Print

Ipskamp Drukkers B.V.

Josink Maatweg 43, 7545 PS Enschede, The Netherlands

Copyrights © 2010 Matilda Dorotić. No part of this publication may be stored, reproduced, nor transmitted in any form nor by any means without prior written permission of the author.

ISBN: 978-90-367-4677-9 (book)

ISBN: 978-90-367-4676-2 (electronic version)

RIJKSUNIVERSITEIT GRONINGEN

The Influence of Marketing Instruments and Rewarding on
Cardholders' Behavior in Coalition Loyalty Programs

Proefschrift

ter verkrijging van het doctoraat in de
Economie en Bedrijfskunde
aan de Rijksuniversiteit Groningen
op gezag van de
Rector Magnificus, dr. F. Zwarts,
in het openbaar te verdedigen op
donderdag 2 december 2010
om 13:15 uur

door

Matilda Dorotić

geboren op 21 maart 1977
te Split, Kroatie

Promotores: Prof. dr. P. C. Verhoef
Prof. dr. T. H. A. Bijmolt

Beoordelingscommissie: Prof. dr. P. K. Kopalle
Prof. dr. E. Gijsbrechts
Prof. dr. P. S. H. Leeflang

To my husband Jakov

CONTENTS

	<i>Acknowledgements</i>	<i>i</i>
1	INTRODUCTION	1
1.1	Introduction	1
1.2	Coalition LPs	2
1.3	Definition and Terminology	3
1.4	Research Aims and Contributions	4
2	LOYALTY PROGRAMS: CURRENT KNOWLEDGE AND RESEARCH DIRECTIONS	
2.1	Introduction	9
2.2	Enrollment in LPs	11
2.2.1	Drivers of LP Enrollment	11
2.2.2	Perceived Cost of LP Participation	12
2.2.3	Benefits of LP Participation	12
2.2.4	Characteristics of LP Adopters	13
2.2.5	Self-Selection into LPs	14
2.2.6	Initial Generalizations	14
2.2.7	Future Research Directions	14
2.3	LP Effects on Customer Behavior	16
2.3.1	Opposing Views on the Effectiveness of LPs	16
2.3.2	Effects on Retention Rates	16
2.3.3	Effects on Customer Expenditures	18
2.3.4	Initial Generalizations	20
2.3.5	Future Research Directions	20
2.4	LP Effects on Customer Attitudes	21
2.4.1	Attitudinal versus Behavioral Components of Customer Loyalty	21
2.4.2	Initial Generalizations	23
2.4.3	Future Research Directions	23
2.5	The Points-Pressure and Rewarded-Behavior Mechanisms	24
2.5.1	The Points-Pressure Mechanism	24
2.5.2	The Rewarded-Behavior Mechanism	24
2.5.3	Empirical Findings	25
2.5.4	Initial Generalizations	25
2.5.5	Future Research Directions	26
2.6	Personalized Marketing and Sales Promotions	26
2.6.1	Benefits of Personalized Marketing	26
2.6.2	Costs of Personalized Marketing	27
2.6.3	Personalized Marketing and Sales Promotions	27
2.6.4	Initial Generalizations	29
2.6.5	Future Research Directions	29
2.7	Effects of LP Design	30
2.7.1	LP Design	30
2.7.2	LP Structure	30
2.7.3	LP Rewards	31
2.7.3.1	Reward Types	31
2.7.3.2	Reward Timing	33

2.7.4	Single-Vendor LP or LP Partnerships	34
2.7.5	Initial Generalizations	35
2.7.6	Future Research Directions	35
2.8	Conclusion	37
3	DO VENDORS BENEFIT FROM PROMOTIONS IN A COALITION LOYALTY PROGRAM?	
3.1	Introduction	47
3.2	Theoretical Background	48
3.2.1	Effects of LP-related Promotions	48
3.2.2	Coalition Benefits in Multi-vendor Loyalty Programs	49
3.3	Data Description	50
3.4	Model	52
3.4.1	Effects of MVLP-Related Promotions	52
3.4.2	Own Effects and Coalition Benefits	52
3.4.3	Moderating Effects on Promotion Effectiveness	54
3.4.4	Full Model	55
3.5	Results	56
3.5.1	Effects of Vendors' Sales Promotions on Spending Patterns	56
3.5.2	Coalition Benefits in Multi-vendor Loyalty Programs	58
3.6	Robustness Checks	59
3.7	Discussion	60
3.8	Limitations and Further Research	62
4	EFFECTS OF REWARDING IN A CONTINUOUS LOYALTY PROGRAM: DOES REWARD REDEMPTION MATTER?	
4.1	Introduction	63
4.2	Prior Research	66
4.2.1	Effects of LP Membership on Cardholders' Purchase Behavior in Continuous LPs	66
4.2.2	Prior Research on Pre-rewarding and Post-rewarding Effects	67
4.3	Conceptual Model and Hypotheses	70
4.3.1	Pre-rewarding Effects	70
4.3.2	Post-rewarding Effects	72
4.3.3	Effects of Personalized Marketing Efforts within an LP	73
4.3.4	Potential Moderating Effects of Individual Differences and Reward Types	75
4.4	Data Description	77
4.4.1	Transactional Data	77
4.4.2	Attitudinal Survey Data	78
4.4.3	Final Sample	78
4.4.4	Descriptive Statistics	80
4.5	Modeling Approach	81
4.5.1	Analyses of Rewarding Effects	82
4.5.2	Estimation	84
4.6	Results	86
4.6.1	Nature of Rewarding Effects Explored with Weekly Indicators (Model 1)	86
4.6.2	Main Effects of Rewarding on Purchase Incidence and Spending (Model 2)	89
4.6.3	Analysis of Moderating Effects (Model 3)	91
4.7	Discussion	94
4.8	Limitations and Future Research	95

5	CONCLUSIONS AND DISCUSSION	99
5.1	Overview	99
5.2	Findings and Conclusions	99
5.2.1	Initial Generalizations on LP Effects	99
5.2.2	Effects of Promotional Mailings in a Coalition LP	101
5.2.3	Effects of Rewarding in a Coalition LP	102
5.2.4	Discussion on Effects of Marketing Instruments	103
5.3	General Managerial Implications	105
5.4	Limitations and Further Research	107
	LITERATURE	109
	EXECUTIVE SUMMARY	119
	SAMENVATTING	123