

BRAND LOYALTY IN THE MOBILE ERA

An explorative study of the mobile media impact on
loyalty programs for low-involvement brands



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**“To keep your customers, keep it simple.
They don’t want a ‘relationship’ with you.
Just help them make good choices”**

Spenner & Freeman (2012)

Resumé

Brand loyalitet i en mobil tidsalder

- en eksplorativ undersøgelse af smartphones' indvirkning på loyalitetsprogrammer for lavinvolveringsbrands

Dette speciale undersøger hvorledes danske forbrugeres stigende brug af mobiltelefoner har indflydelse på deres tilgang til og anvendelse af loyalitetsprogrammer. Særligt relationen til lavinvolveringsbrands bliver undersøgt, hvortil den traditionelle form for loyalitetsprogrammer vil blive udfordret af mobile alternativer.

Netop dette fokus er fundet interessant, da flere og flere brands anvender loyalitetsprogrammer til at skabe tættere kunderelationer samt opsamle kundedata. Disse loyalitetsprogrammer er dog de fleste tilfælde baseret på en model, der blev skabt for over 30 år siden, i en tid hvor kunderelationer og forbrugeradfærd var af en væsentlig anden karakter. I dag har bl.a. den stigende penetration og udvikling af smartphones gjort de danske forbrugere mere selvstændige i deres købsprocesser, og samtidig sat dem i relation med andre forbrugere fra hele verden. Denne udvikling har bl.a. fået en række eksperter til at stille spørgsmålstegn ved effekten af de traditionelle loyalitetsprogrammer, og ved hvorvidt de monetære kundefordele fortsat har samme værdi for de mobile forbrugere. På den literære side, beskæftiger studierne omkring loyalitetsprogrammer sig ofte kun med stærke brand relationer og de traditionelle metoder, imens de talrige lavinvolveringsbrands og mobile forbrugsvaner har et meget begrænset fokus. Dette speciale undersøger derfor hvilke konsekvenser den nye mobile praksis har for formen, indholdet og håndteringen af et loyalitetsprogram, med særligt fokus på lavinvolveringsbrands. Dette bliver gjort gennem en litteraturgennemgang indenfor brandloyalitet, loyalitetsprogrammer og forbrugerværdier, samt med inddragelse af ekspertinterviews og kundefokusgrupper.

Resultaterne viser at danske forbrugere generelt har lav interesse i at indgå brandrelationer. Ydermere viser de, at forbrugerne har en lav tillid til hvad lavinvolveringsbrands kommunikerer. I modsætning hertil, har forbrugerne stor tiltro til informationer og anbefalinger fra venner og andre forbrugere, når de skal vælge mellem brands. Derfor er det konkluderet, at interaktioner mellem forbrugere har stor indflydelse på brand loyaliteten for lavinvolveringsbrands. Resultaterne viser yderligere at kundeoplevelser ofte bliver delt mellem venner og andre forbrugere – både via fysiske samtaler og sociale medier. I relation hertil, er det yderligere konkluderet, at danske forbrugere

tillægger selve købsituationen stor værdi for lavinvolveringsbrands, og at hedoniske og emotionelle værdier i stigende grad vejer tungere end funktionelle og monetære værdier.

I forhold til selve formen af loyalitetsprogrammer, udfordrer resultaterne den klassiske model. De danske forbrugeres lave interesse i at indgå relation med lavinvolveringsbrands, stiller spørgsmålstejn ved relevansopfattelsen af den traditionelle e-mail kommunikation, der ofte er et af omdrejningspunkterne i et loyalitetsprogram. Til gengæld viser især mobile applikationer at have potentiale hos forbrugerne, via realtidsinteraktion, og muligheden for at opnå funktionelle, emotionelle og sociale værdier, der ikke relaterer sig direkte til produktet. På det kommunikative plan indeholder apps ligeledes potentiale i form af push meddelelser sendt på baggrund af forbrugernes fysiske placering. Resultaterne afslører dog samtidig, at der hersker stor sensitivitet omkring disse nye kommunikationsveje.

Resultaterne indikerer yderligere, at den teknologiske udvikling indenfor smartphones både har ændret hvilke værdier, der afgør købsbeslutningen, men samtidig også betingelserne for loyale relationer mellem danske forbrugere og lavinvolveringsbrands. Rammerne er altså ikke nødvendigvis et program med et medlemskort længere, men kan, ifølge resultaterne, både være en mobil app eller endda blot et stærkt fokus på kundeservice og selve købsprocessen. Ydermere viser resultaterne at lavinvolveringsbrands bør indtage en mere passiv rolle end tidligere, og at deres udfordring i højere grad ligger i at stille produkter og services til rådighed som forbrugerne selv kan skabe værdi igennem.

Dette speciale tilfører inspiration til lavinvolveringsbrands som enten overvejer eller allerede har etableret et loyalitetsprogram på det danske marked. Eksisterende undersøgelser på netop dette område er begrænset, så til trods for at det empiriske fundament ikke retfærdiggør generaliserende konklusioner, inviterer resultaterne til yderligere undersøgelser indenfor feltet.

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1. Introduction

Most of today's customer loyalty programs follow a structure that rewards purchase with points or other monetary rewards, which can be redeemed on future purchases. A structure that has not changed significantly since it was introduced in the airline industry more than 30 years ago. But do points and rewards cards still create a loyal relationship between a customer and a brand? And is it even a possibility for brands of low involvement? Recent research indicates that 81% of all loyalty program members are not aware of the program benefits or how and when they will receive a benefit (ACI, 2011). Furthermore, an extensive study on the UK and American market found that customers of retailers, who offer a loyalty program, are no more loyal than those of retailers who do not (Edgell Knowledge Network, 2012). This seems to indicate that the traditional loyalty program might have reached its saturation point, and that there is a need for rethinking the model.

Extensive research on the concept of customer loyalty exists today, and with that also an abundance of research on how a loyalty program should be structured. The actual value of loyalty programs has been questioned for several years (e.g. Dowling, 2002; Kumar & Shah, 2004; Shugan, 2005; Lacey, 2009), but the points of criticisms have been evolving. Some research claims that the loyal behavior is limited to the period just after enrollment (Meyer-Waarden, 2009), while others claim that the reward systems are too company-centric (Hoffman et al, 2008; Kwong et al., 2011). At the same time, the majority of research supporting loyalty programs call attention to the concept of big data and the potential of purchase tracking data, i.e. for consumer targeted marketing initiatives and general sophistication of customer relation's management (CRM) (e.g. Vinod, 2011; McAfee & Brynjolfsson, 2012). These potentials have undoubtedly increased with the recent years' software improvements on data mining, but perhaps these potentials also have moved the focus away from the consumer appeal of the actual loyalty program?

While many brands are sophisticating their collection of consumer data and e.g. the personalized emails they generate from it, the consumers' behaviors and purchasing practices are changing. More than half of all consumers are now carrying an online smartphone in their pocket (Ipsos Media, 2013), and this gives new dimensions and challenges to both where, how, and when consumers interact with brands. Not only have consumers become more demanding and impatient in their brand interactions, but their constant presence on social media also makes co-consumers a great influential source on brand loyalty. For this reason, the mobile medium has been identified as holding new potential for brands to interact with their consumers, yet the research on the mobile medium in relation to loyalty

programs remains limited (Okazaki et al., 2011). SMS messaging has previously been briefly touch upon as having a potential for promotional purposes; location based information via Bluetooth technology is starting to evolve on tour guides services on e.g. museums; and some literature identify QR-codes as having a relational potential (Okazaki et al., 2012). But although the latter two enable consumer engagement across media, the engagement and relational potential seems to be far more extensive than that. Today, consumers consume all types of media - and all the time. The mobile phone has dismantled the remaining parts of the line between online and offline, and especially the younger generation no longer distinguishes between the conversations they have with their friends on Facebook or Instagram, and the conversations they have in person.

For that reason, this thesis presupposes that these new always-online consumers practices have changed the relational dynamics between brands and consumers. So instead of investigating whether existing loyalty programs are effective or not, this thesis takes a forward-looking approach to the concept of consumer loyalty and loyalty programs, and investigates which conditions, consumer values and mobile implications that should be considered when creating a loyalty strategy today. The thesis will furthermore concentrate on low-involvement brands, which are often left out of consideration in relation to studies of brand loyalty, to investigate whether the mobile practices brings new relational opportunities. The following research question will provide the basis for the investigation:

How can mobile media be exploited to increase consumer loyalty for low-involvement brands, and what implications does this have on the format of their loyalty programs?

1.1 Further research questions

In order to fully answer this problem statement, a set of guiding research questions will be considered and discussed throughout the thesis. These will moreover function as structural framework for the analysis and discussion:

- ***RQ1:** What evidence is there for low-involvement brands to establish a loyal relation with their consumers?*

- **RQ2:** *In this connection, which values are of greatest consumer importance and how can these be complied with?*
- **RQ3:** *What implications does the mobile media have on timing and frequency of brand-consumer interactions?*

1.2 Structure of thesis

This thesis can be categorized into six main sections (illustrated in figure 1): 1) the introduction; 2) the methodology & research design; 3) the theoretical perspective on brand loyalty; 4) the new brand loyalty paradigm; 5) the consumer results; and 6) the conclusion. The introduction is designed to give a brief understanding of the subject issue as well as a presentation of the specific research questions and aim. The methodology and research design-section then presents the ontological and epistemological approach along with a presentation of the research design. The following two sections then provide a theoretical position and ground on the research. While the first provides a theoretical foundation through a review of existing literature, the latter includes up-to-date inputs from scholars, trends and reports, along with five own-conducted marketing expert interviews. This bipartite theoretical positioning design and inclusion of own empirical findings is chosen as the subject area is in its infancy, and little academic research exists. Combined, these two sections will set out a number of research positions, which will be tested against actual consumers in the following section. These consumer results will then be discussed against the research questions, and lead to an overall conclusion and managerial recommendations on the problem statement. Limitations and future research propositions will be suggested at the end.



Figure 1 - "Thesis structure illustration"

1.3. Definitions & Delimitations

In order to study the problem statement in depth, choices and delimitations have been made. For the same reason, any broad concepts and terms applied have been defined to avoid obscurity. These will be presented and explained in the following.

1.3.1 Low-involvement brands

As appears from the problem statement, this thesis will take its focus on low-involvement brands. As the term reveals, these are brands of products and services that have low consumer involvement when being purchased. A purchase situation of low involvement includes: a low number of attributes to compare the brand with others; a fast decision process; low risks and consequences associated to the product choice; and/or low symbolic value in product (VonRiesen & Herndon, 2011). This focus is chosen as the low-involvement brands in principle have difficult conditions for establishing and maintaining a consumer relationship. Nevertheless, it can also be argued that the low distinction between low-involvement brands both makes the consumers' brand loyalty more dynamic, but at the same time also more susceptible to influence, compared to brands of high involvement. This combined with a limited amount of existing research within LPs for low-involvement brand, have chosen this subject focus.

Various literatures categorize the concept of low-involvement brands into further sub-categories (e.g. Houston & Rothschild, 1978; Bloch & Richins, 1983; Zaichkowsky, 1985). However, as the primary focus of this thesis is the implications and applications of mobile media, it has not been found relevant to distinguish further than the above definition. Furthermore, the involvement level cannot be related to the product itself, but only to the way in which a person responds to it. Therefore, all industries apply when using the term *low-involvement brand* throughout the thesis.

1.3.2 Consumers

In order to answer the research questions fully, an understanding of the consumer behavior of today must be included. However, this can be a wide field, and both market conditions and age differences are among the significant variables. Therefore, this thesis concentrates exclusively on consumers of the Danish market aged 22-40. The Danish market is chosen, as little research exists within this market, and for practical and quality reasons in relation to the empirical research. The age group is chosen for a number of reasons: they are tech-savvy; they have great future purchasing power; they are still likely to have had personal experiences with past or existing LPs. No sex distinctions are made, as the theory and methodological literature applied, do not bring out any sexual differences. These definitions and limitations apply whenever *consumers* are mentioned through the thesis.

1.3.3 Loyalty programs

The concept of a loyalty program also plays a main character in the problem statement. The theoretical positioning section will delve deeper into the theoretical definitions and characteristics of these. Synonyms like rewards schemes, loyalty schemes, customer clubs, etc. are used across the literature, but as no notable difference exists, *loyalty program (LP)* is chosen as the all-covering term in this thesis.

This thesis has chosen a consumer focus and will demarcate itself from financial aspects of LPs. In the analysis and discussion of the LPs, ROIs and specific market positions etc. will therefore not be considered. Exactly this focus is chosen, as it is hypothesized that LPs have become too company centric and lost focus with the consumer values.

The research will draw on LP cases, reports and figures from both the US, the UK and Danish market, but will keep an overall and generic approach to LPs, and not include in-depth analyses of specific LPs. This approach is chosen to balance the scope of the thesis, where a mobile focus on LPs of low-involvement brands was decided suitable. Cultural and market differences apply between the applied sources of research, but as the research propositions are eventually tested against a Danish target group, these are not considered of significant importance to the result reliability.

1.3.4 Mobile

The mobile focus in this thesis exclusively concentrates on smartphones with online and application (app) access. Although only approximately 59% of all mobile phones are smartphones on the Danish market today, this smartphone penetration is rapidly increasing, and is predicted to approach 90% within five years (MarketingCharts, 2013b). Therefore smartphones are what is referred to when the term *mobile* is used throughout the thesis.

2. Methodology & Research design

Before going into depth with the research questions, it is important to present and explain the methodological approach and design. The following section, will explain the ontological and epistemological approach, followed by reasons for the choice of research methods, design and theories. Furthermore, the application and quality of research data will be considered.

2.1 Ontological & Epistemological considerations

The ontological considerations deal with how the world and reality is constructed. Here two major conflicting ontological approaches exist: objectivism and constructivism. Objectivism perceives reality as an external objective phenomenon, which exists independently from human consciousness. This approach seeks to keep the mind of the researcher out of the picture, and states that knowledge must be purely objective to be valid (Crotty, 1998; Trombley, 1999). In opposition, the constructivism views both knowledge and reality as socially constructed through relationships and interactions, and prescribes that truth and realities are created by the human mind on an individual level (Crotty, 1998; Burr, 2003). The latter has evolved throughout the 20th century, and has become an especially popular approach in social science, where many researchers have acknowledged that: *“in the social sciences, the object of study is [...] something that is created in the interplay with the researcher and that can be seen in different ways by different researchers”* (Rasmussen et al., 2006:40). As this thesis i.e. seeks to understand the reality of individual consumers, it will also take a constructivist approach. Within this approach, two realizations apply to the research question of how consumer loyalty can be increased and the research method applied. First of all, the knowledge acquired from the expert interviews and focus groups is based on the participants' own reality perception, and does not represent a definitive truth. Secondly, and as a consequence of this, it is recognized that different realities and thereby also research results might have applied if different participants were selected, as well as different results might apply if the same research with the same research participants was conducted e.g. 10 years from now. Nonetheless, to understand a complex social subject like this, qualitative research methods like these are highly acknowledged (Rasmussen et al., 2006:93). Before elaborating on these methods, the cognitive approach to the information gathered will be clarified.

2.2 Hermeneutics vs. phenomenology

To bring myself in a position where the research questions can be answered, it has been required to acquire comprehensive knowledge on the subject. Extensive literature, reports and trends have been consumed, and research interviews and focus groups have been carried out. Here it is important to consider whether this knowledge is gathered from a hermeneutic or phenomenological approach, as this will affect the conclusions reached by the researcher (Fuglsang et al., 2007:279-280). Hermeneutics deal with interpretation and the dialectic relationship between the researcher's understanding and pre-understanding. This being that most researchers constantly use their pre-understanding to interpret their findings. These comprehension dynamics are also referred to as the hermeneutic circle, illustrating the comprehension process as a constant movement between an understanding of a whole and an understanding of parts with reference to the whole. That is, that all parts of understanding are understood in relationship to the understanding of the whole – and vice versa (ibid, 281). Both the hermeneutics and the phenomenology deal with the researcher's pre-understanding, but where the hermeneutics actively deals with its presence and influence, the phenomenology parenthesizes it, and takes an objective and open approach to what is examined (ibid.).

In this research, my understanding and pre-understanding have constantly developed. While taking a phenomenological and open-minded approach to the research, I have actively used my pre-understanding to remain critical to the literature and findings. During the expert interviews and focus groups, I was conscious about keeping an objective mind in order to later represent the reality of the interviewees, yet, I actively utilized my pre-understanding on the subjects discussed to engage with elaborative and critical questions. Throughout the thesis, I will also actively recognize the evolvement of my understanding via sub-conclusions and elaborative questions.

2.3 Research methods

The explorative research questions of this thesis will be answered by use of a combination of research methods. Methodology literature once contrasted qualitative and quantitative methods, but in modern research, combining the methods has become more popular (Fuglsang et al., 2007:103). Within the sociological field of research, qualitative interviews are often combined with quantitative questionnaires, e.g. to test interview hypothesis on a larger population in order to obtain basis for generalizations (ibid, 108). However, solely qualitative methods are chosen in this study, as the subject matter is considered too intangible for a questionnaire study. This being e.g., because the research

seeks to measure feelings and attitudes, but also because the infancy of mobile development within LPs makes it difficult for respondents to relate to. The qualitative research design is two-fold. First, qualitative expert interviews will add to the limited existing literary research with new knowledge, along adding a nuanced view on my own pre-understanding and the research propositions. Then, qualitative consumer focus groups will test whether the literature and expert propositions reflect the consumers' reality.

Therefore this research method is constructed as follows: 1) a literature review to create a theoretical foundation; 2) a review of latest trends, reports, and cases, combined with a number of expert interviews to construct a number of research propositions; 3) two focus groups to test the theoretical and empirical research propositions on the target group. Overall this research method and use of theory is deductive, as the thesis seeks to test the theoretical concepts and self-constructed propositions on the reality, so to speak. However, as the expert interviews also contribute to the research propositions, elements of induction apply. This qualitative contribution, supports with more evidence to a generalization of the qualitative results - although only internal generalizations within the examined group (Flick, 2007:39).

2.3.1 Theoretical framework

The first step in this research is a literature review of three concepts related to the research question. First the concept of brand loyalty is discussed to explain loyal behavior; then literature on loyalty programs is examined to get a theoretical understanding of what can stimulate this behavior; and lastly, the concept of consumer value is examined to get a deeper understanding of how consumers generate value from products and brands from a theoretical perspective. All concepts and literature contribute to the research propositions, which all will be presented as the concepts are discussed. Also therefore, no primary theoretical model or framework is used, and all theory and literature will be introduced en route.

The primary source of literature is electronic research papers, accessed through CBS E-resources and Google Scholar (see *References* section). Much literature on brand loyalty, loyalty programs, and customer value exist, but when related to mobile, online consumer behavior, and the delimitations of this thesis, very little exist. Therefore, as indicated initially, it was considered necessary to contribute with recent secondary literature and a series of expert interviews in order to answer the problem statement. This procedure will be explained in the following.

2.3.2 Trends & Expert Interviews

Through references and extensive browsing inside various marketing periodicals and Google Scholar, a number of reports, articles, statistics and chronologies were found on recent consumer behavior, mobile trends, LP cases and critics, etc. Collated with the literature review and theoretical concepts, this information was divided into three sections of research: 1) one dealing with the brand-consumer relation; 2) one examining how brands should respond to this; and 3) one focused with when the brands should do their consumer interaction. This division was partly made for structural purposes, and partly to target the aim of the analysis.

A total of five professionals were individually interviewed - each representing a specific knowledge area:

Interviewee	Position	Company	Knowledge contribution	Appendix
Morten Hershøj	Partner + Board member	Wibroe, Duckert & Partners + Loyal Solutions	Agency experience on relation between LP and brand on Danish market	1
Dan Olson & Vayshali Bhakta	Dan: Managing Director Vayshali: Account Director	Wunderman West, California	Agency insights and LP cases from US market	2
Rune Alring	Partner	Wunderman Copenhagen	Agency experience with LPs and relational marketing for many brands on the Danish market	3
Bo Velling-Theisen	CMO	7-Eleven Denmark	Company experience with alternative relational approach	4
Sinne Fredslund Madsen	Manager and strategist on online and loyalty programs	Baresso	Company experience with traditional LP	5

*Figure 2 - "Expert interviewees"
See appendix 1-5 for more details*

As shown in *figure 2*, three interviewees represent relational marketing agencies, while the other two represent low-involvement brands on the Danish market. The agencies are selected to cover different aspects of relational marketing, and while Wunderman Copenhagen and Wibroe Duckert & Partners are among the leading dialog agencies on the Danish market, Wunderman West is among the leading dialog agencies on the US market, which often function as a source of inspiration for technological and creative business solutions. Although brand involvement level is personal, 7-Eleven and Baresso represent brands that are considered of low-involvement for many consumers on the Danish market.

Exactly these two are chosen as they have two different strategic approaches to loyalty programs. The Danish coffee shop chain Baresso have had different types of LPs ever since they opened in 2000, while 7-Eleven have not exercised traditional LPs since their arrival to the Danish market in 1993. However, 7-Eleven recently introduced a mobile app that combines new and traditional LP formats. All five interviewees can be said to be experts within their area of knowledge, hence the term *expert* will be used as their reference in the thesis.

The purpose of these interviews is mainly explorative, and seeks to contribute with knowledge on areas where limited literature exists (Kvale, 2007:36). As each interviewee represent different knowledge areas, we are not dealing with a comparative study. Also therefore, the semi-structured interview guide differs for each interview, and each interview continuously contribute to the next, in terms of pre-understanding and elaborative questions (see appendix 1-5). Open-ended questions were asked, and the interviews were purposely allowed to keep a natural development, in order to keep the phenomenological approach. In that way, the semi-structured interview guide only function as direction indicator. However, as all interviewees are professionals, extensive preparation on the subject and the interviewees' origins was required in order to keep control of the interview (Fuglsang, 2007:287). All interviews took place between April 24 and May 14, 2013 (more specific details on location, interview type, and interviewee background can be found in appendix 1-5).

Although the expert interviews serve an explorative function in the research, these are also used to test the theoretical indications. One of the risks researchers face when using this sort of inductive method, is the tendency to find and focus on the issues that confirm their hypotheses and indication, also known as confirmation bias (Plous, 1993:233). With the phenomenological approach, I have tried to remain aware of this throughout the result processing; however, this bias cannot be guaranteed eliminated.

2.3.3 Focus groups

To test the research propositions, two focus group interviews were carried out, with myself as moderator. According to Rasmussen et al. (2006), focus groups give good access to an understanding of very complex motives and behaviors, and can both provide better data quality and be more time saving, compared to individual interviews (p. 107). In this thesis, the focus groups aim to understand to consumers' behaviors and preferences, in order to see if the literature and expert propositions reflect the consumers' reality.

The focus groups were of two-hour duration and took place on June 17 and 19, 2013. In contrast to the expert interviews, the interview guide is identical for both focus groups. Moreover, the focus group subjects were lighter and more inviting for a debate, in order to let all participants become vocal (see appendix 6). Also in the focus groups, the phenomenological approach was emphasized, and it was brought to the participants' notice that no right and wrong answers existed, and that all opinions were valuable. Furthermore, especially in the second FG, my hermeneutic pre-understanding had developed from when the first FG was initiated. This advanced understanding was exploited in giving more focus to the questions that had least attention in the first FG.

Several of techniques were used to ensure group functionality and dynamics. First of all, the fact that two FGs were conducted aimed to ensure better target group representation, but also to ensure good group dynamics within the FG. Therefore the first FG consisted of students, and the second FG of non-students, all resident in Copenhagen and with experience with a minimum of two LPs. All participants were recruited through friends and work-related networks, but none of the participants were of close relation to either each other or myself. This was given importance in the recruitment process to lower the level of implicit communication in the discussions (Morgan, 1988:48).

The first question made sure everyone got under way, while it also made every participant revive his or her LP experiences. From that point, open questions were asked, and everyone got a chance to express their opinions. Furthermore, probing was used by taking hold of ones answer and using it as a direct question to another participant, ensuring that everyone contributed (Rasmussen et al., 2006:107). To stimulate the minds of the participants, visual slides were used throughout the FG, and in the last part of the FGs, visuals of existing mobile brand apps were presented to concretize the discussion on the mobile loyalty solutions (see appendix 6). Apart from Baresso and 7-Eleven, apps from Club Matas, Netto, and Oreo's were presented – all considered of fairly low involvement for many Danish consumers.

2.4 Data application

When using qualitative methods, the researcher is directly involved in the data collection by virtue of being the interviewer and moderator. As indicated with the expert interviews, each interview contributed to the next, why the data processing in this sense already begun during the first interview. However, by most measures, the data processing took place after each interview and FG. All interviews and FGS were audio recorded and later transcribed, and for all but the expert interview with Olson & Bhakta, the transcription process included a translation from Danish to English (see appendix 1-8).

Subject to translation inaccuracies, the transcription and analysis take an approach of direct representation of the expressions made during interviews and FGs. However, fillers and chatty sections are left out. While the expert interview data is presented as being applied, the results section presents everything from the FGs that have relevance to the research questions.

2.4.1 Trustworthiness, quality & alternative research methods

When strictly dealing with qualitative methods, the rules for data analysis are fundamentally different from quantitative methods. Therefore terms such as validity and reliability are often replaced by terms like quality and trustworthiness (Rasmussen et al., 2006:117). The measurement of these e.g. relates to the method fit to the research questions. A quantitative study could also have been chosen to investigate this research question. Either as a preliminary empirical research to create an up-to-the-minute account for the consumer perceptions on LPs on the Danish market, or as a final method of testing hypotheses regarding how the mobile media should be used for low-involvement loyalty creation. However, confusion and questions of definitions in regards to low-involvement brands, loyalty programs and loyalty in general, combined with the infancy of the mobile technology within LPs, determined the FGs to be the method of highest quality and trustworthiness. Nonetheless, with the constructivist approach and a small sample size of the FGs, it is recognized that these results are only representative inside the sample, and can as previously indicated only represent internal generalizations on the target group.

3. Brand loyalty from a theoretical perspective

Creating loyal customers is a desire in almost any marketing department, and it has been recognized as one of the key engines for business success for years (Reicheld & Teal, 1996:1). The recent years of financial crisis and market saturation, has given even more focus to the concept of loyalty and the art of retaining instead of gaining customers. Market saturation is one reason for this focus, but the economical profits of customer loyalty has also been emphasized for years, and the additional cost of acquiring a customer over retaining one, has been put at ten-fold (Chettayar, 2002). Nonetheless, Reicheld & Teal (1996) proclaimed that most American business were losing half of their customers every five years, simply because they do nothing to understand what creates loyalty towards their brand or service.

Before examining how the mobile media can play a role in this development, it is necessary to create an understanding of the concept of brand loyalty. An examination of existing literature will in the following provide a theoretical foundation of first, what mechanisms that constitute customer brand loyalty; secondly, how these are applied to loyalty programs; and later, to what extent these complies with consumer values.

3.1 The concept of brand loyalty

Many and very different definitions to brand loyal customers exist. Most of them are focused with consumer actions in terms of repeat purchasing frequency, e.g.: *“those who rebuy a brand, considered only that brand, and does no brand-related information seeking”* (Newman & Werbel, 1973). Other literature includes the psychological meaning of the brand loyalty in the loyalty definition. Here one most cited literature by Jacoby and Chestnut (1978), defines brand loyalty as: *“The biased, behavioral response, expressed over time, by some decision-making-unit, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological (decision-making, evaluative) process”* (p. 80).

In order to understand these definitions, we need to understand what attributes that actually define the rather latent construct of brand loyalty. Exactly this has been greatly debated ever since loyalty was first introduced as a concept in a business setting in the 1940s (Guest, 1944). Overall, two schools of thoughts have been debating whether the phenomenon of consumer loyalty should be defined by either *behavioral* or *attitudinal* measures.

Behavioral loyalty is the consumer's tendency to repurchase a brand, revealed through behavior that can be measured, and which impacts directly on brand sales (Hammond et al., 1996). In other words, behavioral loyalty is defined in terms of the actual purchase behavior observed over a certain period of time. Ehrenberg (1988), one of the most cited behaviorists, simplified the concept of consumer loyalty, after claiming to have found simple results across different brands and product-fields: *"In general, the observed patterns of repeat-buying do not depend on the brand or product itself, or on external factors such as advertising, pricing, distribution etc. Instead, repeat-buying patterns depend only on buyer behavior characteristics as such (e.g. how many people buy the brand (penetration) and how often (frequency))"* (p. 7). This approach disregards everything related to attitude and all external factors that might stimulate re-purchasing, and claims that loyalty is solely connected to sales. Some of the main advantages of this take on loyalty are that it is relatively easy to collect data on, and that this data represents actual purchases, which indubitably is closely connected to the performance of the company. However, the most criticized limitation of these measures is that a repeat purchase may be caused by e.g. inertia or lack of alternatives in the purchase situation, and therefore not necessarily be a good representation of future behavior of the consumer (Day et al, 1979; Hoyer 1984).

In contrast to this very observable view on loyalty, the attitudinal view attributes emotional values and physiological commitment to the concept. The measurements are based on e.g. stated preferences and purchase intentions, and are usually based on surveys or interviews with the decision maker of the purchase. Jacoby and Chestnut (1978) define attitudinal loyalty as: *"the consumer's predisposition towards a brand as a function of psychological processes - including attitudinal preference and commitment towards the brand."* This psychological-based take on the relationship between consumers and brands gained more support than its opposing behavioral approach throughout the 1980's and 90's, despite the limitations of e.g. attitudinal measures not being an accurate representation of the reality as the consumer may rationalize his choice when questioned (Mellens et al, 1996).

Although the division between behavioral and attitudinal school of thought still exist, most recent literature claim that brand loyalty is a composite of the two. Day (1969) was the first to introduce this thought, and Rundle-Thiele (2005) more recently contributed to this approach by claiming that a clear distinction between the two cannot be made, and that each brand relation is situation depended. In this connection Rundle-Thiele modified the definition of brand loyalty to: *"the state or quality of being loyal, where loyal is defined as a customer's allegiance or adherence towards an object"* (p. 494).

Uncles et al. (2003) embraced these situational factors into a third loyalty dimension called *the contingency approach*, which they defined as: “*buying moderated by the individual's characteristics, circumstances, and/or the purchase situation*” (p. 298). This third dimension builds on previous literature arguing, that even a strong attitude towards a brand may only serve as a weak indicator for when and whether the next purchase will occur (Blackwell et al. 1999; Fazio & Zanna, 1981), and that situational factors are of great importance on the purchase decision. According to Uncles et al. these contingences are superior to attitudinal attributes, and especially in case of weakly held attitudes towards a brand, these contingency variables will often be the major determinants on future purchases (p. 298). In this sense the contingency approach contradicts the attitudinal theory on loyalty, but supports Ehrenberg’s claim that loyalty solely depends on buyer behavior characteristics.

3.1.1 Loyalty and customer satisfaction

Despite a differentiated view on what defines brand loyalty, most research acknowledges *customer satisfaction* as the most widely discussed influencer on customer loyalty (e.g. Ibáñez et al., 2006; Auh & Johnson, 2005; Høst & Knie-Anderson, 2004; Hellier et al., 2003). A study by Bei & Chiao (2001) found that, the higher the customer satisfaction, the higher the loyalty towards the company, while a study by Reichheld & Sasser (1990) found that improved customer satisfaction will affect the likelihood of repeat purchases. Oliver (1997) defined satisfaction as: “*pleasurable fulfillment*”. That is, the consumer senses that consumption fulfills some need, desire, goal, or so forth, and that this fulfillment is pleasurable (ibid). However, Oliver (1999) underlines that although closely related, the two concepts are distinct. While satisfaction is either a fairly temporal state for a post-usage for one-time consumption, or a repeatedly experienced state for ongoing consumption that reflects how the product or service has fulfilled its purpose, loyalty is, in contrast, an attained state of enduring preference to the point of determined defense (ibid.). Satisfaction is also recognized as an essential precursor for loyalty, but what transforms satisfaction to loyalty, is closely related to the theoretical approach to loyalty (Oliver, 1999). Nonetheless, customer satisfaction is identified as an easier relatable concept than brand loyalty to the consumers, why this relation is important to have explained prior to the empirical investigations.

3.1.2 The relation between loyalty theory and application

How loyalty is defined also has a practical influence. We have seen that although two dominating academic schools of thoughts exist in defining brand loyalty, most recent literature recognize that situational and contingency factors have a significant influence on the actual loyal purchasing

behavior. According to Uncles et al. (2003), these situational factors also have an impact on what loyalty approach is favored in the marketing departments, and that the loyalty approach of the manager will generally have great implications on the different relational marketing practices. Managers that favor the attitudinal dimensions of loyalty, tend to focus on creating brand advocates through image-based or persuasive advertising (Uncles et al, 2003). LPs are here also often used to strengthen the customers' commitment and general bond to the brand. Managers favoring the behavioral dimension of loyalty often acknowledge that most consumers have a portfolio of brands that they habitually buy from. The advertisements are therefore less persuasive, and the goal of the LP is not to form bonds or influence the consumers emotionally, but is often to increase purchase frequency and a weapon against competitors. Managers advocate of the contingency dimension might focus entirely different in their relational approach. They often favor what might seem to be prosaic factors, such as extended opening hours, consistent stock-ups, better self-service options, and shopping convenience. Within the contingency approach, the relational marketing approach is therefore not necessarily structured around an LP, as these generally are perceived as a limited influencer on demand (p. 299).



"Brand loyalty"
Source: Fishburne (2005)

3.1.3 A relationship requires mutual involvement

However, for any customer relation to be effective, the interest of the consumer must also be considered. Laurent & Kapferer (1985) identified that: *“depending on consumers’ level of involvement, individual consumers differ in their decision process and their search for information [...], and may be passive or active when they receive advertising communication, and limit or extend their processing of this communication”* (p. 41). Several factors constitute this involvement level, such as: personal meaning of the product; risk and consequences of a poor choice; symbolic and hedonic values related to the product (Bauer, 1967; Laurent et al, 1985). So the level of involvement relates to both personal and situational factors in connection with a purchase. In other words and as previously recognized, the concept of involvement does not apply to the product itself, but to the way in which a person responds to it (VonRiesen & Herndon, 2011:329).

Most literature argue that the higher the motivational investment is from both the brand and the consumer, the better the chances are for establishing and maintaining a good relationship (Hougaard & Bjerre, 2003:42). In the case where the consumer’s brand involvement is high, but does not get his or her needs and expectations fulfilled due to a perceived lack of involvement from the brand, the consumer will most likely reject or terminate the relationship (Buttle, 2008). More often, the asymmetry goes the other way around, and the brand is the one with the highest investment level. Although much literature identifies involvement as a condition for establishing a loyal relationship, and although the only type of loyalty low involvement consumers can obtain has been claimed to be spurious and purely transactional (e.g. Engel et al., 1995; LeClerc & Little, 1997; VonRiesen & Herndon, 2011), many brand are trying to win over the interest and involvement of their customers. LPs have here been one of the methods for many years. But as questioned initially, can these LP really build loyal relationships, and if so, how is this relationship established and maintained?

To get a better understanding on how these different approaches to brand loyalty, satisfaction and involvement applies to the LPs, we will now examine how and why LPs are constructed. The following section will summarize current literature on LPs and the customer value they seek to create.

3.2 Loyalty programs

Despite different approaches to loyalty and LPs, the number of companies adopting an LP in their marketing strategies, has been in steady increase since they originated in the 1980s. Koslowsky (1999) expressed the reason for this as: *“while none of these programs result in a perfect world, each*

can generate that little extra that can provide the marketer with potential weapons” (p. 40). And the search for these potential weapons intensified throughout the 1990s, where the number of LPs among European retailers annually grew by approximately 30%, and by 2003, 92% of all UK consumers had participated in at least one LP (Ziliani et al, 2004; Berman, 2006). On the US market, LP membership grew by 25% to 1.8 billion from 2006 to 2008, and a recent study shows that the average American household holds memberships with 18 different loyalty programs (ACI, 2011). This development makes it challenging for the companies to keep a competitive market advantage – especially when the structure of most LPs share great similarities.

The overall purpose of an LP is to “*reward, and therefore encourage, loyal behavior*” (Sharp & Sharp, 1997:474). The encouraging rewards can be many, and will be discussed later on. However, Dorotic et al. (2012) recently identified these general cross-LP characteristics:

1. *An LP fosters loyalty*

The main purpose is to foster and reward LP members’ behavioral and attitudinal loyalty, and thereby encourage customer retention and customer share development.

2. *An LP is structured*

An LP is membership-based and customers must be members to obtain benefits. This enables the LP provider to collect information through the LP, and use this to manage the customer relationship.

3. *An LP is long-term*

An LP is rarely introduced for a short time span, but is most often expected to be enduring and a long-term investment for both sides.

4. *An LP is rewarding*

Members of an LP are rewarded for their loyal behavior. Typically this being discounts, goods, services, personalized offers, or preferential treatment.

5. *An LP contains on-going marketing efforts*

The LP provider targets the members with special and sometimes tailored offers on an on-going basis.

Although these similar LP characteristics might exist, the design and structure of LPs often vary. Berman (2006) identified four overall types of LPs (figure 3). Type 1 is often seen in supermarkets on the US market, and provides the same amount of discount to all members on selected items irrespective of purchase history. These types often have no personal data on the members, which often results in a large number of members, due ease of enrollment. The second type of LPs, reward the customer for a certain amount of qualified purchases, and keeps no personal data either. These LPs are

typically self-managed by the customers in the shape of a stamp card, and x amount of qualified purchases will release a free product or service – often similar to the product or service purchased initially. Type 3 LPs are based on personal data tracking members' purchases and their accumulated rewards. These types of LPs often encourage members to increase their purchase amount and frequency, and might reward heavy purchasers by having level-based program tiers. Type 4 LPs share many similarities with type 3 LPs, but further offer tailored rewards and offers based on purchase patterns and history. These offers are often delivered via email, and contain segmented offers and promotions, constructed from purchase pattern data or the members' own stated preferences. Type 4 LPs are by far the most sophisticated LP type, and therefore also put the greatest amount of requirements on the setup, maintenance and databases.

Program Type	Characteristics of Program	Brand examples
Type 1: Members receive additional discount at register	<ul style="list-style-type: none"> • Membership is open to all customers • Clerk will swipe discount card if member forgets or does not have card • Each member receives the same discount regardless of purchase history • Firm has no database on customer name, demographics, or purchase history • There is no targeted communications directed at members 	Supermarkets, clothing companies, etc.
Type 2: Members receive 1 free unit when purchasing x units	<ul style="list-style-type: none"> • Membership is open to all customers • Firm does not maintain a customer database linking purchases to specific customers 	Local car wash, nail salon, pizza shops, coffee shops
Type 3: Members receive discounts or points based on cumulative purchases	<ul style="list-style-type: none"> • Program seeks to get members to spend enough to receive qualifying discount 	Airline companies, hotels, credit card programs, etc.
Type 4: Members receive targeted offers and mailings	<ul style="list-style-type: none"> • Members are divided into segments based on their purchase history • Requires a comprehensive customer database of customer demographics and purchase history 	Larger supermarkets, electronics, drugstore, etc. (e.g. Tesco on UK market, Best Buy on US market, and Matas and COOP on Danish market).

*Figure 3 – “A Typology of Loyalty Program Types”,
Source: based on Berman (2006)*

The British supermarket giant Tesco is the most recognized example of a successful type 4 LP. Tesco launched its so-called *Clubcard* in 1995 and ascribes a great deal of their business growth to the LP (Humby & Hunt, 2003). Experts place most of the success on Tesco's extensive database and tracking setup, where the Clubcard have fed Tesco with knowledge of shopping habits from 13 million British families for more than a decade. Combined with a customer focus, this knowledge has enabled Tesco to provide targeted offers with greater value and relevancy to the customer (ibid.).

On the Danish market, companies like COOP and Matas have been adopting similar type 4 LP designs, which have resulted in membership databases of more than 1 million consumers today. In line with Tesco, COOP and Matas have recently included partner companies into the LP. This enables customers to both obtain and redeem rewards with other brands, such as travel agencies, hairdressers, gas stations etc. (CoopPlus, 2013; clubm.dk, 2013). For Tesco, this was predominantly introduced to keep the image of a progressive LP that appeals to the members - especially as competing LPs were developing (Humby & Hunt, 2003:209).

3.2.1 Customer perceived benefits of LP membership

The various LP benefits are here suggested into a categorization of three: monetary benefits, hedonic benefits, and symbolic benefits. Berman previously identified two types of monetary benefits: direct discounts at register, and accumulation of points to be spend on selected rewards. Whether the reward is in the shape of real cash, bonus points, vouchers, or monetary rewards, this type of reward usually makes customers able to perform 'conversion' of the rewards value into an equivalent cash value (Furinto et al., 2009). This type of rewards also stimulates psychological effects of saving (Leenheer et al., 2007). Hedonic benefits on the other hand, are more aimed on aesthetic, experiential, and enjoyment-related benefits to the customer. This could either be knowledge about new products etc., as identified by Berman (2006) in type 4 LPs; special treatment in the store; or purchase and service convenience (Berman 2006; Capizzi et al., 2005). Lastly, symbolic benefits are usually aimed at evoking customers' feelings. This could be a feeling of superiority to non-members through e.g. golden member cards, special seating areas, etc. (Nunes et al., 2009). A sense of belonging to a group or a company is another symbolic benefit that a membership of an LP can bring to a customer (Dowling & Uncles, 1997), with origins of the basic human desire to security and temporally stable relationships (Baumeister & Leary, 1995). A variety of this is the benefit, is familiarity of a product or a service (Labroo et al, 2008).

Research propositions 1 & 2:

Most LPs seek to deliver more than one of these types of benefits, but it seems that one is often dominant. We saw that three overall academic approaches to loyalty exist, and Uncles et al. (2003) indicated that these different approaches often relate to the relational practices in marketing departments. With the different categories of benefits identified, we proposition that there is a connection between: the theoretical approach to loyalty kept by the marketing department; the customer perceived benefits the LP offers; and the type of brand loyalty the LP predominantly fosters.

Uncles et al. (2003) claimed that managers favoring the behavioral dimension of loyalty, often leave out persuasive and emotional appealing elements, but mainly focus on points and discounts as customer benefits of their loyalty programs. Berman categorized these types of LPs as type 1-3 by Berman (2006), and Furinto et al. (2009) and Leenheer et al. (2007) acknowledged that these types of benefits evoke monetary cash or saving value to the members. On this basis, it is propositioned that:

➔ ***P1: An LP structured around monetary benefits predominantly fosters behavioral customer loyalty.***

Similarly, Uncles et al. (2003) claimed that managers favoring the attitudinal dimension of loyalty focus on strengthening the customer bonds and brand advocacy via more persuasive methods. Berman (2006) included hedonic benefits in his LP category of type 4. Also, symbolic benefits were identified as methods of customer persuasion as they can e.g. evoke feelings of being special or being part of a group (Nunes et al., 2009; Dowling & Uncles, 1997; Labroo et al, 2008). As these type of LP primarily focus on hedonic and symbolic values, and little monetary values, it is propositioned that:

➔ ***P2: An LP structured around hedonic and/or symbolic benefits predominantly fosters attitudinal customer loyalty.***

With a contingency approach, the loyalty strategy often does not include LPs, but focuses more on the shopping experience and situational elements (Uncles et al., 2003). We will revisit this approach at a later stage. For now, we will have a look at the critical approach to LPs. The above review of LPs only focuses on the benefits related to LPs, but as indicated initially, the critics of LPs and their effects are increasing. The following section will throw light on the opposing views on LPs.

3.2.2. Do LPs really create value?

Despite success stories like Tesco's Clubcard, several studies ascribe little, no, or even negative value to LPs. Some claim that long-life customers may not spend more, be lower-cost to serve, or have lower price sensitivity (Reinartz & Kumar, 2000), while an extensive academic study concluded that there is little empirical evidence to both whether loyalty programs are viewed as valuable by members, and to whether LPs actually contribute to retailer and brand loyalty (YI & Yeon, 2003; Meyer-Waarden, 2009). In 2005, Shugan stamped LPs as shams, claiming that LPs only produce short-term customer revenue, but in turn, generate substantial future obligations to the customers. According to Shugan, LPs often ask the customer to trust the company, which, in return for the current purchasing, will provide future customer rewards (p. 186). Generally company centricity in the LPs reward systems has been ascribed as a lacking loyalty effect (Hoffman et al, 2008; Kwong et al., 2011).

Shugan (2005) also pointed to the fact that even the slightest market competition may destroy the LP base. Non-loyal members (members who do not pursue the deferred rewards rebates) will easily be attracted to a competitive LP. In doing so, only loyal members are left in the original LP and to them, the rewards are now just a standard part of the service delivery, making LPs a simple expense on the company (p. 190). Research by Sing et al. (2008) supported this claim, with research showing no significant difference in profitability and market position between companies offering an LP, and companies competing solely through low-pricing strategies.

Some research has even indicated that LPs can have a direct negative influence on the customers' commitment to a brand. Hansen (2000) found that customers might perceive the customer differentiation and preferential treatments that most LPs create, as discriminatory and unfair. Furthermore, Gustafsson et al. (2004) found that complexity and effort in gaining access to promised incentives for loyal behavior are perceived negatively by customers. Moreover, practical evidence indicates that negative LP experiences do exist and can have consequences. An American website for customer reviews has specifically created a review category for airline LPs (eopinions.com, 2013), while the European customers express and share their LP opinions on the website ciao.com (2013). The contents of these forums indicate that negative experience with loyalty programs evokes great emotional annoyance. Stauss et al. (2005) made an extensive research of these online forums to investigate which types of frustration that are dominantly triggered by LPs. The following seven categories of frustrations were found prevalent:

Type of frustration	Description
1. Qualification barriers	When the reward is tied to conditions that are difficult or impossible to fulfill
2. Inaccessibility	When qualifications are met, but the reward cannot be redeemed due to insufficient capacity or untrained staff unable to deliver the service
3. Worthlessness	When the customer is unhappy about the value of the reward compared to the effort and value spend on qualification
4. Redemption costs	When additional costs for redeeming the rewards occur
5. Discrimination	When non-members or member not yet qualified feel the special treatment unfair or discriminating, in line with Hansen's findings (2000)
6. Defocusing	When members are not satisfied with the general service quality of the brand, and in these terms find points and LPs irrelevant
7. Economization	When the customers become conscious about the monetary relationship, and feel that they will have to spend a specific amount of money to become a valued customer

Figure 4 - "Types of LP frustration"
Source: Based on Stauss et al., 2005

Any of the experiences above, may lead to customer frustration with the LP (Stauss et al., 2005:233). Furthermore, this also indicates that some frustrations with an LP can go beyond the LP and affect the customer's perceived relationship with the brand behind the LP. This is the case with discrimination, defocusing and economization, which all contradicts considerably with the previously identified underlying purpose of an LP: to retain and improve customer loyalty.

As indicated initially, this LP-questioning-research recently gained support by an extensive consumer study in the UK and American retail industry. This study e.g. shows inconsistency between retailers' perception of drivers for loyalty, and what benefits their LPs actually pivot around. Furthermore, the study reveals that customers of retailers, who offer a loyalty program, are no more loyal than those of retailers who do not (Edgell Knowledge Network, 2012). From a consumer perspective, these indications and critical LP literature bring us to a third research proposition:

Research proposition 3:

➔ **P3:** *The perceived costs and frustrations of LP memberships are increasingly exceeding the perceived benefits to the consumer*

3.3. Consumer perceived value

The literature review above indicates, that the customer value of an LP might be questionable.

The following section will examine this question further by looking into consumer value literature and how the consumer behavior of today challenges the LP format. First step in this process is to understand the construct of consumer value.

3.3.1 Value creation

In line with the concept of loyalty, customer value is, if possible, even more complex and multi-dimensional. From a marketing perspective, it has often been recognized that *“creating and delivering superior customer value to high-value customers will increase the value of an organization”* (e.g. Slywotzky, 1996). Whereas the latter two value elements in this definition consider value from a company perspective, the first value element considers what the actual consumers want and believe they gain from buying and using a brand’s product or service. Much literature has claimed that the next major source of competitive businesses advantage will come from more outward orientation towards consumers (e.g. Woodruff, 1997), and that the academic focus is also shifting from the things exchanged towards the process of exchange (Vargo & Lusch, 2004). Therefore, the consumer-oriented dimension of value is also what will be addressed in this thesis.

3.3.2 Defining consumer value

To address how and what types of values consumers can obtain through an LP, we need to define how consumer value is constituted. A review of existing literature reveals a great diversity of meanings. E.g. Monroe (1990) defines the concept as follows: *“value represent a tradeoff between the quality or benefits they perceive in the product relative to the sacrifice they perceive by paying the price”* (p. 46), while Butz and Goldstein (1996) take a more relational approach: *“by customer value, we mean the emotional bond established between a customer and a producer after the customer has used a salient product or service produced by that supplier and found the product to provide an added value”* (p. 63). The majority of the academic definitions consent that consumer value is inherent in the actual product or the use of it, and that it is something perceived by the consumer (Woodruff, 1997). However, diversity in what actually defines *value* adds confusion to the subject. Value in this connection often relies on other concepts such as: *utility, benefits, worth, quality*, etc., and which is dominating, usually depends on the circumstances that the consumer thinks about value. Consumer perceived value has often been confused with customer satisfaction. However, while satisfaction is universally agreed to be a post-purchase and post-use evaluation, consumer value can occur at many stages of the

purchase process, and can be generated with the product or service being purchased (Sweeney & Soutar, 2001). The following section identifies the different types of consumer values.

3.3.3 The classic types of consumer values

Many categorizations of consumer values exist, but one of the most cited works on defining it, is Sweeney et al.'s (2001) modeling of the construct. In this, four value dimensions are identified: *emotional, social, price/value, and quality/performance*.

Emotional value is defined as the utility derived from the feelings or affective states that a product or service generates. It has been recognized for many years that product choices may be driven by non-cognitive and unconscious motives (e.g. Dichter, 1947), and that emotional feelings such as: comfort through associations with childhood experiences; a man's love towards a car; or a woman's love towards a pair of shoes (Sheth et al., 1991).

The social value relates to the utility derived from the product or service's ability to enhance social self-concept. This value is especially dominant in highly visible products (e.g. clothing, jewelry), and goods or services being shared with others (e.g. gifts, products used in entertaining), affecting consumer's social status.

The functional value of a product is then split into two dimensions: The utility derived from the product due to the reduction of its perceived short term and long term costs; and the utility derived from the perceived quality and expected performance of the product (Sweeney et al, 2001:211). Put into the context of Abrahams Maslow's hierarchy of needs, the two functional dimensions represent the lower part of the pyramid (physiological and safety), while the social and emotion dimensions represents the upper part (love, esteem, and self-actualization) (Maslow et al., 1970). However, the need for esteem and self-actualization have grown over the past years, why Maslow's so-called "lower human needs" in the top half of the pyramid have been criticized as being too simplistic (e.g. Frame, 1996; Wahba et al., 1976). Similarly, Sweeney et al.'s emotional and social value dimensions seem too simple to cover all non-functional customer values.

Research by Sheth et al. (1991) identified two additional dimensions: *epistemic* and *conditional* value. Epistemic values represent the perceived utility acquired from an alternative's capacity to arouse curiosity, provide novelty, and/or satisfy a desire for knowledge (p. 162). Boredom or satiation with a known product or service can cause epistemic value to the consumer through new experiences or

simple alternatives to purchase habits. Moreover, epistemic value can also be generated through curiosity and a desire to gain new knowledge, which has become a greater demand from the modern consumer (Hatch & Schultz, 2010).

Conditional value is the perceived utility acquired by an alternative as the result of the specific situation or set of circumstances facing the choice maker. As identified previously, perceived value is dynamic and often relates to the situational conditions. This could be that some products only are seasonal; products you only buy once; products you buy for emergency cases only; and some might simply be affected by mood and temper (Sheth et al., 1991:162). A conditional value is provoked by appeal at the right time and the right place.

Below figure 5 sums up the seven consumer value dimensions:

Value dimension	Description	Literature
1. Functional value (price/value for money)	The utility derived from the product due to the reduction of its perceived short term and longer term costs	Sweeney et al. (2001)
2. Functional value (performance/quality)	The utility derived from the perceived quality and expected performance of the product	Sweeney et al. (2001)
3. Emotional value	The utility derived from the feelings or affective states that a product generates	Sweeney et al. (2001)
4. Social value (enhancement of social self-concept)	The utility derived from the product's ability to enhance social self-concept	Sweeney et al. (2001)
5. Epistemic value	The utility acquired from an alternative's capacity to arouse curiosity, provide novelty, and/or satisfy a desire for knowledge.	Sheth et al. (1991)
6. Conditional value	The utility acquired by an alternative as the result of the specific situation or set of circumstances facing the choice maker.	Sheth et al. (1991)

Figure 5 - "Consumer value dimensions"

Source: Based on Sweeney et al., 2001 & Sheth et al. (1991)

3.3.4 It is all about expectations

Sheth et al. (1991) argued that value dimensions are independent as they: *"relate additively and contribute incrementally to choice"* (p. 12). However, both prior and recent research have claimed that interrelation exists between the dimensions, as e.g. a positive emotional value towards a product may often lead to a positive functional response (e.g. Osgood et al., 1957; Sweeney et al. 2001). Whether the value perceptions are positive or negative is highly connected to the expectation level held at or before the purchase or experience. Specifically, depending on the level of confirmation or disconfirmation on

value expectations, a product may evoke positive, negative, or a mixed set of emotions (Bagozzi et al., 1999; Chaudhuri, 2006; Westbrook & Oliver, 1991). In this connection, research by Chitturi et al. (2008) found that the consequences and effects are closely related to the type of value dimensions. According to their research, products that meet or exceed functional values also generate emotions such as safety, security and satisfaction, whereas disconfirmation of functional values generates anxiety, insecurity and anger. Expectancy confirmation of emotional and social values generates cheerfulness, excitement and delight, while disconfirmation generates disappointment, sadness and dissatisfaction (p. 58). The research additionally found, that both positive and negative emotions generated from expectancy confirmation or disconfirmation of emotional and social values, have a direct effect on word of mouth and repurchase intentions (p. 60).

The question of which values that generally has the highest level of importance and expectations is often situation dependent. Nonetheless, most literature place a high amount of importance to emotional and social value, although it is also argued that this only become effective when a “necessary” level of functionality is met (e.g. Chitturri et al., 2007). Related to the fact that LPs seek to create a competitive advantage on the market, it seems to indicate that the emotional and social values are especially important when dealing with brands that have low consumer involvement and low product and functionality differentiation. This brings us to the fourth research proposition:

Research proposition 4:

- ➔ **P4:** *For low-involvement brands, emotional and social benefits in LPs are of increasing consumer importance.*

4. The new brand loyalty paradigm

As indicated previously, the attributes related to consumers' perception of value have changed. The focus is shifting from tangible product mechanics, quality and worth, towards intangibles such as information, interactivity and relationships. Vargo et al. (2004) conceptualized this shift as *the service-dominant logic*, and nominated it as the future mindset of marketing (p. 15).

Along with this change, the evolution of social media has increased consumer-to-consumer communication significantly. Not only has the social media changed the methods for how people interact with each other, but it has also challenged the conditions for brands to establish and maintain a relationship with consumers. Consumers are no longer dependent on communication from the firm when making a purchase decision. The massive amount of information available online, make consumers able to choose which firms they want to have a relationships with, and base each of their purchase decisions on how value should be created for just them (Prahalad & Ramaswamy, 2004). Related to LPs, it can be argued that these new consumer practices have lead to a new situation for the brand-consumer relation. A situation illustrated in figure 6, where an increasing number of brands attempt to establish a direct relationship with every consumer (mass-to-one), while the consumers seek to make their own decision based on inputs from co-consumers and the social media (one-to-mass). We will revisit this scenario later in the thesis.



Figure 6 - "Relational brand-consumer dynamics"

4.0.1 The brand touch points are mobile and virtual

This change in both consumer practices and value preferences are thus challenging the conditions for creating relation via a traditional LP. According to Prahalad et al. (2004), customers seek to co-create value through the interaction and experiences around the products, and an understanding of this co-created value, is the key to unlocking new sources of competitive advantage. But at the same time, the online smartphones have changed the consumer behavior for when and where to search for information, purchase, and interact with a brand. The consumer is no longer either in the store or online, either researching a product or buying one, or either value conscious or brand sensitive. The consumer is all of it, at the same time.

A recent report shows that 1 out of 3 minutes spent online, takes place on a mobile or tablet device, and furthermore, that these new devices have simply increased the total of time spend online accordingly (ComScore, 2013). Today 59 percent of the Danish consumers own a smartphone, and 70 percent of them never leave their home without it (Ipsos Media, 2013). This always-online practice has increased the amount of brand impressions significantly, and the number of commercial messages a consumer is exposed to per day has been said to approach 5,000 (Johnson, 2009). Therefore brands, and especially low-involvement brands, must play on the terms of the consumers, if they are to catch their attention and provide value to the consumer. Where does this put the LPs for low-involvement brands? And related to the overall research question, have the new mobile consumer practices killed the outlook for their LPs, or do they conversely create new relational opportunities?

The following section seeks to examine these questions by bringing the theoretical foundation up to date with today's consumer behavior and the implications of the technological development. This will be done via inputs from latest scholars, marketing experts, trends and reports, and five own-conducted expert interviews with five marketers. In order to fully answer the problem statement, the section is divided into three parts, each corresponding to a research question: the first examines the brand-consumer relation; the second examines how brands should respond to this; and the third examines when the brands should act. Each part consists of a review of recent trends and implications; inputs from the expert interviews; a short discussion; and a presentation of summarizing research propositions.

4.1 WHO constitute the brand relations?

As previously identified, it takes involvement from two parties to make a relation. But what does this relation look like today? Are the consumers really dictating the entire brand-consumer relationship? How is co-creation relevant for low-involvement brands? This section will discuss recent trends and literature on these questions.

Jones (2012) recently identified, that consumers are no longer susceptible to brand persuasion in their purchasing journey, but instead, they are much more interested in using brands as platforms to do things (p. 77). In other words, if brands wish consumer attention, they can no longer talk to a passive audience about how great their products or services are, but need to focus on how to be useful and valuable while engaging the consumers actively (Vargo et al., 2009). Prahalad et al. (2004) stress that this co-created value is not a matter of delivering lavish customer service, but that: *“co-creation is about joint creation of value by the company and the customer. It is not the firm trying to please the customer”* (p. 8). On this, Prahalad et al. (2004) also criticized the way that companies tried to adopt the customer centricity around the millennium, by e.g. the implementation of ATMs and self-check outs at supermarkets. Although this has focus on consumer experience, the consumers are still treated as passives and the firm is still dictating the orchestration of the experience (ibid.). Instead, the value that can differentiate one product or service from another should come from an experience environment of interactions, where the individual customers can create their own personalized experience (ibid, p. 9).

Many brands are trying to adopt this personalization factor, by e.g. personalized newsletter emails based on the customer's behavioral data. Loyalty programs are here often used, as foundation for both the data collection and channel of communication, like Berman previously identified with his LP type 4. This data collection has been viewed as key for establishing a stronger relationship with the customers, and the investments on this area have evolved radically over the past few years. The CEO of the successful US LP The Grocery Game, Teri Gault noted: *“Everybody is doing it, and if you are not doing it, you are probably not up to speed”* (Aaronson, 2007). However, when consumers engage in an LP they expect to be treated as individuals and feel understood, wherefore the communication around an LP is of critical importance (Hannover Research, 2011). If the email flows are too generic, and customers feel like a number, it might have a direct negative influence on the brand (Skaaning, 2012). But on the other hand, being personal is not easy, and faulty personalization and improper use of consumer data was recently identified one of the key sources of annoyances in the brand-consumer relationship. Harvard Business Review (HBR) recently criticized many brands for pushing

personalized emails and text messages based on a sparse foundation of consumer data, which might both be outdated and related to a gift-purchase (Ting, 2013).

Another research by HBR questioned the theory of co-creation and found that consumers are generally not looking for a relationship or connection to the brand, but simply general information and product reviews from other customers when engaging with a brand online: *"Often what a consumer needs is not a flashy interactive experience on a branded microsite but a detailed exchange with users about the pros and cons of the product and how it would fit into the consumer's life"* (Spenner & Freeman, 2012). This research claims that customers generally are of low-involvement with brands, and that brands should focus on simplifying their customers' purchase decision journey instead of trying to delight them with overwhelming offers (ibid, p. 116). Recent studies on consumer behavior show that today's decision journey involves advice from friends and peers, and that 90 per cent of all purchases have been found to be subject to social influence (O'Neill, 2011). This indicates that the most important relationship might not exist between the brand and the customer, but between co-consumers.



"The Power of Word of Mouth"
Source: Fishburne (2012)

4.1.1 What the experts think:

According to Rune Alring, consumers are more involved in brands than they were ten years ago due to extensive marketing efforts from the brands: *"It is becoming harder to define which brands that are low-involvement. Even the feta cheese, the beer, and the bib, are getting a story attached to them"* (appendix 3). But today's great amount of product choices have also made the consumers more critical in their product selection, and therefore also involved around the point of purchase: *"Consumers are getting a bit more involved in products that they on the face of it really wouldn't spend time on. I do it myself. Whenever I pick up a product in the grocery store, I look more at it. I care more about what is in it and where it is made, solely because I have become more critical"* (ibid.). However, Alring also argues that although consumers are more involved, the purchase decision: *"is rarely a rational decision when choosing between low-involvement brands, but rather a consequence of the encoding that somehow has found a place in their head. It is done unconsciously, and for the companies it is a matter of having their brand on that mental cookie that drives the purchase decision"* (ibid.).

Bo Velling-Theisen agrees that their customers do not go through rational decision making before entering a 7-Eleven store: *"7-Eleven is already a part of their everyday, and I don't think we can change their shopping pattern and what they shop in 7-Eleven [...] We can benefit from small purchases here and there, and we can give the existing customers a better service by giving them good offers when they need it. So that's what we focus on"* (appendix 4). At Baresso the main relational focus is also on the in-store experience: *"All customer experiences we create, should create positive mentions, and thereby growth for our business. That is basically how we try to think in everything we do, and we do this instead of advertising on TV and radio etc."* (appendix 5).

Exactly the positive mentions and referencing, is where Morten Hershøj believes the low-involvement brands should focus: *"If a person isn't highly involved in a purchase decision he tends to ask the person next to him for advice, or look for reviews online"* (appendix 1). Hershøj also gives this great importance on loyalty: *"What are you drawn to? - Other people's loyalty. This is an important and definitely also increasing factor in loyalty"* (ibid.). According to Rune Alring, this referencing happens across all types of brands and products, and has become an integrated part of being a consumer: *"I see people starting to recommend all kinds of brands and all the time. The reluctance towards being associated with brands other than Nike and Apple is on the down turn, and it is not intellectually degrading to associate yourself with e.g. an ice cream brand"* (appendix 3). The motive for recommending brands to peers are most often egoistic - either because they can e.g. win something material from referencing on social media, or because they get social status from e.g. passing on a secret offers, Alring argues. The value of these

references is not to be underestimated according to Olson & Bhakta: *"Somebody who is an advocate of the brand can be as powerful as someone who buys a lot. They might only buy something once a year, and might not participate heavily in a lot of things, but they just love the brand"* (appendix 2).

On data collection Hershøj identifies that many brands have lost focus from what actually matters: *"They are just buying into systems that deliver a bunch of personalized emails or text messages, but the real content and purpose is missing"* (appendix 1). Alring agrees with this point: *"Customer data is great and can make any marketing initiative more effective, and not the least, help identify who are the good and the bad customers [...] but the real challenge is then to make this customer data result in relevant communication"* (appendix 3). According to Hershøj, *"data only makes sense when it makes the ends meet in the entire eco-system. Instead of building isolated loyalty, email and website solutions, the data should contribute to all communication - and with the sole purpose of enhancing the user experience with the brand"* (ibid).

At 7-Eleven, Velling-Theisen completely drops the consumer data collection: *"It makes no sense to collect data that just end up in a big hole anyway. It takes resources to collect and not the least to use them, so unless you think it has an effect, you should rather not. Besides, we have loads of valuable purchasing data already"* (appendix 4). The data focus is also minimal at Baresso, although they aspire to exploit the potential in the future (appendix 5).

If the attempt to personalize the communication fails, e.g. because it is based on purchasing data collected in relation to gift purchases as identified by HBR (Ting, 2013), the frustration will be limited, according to Alring: *"I would probably forgive them [...] If this present was for someone I cared about, I would probably also be interested in buying them something more"* (appendix 3). According to Olson & Bhakta (appendix 2), brands on the American market will not even take damage, if the general value expectations to a loyalty program are let down. According to them, the American market *"have consumers that are pretty well educated about the fact that they may have great intentions when signing up for something, but the experience might be, that it is too complicated or that there is no alignment with what they do and what it takes, and the fact that they might end up not winning a whole lot"*.

According to Hershøj, this situation is different on the Danish market: *"People are starting to realize that the point they earned, does not equal one DKK - actually far from, and they might start to calculate what it actually takes for them to get the rewards they expected [...] There is no doubt that if the customer gets a feeling that you say one thing but do another, it will have double negative impact on your brand"* (appendix 1). However, from Baresso's point of view this has not been a big issue when they

e.g. had to downgrade members in their tier program: *“Most of the time people listen to reason, and understand the conditions of the different levels”* (appendix 5).

With regards to what the future will bring in terms of relations between brands and consumers, Hershøj argues that it is a matter of playing with open cards: *“Transparency, honesty and trustworthiness are worth much more than discounts”*. The infinite amounts of online information and social reviews make it impossible for a brand to cheat its customers today. In this connection, Morten emphasizes the Telco-provider 3 who has introduced a program that takes transparency to new dimensions by both downgrading and upgrading members: *“This means that they actually inform the customers when they can buy the product cheaper at the competitors. I believe there is a great market for this, especially in relation to the brand and image dimension.”*

4.1.2 Sum-up: New relational ground rules?

Although minor differences, the experts generally agree with the literature on brands-consumer relations. Prahalad et al. (2004) argued that instead of solely focusing on the actual product, brands should deliver value through an experience environment of interactions, where the individual customers can create their own personalized experience. Also, Vargo & Lusch (2004) claimed that focus should be on the process of exchange over the actual product exchanged. Both Baresso and 7-Eleven claim to focus on delivering a good service at the moment of purchase, and the agency-experts also agreed that, in particular when dealing with low-involvement brands, it is a matter of delivering the best conditions at purchase rather than building extensive and engaging relations with the customer. This also gives evidence to Stauss et al.'s (2005) identified LP frustration of “defocusing”, and the fact that general service quality has greater weight than what an LP can offer.

In terms of data collection and outward communication, the experts agree that these two have great potential for being combined, but that very few brands have been able to exploit this on their consumer relation. On this note, Hershøj also recognizes that the real purpose of data is to contribute to enhance the consumer experience, and not to send out emails. Both Baresso and 7-Eleven employ only a modest collection and use of data in recognition of the complexity and resource extent.

In contrast, the relation between co-consumers and peers is identified as having essential importance, and as being great influencer on purchase decisions. Even for low involvement brands, Alring and Hershøj both forecast bright potentials for tapping into brand advocates, and in letting the relation exist between co-consumers with the brand on the sideline. Facebook and other social channels are

here recognized as having intensified both possibilities and practices for this brand experience sharing.

As the literature previously identified that the level of involvement is proportional with the chances of a brand to establish a relationship with a consumer (Hougaard & Bjerre, 2003), it seems to indicate that the co-consumer relation is even more important for brands where the consumer involvement is low. At the same time it seems that low-involvement brands should refrain from personalizing their direct communication, and instead keep their relational focus on activating co-consumer communication. On the question of who constitutes the brand relation, we then have a fifth research proposition to be tested on the consumer focus groups:

Research proposition 5:

→ **P5:** *For low-involvement brands, co-consumer communication has a greater effect on brand loyalty than direct brand communication*

4.2 HOW are brand relations established and maintained?

Having discussed the brand-consumer dynamics of today, it is also interesting to discuss how this relation is created and exploited. What consumer values are important for a loyal relationship to evolve? How is this relation initiated if the consumer involvement is low? How does this fit into an LP? Also here, recent trends and cases will be examined along with inputs from the experts.

As pointed out in the previous section, recent research has indicated that brands should keep their focus on enhancing the purchasing experience for the consumer (Dixon et al., 2010; Spenner & Freeman, 2012). Dixon et al. even argue that spending time and resources on exceeding customer expectations with free products or services, makes consumers only marginally more loyal than if their needs were simply met. In a recent consumer loyalty study, experts e.g. proclaimed: *“Delight’ is a nice goal, but if it is not delivered each time, there goes trust. And there goes the repeat purchase”* (Raftery, 2013), indicating that customers might be looking for stability more than surprise and extravagance. This relates back to the requirement of brands making themselves useful (Vargo et al., 2009; Jones et al., 2012), which in the context of purchasing decisions equals timesaving and relevant information (Spenner & Freeman, 2012).

If applied to an LP, the values of a brand relation seem to be rather immaterial yet functional. Are these the values that an LP should be built around today, and would this ever be a success for low involvement brands? As identified earlier, all LPs pivot around the reward/effort balance. On the face of it, this is a challenge for low-involvement brands, which need to keep the required effort to get rewarded at an absolute minimum. Take the World's largest brand, Coca-Cola, as an example. Although a popular brand, the product does not offer much to be involved about, why Coca-Cola for many years have marketed themselves on e.g. CSR, sports and campaigns. For the past five years, Coca-Cola have run their LP "Coke Zone" with great success, allowing members to collect points from Coca-Cola packs and redeem them for rewards and draws online. But recently, Coca-Cola announced that their point scheme is on its way out. The reason for this being declining activity from members, and that the active ones were more engaged in news and competitions than in the actual point scheme (O'Reilly, 2013). Experts blame this on the mismatch between involvement and effort: *"To claim on Coke Zone you had to keep the codes, go online, type them in, and then finally redeem them. For a low value purchase like a can of Coke the benefit/effort balance is tipped the wrong way"* (ibid.). Now, Coca-Cola is definitely not like any other low-involvement brand, but their example indicates that what catches the attention and involvement of the consumers, is changing away from the purely material.



"Brand loyalty"
Source: Fishburne (2012)

According to Brenner (2012), the marketing saying: “*be where your customers are*” have been generally accepted in recent years. This has made many brands move much of their customer engagement activities onto social media. Today, more than 15 million brands have a Facebook page, and many of them are using the social platform as the primary channel for customer interactions (Mobilemarketingwatch, 2013). These platforms constitute the only form of marketing that can touch consumers at each and every stage of the decision journey. Everyday Facebook has 618 million active visitors, who on average spend 20 minutes per visit (Smith, 2013). Research shows that these are becoming increasingly willing to share their brand experiences online, but that only 25 per cent are willing to share a positive story, while 65 per cent are likely to share a negative customer experience (Dixon et al., 2010:210). On this, it is notable that negative stories about unsatisfactory service experiences are what are shared the most (ibid.). The online amplification of these experiences can create group cohesiveness for customers with similar experiences, and at the same time repel prospective customers from choosing the brand. The Norwegian Telco-provider Telenor, found this to their cost on the Danish market in 2012, where a single customer’s utterance on Telenor’s Facebook page got more than 30,000 likes, 3,000 comments, and extensive press coverage, before Telenor got the opportunity to react on it (Herdel, 2012). This speed and power of the consumer’s voice is new, and gives more evidence to the fact that the consumers are the ones controlling the brand relations today. Related to LPs, this once again questions the traditional material-based LPs, and seems to indicate that good and timesaving services are were the brands should put their relational focus.

4.2.1 What the experts think:

According to Dan Olsen, the Coca-Cola closedown of Coke Zone is no coincidence: “*The whole concept of having any consumer to earn their worth is beginning to wane. Everybody is getting just a little sick and tired out it, and the currencies don’t really have much value across a lot of things*” (appendix 2). Instead, the values that customers can pull from these programs are much broader: “*It is not just the currencies. It is access, status, my own image, and also an element of gamification*” (ibid.). Dan emphasizes that the LPs can benefit from appealing to these game oriented customers: “*This is the person that wants to win, but wants to win publically. So it is not the fact that he wins, but it is the fact that he wins and you loose. And everybody has to see that you lost and he won. So it is recognition really*” (ibid.).

Morten Hershøj agrees that there needs to be more than points and monetary values: “*Discounts are great, but only if they are a part of something more than that. The same accounts for the membership card. The card only makes sense if the customers actually needs a card, e.g. for identification of insurance*

in foreign countries. Here a discount at e.g. a gas station may be integrated. But if the only reason for having the card is a discount, it will most likely disappear and lose value to the customer – especially for low-involvement brands” (appendix 1).

Rune Alring subscribes to this point and explains that the ‘something more’ could be: *“relevant inputs; creative contents; and then the entire emotional value of being part of the program”* (appendix 3). Alring recognizes that this might be a challenge for low-involvement brands, and underlines that the interest of the consumers has a cost: *“What often opens the dialog is something material [...] I believe this is how any dialog is started. You have to pay for it somehow. Even in private life, people buy a drink to start the conversation with the someone of the opposite sex, or even just with friends at a bar”* (ibid.) Alring exemplifies this with the recruitment process for magazines: *“I give you a perfume to sign up, and from there on it is the magazine content that should keep you hanging. I can’t give you a perfume every month to keep you subscribed, so hopefully the content of the program will keep you hanging”* (ibid.). So according to Alring, the material is what is used to catch the attention of the consumer, and then the immaterial should bring additional value after the point of enrollment. Olson agrees that an instant value exchange is necessary to catch the attention of the consumer. From here on, he believes that the constant rewards for loyal behaviors are necessary – and not only the transactional ones: *“It is simply: the minute you start is the minute you start getting little things. And it is like thousands of tiny little wins that help draw you into the brand. And then once in, give them points for things like posting, watching a video, coming into the store, and other things around social media”* (appendix 2).

Fundamentally, Hershøj is no strong advocate of the traditional LP model for low-involvement brands: *“I don’t believe in bonus and rewards programs for low-involvement brands [...] I cannot see how a person should sign up for a loyalty program with a brand he doesn’t really care about anyway* (appendix 1). Instead Hershøj thinks that the low-involvement brands should put their loyalty focus elsewhere: *“This is where social and mobile become important. It is not loyalty in its real sense, but more a matter of being present where the consumer searches for answers. This could be on Trust Pilot or on different kinds of aggregators. In my opinion, this is where loyalty will be anchored in the future, and we have only seen the very beginning of it”* (ibid.).

In the case where a low involvement brand insists on creating an LP, Hershøj suggests that it partners up with other brands to make more relevant offers in their LP (ibid.). Olson is advocate of these LP partnerships, but the two marketers do not agree on the partnership constellation. Olson suggests that brands should not worry including offers in their LP that has no direct relation to their own brand: *“For bankers it is a question of acknowledging that people have a life outside their bank [...] like Bank of*

America, where the program can give you access to discounts that fall outside banking or lending, but to daily things like shopping at Burger King or Starbucks" (appendix 2). Hershøj, on the other hand, believes that this goes against the concept of loyalty: *"Loyalty in its essence is really loyalty towards a brand or a product [...] if low-involvement brands are insisting to make a loyalty program, I think they should join forces with other similar brands to make a more relevant offer. They could find inspiration in how organic foods have co-operated around getting the organic symbol on their products. This is also a kind of loyalty, but across brands and products"* (appendix 1). These contrastive perspectives on partnerships could be rooted in cultural differences between the US and the Danish market and its consumers. This will, however, not be examined further in this thesis.

Baresso has used their LPs to increase both customer involvement and loyalty for years now. *"It is part of our DNA and we are aware that this is what runs our business,"* says Sinne Fredslund (appendix 5). Baresso therefore recently renewed their traditional stamp card concept with their so-called Coffee Club, which enables customers to e.g. earn discounts by depositing money onto their club card. However, extensive amounts of requests and complaints made Baresso decide to reintroduce the old stamp card as an additional offering: *"We have realized that although Coffee Club is a great concept that appeals to our most loyal customers, there is also another group of customers that doesn't want the same amount of commitment to us, but [...] still would like to have their loyalty rewarded [...] so just like you can work with a product mix that appeals to different customer segments, we are working with a loyalty mix, you can say"* (ibid.). It seems that, at least some of Baresso's customers do not mind having a physical LP card with no function but the LP: *"We obviously thought that the stamp card was long outdated. But it turned out that we were wrong, and that there really are people that like to have the physical card in their wallet, where they are able to keep track of their stamps. Obviously we could digitalize this concept to an app, but we are fairly convinced that this will miss the mark, as the digital process will be too involving for the stamp card target group"* (ibid.). This digitalization of the stamp cards is one of the things that 7-Eleven has included in their new mobile App, which will be revisited later.

With the new Coffee Club, Fredslund also recognizes that traditional concepts still can be effective: *"The tier-based program includes a natural hunt for the next level, and thereby incitement to spend more [...] Especially for men, we experience that they are really determined at getting to the next level [...] And then there has definitely been a social status effect in having these gold cards, including statements and pictures about it on Facebook and Instagram"* (ibid.).

Baresso is actively engaging with their customers on these social media channels, but a part from LP promotions, emails are still the preferred medium for LP communication: *“Right now, where we are experiencing some doubts and negativity around the new program replacement, I would rather take the dialogue with the specific people on email”* (ibid.) Although customers do enquire via Facebook from time to time, Fredslund is happy to keep the regular customer engagement and the LP separated for now. Baresso has yet to experience serious issues with viral dissatisfaction on Facebook, which Fredslund thinks is driven by the great level of discounts and rewards offered. At 7-Eleven, Velling-Theisen is aware of the brand damaging potential of Facebook: *“We have a lot of likes on Facebook, which we also try to take care of. I think it is important to take this seriously”* (appendix 4).

4.2.2 Sum-up: The new recipe for loyal brand relations

All three agency-marketers agree that consumers' general willingness to engage in LPs based on material and functional values are on the decrease, and Hershøj furthermore claims that *worthlessness* is an evolving consumer frustration and enrollment blockade in many LPs. All consent that of the six value dimensions introduced previously, *emotional* and *social* values are necessary ingredients to keep LP members engaged. This questions the effect of Berman's LP types 1-3, which on the surface of it offers strictly monetary and functional benefits. However, Fredslund reports that Baresso's Coffee Club, which qualifies as Berman's LP type 3, is highly effective, especially on males in terms of aspiration and image values. Fredslund also reports that their stamp card (Berman's type 2) was re-introduced due to great demands, despite that fact that it offers nothing but monetary value. Futurologist Anne Skare Nielsen explains this demand with the phenomenon of 'high tech, high touch': *“The more airy and digital the world gets, the more we want what is physical and tangible”* (Pedersen, 2013).

Both Hershøj and Alring question Berman's type 4 and the extensive setup of personalized communication based on consumer data for low-involvement brands, as consumers are simply not interested in great amounts of communication – although personalized. Alring underlines that any dialog starts with something material, in order to catch the interest of the other party. Related to the aforementioned reward-effort balance, these rewarding attention-catchers seem especially important for low-involvement brands. In terms of LP focus, it thereby also indicates that low-involvement brands cannot structure their LPs solely around emotional and social consumer values, but must include something functional or conditional valuable.

Nonetheless, both recent research and the expert interviews indicate that low involvement brands mainly should focus on delivering a good purchasing experience. Related to the three managerial approaches to consumer loyalty identified by Uncles et al. (2003), this seems to indicate that managers of low involvement brands primarily should take a contingency approach when building a consumer loyalty strategy. This means a greater focus on *better self-service options* and *superior shopping experience*, and thereby not necessarily an approach that includes an LP.

We have seen that an important part of today's shopping experience is information gathering (Spenner & Freeman, 2012). We have also seen that this information gathering often takes place online, and that the source to a larger degree is social forums and reviews sites. Hershøj claims, that for low involvement brands it is of great importance to be present where the consumer searches for answers, and be there with a high degree of transparency. Alring further proposes that low involvement brands not only should be present, but also create something to talk about around their brand. This finds support in literature, which identified that consumers do not want a direct relationship with the brand, but wants to create value from experiences around the brand (Prahalad et al., 2004; Vargo et al., 2009; Dixon et al., 2010; Spenner & Freeman, 2012). All three agency-marketers defined these experiences to include elements of social values and interactions with co-consumers, and Olson emphasizes the power of gamification in this relation.

The biscuit brand Oreo is an example of a low involvement brand that has embraced this element in their relational strategy on the Danish market. Oreo recently created the mobile game application "Catch the Oreo", that lets consumers play a fun game of catching flying Oreos with a glass of milk, and participate in a weekly draw for an iPhone5 (Oreo, 2013). This campaign has not only allowed Oreo to position the product around the game across channels, but has also boosted their social media attention and interactions, and increased their number of Danish Facebook likes from 5,000 to 20,000 within two months (ibid.). The prize of an iPhone5 supports Olson and Alring's claim that material rewards are a necessity to catch the attention. Olson and Alring also identified that the social media and gamification elements can be integrated into an LP by rewarding members for behaviors other than purchasing, e.g. referencing or sharing purchase actions. A different example is the Danish telco Call Me, who also had difficulties creating consumer involvement. With their campaign "Good Tone", they took on the challenge of improving the tone that Danes use among themselves, with massive cross-media campaigning, small games, and personality tests. Although no consumer benefits other than good cause and a feeling of ease with oneself, the low-involvement brand got their social awareness and engagement boosted to more than 40,000 Facebook likes in five months, and reduced their customer turnover significantly (Call Me, 2013).

These examples illustrate methods of creating consumer engagement that falls outside the traditional model for LPs. Nonetheless, they agree with the expert suggestions regarding on-going value, and value in the form of emotional and social elements. The examples, the trends, the expert inputs, and the literature combined, make the sixth research proposition:

Research proposition 6:

→ **P6:** *For low involvement brands, creating engaging and value-adding elements around the brand and product is a necessity to establish and maintain a consumer relation.*

4.3 WHEN should interaction take place?

While the previous two sections have examined the consumer-brand relations and what should be done to establish and maintain these, respectively, the following section will delve deeper into the timing of these interactions along with the implications of the evolving mobile consumer practices. We have seen that low involvement brands seem to have greater difficulties in getting the attention of the consumers, but are there certain times where the consumers are more receptive than others? What differences to the amount of interactions does it make that consumers are now carrying an online device in their pocket, and how should brands comply with this? Once again, recent trends and cases will be examined along with inputs from our experts.

In 2011, Jim Lecinski of Google, gave a clear message to all marketers: *“Engagement with the customer today isn’t just pouring a message down on their head and hoping they get wet. It really is understanding that you must be present in a conversation when they want to have it, not when you want to”* (p. 15). This message underlined that timing is everything when dealing with consumer interactions. Related to the previous two parts, Spenner & Freeman (2012) also underlines the frequency of communication: *“The implication for marketers is clear: Aggressive engagement that overloads consumers’ already-saturated brains may backfire”* (p. 112). So even though the smartphone penetration is approaching 60 percent on the Danish market (Ipsos Media, 2013), which holds large potential for “bombarding” the always-online consumers, it seems that this should be unlocked with thorough consideration.

Not only has the consumer become more resistant towards commercialized inputs, but the small screen presumably also increases the sensibility around what content is considered relevant, and what is considered irrelevant and disturbing. Recent reports show that half of the time that consumers look into their smartphone, they seek relaxation or entertainment, e.g. by watching a funny video, reading a

gossip website, playing games, etc. (HBR, 2013). During this so-called “me-time”, the majority of ads and commercialized messages are perceived either irrelevant, easy to ignore or annoying (ibid.). In this connection, the before-mentioned Oreo’s “Catch the Oreo” seems both effective and relevant, as the consumer can play it when he or she chooses to.



"Brand loyalty"
Source: Fishburne (2013)

In relation to LPs, marketers have also found potential in the GPS functionality on the online smartphones. Being able to locate the members creates significantly better conditions for delivering relevance in their messages. As U.S. Chief Technology Officer, Todd Park recently recognized: *"GPS innovation has been a disaster for companies that sell printed maps, but for consumers and the economy as a whole, it's been a boon"* (Thaler & Tucker, 2013), while a digital Ad experts calls location data: *"personal, but not too personal – a privacy-friendly alternative to the cookie"* (AdExchanger, 2013). Strout & Schneider (2011) furthermore recognize the potential of simply exploiting existing consumers' mobile practices: *"Any company that has customers checking-in regularly is ripe for linking a loyalty program to a location-based service"* (p. 104). LP expert Sam Ganga also claims that the value potential for LPs exploiting the location bases services (LBS), applies to both the brand and the consumer: *"Imagine receiving a digital coupon on your mobile device for a free pastry at your favorite coffee shop, just as you're approaching [...]. Nothing beats mobile apps for their ability to reach an incredibly broad audience of customers and establish remarkably intimate connections with them. It's a*

way to enable customers to put your business in their pocket - or hold your products and services in the palm of their hand” (Wagner, 2013).

Not surprisingly, Coca-Cola also has recognized this trend. Their “Open for Summer 2013”-campaign pivoted around social media and smartphones. The campaign still included elements of point collection and rewards, but as opposed to Coke Zone, this campaign obliged to the behaviors of the consumers, according to their marketing director, Deanna Lazzaroni: *“Summer happens outside, not in front of a computer screen, so we wanted to make sure that our fans could access the Open for Summer experience through their mobile device [...] Here, they can continue to use points collected from our Coca-Cola summer packaging to retrieve rewards, even in real-time while they are enjoying their best summer moments” (Johnson, 2013).*

Moving the LPs and plastic member cards from the wallet onto the mobile phone has been in the pipeline for some time. The technology giant Apple recently gave impetus to this trend, by including the app *Passbook* as a default installation in their operating system iOS 6. Passbook is basically just a digital wallet enabling the consumers to store everything from boarding passes and movie tickets, to retail coupons and LP membership cards (Apple, 2013). Google’s equivalent, *Google Wallet*, has taken the first steps in including payment cards in the digital wallet, enabling consumers to make payments with their smartphones. Google Wallet has already teamed up with most major debit and credit card companies along with the wireless payment company PayPass, easing the in-store purchasing process to a smartphone scan and a four-digit pin code (Google, 2013). On the Danish market, the four largest telcos recently joined forces around the collective brand *4T Mobile Payments*, to prepare a solution for the increasing demand for user-friendly mobile payments (Larsen, 2013).

4.3.1 What the experts think:

All three agency-marketers agree that the mobile medium is the medium of the future. Alring does not even consider it questionable: *“I have never really found that subject interesting. I see the mobile as a screen. A screen that used to be on your desk at home, turned into a laptop, then a tablet, and now an even smaller screen that we carry around. And there is no doubt that the mobile is where it happens now” (appendix 3).* Along with Olson, Hershøj also recognizes that this will have implications on the LPs: *“People are not going to carry a card around anymore. The mobile is becoming both the member cards and the wallet that you can pay your transactions with. My phone is my life. The more you can put that at the center of the universe in a loyalty program, the better you are off” (appendix 2).* Hershøj

furthermore emphasizes the social possibilities in this relation: *"Facebook is now being used more from a mobile than a desktop, and Instagram is purely mobile. We have only seen the beginning"* (ibid.).

Although the potential of mobile as a touch point might seem great, Alring also stresses the privacy differences between the mobile and the computer: *"It is still relevant to discuss intrusiveness on the mobile device. Earlier, consumers didn't like when you sent them a text message. I still don't think they do. However, I am sure that there is a great challenge in how to make these messages less intrusive. For instance, making an app that aggregates my shopping list to great offers around my needs, and then I can seek it out myself, instead of it being pushed to me"* (appendix 3). The volume and quality of pushed communication is also something the low involvement brand should pay attention to, according to Alring. Regarding the frequency of messages, Alring says: *"You should send them one, whenever you have something relevant to tell them. If you have ten relevant messages every week, then send ten, if you only have one every six months, then do that. No consumer is waiting for loyalty programs to send them emails, and would wonder if they didn't get any for a while [...] So I definitely think that a loyalty program can be very modest in frequency"* (ibid.).

At 7-Eleven there is no doubt which medium and channel to use for pushing communication. Velling-Theisen says: *"Our customers are on-the-go, so a big setup with data collection and mail generation, wouldn't work here. We wouldn't dream of sending out emails to our customers. That medium is history in my opinion. Therefore we have created an app that we use to push our messages"*. Olson also recognizes the possibilities in location-based-services (LBS): *"You can also easily use the mobile to push messages that are more relevant than regular emails etc. Companies like LocAid work with all the main carriers, and provide a geo-fence around a store. This can fence you down to a 4-yard square, and you can know with great exactness when your customers are inside your store - and not the neighbor store, as oppose to GPS functionality. This makes you able to push messages related to your LP - as an acquisition tool, our even unrelated to the LP, but simply with great offers or gifts."*

Despite the many possibilities with integrating the mobile into LPs, it remains talk and little action to many brands, according to Vayshali Bhakta: *"Out of the 15 competitors we looked at, only a handful has mobile applications that allow people to log in, look at their points, redeem points, get offers. However [...] I think more loyalty programs are coming back in and finding it more beneficial to include some of those pieces onto an app"* (appendix 2). At Baresso, some of the mobile practices have already been integrated into the LP. They have created an app with integrated Coffee Club functionality: *"Previously it was a bit inconvenient that they would have go home and deposit money for their next visit - now they can just do it while they are there. This is definitely an attempt to respond to the needs of the customers"* (appendix 5). However, Baresso is not using LBS to push relevant messages to members: *"The reason*

for choosing an app instead of a mobile website, was to be able to push messages. We just don't use the functionality right now. We might in the future [...] we just have to take one step at a time" (ibid.). 7-Eleven on the other hand, is actively using LBS in their app, making it the sole benefit to the consumer. On the start screen of the app, the consumers are met with the statement "people on-the-go deserve something good", and Velling-Theisen acknowledges that these good things can be given in many ways: *"Offers can be segmented based on the personal information. It can also be combined with certain events, so whenever there is a big football match in Parken, we can push to everyone close by that they can grab a beer in 7-Eleven. And then it can also just be generic offers to everyone"* (appendix 4). Similar to Passbook and Google Wallet, 7-Eleven has included different types of stamp cards in the app, and is furthermore planning on integrating pre-paid functionality in the app on a future upgrade: *"so customers can just scan their phone, without having to take out their wallet every time"* (ibid.).

4.3.2 Sum-up: When interaction is valuable

Dorotic et al. (2012) previously identified five general cross-LP characteristics, with the fifth being: *"An LP contains on-going marketing efforts"*. The timing and shape of these efforts have been debated above. Both research and expert opinions stress that the new mobile touch point should be handled with care, and that relevance is essential in order to avoid a feeling of intrusiveness. Previously, Seth el al. (1991) identified *conditional value* as an added product value, and it seems that this is especially important in relation to LP marketing efforts for low-involvement brands. Both experts and brands, including 7-Eleven, bring out LBS as an effective tool for adding relevance and conditional value to the brand messages. Having time; location; and a number of personal characteristics as message parameters, increase the chances of delivering relevance to the consumer. Whereas Baresso simply complies with the mobile consumer practices by expanding the LP access from desktop to mobile, 7-Eleven seems to be the only of the two that exploits the mobile as a communicative tool. Apart from including a digital version of the stamp cards, 7-Eleven also pushes offers directly to the consumers through the app. This very much complies with Dorotic's (2012) fourth LP characteristic of being *rewarding*, while it challenges the second LP characteristic of being *structured* and *"enable the LP provider to collect information through the LP and use this to manage the customer relationship"*. 7-Eleven only collects information at sign-up to segment the messages (appendix 4), but does not collect any ongoing data from the consumers except to the instant LBS. The management of customer relationship is thereby only done via pushing offers, which on the face of it contradicts the previous indications that an LP must contain social and emotional benefits to keep the customers engaged. At the same time, the fact that 7-Eleven are using LBS for their offers supports Alring's claim that low-involvement brands should limit their messages to what is relevant, which in this sense increases the

chances of delivering conditional value. These indications bring us to the seventh research proposition:

Research proposition 7:

→ *P7: For messages received through the mobile medium, conditional value is essential in order to have positive effect on loyalty.*

Superior to the relevancy of the messages is, that consumers should be able to have valuable interactions with the brand whenever it suits the consumer. The previous part indicated, that this includes providing relevant product information and even unfiltered reviews from the brands, and that brand interactions through the mobile channel should be done with care. We have seen that both Oreo and Coca-Cola are using gamification to invite the consumer to interact, and that this seems to comply with the mobile consumer behavior of “me-time”. However, whether it is a gaming app, a push-offer app, or an app with an integrated access to an LP, they all require a download. Regardless of app type, a download provides a valuable foundation for low-involvement brands to interact with their consumer. In this sense, an app download corresponds to the old-format LP enrollment process, and can be perceived as the initial act of loyalty. Yet, according to the previous indications, this is only likely to occur if the consumer has had repeatedly satisfactory experiences with the brand (Oliver, 1999), and if the app adds an ongoing value to the consumer (Vargo et al., 2009; Jones et al., 2012). If this is the case, mobile apps seems to be a valuable alternative to the traditional LP format, both in terms of consumer convenience and channel of brand communication. The plastic membership card can be argued to provide greater company value in terms of purchasing data, but with the technological outlook for mobile payment options in mind, the mobile app seems to be the format of the future. This brings us to the eight and last research proposition:

Research proposition 8:

→ *P8: As LP format, mobile applications generate greater consumer value than plastic member cards.*

The bipartite theoretical positioning has now produced a total of eight research propositions based on: theoretical concepts, recent trends and reports, and five expert interviews. Instead of accepting the face value of these propositions, we need to balance these against the minds of actual consumers within the target group. The following section will present the results of the two FGs, after which the research propositions will be reevaluated.

5. Consumer results

All focus group participants held memberships with different LPs. The number of personal membership ranged from 2 to 13, but 10 out of 11 participants had 5 or more. However, for most participants the list of memberships was extended along the way as other participants brought up specific LPs.

5.0.1 LP benefits & drawbacks

When discussing favorite LP benefits on the FGs, different elements and preferences came out. Monetary benefits were pointed out by many, etc.: *“I have been flying quite a lot, so the airmile clubs have been and economical benefit to me”* (A1, appendix 7); *“It made it a lot cheaper to go to the cinema, and made me buy a lot more in the shop when I was there”* (A4, appendix 7); *“I feel like I get something for free every time I go”* (B5, appendix 8); *“I like Illum’s LP because I earn real money that I can subtract from my next purchase”* (B1, appendix 8); and *“I like being a COOP-member because there is visible difference in the price for members and non-members. That gives me a good feeling”* (B6, appendix 8). However, other types of benefits were top of mind in other participants. A2 viewed the purchasing registration as personally beneficial: *“I like to be able to see how much money I have spend on clothes in H&M when the year is over”* (appendix 7), while B4 liked the benefits it throws off: *“I like the fact that Nespresso knows what I have bought previously and when, so they can remind me about useful stuff like descaling or what I should try”* (appendix 8). B2 found the greatest benefits elsewhere: *“I really enjoy my SAS EuroBonus membership because it made my check-in process easier when I travelled a lot with my work, and that all happened without having to print anything, which also gave me a good feeling in terms of sustainability”* (appendix 8). Yet, some participants couldn’t think of any benefits with their LP memberships.

On contrary when discussing dissatisfaction and irritation related to LPs, all participants contributed with inputs. The email communication seemed to be the most irritating point, e.g.: *“the spam that comes along with a membership [...] is the main reason why I generally do not sign up for anything”* (A4, appendix 7); *“when I signed up for Illum Key, I explicitly said that I would only do it if they promised not to send me emails [...] I do not want 7 emails from random stores in my inbox every morning. I will contact them if I need anything from them”* (A1, appendix 7); *“I cannot stand the amount of emails that comes along with LPs. I couldn’t care less”* (B3, appendix 8); *“I still don’t understand what Magasin Goodie Card is about – except from tons of emails”* (B5, appendix 8); *“The worst thing is when you unsubscribe to emails, and then still receive them afterwards. I have tried that several of times now, and*

that really pisses me off" (A5, appendix 7). A5 makes no secret about that the bad experiences affect the overall brand loyalty: *"It definitely means that I feel less like shopping at their store again"* (appendix 7). Also the physical member cards are sources of irritation, e.g.: *"I forgot my Imerco card last time, and they couldn't give me any points because of this. I felt that it was bad and inconvenient service that they couldn't just look me up"* (B1, appendix 8); *"At COOP they wanted me to carry a key ring, but that gets too much a symbol for me to want that"* (B4, *ibid.*); *"I don't want people to visibly know what LP membership I have whenever I have my keys lying around"* (B2, *ibid.*); *"It kind of annoys me just to look at the physical card in my wallet or emails and be reminded that I never use it"* (B3, *ibid.*). Furthermore, some types of LP formats are perceived negatively. Especially the pre-paid formats are unpopular: *"I hate the cards where you have to deposit money. What if I lose my card, and what if there is only DKK10 left that you can't get anything from"* (A2, appendix 7); *"It is not loyalty if you have to deposit money on a card. That's a terrible concept"* (A1, *ibid.*); *"I don't want to pay money to be loyal towards a brand. I want to choose where to place my loyalty, and that is if I like the e.g. products and they offer me something I like"* (A3, *ibid.*).

To stimulate the discussion of social and emotional values of having an LP membership, visuals of various social events were presented (see appendix 6). On the question of whether these events have any effect and importance, the following statements were given: *"Non-binding events that just makes the everyday a bit more fun [...] I would feel closer connected to a brand that did that to their customers than one with points"* (B3, appendix 8); *"It is great to get free popcorn, but it is a thousand times greater if I get it at an exclusive preview show. I love stuff like that"* (B5, *ibid.*); *"I like to be invited to stuff like this. However, I don't ever think I have actually gone to any of them"* (A5, appendix 7); *"I also like my Tivoli membership because it allows me to bring a friend to the park for free"* (B2, appendix 8). For most participants these benefits were valued higher than the monetary benefits in relation to loyalty, e.g.: *"I would generally value them higher than getting points etc."* (A1, appendix 7); *"I would like if brands could send useful information that are not always related to a product offer. That would increase my relation to the brand"* (B2, appendix 8); *"Any club that did that, I would love"* (A2, appendix 7), but not to A3: *"I would rather have discounts and points, than invites. Because, then I get the feeling that I get something every time I shop. Maybe not physically, but I would get that feeling"* (*ibid.*). Also, there was a general agreement that social events claiming to be exclusive, must keep their promises to have a positive effect, e.g.: *"I once got an invite to a presales event, and then when I got there, they didn't even check the invites in the door, so everyone could enter. That situation made me feel cheated by a marketing stunt, and made me stay at home at next invite"* (B2, appendix 8).

5.0.2 Do LPs generate feelings of loyalty?

When discussing whether LPs served their actual purpose of fostering loyalty feelings towards the LP brands, a few participants recognized: *"I actually shop more in SuperBrugsen than I do in Føtex, because I have that discount card"* (A3, appendix 7); *"I definitely feel loyal towards the bagel shop where I have a stamp card. It is both cheaper than Bagel Co. plus I get that stamp and the tenth bagel for free. It is great. You should try it"* (A2, *ibid.*); *"When I shop something that I could have bought in a store where I earn rewards or discounts, it bugs me"* (A3, *ibid.*). B2 expressed the greatest feeling of loyalty towards the airline company SAS: *"I even imagine their pilots are better now, and it made me feel sad when they were close to being put into liquidation. So I always choose SAS now, even if the ticket is DKK 100-200 more expensive"*. Still, several participants could not relate to these feelings: *"I rarely enter a store due to my membership. For that to happen, they should offer me something better"* (A3, *ibid.*) *"I don't feel loyal towards any brand. Yes I have a Club Matas card, but I feel like I can't buy those things elsewhere anyway"* (A4, *ibid.*); *"Most of the memberships I have are with brands that are fairly monopolistic anyway, so I would shop there anyway – membership or not"* (B3, appendix 8); *"I only think stamp cards have made me choose one coffee shop over another, but that's about it. And that was only because I was close to getting something for free"* (B4, *ibid.*).

To give a specific focus to the brands of low involvement, the participants were asked to express which values they attach importance to when choosing between brands of low involvement. Time, safety, customer service, and referencing were emphasized, and e.g. the following explanations were given: *"Time is a great factor to me when talking low involvement. And that can be a matter of the in-store process, but also which store is closest"* (B2, appendix 8); *"I just want my shopping to be done as quickly as possible, so I chose by where I know the process is fast and where I can be certain to find all the products I need"* (A1, appendix 7). In regards to service some participants said: *"I really put a lot of value on service. I will always revisit a store where I felt like they actually meant what they said and took a few extra steps to help me"* (A4, *ibid.*); *"Service is also of great importance. Especially if the service has been bad, then I simply chose another place next time – even if it might be more expensive"* (B1, appendix 8); while A5 placed the value of service in relation to the level of expectations: *"There are some stores where I don't expect anything, and others where I have high expectations. Often I don't expect much on the service part for low-involvement brands"* (A5, appendix 7).

Some participants always chose their brands by their own reference: *"I usually pick the brands that I know"* (B1, appendix 8) and *"I almost always choose what I know and have bought before [...] if I had to choose something new, I would ask friends and family for advice"* (B5, *ibid.*), while others are more

influenced by what they have read or heard from others: *"Commercials and large sale signs don't catch my attention [...] I tend to choose my low-involvement products based on recommendations"* (A2, appendix 7); *"In principle I choose my products from own experience, and if I don't have any, then it is from my friends' experience"* (A5, *ibid.*). B2 can also let the opinion of the sales assistant affect the quick decisions, while B6 specifically avoids this: *"the last person I would ask for advice is the sales person"* (appendix 8). This questions of who to trust in purchasing situations lead to an elaboration of information processing and credibility. A3 said: *"I think I would always take my friends advice over what the sales personnel say"* (appendix 7); A5 said: *"The only type of commercials that can get to me is if it comes from a magazine and their experts are speaking well of a product or a café etc."* (*ibid.*); and B3 said: *"To me, personal referrals would always outweigh ratings online by people I don't know"* (appendix 8). The online source of information is however used by some participants also for low-involvement products: *"When I wish to try a new place or product I sometimes I also seek inspiration from review sites. Either when I need it, or just when I am killing time"* (A5, *ibid.*); *"I Google a lot before I buy a product, but most often at home"* (A2, *ibid.*); *"I use it a lot when I am travelling – for hotels and restaurants. And that is most often reviews sites and based on recommendations from people that I don't know"* (B4, appendix 8); *"I have done it in advance or asked my friend about e.g. which shampoo to buy. Then I might use the sales person for direction to find the product shelf"* (A5, *ibid.*). However, the time aspect seems to be an influencer on which source is used. B3 never uses the online search for quick purchase decisions, while A1 does quite often: *"And that is definitely because I want my information fast and I don't want to bother finding a sales person that might not know the answer anyway"* (*ibid.*).



"Social media influence on traditional advertising"
Source: Fishburne (2013)

5.0.3 What generates the conversation of low-involvement brands?

In continuation of the aspect of referencing, the participants were asked to consider what makes them talk positively or negatively about a low-involvement brand. B3 described it like this: *"I think it depends on the extent of good or bad. E.g. the other day I had a terrible experience in a frame shop, and I went straight back to some of my friends and encourage them to never go there. The same thing accounts for really good experiences, but what happens in between this, is probably not anything I would mention"* (appendix 8), while B1 recognizes a difference between the good and the bad experiences: *"I mention the bad experiences more impulsive than the good experiences"* (ibid.). The question on which type of experience is most likely to be socially shared, also seems to depend on the content of the experience: *"To me the product is dominant in terms of what I would recommend"* (B4, ibid.); *"To me it would be that the experience was fun or good. The product would not be enough on its own"* (B6, ibid.); *"I recommend experiences much more than products. And on this, it is more often on negative experiences than positive"* (A4, appendix 7); *"A good service can make up for any bad product, but if both are in place, then I am very likely to recommend it. Often, and especially for low-involvement products, the product seems alike, but the service can make the difference"* (B2, appendix 8). To share these experiences, Facebook is often perceived as the fastest and easiest channel: *"I wouldn't mind posting a bad story on Facebook. But it must be bad enough. I wouldn't post any semi bad experience. It needs to be far from what was and could*

be expected" (B3, *ibid.*); *"No matter how expensive the product is, I always have a certain level of expectations, and if these are far from met, then could easily tell all of my Facebook friends about it"* (B6, *ibid.*).

In connection with the online social communication the participants were asked how they use their smartphones. *"Facebook and Instagram"* was here the popular answer, but other main functionalities also stood out, e.g.: *"I would say communication with others in general – messages, emails and Facebook. I also read news on it, but that is more for killing time"* (A5, appendix 7); and: *"Directions. Definitely!"* (A1 & A3, *ibid.*), but the more traditional functionalities are still not killed off: *"I don't use it on much else than calling and texting. The other stuff I do on my iPad"* (B2, appendix 8). Some participants also voiced that they are using branded apps, although few are using any directly connected to an LP membership. The mobile-based format of an LP has been identified to provide new opportunities for communication, e.g. text messages and push-messages. On the discussion of which channel is preferred for brand-generated communication, the following statements were given: *"it depends on what type of brand it is. If it is something where I could benefit from having the information instantly, I would like push-messages. If not, then mails are fine"* (B6, appendix 8); *"I don't like push-messages, and always deactivate them when I download an app"* (B3, *ibid.*); *"I am the other way around. I don't want to miss out on anything, so I would like to be notified instantly"* (B5, *ibid.*). *"I would want to open the app myself, and then have the offers delivered. I hate push messages"* (A5, appendix 7); *"I prefer mails and the freedom to have them accumulated, and check them whenever I want"* (A4, *ibid.*); *"My phone is used for important stuff, so if I got a push message I would think that it was something important from a friend, and be annoyed when I check the phone"* (B2, *ibid.*). The divided opinions on push-messages also exist on the question of geo-targeted push-messages: *"I wouldn't like that. It makes me feel like they are keeping me under surveillance"* (A3, appendix 7); *"Maybe it would be nice once or twice, but if they spam me the same way as with the emails, then it would bother me a lot – even if it is in or near a store"* (A4, *ibid.*); *"I would like it much more than emails. The relevance is much better with these types of messages"* (B3, appendix 8); *"It would probably appeal more to my impulsive shopping"* (B2, *ibid.*); *"I would find it too stalker like, and would rather just have the emails. And then obviously get notified via the social media, where I also follow a lot of brands that has my interest"* (B4, *ibid.*).



"Social media socializing"
Source: Fishburne (2013)

5.0.4 The mobile membership

The app format of an LP also changes the enrollment process - both in terms of time investments and physical circumstances. When discussing the differences between a regular paper and pen or online registration and an app download, the app download seemed to gain most popularity: *"I haven't enrolled in much ever, but having it in app format seems more appealing to me"* (A4, appendix 7); *"An app download would make me more involved in the registering process"* (B4, appendix 8); *"If it was an app, then it is much easier. If I am in a store with paper and pen, then might not want to spend time"* (B3, *ibid.*). Nonetheless, we are still dealing with an enrollment, and most of the participants are still selective about what they download: *"It definitely must be a brand that I already have a good relation to. Brands that I don't care should take up space on my phone"* (B4, *ibid.*). Also it seems, that app content and functionality is central for the actual use: *"The only apps I use are the ones that serves a function"* (A1, appendix 8), and: *"It definitely depends on the first few times I open the app. If good, then I might come back. If indifferent, then I will most likely never open it again"* (A5, *ibid.*).

By extension and in summary of the discussions, the participants were introduced to a number of existing branded apps. Apps from Baresso, 7-Eleven, Club Matas, Netto, and Oreo's were presented, and the participants were asked to comment on the different functionalities. The attitudes were fairly clear in connection to these specific apps. Based on their statements, a low-involvement branded app must: 1) serve a useful purpose to the consumer, e.g.: *"the app should lead my way to the products"* (A1, *ibid.*), in relation to a grocery store app with special offers; 2) be operational and functional, e.g.: *"If it works and works fast in-store to get the reward or special price, then it would be good. If not, then I would probably just get irritated with it"* (B3, appendix 8); 3) use limited amount of direct communication and provide options for tailoring the contents, e.g.: *"If it only notifies when my favorite products are on offer, then I wouldn't mind getting the notifications with push-messages"* (A3, appendix 7); 4) only have product suggestion as a sub-function, e.g.: *"It should only notify me about this if I allow it to suggest these products, but I would probably not trust the suggestions anyway"* (A4, *ibid.*); 5) have no pre-paid functionality, e.g.: *"I would be scared that something went wrong in the refueling process. I rather like to pay cash, and then get the benefit elsewhere"* (B1, appendix 8).

In conclusion the participants' likelihood of enrolling in new LPs was discussed. Most participants were less likely to sign up today: *"LPs have lost their exclusivity. It doesn't appeal to me, when the difference between being a member and not is minimal"* (A5, appendix 7); *"I think it has something to do with the amount of LPs that exists today"* (A2, *ibid.*); *"I would also say that I am more critical of what I sign up for today, because I know how much spam that most likely comes with it"* (B5, appendix 8). However, it seems that the mobile format might give the LPs a second chance: *"If they all start to get mobile, then maybe I would enroll in more"* (A2, appendix 7), and: *"I am much more aware of what is on my phone than what is in my wallet. And whenever I have time to kill, I explore my phone – not my wallet"* (A5, *ibid.*).

5.1 Discussion of results

The FGs provide both evidence and modifications to the research questions and propositions. The consumer results will now be discussed against the research propositions, and once again the three research questions will be used as structure. A fourth section will then reflect upon the findings in relation to the overall problem statement.

5.1.1 Can low-involvement brands establish a loyal consumer relation?

On the question on who constitutes a loyal brand relation; the FGs provide evidence that both the brand and co-consumers are highly influential. Furthermore, the FGs results agree with P5 on the fact that, for low-involvement brands, the co-consumer communication has a greater influence on loyalty than the direct communication from the brand. The FGs show that consumers are generally not interested in a relationship with a low-involvement brand, why a great amount of scepticism exists for brand-initiated interactions. A scepticism that seems to be rooted in distrust towards the brand intentions – both when talking online information, email communication, and in-store advice from a brand. These findings agree with Hershøj's claim that consumers are drawn towards other people's loyalty, and O'Neill's (2011) indications regarding most purchases being subject to social influence. Additionally, the FGs show that by use of social media and in-person conversations, consumers not only seek advice regarding products, but also share positive and negative brand experiences. Which stories that are shared, are determined by the extent to which value expectation are exceeded or disconfirmed. Here, especially consumer and service experiences can evoke strong positive or negative emotions, and, consistent with Chitturi et al.'s (2008), these are not only most likely to be shared with others, but also make the greatest influence on personal repurchase intentions.

In accordance with Alring's claim regarding a decreasing brand sensitivity regarding personal identification, the FGs show that consumers are willing to recommend any type of brand that have exceeded their value expectations. However, a significant sensitivity exists in relation to visual brand identifications. High involvement brands are often used as status symbols, but for low-involvement brands the conditions seems to be different. Here consumers show little interest in having e.g. visible LP membership cards in their key chain. This once again indicates that although consumers might be willing to recommend any type of brand, their direct brand involvement is in the product or service and the social value of sharing, and not in building a relationship with the brand.

These new practices for social sharing and the low interest in brand relations, questions Chettayar (2002) claim regarding new ten-fold costs of acquiring than retaining a customer. For low-involvement brands, it seems that the consumers are generally susceptible to influence, and the importance of referencing, makes the methods for retaining seem somewhat similar to the methods for acquiring. In the same connection, the critical literature towards LPs also finds support in the FGs. The likelihood of enrolling in an LP today is smaller than it was five years ago, supporting P3. The reason for this seems to be a combination of the general low interest in brand relations as indicated by Spenner & Freeman (2012) and the FG results, and a change in value preferences as identified by all

three agency-experts. How these preferred values should be complied with will be discussed in the following.

5.1.2 Which consumer values are of greatest importance and how can these be complied with?

The FGs also provided evidence to how low-involvement brands should go about establishing and maintaining loyal customer relations. Although, the experts questioned the effect of traditional monetary based LPs identified by Berman (2006), the most top of mind benefits by the consumers are monetary. The FG participants see most value in LP memberships when they allow them to save real money on their current or future purchases, although they also mention higher service level and enhanced purchasing process as valuable benefits. On the face of it, this could indicate that monetary and functional benefits are more valuable than emotional and social benefits. On the other hand, it can also simply reflect the fact that most existing LPs pivot around monetary and functional benefits, why these are the ones emphasized. Some FG participants do identify behavioral loyalty as a product of these benefits, while one participant also expresses attitudinal loyalty. Although this only gives some support to P1, it is evident to say that little attitudinal loyalty is generated from the LPs that pivot around monetary benefits.

The only strong case of attitudinal loyalty found among the FGs, is fostered from an LP customer service experience that exceeded what was expected (B2, appendix 8). Also here is attitudinal loyalty generated from feelings of being special and a valued customer, even though the LP does not pivot around these values. Therefore it can be difficult to give strong support to P2, which propositions that LPs structured around hedonic or symbolic benefits predominantly fosters attitudinal customer loyalty. However, it does create an interesting point regarding what fosters attitudinal loyalty. Exactly the shopping process experience and customer service are emphasized as central in low-involvement purchasing decisions. These findings conflicts with Uncles et al.'s (2003) claims regarding which strategic elements managers should apply to foster attitudinal loyalty. While Uncles et al. claim that this is generated through image-based and persuasive marketing, these findings indicate that strong service and customer experience is where the mangers should put their focus. This indication however finds support in the literature emphasizing the importance of enhancing the consumer experience around the brand (Pralhad et al., 2004; Vargo et al., 2009; Dixon et al., 2010; Spenner & Freeman, 2012). Furthermore, this discrepancy also supports the previous section's point that brands should only engage when consumers choose to.

In regards to which LP elements are most important in fostering loyalty, the consumers emphasize emotional and social benefits, giving evidence to P4. Furthermore, events stimulating an emotional feeling of exclusivity are generally valued more beneficial than the monetary benefits. Bearing in mind that Chiturri et al. (2007) emphasized that these emotional values only hold importance when a “necessary” level of functionality is met, some FG participants perceive service quality as a greater influencer on loyalty than product quality. Individual taste and value differences obviously apply as variable to this point, but the attitudinal findings in regards to the fact that good service can make it up for a bad product, and not vice versa, seems interesting in relation the previous discussion of brand referencing. Again, it seems evident that, although a general low level of loyalty, the attitudinal loyalty is of increasing importance for the low-involvement brands.

In this relation, Uncles et al. (2003) identified contingent factors to have a great influence on purchasing decisions. The diverse yet broad range of value preferences identified in the FGs discussion, indicate that for these low-involvement brands many purchasing decisions are influenced by mood and situational factors. Although this could be argued to speak against the LPs effects on purchasing, it can also be argued that consumers of low-involvement products are simply susceptible to influence in the purchasing situation. Cf. the above-mentioned approach to referencing, it seems that delivering a purchasing experience above expectations could result in attitudinal loyalty and co-consumer referencing. In that connection, contingent factors are superior to attitudinal factors in terms of where to focus from a managerial point of view – a relationship that agrees with Uncle et al.’s (2003) claim for cases of weak attitude levels. Customer experiences seem to be what consumers are most willing to share with co-consumer, and since low attitudes are held, these shared experiences seems influential to the co-consumers’ future purchasing situation.

Although experts and trends show that epistemic elements of learning and gaming have great value in LPs, according to the FG, this has no appealing effect for low-involvement brands. This especially contradicts with Olson’s claims regarding consumers wanting everything from detailed information to publicity regarding status and games results. Perhaps this disagreement once again originates from the market differences between the US and the Danish market, and the target group age range.

Related to the identified distrust in branded communication, the email communication that most often goes along with LP memberships is identified as a major source of irritation by the FGs. Although some FG participants find value in the LP emails, they identify the relevancy level to be weak. The experts underline that instead of collecting great amounts of consumer data with the sole purpose of creating targeted email content, consumer data should be utilized to enhance the consumer experience.

Bearing the distrust in branded communication in mind, and the fact that email marketing actually prevents some consumers from enrolling in LPs, it seems that the communicative element of LPs should not have email communication as pivotal point. Related to Berman's (2006) four types of LPs, this once again underlines, that Berman's the most sophisticated types of LP (type 4) should not be applied to low-involvement brands. Instead, both the case of Baresso and the FG results show that the most traditional version of LPs, the old physical stamp card with no consumer data-collection, still is effective on loyalty. This gives further support to the phenomenon of 'high tech, high touch' (Pedersen, 2013) along with the claims by Spenner & Freeman (2012) stating that a simplified purchasing decision journey is superior to overwhelming offers. Additionally, this furthermore supports the facts regarding the reward-effort balance: a stamp card requires minimum involvement and effort at enrollment, while the prospects of rewards are easy to assess.

Despite this effectiveness of simple and physical stamp cards, both the theory, and the experts and FGs realize that the wallet is slowly being replaced by the mobile phone. While the experts do not take a stand on the physical format of the LP, other than the fact that membership card needs to provide value, the FG results indicate that consumers find a mobile app format more convenient and appealing than a physical card, giving support to P8. Especially the fact that pastime and the so-called "me-time" is spend on the phone, and not on going through the wallet, also gives more outlook and potential to this format passed the point of enrollment. On the actual point of LP enrollment, the experts claim that immediate rewards and benefits are absolute necessities for brands of low involvement to get consumers on board. But although an app download might seem like a low demanding task, the FGs show that this is not done for any price. The trial period with apps is low, and if no immediate value is found, the app will most likely be deleted, giving evidence to P6. In this sense, it seems that phone memory space has a higher level of concern than space in the wallet.

The following will discuss what implication the mobile has on the timing and frequency of the brand-consumer interactions.

5.1.3 What implications do the mobile media have on timing and frequency of brand-consumer interactions?

According to both various marketing reports and the experts interviewed, the communicative potential that goes along with the mobile medium is massive. Especially the combination of LBS and push-messages are emphasized as taking the message relevancy to the next level, and generally as providing new opportunities for consumer interactions. However, despite the positive proclaims,

consumers perceive push-messages as far more intrusive and irritating than the emails, according to the FGs. The level of expectations towards message relevancy is much higher for messages instantly delivered to a smartphone screen, than messages delivered to an email inbox. Related to the previous discussion, these high expectations clash with the distrust in branded communication, and the experts agree that this is a parameter that still has some work ahead.

Some FG participants do, however, acknowledge the potential and consumer value of push messages. This being both for the simple technical reason that push-messages are easier to adjust and turn off compared to email un-subscription, but also in recognition of the LBS-potential of getting offers and information when and where you actually need them. On this note, it could be argued that the aforementioned unpopularity of push-messages goes hand in hand with the tender age of the functionality, and that, once consumers begin to have positive consumer experiences with relevant instant messages, their position on push messages may change. Nonetheless, the trial period is low and sensitive, and conditional value in the sense of appeal at the right time and the right place, is essential for messages to have positive influence on loyalty, supporting P7. In regards to LPs, it seems that mobile consumer experiences are limited, and even on the US market brands are just starting to integrate the mobile medium into their loyalty strategies.

Regardless if the push messages might find their way into the consumer in the future or not, the mobile medium still holds great potential for providing both conditional, functional and emotional value that consumers can opt for whenever needed. For low-involvement brands, the purchasing decision journey is often very short, why the relevancy of push-messages can be difficult to deliver at the right time. At the same time, the reluctance towards push-messages can also be related back to the previous discussion regarding consumer-brand dynamics, and the fact that consumers want to decide when to interact with a brand. Nonetheless, both experts and FG participants recognize that consumers are still willing to interact with apps from low-involvement brands as long as they serve value, e.g. in shape of time or process easing tools in relation to grocery shopping. It shows that some consumers are willing to spend more time on the LP-enrollment process, if it seems to be worth it in terms of increased relevance and value down the road. Still, the interactions should be fully controllable by the consumer and only happen when the consumer have opted in for it.

One thing that consumers like to spend time on is being connected with other people. The FGs show that despite the many smartphone functionalities, communicating with others is still the main use. As indicated previously, it seems that especially low-involvement brands should tap into this co-consumer communication. Co-consumers are interacting about everything, everywhere, and all the

time. As the trustworthiness in the direct brand communication is low, there seems to be a potential in combining the consumer need for communicating about their brand experiences, and the brands' needs for delivering a relevant message. Experts showed great confidence in LBS and the idea of receiving a digital coupon for your favorite store just as you are passing by (e.g. Wagner, 2013), but for the majority of stores that do not call forth any feelings in the consumer, value should be given elsewhere. The theory revealed different views and variations of what defines consumer value, but for low-involvement products this generally seems to be tending away from Butz and Goldstein's (1996) relational approach, and more towards Monroe's (1990) functional approach. Considering that the results also revealed that low-involvement consumer value is multi-dimensional concept, a re-written definition of low-involvement consumer value would be: *"value represent a tradeoff between the quality or benefits enhancing the purchasing experience relative to the sacrifice they perceive by spending time, effort and money"*.

5.1.4 Reflective discussion on brand loyalty

Although these investigations have proposed directions for loyalty creating initiatives for the low-involvement brands, it also seems evident that these need to be accompanied with other traditional marketing methods, such as promotional campaigning. Both the behavioral and attitudinal loyalty level seems small-scale and easily influenced for consumers of the low-involvement brands, and as identified both in the expert interviews and the FGs, free goods are indisputably both effective both also necessary to get the attention of the consumer. In other words, the low-involvement brands are reliant on getting the consumers into the store, and ones eyes on the products, before any loyalty-creating initiative can take effect.

Once the consumer has found conditional appeal in the shape of discounts or other situational conditions, additional functional and emotional value can then be delivered to increase the loyalty or even the level of involvement. Based on the findings of this thesis, the potential seems to be two-fold: Firstly, loyalty towards the purchasing experience, and in this connection also the product and service, can be increased by delivering a good and convenient service experience once the attention is caught. Secondly, the new mobile and social practices seem to entail new opportunities for increasing the involvement level. The results indicate that the receptiveness towards value adding elements on a mobile is positive, while consumers are willing to share any type of brand experience. This promotional power of the consumer is new, and can in this connection function as the aforementioned necessary attention catcher, and thereby feed new consumers' attention onto the brand. How this is practically exploited will be suggested under section 6.1.

Reicheld & Teld (1996) initially emphasized the development potential for loyalty-creating initiatives by the fact that many businesses are losing half of their customers every five years. After investigating this field, it can be doubted whether this customer turnover is possible to invert. The new consumer practices seem to be leading towards a decreasing interest in on-going brand-relations, and instead towards a more desultory and impulsive approach when it comes to brand choices. In regards to LPs, these indications count against the traditional LP-focus of increasing purchasing frequency and behavioral loyalty, but speak more in favor of a greater focus on attitudinal loyalty. As emphasized by the results, a consumer's positive brand experience is more likely to yield instant social referencing than a long-term brand relation. This indicates that the future loyalty strategies for low-involvement brands should not worry about an increasing consumer turnover, but instead focus on how to increase the purchasing volume and chances of positive referencing through a good customer experience - a referencing that can place a mental cookie on the co-consumers, which Alring identified as being the driver of low-involvement purchasing decisions.

6. Conclusion

The overall objective of this thesis was to study how low-involvement brands should go about creating consumer loyalty in a mobile age, and which implications this has on the format of their LPs. The motivation was driven by several of factors. First of all, the increasing amount brands that are adding LPs to their marketing strategies, all the while critical literature and amounts of experts pro traditional LPs are evolving. Secondly, the rapidly developing mobile consumer practices were considered interesting in relation to the format of LPs. This lead to the overall problem statement:

How can mobile media be exploited to increase consumer loyalty for low-involvement brands, and what implications does this have on the format of their loyalty programs?

In order to answer this, three sub-questions were created. These not only gave focus to the problem statement, but also functioned as structural framework for the analysis and discussion. Firstly, the thesis wanted to examine *WHO* constitutes the brand relations, and on this, what evidence there is for low-involvement brands to establish a loyal relation with their consumers. Secondly, it was investigated *HOW* this relation can be created and maintained, including which elements that are most valuable to the consumers. Lastly, the thesis studied *WHEN* these brand-consumer interactions should take place, with specific focus on the potential and implication of the mobile medium.

The study showed the following:

- Consumers have generally little faith and trust in brands, so getting the attention and engagement of a consumer is to a marked degree difficult for low-involvement brands. Instead, the consumer faith and trust in co-consumers is great, and co-consumer interactions are found to have a significant influence on brand loyalty.
- The obtainable level of loyalty is generally low for low-involvement brands, and to get the consumers attention, traditional promotional methods are often necessary precursors. After consumer attention is caught, emotional values are found important in maintaining this. Especially service is found to be of high priority and to have a significant impact on word of mouth, but also hedonic values is found popular as value-adding elements. Monetary benefits are also found important, but only as a subordinate value parameter, questioning the value of traditional LP formats for low-involvement brands.
- Consumers want to be in control of when interactions with low-involvement brands should take place. This means two things: 1) low-involvement brands should be able to deliver

valuable experiences when the consumer wants to interact; and 2) low-involvement brands should only push highly relevant messages and make these easy to manage the content of. Here, the mobile is preferred as medium of interaction outside the store, although emails remain somewhat valuable.

- Overall, brand loyalty seems to be increased when delivering a good but low demanding and involvement-requiring purchasing experience.

The empirical findings provide evidence to how the mobile medium can be exploited in this connection. It can be concluded that consumers are increasingly using the mobile for information search, social interactions and various practical doings. These practices both bring new requirements and opportunities that low-involvement brands should embrace in their loyalty strategies. In relation to the overall problem statement, the following conclusions can be drawn:

- The mobile practices give low-involvement brands new opportunities to get and maintain the attention of the consumer by providing value-adding services, which can enhance the consumer experience and deliver multi-dimensional value exactly when and where the consumer needs it.
- The mobile practices for information search and social interaction are closely related. The high amount of trust in co-consumers and the habitual share of product information among co-consumers, give opportunities for embodying instant social sharing and ratings, and entrusting the sender role of product information and ratings to the consumer.
- In terms of incorporating these elements into an LP, the purchase experience focus goes against the format of traditional LPs, which pivots around on-going relations. However, value-creating mobile applications are found to be both more appealing and more effective as format. This being for reasons of e.g. convenience and customization. Communication wise, the app can seem to do a worse job than the traditional emails, as the push messages were found to be unpopular and likely to be deactivated. However, the frustrations related to branded emails and the identified need for consumers to be in control, speak in favor of the app format. Furthermore, the amount of pastime spent on the mobile device compared to wallet, increases the chances of getting intentional consumer interactions if continuous value is found.
- Overall, the mobile medium provides new opportunities for the low-involvement brands to deliver both multi-dimensional value and communicative relevance to the consumers, along with increasing the possibilities for social referencing.

6.1 Managerial recommendations

The following will address how these findings can be of value to low-involvement brands from a practical point of view. To ensure tangibility, references to existing cases along with an app proposal for a fictive grocery store will be included.

When discussing five existing low-involvement brand apps in the FGs, we saw that the all-important consumer demand for these apps is an on-going functional or emotional value. This means that when building an LP today, the simple service of rewarding behavioral loyalty with monetary value is not enough. Consumers are not interested in having a relationship with the brands, and will most likely not spend time on the point rewards once they leave the shop. Instead, it is a matter of providing services and rewards that can enhance the consumer experience around the purchase situation. As identified in this thesis, the most significant change in consumer behavior is the need for information search and share. Therefore this should have a key role in the LPs.

To take care of the brand distrust in the information search and share, brand advocates and co-consumer contribution is also recommended. If we take a grocery shopping experience as example, and apply the conclusions of this thesis, a practical example of a modern low-involvement LP could contain the following suggested features:

- A scan of a product not only tells the customer the price, but also gives information and ratings about the product. The information and ratings are both provided by co-consumers and the brand, although distinct. This provides the consumer both with trustworthy advice and tips about the product, along with the option for detailed product information.
- In order have the consumers rate and evaluate the products after use, this process should require minimum involvement, and be reduced to one simple click during pastime or at next purchase. The product ratings will then accumulate a personal list of favorite products along with a list of the most popular products in the store. Furthermore, the consumer can chose to be notified when any of these favorite products are on sale.
- This product involvement should furthermore be rewarded with instant monetary rewards, in terms of discounts on current purchase or special offers on related products. Also, the most active raters can be invited to special events for testing new products before they arrive. Both elements deliver extra value to the consumer, making a revisit of the application more appealing.

Once again, in order to catch the consumers' attention, some sort of promotion must accompany loyalty initiatives like this. As exemplified previously with Call Me's "Good Tone"-campaign, these value-adding initiatives can sometimes be advantageous to put at the front of the traditional brand promotions. This way the brand attention and product differentiation is created through value-adding elements, more than the product itself, through which the level of consumer involvement can be slightly increased. If the product itself or the value-adding elements around it generates satisfaction, positive rating and sharing generates value and brand attention to the co-consumers. However, loyalty and prolonged involvement from the specific consumers only seems possible if constant value is found. 7-Elevens app is a good case in this relation. Without being brought to the expectation level of the consumer, a 7-Eleven app-download rewards the consumer with a free cup of coffee, which is to be redeemed through an app-scan in the store. This initial reward increases the chances of leaving consumer satisfaction, and thereby also chances of future involvement and brand loyalty.

It can be questioned how far an app like this can encourage the social sharing. Today, a "share" button is found on almost any branded content online, in the hope that the users will carry on the messages. However, related to the clear identified consumer need for being in control, it can be argued that social share encouragements can be negatively perceived, and that a positive consumer experience should be what triggers a social share. That said, the identified consumer practices and needs for social search and sharing, makes it obvious to include a social layer in the LP-solution.

This proposed app-solution also seems to minimalize the identified LP frustrations (Stauss et al., 2005). First of all, the free download and services take care of the frustrations related to qualification barriers (1) and economization (7). Furthermore, the simple rating processes and instant rewards responds to the frustrations of inaccessibility (2), worthlessness (3), and redemption costs (4). The chances of discrimination (5) is limited to the redemption of extra discounts and rewards at check-out, however this is considered more attracting than discriminating with the free and easy entrance in mind.

The last frustration of defocusing (6) is where the brands need to pay extra attention. As identified in the thesis, consumers value service very high, and LPs only come to the attention of the consumer the general experience is good. On the other hand, if the service is in place, the LP can provide the additional consumer value that can both make the specific consumer built a repurchasing habit of the low-involvement brand, but also increase the chances of building attitudinal loyalty in the shape of social sharing of the good experiences.

Over time, the suggested LP format can be enhanced on the data collection and use. Especially a future integration of mobile payment, would give opportunities related to additional and cross selling. Inspiration can be found in the way that Tesco are monitoring the product lifetime, and sending product recommendations and offers when it is estimated to be time for renewal. However, instead of an email that might cause irritation, this could be delivered while in store, where it might be valuable and contribute to a feeling of better a customer experience and satisfaction.

6.2 Critique/limitation of this research + future research recommendations

Having concluded on how the mobile medium can be exploited in loyalty creating practices on the basis of these empirical findings, the following will suggest recommendations for future research. As indicated initially, both loyalty and consumer behavior are complex and extensive concepts to cover, why this study has been subject to delimitations. The selected focus represents a subarea where limited existing research exists, why this study both tests the existing but also contributes to the theory within mobile and low-involvement brands. Although qualitative research does not provide basis for drawing generalizing conclusions, these findings provide indications and inspiration for subjects to be further investigated.

To obtain generalizable conclusions, a larger qualitative basis is necessary. Although the initial research questions of this thesis were considered too intangible for questionnaires, the results can serve basis for more specific quantitative studies. First of all, the FG results, and the indications on: whom consumers trust; which benefits they prefer; what they value around the purchasing experience, etc., could be tested on a representative target group. This would simply provide greater reliability to the results. Second of all, and perhaps more interestingly, the result validity could be enhanced in several ways. In the qualitative research, the rather broad definition of low-involvement brands and cross-industry focus constitutes a source of error. Although the brand category was defined and explained during both the expert interviews and FGs, the phenomenological focus acknowledges, that the interviewees' perception of the low-involvement concept might be different when expressing their opinions. To minimize this concept ambiguity, and ensure a higher degree of validity, one or more specific brands could be chosen for case study focus. This focus could e.g. compare a traditional LP with a mobile LP for two brands with a similar target group and needs. The case study method could also be used as extension to the qualitative study, by testing the results on a

new or existing mobile LP solution. Here both behavioral data and satisfaction surveys could contribute to the results.

Other interesting areas of study also spring from these thesis results. One is the financial aspect of these LP indications. As this thesis have kept a sole focus on the consumer side of the matter, it would be interesting to examine which type of loyalty programs that are actually making the largest profit, e.g. with a comparative study of new and old LPs. In this relation, it would also be interesting to valuate the different loyalty dimensions, in order to examine whether the importance of attitudinal and contingent loyalty also shows on the accounts. Including a financial aspect to the results would furthermore give better ground to the managerial recommendations and the chances of them being applied.

Another area of research is the target group and cultural differences between brands and LPs. As recognized in the thesis, consumer behavior is a dynamic concept. And with the technological development making great impact on these behaviors, it can for some brands be difficult to stay on top of the needs and behaviors of their customer group. Therefore it could be considered valuable to compare specified target groups on the Danish market in terms of mobile practices and preferences in relation to brand interactions. Here age differences could serve as parameter, but also sex differences would be interesting to examine. Furthermore, market differences apply, and as limited research exist on the Danish LP market, brands often draw inspiration from other and larger markets. In this connection, a cultural and market comparison could be valuable in terms of consumer practices and preferences on mobile brand interactions.

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Appendixes

Appendix 1 - Expert interview #1:

Morten Hershøj, Partner, Wibroe, Duckert & Partners

Date:

April 24 2013, 5.00 – 5.45PM

Setting:

Sit down meeting at Mortens office - Vester Farimagsgade 41, 1606 København V.

Background on the interviewee:

Morten Hershøj is Director of Digital & Customer Lifecycle Management (CLM) and Partner at the Danish ad agency Wibroe, Duckert & Partners. Furthermore, he is board member of ABSI/Loyal Solutions, working with integration loyalty programs, point savings and payment cards.

Questions & Answers:

- 1. Some reports question the effect of loyalty programs and claim that the loyalty programs have become too focused on data collection instead of what is in it for the customers. What is your take on that?**

"I think that programs like SAS Eurobonus work. I know that there might be emails and other communication that members do not see, but still I am convinced that the program and point savings make members choose to book their flight at SAS instead of at the competitors, and that the program has positive effect on the image of SAS."

"I also think that Club Matas works. It is great example of how to integrate retail, which has been lacking in most loyalty programs for years. Earlier loyalty programs have existed in a virtual space, but Club Matas have managed to integrate the physical store and the staff into the program, and consolidated the loyalty program at the very front strategically."

"However, the main issue with both of these successful programs is the lack of transparency. People are starting to realize that the point they earned, does not equal one DKK – actually far from, and they might start to calculate what it actually takes for them to get the rewards they expected. Also, when they have saved their Eurobonus points for a free flight, they can experience that the flight options might not even suit their preferences."

"For a loyalty program to work, both parties need to be satisfied."

"Data-wise many brands are starting to lose focus from what actually matters. They are just buying into systems that deliver a bunch of personalized emails or text messages, but the real content and purpose is missing."

"Data only makes sense when it makes the ends meet in the entire eco-system. Instead of building isolated loyalty, email and website solutions, the data should contribute to all communication - and with the sole purpose of enhancing the user experience with the brand."

- 2. What customer benefits do you find most effective in loyalty programs today?**

“There is no doubt that you need to add more than just points and monetary rewards. TDC is an example of brand that has gone without a loyalty program, but has established a concept around collective benefits. This encourages customers to gather their phone, TV and Internet service at TDC. In turn the customers will obtain both savings, but more importantly also a number of product related benefits that are only available to members. Loyalty in its essence is really loyalty towards a brand or a product. Therefore, I do not understand why SAS is making partnerships with newspapers and fashion brands etc.”

“Discounts are great, but only if they are a part of something more than that. The same accounts for the membership card. The card only makes sense if the customers actually needs a card, e.g. for identification of insurance in foreign countries. Here a discount at e.g. a gas station may be integrated. But if the only reason for having the card is a discount, it will most likely disappear and lose value to the customer – especially for low-involvement brands.”

“Voucher cards and clip cards might work for some people, but it does not foster fundamental loyalty. Customers may sign-up or received the stamp card from a coffee shop or a pizza bar, but if they get a bad cup or pizza, they will simply chose another one next time. In that sense, it is really not a loyalty card, but a discount card.”

3. Are there any benefits that focus on practical contribution to the customers, e.g. making the day easier?

“Not that I know of... It is all inside-out. The only brand I can think of is the telco company 3. They have introduced a program that takes transparency to new dimensions by both downgrading and upgrading members. This means that they actually inform the customers when they can buy the product cheaper at the competitors. I believe there is a great market for this, especially in relation to the brand and image dimension.”

“Transparency, honesty and trustworthiness are worth much more than discounts. The aggregators are evolving rapidly, and brands need to deal with the fact the people are using these as in integrated part of their purchase decision. You cannot cheat your customers anymore. Therefore, you might as well be honest. Whether this means that brands should make an honesty program along with other honest brands, I am not sure. But it might be what we will see in the future.”

4. In relation to this, do you see a difference between the Danish and the American market?

“There is a great difference in history and culture. Americans have been raised with vouchers and discounts, where this has never been the case for Danes.”

5. What is your view on the importance dynamics between attitudinal and behavioral loyalty?

“The social dimension is not to be scoffed at. The aspiration mentality. What are you drawn to?
- Other people’s loyalty. This is an important and definitely also increasing factor in loyalty. Therefore social data is also becoming more important for the future prediction model.”

6. Is this also the case when we are talking brands of low-involvement?

"I don't believe in bonus and rewards programs for low involvement brands. Here aspiration and reference is where the focus should be. If a person isn't highly involved in a purchase decision he tends to ask the person next him for advice, or look for reviews online. I cannot see how a person should sign up for a loyalty program with a brand he doesn't really care about anyway."

"This is where social and mobile become important. It is not loyalty in its real sense, but more a matter of being present where the consumer searches for answers. This could be on Trust Pilot or on different kinds of aggregators. In my opinion, this is where loyalty will be anchored in the future, and we have only seen the very beginning of it."

"If low-involvement brands are insisting to make a loyalty program, I think they should join forces with other similar brands to make a more relevant offer. They could find inspiration in how organic foods have co-operated around getting the organic symbol on their products. This is also a kind of loyalty, but across brands and products."

7. Can a poor loyalty program have a negative impact on the brand?

"There is no doubt that if the customer gets a feeling that you say one thing but do another, it will have double negative impact on your brand."

8. How will loyalty programs be positioned in the future?

"Many brands have started to position the entire brand around the loyalty program in their advertising. Previously, this was something fairly hidden. The next step will be to integrate loyalty into other product or campaign related initiatives that generates a true value to the customer."

"It is very rare that we suggest a loyalty program for our clients, but it is very often that clients come to us with the wish of making one, in hope that it will solve their problems."

"If you cannot define the 'what's in it for me' to the customers on 6 seconds, then I don't believe it will be effective."

"In relation to data collection and what people are willing to give back, I do not see this as an issue. People understand that it is a give and take. And they are still willing to give some information as long as the offer is good enough. "

9. Mobile

"The mobile will replace the payment card very soon, and thereby also the discount cards. It might actually contribute to a small revival of the discounts, as we will go from 18 physical cards to 1 screen, which might make the concept of a discount card more attractive. However, there will still be a fight for being the top 5, just like we see with the TV channels."

"Furthermore, the social possibilities are undeniably great. Facebook is now being used more from a mobile than a desktop, and Instagram is purely mobile. We have only seen the beginning."

Appendix 2 - Expert interview #2

Dan Olson, Managing Director at Wunderman West, California.

Vayshali Bhakta, Account Director, Wunderman Irvine, California

Date:

April 25, 2013, 7.00-7.45PM

Setting:

Phone call with Dan and Vayshali present in the same room.

Background on the interviewees

Dan Olson is the Managing Director of the Western region of Wunderman. Wunderman is a network of advertising, marketing and consulting companies that specialize in relational and direct marketing, and has offices in 55 countries. Advertising Age ranked Wunderman as the #1 CRM/Direct Network worldwide.

Vayshali Bhakta is Account Director of Southwest Airlines at Wunderman. Both have recently been involved in an extensive loyalty program audits and research across the United States for companies like Disney, Hertz and Southwest Airlines.

The call is an elaboration of the findings in the research.

Questions & Answers:

1. What were the most surprising findings you took from the audits?

Vayshali:

“Well, out of the 15 competitors we looked at, only a handful has mobile applications that allow people to log in, look at their points, redeem points, get offers. However, I think that within the last year and a half, this has significantly changed. I think more loyalty programs are coming back in and finding it more beneficial to include some of those pieces onto an app. For example, I work on the Southwest Airlines Rewards program, and they recently went from having an app providing information on flight tracking and fare prices, to an app that integrates their loyalty program into this and allow people to see what point values they are at and how far they are from earning the next free flight.”

Dan:

“We have a general philosophy about building loyalty here. Let me just introduce that to you...

The whole concept of having any consumer to earn their worth is beginning to wane. Everybody is getting just a little sick and tired out it, and the currencies don't really have much value across a lot of things. So really where loyalty is going is that it is really kind of the ultimate expression of a brand. So if I were going to fly Southwest, the ultimate way for me to experience Southwest, would be through rapid rewards. If I am going to rent cars from Hertz, the ultimate way for me to experience their brand should be through their goal program. So it is shifting the thinking from just purely transactions to how are we really creating an experience that has a value exchange in it as well. The consumer has to have a 'what's in it for me', or there is really no reason to do this.”

“It is not just the currencies. It is access, status, my own image, and also an element of gamification. The generation of 35 and under has been raised in a world of gaming and

programs in their day care, and school, making them very program-oriented and game-oriented. This has brought out four personalities:

1 - the killer. This is the person that wants to win, but wants to win publically. So it is not the fact that he wins, but it is the fact that he wins and you loose. And everybody has to see that you lost and he won. So it is recognition really. He is great. He has done this and he has achieved that. Those are things that loyalty programs can bring out.

2 - the knowledge person. So if I am going to do this, I want to know all about it. So I want to know: How do I get my points, how do I earn this, how do I do that, how do I gain in the system, etc. So you want to make things available to them that can help them to maximize their experience.

3 - the journey. I want the whole experience. I want to emerge myself at all of it and enjoy everything. I want to do it all, and be aware of it all. So if I am going on a vacation, I want to know where the vacations can be etc. I want the broad experience.

4 - the social. I not only want a broad experience, but I want it with my group - with my family, with my friends. So everything should be built around social environments."

"Using these theories as we go into loyalty and creating loyalty programs help us create relevance. And obviously mobile is a must in this sense. You want to be able to have the experience accessible at any point in time in the experience across the brand."

Vayshali:

"A lot of brands have gone out and included partnerships into the loyalty programs, so customers are able to earn, redeem and have experiences within the program, but also do more at partner companies. It is not new. Credit card companies have been doing it for years now, but this is still the trend, and it is obviously to give the customer a little bit more than what is inside your own program."

2. What is your take on that trend? Some say that it becomes irrelevant and brand confusing if the benefits are unrelated to the actual brand, while others say that it is only a matter of offer as much value to the customer as possible.

Dan:

"It depends on the brand really. Credit cards have done the lead on this trend, and today you don't see credit card brands marketing on that they have the best interest rates, or a program that can help you buy things. Those have become so commoditized. So when you see them market their cards, their market the loyalty program on the front foot. They have discovered that when you market a brand with the loyalty on the front foot, people come into the brand with the predisposition to be loyal."

"When we did this with Southwest Airlines, we used the loyalty program as the main advertising vehicle across the entire airline, and we got a better and more profitable customer. The new rapid rewards customers were found to spend 6 times more than the regular customers."

"This positioning of the program make people better aware of all the benefits they can get. And then you see trends where the currency can have value other than spending. So it gives you access to discounts. Like Bank of America, where the program can give you access to discounts that fall outside banking or lending, but to daily things like shopping at Burger King or Starbucks. But to me as a consumer and a customer of Bank of America, well I get cool discounts just because I am loyal to these guys."

"So it is like the walls are falling down on this whole brand alignment thing. It is just: as I am your brand that you have chosen, I make these things available to you and give you access to things that you cannot get elsewhere."

"Other companies can give access to great stuff and special events that relates to their brands, like fashion shows for retailers or a front page shoot for a babies magazine, but for bankers it is a question of acknowledging that people have a life outside their bank."

3. Some reports doubt the effect of loyalty programs. Even some say that they can be damaging to the brand if they are not executed properly. What is your take on this?

Dan:

"The average American is participating in 14 loyalty programs, but is active only in 6. So you have consumers that are pretty well educated about the fact that they may have great intentions when signing up for something, but the experience might be that it is too complicated or that there is no alignment with what they do and what it takes, and the fact that they might end up not winning a whole lot."

"So, I think there are two things that you can look at as an agency to avoid this for a brand:

1. Create something within your loyalty program that draws customers in. Give them some sort of value exchange. If they are not able to earn the maximum, what can they get? Some of the more progressive ones like Starbucks have no peer level. It is simply: the minute you start is the minute you start getting little things. And it is like thousands of tiny little wins that help draw you into the brand. And then once in, give them points for things like posting, watching a video, coming into the store, and other things around social media.
2. Don't focus the entire program on transactions only. Somebody who is an advocate of the brand can be as powerful as someone who buys a lot. The might only buy something once a year, and not participate heavily in a lot of things, but they just love the brand."

Vayshali:

"I can give you the example of Southwest Airlines. As a member of Rapid rewards, you can claim rewards like concert tickets. When members go to the concert they get a combined bunch of extra points for posting, checking in, use of specific hashtags on twitter. This enables both us and other consumers to follow the activities, and pushes the excitement level out to other members or non-members who wants to participate."

4. What interaction opportunities do you see with mobile?

Dan:

"People are not going to carry a card around anymore. The mobile is becoming both the member cards and the wallet that you can pay your transactions with. My phone is my life. The more you can put that at the center of the universe in a loyalty program, the better you are off."

"You can also easily use the mobile to push messages that are more relevant than regular emails etc. Companies like LocAid work with all the main carriers, and provide a geo-fence around a store. This can fence you down to a 4-yard square, and you can know with great exactness when your customers are inside your store - and not the neighbor store, as oppose to GPS functionality. This makes you able to push messages related to your LP - as an acquisition tool, our even unrelated to the LP, but simply with great offers or gifts."

Appendix 3 - Expert interviews #3:

Rune Alring, Partner, Wunderman

Date:

May 13 2013, 12.30 – 1.15 PM

Setting:

Sit down meeting at Rune's office – Strandboulevarden 122, 4, 2100 København Ø

Background on the interviewee:

Rune Alring is partner at Wunderman CPH. Wunderman is a network of advertising, marketing and consulting companies that specialize in relational and direct marketing, and has offices in 55 countries. Advertising Age ranked Wunderman as the #1 CRM/Direct Network worldwide. Wunderman CPH has i.e. Club Matas and SAS Eurobonus on the client list.

Questions & Answers:

1. If you were in charge of a low-involvement brand on the Danish market, what would you focus on to make your customer choose your brand over your competitors'?

"Well, first of all Danes are very price-conscious and almost price hunters. There are remarkably many conversations over dinner and BBQs that's about how good a deal they got on the e.g. feta cheese. We have always been very proud of making a good deal. Compared to other Scandinavian countries, the price is not important to the same degree."

"Therefore I think that many low-involvement brands are first and foremost picked on price. However, despite my field of work, I am a strong believer that people shop with the back of their head. It is rarely a rational decision when choosing between low-involvement brands, but rather a consequence of the encoding that somehow has found a place in their head. It is done unconsciously, and for the companies it is a matter of having their brand on that mental cookie that drives the purchase decision."

"However, it is becoming harder to define which brands that are low-involvement. Even the feta cheese, the beer and the bib are getting a story attached to them. Also the consumers are getting a bit more involved in products that they on the face of it really wouldn't spend time on. I do it myself. Whenever I pickup a product in the grocery store, I look more at it. I care more about what is in it and where it is made, solely because I have become more critical. So I think that even on the products of least involvement, people do get involved around the point of purchase."

"So I think that you need to have both, even for a low involvement brand. You need to have a competitive price, and you need to be able to develop a story. Take Netto for instance. They have nailed it. Ten years ago, people were only talking about Netto as the cheap alternative. Now, people are starting to actually defend and recommend the product quality, as they also have started to focus on e.g. organic products, making Netto much more than just a discount brand of low involvement."

2. If these, at least to some people, low-involvement brands are to make a loyalty program, what can they do to make their consumers willing to enter a dialog with them?

“What often opens the dialog is something material, and the sense of missing out if you do not engage. It plays on the Dane’s price-consciousness to offer them something for 0 DKK. Just like when magazines want you to subscribe, they often offer a perfume to get you in, and then afterwards they hope that the magazine alone will keep you hanging.”

“I believe this is how any dialog is started. You have to pay for it somehow. Even in the private life, people buy a drink to start the conversation with the other opposite sex, or even just with friends at a bar.”

3. So loyalty programs should always offer something free to get enrollment?

“It depends on what your goal is. If it is volume of the program, then it is probably a good idea, as free gifts hopefully will attract a greater amount of people. But sometimes the product or service itself is enough to attract people, e.g. if you are a gallery that has an engaged target group. But especially for low involvement brands, and almost any other brand, I think you need to recognize that you will have to pay for it. The customers’ interest has a cost.”

“However, I do see a lot of companies who are afraid of recognizing this, as they are afraid of the cost proportions. But really if they did a proper business case study, and really trusted their loyalty program, these costs would only be a drop in the ocean.”

4. What keeps the consumers’ interest past the point of enrollment then?

“Well, that is no doubt that we in Wunderman believe that it is the immaterial that runs a good loyalty program. It is sensible dialogue; it is relevant inputs; creative contents; and then the entire emotional value of being part of the program. This value can be in the shape of empathy of being a part of the program; it can be in the shape of the dialogue – that we actually talk with people; and it can be in the shape of bringing people together, that can socialize about and around your brand. All of these are the real values in a loyal program. Club Matas is an example of a large program that has a lot of material rewards, but where the greatest successes from a loyalty point of view comes from the immaterial events and initiatives that opens a dialog and engagement around a product. This proves it all.”

“The days were loyalty programs only offered points and aspirations levels of membership status, are not over as program elements, but they cannot survive by themselves if the loyalty program is to be successful. There must be something more.”

“So when talking material vs. immaterial, then I believe that the immaterial should be use to start the immaterial and emotional dialogue. Just like the magazine example. I give you a perfume to sign up, and from there on it is the magazine content that should keep you hanging. I can’t give you a perfume every month to keep you subscribed, so hopefully the content of the program will keep you hanging.”

5. So the product itself should be enough to keep the engagement, and it is only a matter of making the customer realize that it is a good product?

“Well this is where low involvement brands are challenged. Even a massive and recognized brand like Coca-Cola cannot just talk about their product, and therefore they need to find something else to talk about in order to engage with their consumers. So they either make great material promotions or go into charity projects. The question is then, if this is enough to drive a loyalty program? I don’t think it is. I don’t think charity and other promotions are

enough to drive a constant dialogue with the customers. It is good for short-term engagement, but not enough for long-term engagement for brands like this.”

“We believe that you need three factors to have a successful loyalty program. 1) You need a brand that gives you access to a target group. The brand creates trust and comfort, and the requirements for even starting a dialogue. 2) A product that has a fairly high frequency for the costumers. E.g. will a painting brand have difficulty creating a successful loyalty program, as most people only buy paint on rare occasions, wherefore it wouldn’t make sense for the customer to be in constant dialog with the brand. 3) Something to talk about. You need a brand that people actually want to talk about – with you and with each other - either the actually product, or the market and product category in which the product exists.”

“If all of these factors are in place, a brand has good conditions for being successful with a loyalty program. If none of these are in place, it can be very expensive to have a program.”

6. In principle, low-involvement brands are lacking the third factor. Where does this put them then?

“Well, it relates to what we talked about earlier. It is necessary to create something more around their brand that could catch the attention of the consumer. This is obviously a challenge, but it can be done.”

“But many companies think that when you create a loyalty program, it equals extensive dialogue. I have stopped counting the number of times I have been asked: ‘How many emails, should we send to our members?’ and my only questions is ‘you should send them one, whenever you have something relevant to tell them’. If you have ten relevant messages every week, then send ten, if you only have one every six months, then do that. No consumer is waiting for loyalty programs to send them emails, and would wonder if they didn’t get any for a while.”

“So I definitely think that a loyalty program can be very modest in frequency. We shouldn’t forget that this method also could just function as a cost-effective approach to the market. So if is capable of generating leads, what would you rather spend your marketing budget on – commercials or dialog? So I definitely think there are possibilities for low involvement brands, especially as the barriers for ‘linking’ or following a brand on social media is on the decline. Maybe you shouldn’t name it loyalty program or dialog program, but simply make this dialog and emails an integrated part of other campaigns. Too many brands are making an own goal by saying it is either one or the other, and sticking to the channels that they are familiar with, where they might have been more effective with a combination.”

7. You mention emails as the primary channel for the dialog. Is this the most effective way?

“I perceive ‘an email’ as a piece of communication. The channel is subordinate. Maybe in five years you have a ‘my corporate Facebook site’. I don’t know. Although still are effective and cost-effective, I am sure that they will be replaced by something else in the future.”

8. What about the mobile phone as channel?

“I have never really found that subject interesting. I see the mobile as a screen. A screen that used to be on your desk a home turned into a laptop, then a tablet, and now an even smaller screen that we carry around. And there is no doubt that the mobile is where it happens now.

“However, it is still relevant to discuss intrusiveness on the mobile device. Earlier, consumers didn’t like when you sent them a text message. I still don’t think they do. However, I am sure that there is a great challenge in how to make these messages less intrusive. For instance, making an app that aggregates my shopping list to great offers around my needs, and then I can seek it out myself, instead of it being pushed to me.”

9. What about the aspect of reference, and having brand advocates? Where do you see this going?

“I recently read a short story about all people being living advertising pillars. It claimed that in the future the only way to market your brand is through so-called parrots, where regular people are paid to be advocate of a brand. This lead to a world where it was hard to distinguish between what was sincere and what was paid recommendations. I find this interesting, because I see people starting to recommend all kinds of brands and all the time. The reluctance towards being associated with brands other than Nike and Apple is on the down turn, and it is not intellectually degrading to associate yourself with e.g. an ice cream brand.”

10. What do you think make people do that – even for low involvement brands?

“I think people that refer brands to others socially, often do it because they get something out of it themselves – often material. I think makes the basis for most referrals in social media. But then there is also the personal aspect of social status, and passing out what feels like a valuable secret, e.g. if there are free tickets to something to the first 100 visitors in a store. However, this trend definitely also goes the opposite way. So when people have one bad experience with a brand, they are not afraid of sharing their negative story with their Facebook friends. I think people have become power-mad in this sense, and are stimulated by having the ability to publish something that can have an effect on a brand. I don’t think we have seen the end of this. So also for low-involvement brands, if you include a dialog in your marketing, you need to expect that it is a two-way channel.”

11. Many brands see the value of customer data from purchase transactions as increasing, which also make the basis for having a loyalty program. If the loyalty program is structured around social dialog and not purchase transactions, how can customer data be gathered?

“It is always incredibly valuable to have purchasing data on customers. It makes it much easier to personalize the communication, and you can never be way off if you base it on what they actually have bought. Almost no matter what I have bought, I would be glad to hear from the brand afterwards.”

12. What if this was a present? Wouldn’t you get irritated on their recommendations and attempt to feel like they know you?

“I would probably forgive them. And if this present was for someone I cared about, I would probably also be interested in buying them something more.”

“However, I think that the overall challenge that loyalty programs are facing today has to do with the company’s love for customer data. Customer data is great and can make any marketing initiative more effective, and not the least help identify who are the good and the bad customers. This means that it can actually help identify which customers loyalty programs were actually meant to serve, that are the most profitable customers. But the real challenge is then to make this customer data result in relevant communication. Ever too often, and also

inside this agency, the focus is too much on the fact that the content pieces in the email is tailored and based on customer data, instead of whether these content pieces are actually relevant. So you end up looking at the content pieces thinking: 'it is not really relevant to me, but it must be for the guy it is tailored for', but it most likely isn't."

"So if I was to make a loyalty program for a low-involvement brand, I would lower the frequency of communication, have my channel communication in an organized program or just use existing platform like social media platforms in stead of building my own, and then I would make sure to give it a creative twist to make sure that it is actually interesting. So really, poison the old way of marketing with the new way of marketing. This could mean that CRM and mail generators are not the way to go, but that there is potential for alternative and more effective strategies for low-involvement brands."

Appendix 4 - Expert interview #4:

Bo Velling-Theisen, CMO, 7-Eleven DK

Date:

May 13, 2013, 9.30 – 10.30AM

Setting:

Sit down meeting at Bo's office – Buddingevej 195, 2860 Søborg.

Background on the interviewee:

Bo Velling-Theisen is the Chief Marketing Officer in Reitan Convenience, who is operating and marketing REMA1000, Q8, Statoil, Løvbjerg, and 7-Eleven on the Nordic markets. Bo has as past as marketing manager in Coop Danmark, and is now mainly engaged in strategy and concept development for 7-Eleven on the Danish market.

Questions & Answers:

- 1. Many brands are choosing a loyalty program to differentiate between its competitors and make the customers choose their brand over the competitors. Why haven't 7-Eleven joined in on this trend?**

"We were in close dialogue with an agency a couple of years ago, but found that it doesn't fit our market and needs. Our customers make the decision about going into a 7-Eleven within 50 meters of the store. We have different stamp cards for coffee and other drinks, but that's it. Obviously we can affect our position in their mind with other types of marketing campaigns, but if we are to create loyalty initiatives my opinion is that we need to focus on the mobile."

"We cannot make it too complex. Our customers are on the go, so a big setup with data collection and mail generation, wouldn't work here. We wouldn't dream of sending out emails to our customers. That medium is history in my opinion."

"Therefore we have created an App that we use to push our messages. It will launch in about three weeks."

- 2. What will this App give the customer?**

"Well, it collects the stamp cards. Both the ones for coffee, and the one we have on gas stations for car washes. Then it can generate personalized offer to you based on your profile."

- 3. How will the customers know about the App?**

"To begin with it will only be promoted on Facebook. It will most likely have a couple of teething troubles that need to be fixed. After this we can start promoting it in stores and printing POS print."

- 4. Programs like Club Matas have great success with integrating the shop assistants into the loyalty program. Will you?**

“It is the plan that they will be a part of it later on. But if we are to give the customers a good service, we need to keep it simple. They have plenty on their plate already. They function as hot-dog man, baker, ticket vender, coffee-maker, etc. all at once.”

“We will obviously send out informational material to all stores, but it is independent merchants we are dealing with, so it is their own operation responsibilities. As long as the customers get the opportunity to scan their App and walk from there with a smile, we don’t expect the sales assistants to know all the details behind it. We also need to consider that we have a lot of part-time workers that obviously cannot be as well instructed as the full times workers on all initiatives.”

5. How do you collect this customer data?

“Only at login to the App. Here the customer can either enter the personal details of male/female, age, postal code, or you can sign-up with Facebook connect. You can actually also choose not to enter any information, and still use the App. This will just then just provide the customer with all the generic offers.”

6. What kind of offers are we talking and how are they given?

“They can either be based on location – the so-called geo-targeting. So whenever a customer with the app is close to a store, we can push messages. And these offers can be segmented based on the personal information. It can also be combined with certain events, so whenever there is a big football match in Parken, we can push to everyone close by that they can grab a beer in 7-Eleven. And then it can also just be generic offers to everyone.”

“We want to keep it simple, why the segmentation parameters are few. We don’t collect any data apart from this, as we don’t believe it can change much for the consumer anyway. It makes no sense to collect data that just end up in a big hole anyway. It takes resources to collect and not the least to use them, so unless you think it has an effect, you should rather not. Besides, we have loads of valuable purchasing data already.”

“7-Eleven is already a part of their everyday, and I don’t think we can change their shopping pattern and what they shop in 7-Eleven. So great data collection for cross selling wouldn’t make sense here. We can benefit from small purchases here and there, and we can give the existing customers a better service by giving them good offers when they need it. So that’s what we focus on.”

7. I have noticed that 7-Eleven runs various loyalty programs on other markets, e.g. Slurpee rewards on the US market. How is the Danish market different?

“There is a major difference. The Nordic countries are somewhat similar, but compared to e.g. the US and the UK market the differences are significant. The Nordic 7-Elevens are used for snacks and other small items bought on the go, where on the US and UK market, people use 7-Eleven if they don’t want to go to one of the larger supermarkets.”

8. What about social gifts? I have noticed that you can give e.g. Starbucks giftcards on Facebook for birthdays etc.

“We are doing it on the Norwegian and Swedish market, but have chosen not to include the Danish market, simply because we cannot do everything. Every business case has its limitations, and these initiatives are out of our scope at this point.”

9. Why should consumers choose 7-Eleven over one of your competitors?

“We have a whole bunch of competitors. This could be the local coffee shop, the kiosk almost next door, the sausage caravan on the corner, the next gas station, etc. With the product range and function we have, there are a lot of competitors.”

“But we strive to make them choose 7-Eleven because they know what they will get. It is fast and easy, and the service is good. This is important for us. Our products are consumed on the go, and our statistics show that almost all of them are consumed within 15 minutes from they leave the shop.”

“We want our customers to leave with a smile, and we prioritize customer satisfaction very high.”

10. How do you make sure that they are satisfied?

“We try to invite for feedback in all of our stores. On the signs outside the stores we integrate satisfaction surveys via QR-codes for instance. And then we have a lot of likes on Facebook, which we also try to take care of. I think it is important to take this seriously. 75% of all Danes visit a 7-Eleven at least once a year.”

11. What future possibilities do you see in mobile?

“Well now we are expecting to see the response to the mobile App. The launch is only a phase 1. We are then planning on a phase 2 upgrade, which includes pre-paid functionality, so customers can just scan their phone, without having to take out their wallet every time. That's where we keep our focus to at the moment.”

Appendix 5 - Expert interview #5:

Sinne Fredslund Madsen, manager and strategist on online and loyalty program, Baresso

Date:

May 14, 2013, 14.45 – 15.30PM

Setting:

Phone interview planned in advance.

Background on the interviewee:

Sinne Fredslund Madsen is marketing manager and strategist at Baresso. Sinne has been main responsible for developing and operating their existing loyalty program, and is furthermore managing their social media platforms. Sinne has a past as PR manager in an agency.

Questions & Answers:

1. What are your experiences with loyalty programs?

“For many years we have tried to create loyalty among our customers. It is part of our DNA and we are aware that this is what runs our business. Concept wise we have had our stamp card, which gives every tenth cup on our bill, for many years now, and it has somewhat become an important part of our brand. We challenged this last year by replacing the concept with our new loyalty program Coffee Club. However, we recently decided to re-launch the stamp card as part of the new concept because we experienced a great demand for getting it back.”

2. What made you decide to phase out the stamp card in the first place?

“It was really to simplify our concepts. We introduced Coffee Club, which is a tier-based program, structured around a payment card. The more you spend, the more discount you get. And when we first introduced this, we decided to abolish all other concepts we had running. A part from the stamp card, we also had a neighbor discount concept for business close to a Baresso shop. But then we have realized that although Coffee Club is a great concept that appeals to our most loyal customers, there is also another group of customers that doesn't want the same amount of commitment to us, but still want a relation to us and still would like to have their loyalty rewarded. We reward the customers that are there almost every day through the Coffee Club, but with the stamp card we can win the ones that only buy a cup of Coffee, and make sure that they buy this at Baresso because they get a stamp.”

“So just like you can work with a product mix that appeals to different customer segments, we are working with a loyalty mix, you can say.”

“However, one of the reasons for phasing out the stamp card was that we got enquiries about something more digital. And then we obviously thought that the stamp card was long out-dated. But it turned out that we were wrong, and that there really are people that like to have the physical card in their wallet, where they are able to keep track of their stamps. Obviously we could digitalize this concept to an app, but we are fairly convinced that this will miss the mark, as the digital process will be too involving for the stamp card target group.”

3. Is there any connection between the Coffee Club and the stamp card then?

“Well you can say that the Coffee Club is the umbrella concept, where the stamp card then is under it and targeted specific at the least loyal customers. But at the same time we use this as a recruitment tool to the payment card. Every stamp card is dated, so we can use it as a dialog tool to recommend the payment card if this seems to be the better offer. It is easier to hand out the stamp card than to convince them that they should register for a payment card, so in this way it is also very useful as recruitment tool for the payment card.”

“We now also use the Coffee Club for our neighbor discounts for companies.”

4. With the introduction of the new Coffee Club, what considerations have you done in relation to the reward-effort-balance, being what it requires from people versus what they get from it?

“Yes. Previously, we also had a C-CARD, which was payment card that you could deposit money on inside the shops. This card gave you 5 per cent discount on every purchase. Coffee Club is actually just a sophistication of this existing concept. We made it tier-based and we have chosen to change the 5 per cent cash discount on every purchase to a 10-20% bonus on the deposits. We found that the 10-20 numbers are more appealing to more to the customers, and when talking these numbers, bonuses can better be justified economically from our end than cash discounts.”

“More specifically, we convene a number of focus groups and questionnaires back then, and found that 10 per cent bonuses was more popular than the old setup. We also found that the free drink from the stamp card was very popular, and therefore we included a free drink for Coffee Club members on birthdays and whenever new drinks are launched.”

5. What have the results been since then launch then?

“Good. We count more than 15,000 members and I think our goal was 7,500 for 2012, which we have already doubled.”

6. How many of these are active, and how just have money on an account?

“I don’t know the the exact numbers on this, but the deposit numbers are looking good. My feeling is that most of them are active.”

“Another positive result is that the re-launch of the stamp doesn’t cannibalize on the Coffee Club, as we had been concerned about. So it seems that the target groups for the Coffee Club and the stamp card are distinct and not overlapping.”

7. Some say that loyalty is much more than transactional, and includes how well you speak of the brand to peers. What is the main aim of your loyalty programs?

“In principle, it is to increase sales. The tier-based program includes a natural hunt for the next level, and thereby incitement to spend more. So this is definitely the pivotal point of the program. However, the visual effect of the gold members of the Coffee Club with the gold member cards, are also used to make our personnel aware about who to give extra good service and experience. This makes these people feel special not only at their local Baresso, but in every Baresso. And then there has definitely been a social status effect in having these gold cards, including statements and pictures about it on Facebook and Instagram.”

"But our general business concept is cup-for-cup, and a very viral way of spreading a concept. So we are very aware that all that we do should have this effect. All customer experiences we create, create positive mentions, and thereby growth for our business. . That is basically how we try to think in everything we do, and we do this instead of advertising on TV and radio etc."

8. In relation to the tier-based structure and aspiration level, what do you think people get from this a part from higher bonuses?

"There is definitely also a status aspect in it. Especially for men, we experience that they are really determined at getting to the next level. Obviously we haven't invented this type of program setup, but we can acknowledge that it is effective. We hear about advanced members that proudly talk about this to the baristas. So there is definitely also an emotional value in it. We also see this when it goes the other way around, and when people are downgraded due to lower spend."

9. How do people express this dissatisfaction?

"Usually they send us emails, and obviously there have been some bad experiences at the coffee shops. But most of the time people listen to reason, and understand the conditions of the different levels."

10. Are any of them dissatisfied with what is requires to get to the different level versus what they get from it?

"Actually no. It is something we have been very focus on explaining in our FAQ, and the fact that people get 10 from the very start spreads a general satisfaction, I think. I don't think you get this kind of discount many other places. So the fact that the reward level starts fairly high helps the level of satisfaction."

"And in relation to the differentiation of the customers and their level of discounts, this is also generally accepted. I think today's consumer are very use to be rewarded differently based on their level of loyalty towards the store. The only challenge for us has been the customers that haven't liked the change in program setup, e.g. some of our neighbors that used to get 15 per cent discount, but now needs to aspire for it."

11. I have noticed that you are actively interacting with your customers on Facebook and Instagram. Is there any integration between this dialog and the dialog you have with loyalty program members?

"We have used both Facebook and Instagram to promote the Coffee Club when we launched it. But the ongoing dialog and direct communication to the Coffee Club members are via emails. We have underlying system the automatically sends out the emails, e.g. reminder, news and birthday emails. We don't really use Facebook for this, but I can't rule out the possibility that we will make a separate Facebook site for this in the future. Right now, where we are experiencing some doubts and negativity around the new program replacement, I would rather take the dialogue with the specific people on email."

12. But does the members distinguish between the channel and can you control what they use your Facebook page for?

"No, people do contact us regarding the Coffee Club via Facebook, but actually not as much anymore. But over time and once we get more members a specific Facebook site might be the

way to go – and maybe also move the technical support part to this channel. But for now, I think it works pretty well to keep this separate.”

13. Do you use the mobile phone in any of your loyalty programs?

“We have created an App, only for iPhone in the first roll out, but soon also for Android, and this also have an integrated Coffee Club functionality. Basically it is just a mobile website built into an App. But this gives the members access to their balance and the possibility to deposit money on the go. Previously it was a bit inconvenient that they would have to go home and deposit money for their next visit – now they can just do it while they are there. This is definitely an attempt to respond to the needs of the customers and the fact that I can seem a bit demanding to commit to a money deposit. Now this should feel less demanding as it can be just before or in the actual purchase situation.”

14. Do you use the app of mobile in general as a dialog tool?

“Actually no. We can publish news, inform about our products, and map the nearest coffee shops in the App, so it is fairly simple.”

15. Do you have any future plans about developing this further at some point?

“Not as for right now. But the reason for choosing an app instead of a mobile website, was to be able to push messages. We just don’t use the functionality right now. We might in the future, and are generally open towards digital opportunities, but we just have to take one step at a time.”

16. Do you collect any customer data, and if so, what do you use it for?

“If you apply for a Coffee Club membership, you will see that we ask for: sex; birthdate; address; phone number; which Baresso shop you visit most often; and what type of drink you buy most often. We do this to target our offers and news better, but it is very low key at the moment, and on learning by doing basis. But we use the membership data to compare the coffee shops, and to make internal competitions about best recruitment and turnover rates etc. This has e.g. showed us that some of the biggest shops revenue wise also has the lowest amount of members. This definitely has to do with the amount of tourists and customer turnover inside Copenhagen city, where some of the more local shops have more regulars.”

17. So you only collect customer data at registration, and do not accommodate to what they actually buy etc.?

“Correct. We have actually the possibility to see what every member buys, but we just don’t have the system and setup to use it for anything. However, the analysis of e.g. this type of data is something we would like to improve at.”

18. In terms of competitors, whom are your loyalty programs a weapon against?

“That’s everyone that sells coffee. That’s the short answers. It is a growth market, and there are becoming more and more competitors. So we need to make sure that we not only make the best cup of coffee, but also have some great offers.”

Appendix 6 – Focus group interview guide & visuals

Overall questions asked in both focus groups. Elaborative questions asked as the discussion developed (see appendix 7 & 8).

1. What LPs memberships are you currently holding?
2. What are the best things about the memberships?
3. What are the worst things about the memberships?
4. Do you feel loyal towards the brands which loyalty cards you carry?
5. How do you value social event such as wine tastings, fashion shows, sneak previews, etc. in a loyalty program?
6. What is your main influence when choosing between low-involvement brands – the TV commercials, the in-store experiences and processes, recommendations, information online, price, etc.?
7. Regarding the influence of others' positive or negative stories about a brand, what does it take for you to recommend or advise someone else about a product, and what was the last thing you did it on?
8. Do you ever take recommendations or explanations from others than your friends, e.g. in online Q&As or forum for debates?
9. What is your main use of your smartphone?
10. How much do you use your apps, and do you have any apps from product brands?
11. [Introduction to existing apps incl. visuals] – What do you think of this?
12. Compared to five years ago, what are your chances of enrolling in an LP today?

Visuals:

Question 5:

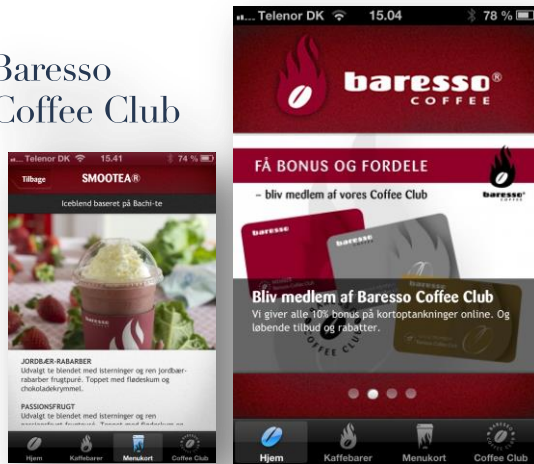


Question 6:



Question 11:

Baresso Coffee Club



7-Eleven



Club Matas



Netto



Oreo Catch the Oreo



Appendix 7 – Transcript for focus group 1:

Date:

June 17, 2013, 5:00 – 7:00PM

Setting:

Meeting room M2 at Wunderman Copenhagen – Strandboulevarden 122, 2100 København Ø

Background on the participants:

Five female university students of age 24-27:

A1: International Marketing & Management at CBS

A2: English & Communication at CBS

A3: Spanish & Communication at CBS

A4: Development studies at Aalborg University Copenhagen

A5: Science, Finance & Strategic Management at CBS

Overall questions, *elaborative questions* & Answers:

1. What LPs memberships are you currently holding:

A1:

Club Matas, Club Baresso, SAS EuroBonus, American Airlines, H&M Club, Illum Key, & Nordisk film. = 7.

A2:

Club Matas, Baresso stamp card, Bagel Shop, H&M Club, & Change. = 5

A3:

Magasin Goodie Card, CBS Canteen, Club Matas, Super Brugsen, Club Baresso, Norwegian Rewards, H&M Club, Gina Tricot, Urban Outfitters, Nordisk Film, & Change. = 11

A4:

Club Matas & a cinema in Argentina. = 2

A5:

Club Matas, Baresso, Sult, CBS Canteen, SamsøeSamsøe Friends, Envy, Norwegian Rewards, SAS EuroBonus, Quantas, & Magasin Goodie Card. = 10

2. What are the best things about the memberships?

A1:

I have been flying quite a lot, so the airmile clubs have been and economical benefit to me. But it really took a lot of flying before it actually paid off.

A4:

The cinema club I was a member of when I lived in Argentina was great. It made it a lot cheaper to go to the cinema, and made me buy a lot more in the shop when I was there. Also it was great that there was no email spam or anything in return. So it felt very tangible.

A3:

I sign myself up for everything. Every time a sales person tells me that I can obtain some kind of discount or benefit to sign up for free, I sign up. I don't really use it that much, and most often have to be reminded of my membership at checkout. I rarely enter a store due to my membership. For that to happen, they should offer me something better.

Do you sign up when the benefit is instant or down the road?

A3:

Both. But only if the sign up is free.

A2:

I get inexpressively little from my H&M membership. It's like – buy for 5,000 and get 50 on a gift card. It's ridiculous. But I still register all my purchases, because I like to be able to see how much money I have spend on clothes in H&M when the year is over.

A1:

That would frighten me. I would never like to know.

A5:

I don't use any of my memberships actively. I always have the best intentions when I sign up for something, but always forget about the card shortly after. E.g. when I have to buy a plane ticket, it is usually pretty urgent before it sells out. And then I never have that membership number on me, and don't get it used. But I wish things were easier to me; I think I would use it more. The fact that I always have to login often makes me give up. Actually, I often sign up to be nice to the person behind the counter. That is probably the main reason to me.

3. What are the worst things about the memberships?

A4:

That is definitely the spam that comes along with a membership. That is the main reason why I generally do not sign up for anything. I don't open them, but just delete them as soon as I get them.

A1:

That is definitely also something that annoys me. I remember when I signed up for Illum Key, I explicitly said that I would only do it if they promised not to send me emails. I do not want 7 emails from random stores in my inbox every morning. I will contact them if I need anything from them.

A5:

I actually don't mind them. I would rather get them emails, and then just delete them, than not get them at all. It does happen that I have time to browse through some of them to collect some inspiration, and then it is actually okay to have them in my inbox. But most of the time, I delete them.

A3:

It doesn't bother me either. Then some days I will look through them to see if I can save something. But it is only like 1 out of 10 that I open.

A5:

The worst thing is when you unsubscribe to emails, and then still receive them afterwards. I have tried that several of times now, and that really pisses me off.

How does it affect your view on those particular brands?

A5:

It definitely means that I feel less like shopping at their store again. Once I was still so annoyed that actually took action and contacted them to make them aware of the annoyance. I think that made it stop.

A2:

Luckily I am not member myself, but I hate the cards where you have to deposit money. What if I lose my card, and what if there is only DKK10 left that you can't get anything from.

4. So the big question is – do you actually feel loyal towards the brands which loyalty cards you carry?

A3:

I actually shop more in SuperBrugsen than I do in Føtex, because I have that discount card.

A2:

I definitely feel loyal towards the bagel shop where I have a stamp card. It is both cheaper than Bagel Co. plus I get that stamp and the tenth bagel for free. It is great. You should try it.

A5:

I think the only brand I have ever been loyal towards was the grocery store we always visited when I lived in Australia. That was definitely due to the card. But in general I think I am too impulsive in my purchases.

What feelings does it give you to shop from a brand that you are a member of versus a brand you do not carry a membership with?

A3:

When I shop something that I could have bought in a store where I earn rewards or discounts, it bugs me.

A2:

On the other hand, the feeling of collecting the rewards is incredible when it finally happens after like a year.

A4:

I can't relate to those feelings. I don't feel loyal towards any brand. Yes I have a Club Matas card, but I feel like I can't buy those things elsewhere anyway.

5. You have mentioned points and discounts as the main benefits of being members, but what about being invited to social events such as wine tastings, fashion shows, sneak previews, etc. (supported by visual of social events). How do you react to these values?

A5:

I once had a great wine tasting experience, and was actually invited by my friend. I think it also had a great impact on recruitment to that loyalty program, because it seemed like everyone had a great night.

A2:

I have also been invited to some fashion shows, and that is super cool. Any club that did that, I would love. However, it must be a nice brand doing it. I probably would go to a wine tasting in Fakta or other discount brands.

A3:

I like them too, especially if there come some kind of goodie bags with it.

A1:

I like them too, and I would generally value them higher than getting points etc.

A3:

I am the other way around. I would rather have discounts and points, than invites. Because, then I get the feeling that I get something every time I shop. Maybe not physically, but I would get that feeling.

6. Obviously there are some brands that we like, that we engage in, and that we therefore also are much willing to listen to. But then there are also the brands and purchase decisions that we do not spend much time on... Purchases of the so-called low-involvement brands. What is your main influence when choosing between these brands – the TV commercials, the in-store experiences and processes, recommendations, information online, price, etc....?

A2:

For most cases, I tend to choose my low-involvement products based on recommendations. And by recommendations I mean that someone I know personally or it is an expert of someone I trust have spoken well of. Commercials and large sale signs don't catch my attention.

A5:

In principle I chose my products from own experience, and if I don't have any, then it is from my friends' experience. The only type of commercials that can get to me is if it comes from a magazine and their experts are speaking well of a product or a café etc.

When I wish to try a new place or product I sometimes I also seek inspiration from review sites. Either when I need it, or just when I am killing time.

A1:

Usually I just want my shopping to be done as quickly as possible, so I chose by where I know the process is fast and where I can be certain to find all the products I need.

A4:

On that note, I really put a lot of value on service. I will always revisit a store where I felt like they actually meant what they said and took a few extra steps to help me.

A1:

The enrollment of my LPs has typically come about because the service has been good, and therefore it has felt natural to take the step to get enrolled.

A5:

The service to me depends a lot on my expectations. There are some stores where I don't expect anything, and others where I have high expectations. Often I don't expect much on the service part for low-involvement brands.

7. Regarding the influence of others' positive or negative stories about a brand, what does it take for you to recommend or advise someone else about a product, and what was the last thing you did it on?

A1:

I think I talk about products easily. I doesn't really matter what type of product or store it is.

A2:

I do it a lot too, and especially online. Especially if friends are asking for advise on Facebook. It is however always based on my own experiences. I would find it hard to vouch for something I have heard. Especially if my advise is documented in writing on Facebook. Verbally is a bit more casual.

A3:

I feel the same way. If on Facebook, then I need to be more certain that what I say is correct. Therefore my recommendations would only be of something that I really cared about.

A4:

The last thing I recommended was my hairdresser. I have unasked recommended this one to most of my friends, because I have gotten such a good treatment.

A5:

I recommend experiences much more than products. And on this, it is more often on negative experiences than positive.

8. Do you ever take recommendations or explanations from others than your friends, e.g. in online Q&As or forum for debates?

A5:

It depends on if the product is something I know about. If not, then I wouldn't understand what is being talked about in the forums anyway. But if I did, I would. It is always nice to hear other people's opinions.

A1:

I used e.g. Trip Advisor a lot when I was travelling in India. I was in need for more than just one person's opinions, as I obviously can be very subjective whether something is good or bad.

Do you ever ask the sales personnel for advice, or what do you do when you are in a store?

A3:

I generally don't trust what the sales personal say, because I think they are just trying to sell some products. I think I would always take my friends advice over what the sales personnel say.

A5:

I am also skeptical in principle, so I always try to weigh what they are trying to say.

A2:

I Google a lot before I buy a product, but most often at home, and rarely in store when I am in doubt of what product to choose.

A1:

I use my phone a lot when I am in a store - either to look up something or to call my friends for advice. And that is definitely because I want my information fast and I don't want to bother finding a sales person that might not know the answer anyway.

A5:

I don't do it much in-store. But I have done it in advance or asked my friend about e.g. which shampoo to buy. Then I might use the sales person for direction to find the product shelf.

9. Let's focus a bit more on the smartphone for a moment. What would you say you use your smartphone to the most?

A3, A1:

Directions. Definitely.

A2, A4, A5:

Facebook and music.

A5:

I would say communication with others in general – messages, emails and Facebook. I also read news on it, but that is more for killing time.

10. How much do you use your apps, and do you have any apps from product brands?

A2:

I have one called MenuCard, which gives me discounts on a number of restaurants. But I mostly use the app to find out what restaurants are nearby, and rarely use the discount system. I used it to begin with, but I found the discount conditions too inconsistent and complicated.

A5:

I might have some. I generally have a lot of apps, but I forget what I have and forget to use them.

Noone has Club Matas' App since you are all members?

A3:

I didn't even know they had an app.

All:

Agreed.

What makes you download them in the first place, and what would make you use them more then?

A5:

The download is usually a part of time killing, or because I have been told to download it. But I think I am too much a man of habit to start using new apps. I have my news app and my game app.

A1:

The only apps I use are the ones that serves a function. E.g. for bookings to the fitness center, or bank transfers, or finding my way. So if e.g. SuperBrugsen had an app that could accumulate all of their offers, then maybe I would use that.

So in relation to communication, would you like if they could send you direct offers through the app?

A1:

No, they should definitely not send me push messages. I would want to open the app myself, and then have the offers delivered. I hate push messages.

A5:

I don't like push messages either. But then again, I probably never see the offers then as I forget to use my apps. But it definitely depends on the first few times I open the app. If good, then I might come back. If indifferent, then I will most likely never open it again.

So would you rather have emails than push messages from a brand?

A1:

Push messages are easier to turn off than unsubscribing to emails.

A3:

I would rather have the emails.

A4:

I don't mind mails, as long as I get something from them. If I don't I consider it as spam.

What if the push messages only came when you were in or near by a store?

A3:

No, I wouldn't like that. It makes me feel like they are keeping me under surveillance.

A4:

Yes, I feel the same way. Maybe it would be nice once or twice, but if they spam me the same way as with the emails, then it with bother me a lot – even if it is in or near a store.

A1:

I would like that.

A5:

I think I would like that.

What if it was a text message / SMS?

All:

No, that's even worse.

A1:

I just got a text message from the library reminded me of a book return, but even that bothered me. It seems like text messages are too intruding.

11. [Examples of existing apps]

a. Baresso

A1:

It is not loyalty if you have to deposit money on a card. That's a terrible concept.

A3:

I don't want to pay money to be loyal towards a brand. I want to choose where to place my loyalty, and that is if I like the e.g. products and they offer me something I like.

A2:

I reminds of the statistics for the many gift cards that are never redeemed.

b. 7-Eleven

A5:

It is definitely the way to go to get the stamp cards onto the mobile. To me it would be much better if all of my member cards could be collected into one. And even better if this was then the phone.

A2, A1, A3:

Agreed.

A3:

I could easily forget a member card, but never my phone.

Would you rather download an app do a regular sign-up and get a physical card?

A1, A5, A3, A4:

Yes.

A2:

I am not sure. I actually like the physical stamp cards. I see the point in making it digital, but sometimes when I want to buy a train ticket on my phone, the app doesn't work, or there is not connection, or my battery is running low.

A5:

I am much more aware of what is on my phone than what is in my wallet. And whenever I have time to kill, I explore my phone – not my wallet.

c. Club Matas

A3:

If it only notifies when my favorite products are on offer, then I wouldn't mind getting the notifications with push messages.

A1:

Yes, that would be okay, as long as it sends nothing but these products.

A5:

I would still prefer to open to app myself and get no push message. But I like the idea of more specific offers.

What about the functionality of getting suggested products based on your favorite products?

A4:

It should only notify me about this if I allow it to suggest these products, but I would probably not trust the suggestions anyway.

A2:

I buy products from a beauty site, where it always shows related products in the right side. I e.g. bought a matching brush to some powder it suggested, so I definitely don't mind it.

A3:

I wouldn't mind it, but I don't think I would ever use it.

d. Netto

A5:

It is a good idea to bring inspiration to what to cook for dinner onto the table - mainly because Netto is not inspirational on its own.

A1:

If the ingredients for the recipes were collected in one spot in the store, I might use it - but otherwise not. I wouldn't know where to look for the products, and they probably wouldn't have half of them in stock. Either this, or the app should lead my way to the products.

A3:

I don't think I would use the app in store, but only at home. I just want it to go fast once I'm in the store.

e. Oreo – Catch the Oreo

A5:

I like the idea, but I never spend time on games on my phone. However, it doesn't bother me that it is branded.

A2:

I think games are fun, but I haven't come across one any brand that did it well on a phone yet.

12. On a final note, compared to five years ago, what are your chances of enrolling in an LP today?

A2:

I am less likely to enroll in an LP today compared to five years ago. I think it has something to do with the amount of LPs that exists today. But if they all start to get mobile, then maybe I would enroll in more.

A5:

To me, LPs have lost their exclusivity. It doesn't appeal to me, when the difference between being a member and not is minimal.

A3:

I think I enroll in more today. But that has probably something to do with the fact that I enroll in everything, and that there just are most LPs today.

A4:

I haven't enrolled in much ever, but having it in app format seems more appealing to me.

Appendix 8 – Transcript for focus group 2:

Date:

June 19, 2013, 5:00 – 7:00PM

Setting:

Meeting room M2 at Wunderman Copenhagen – Strandboulevarden 122, 2100 København Ø

Background on the participants:

Six non-students of age 26-32:

B1: Graphical designer at agency

B2: Independent business developer

B3: Consultant in business development agency

B4: Consultant at a media agency

B5: Job-seeking

B6: Attorney at law in private company

Overall questions, *elaborative questions* & Answers:

1. What LPs memberships are you currently holding:

B1:

Flügger, Inspiration, Illum Key, Imerco, Club Matas, Nespresso, H&M Club, Magasin Goodie Card, COOP plus, Blockbuster, Tivoli, Ikea, & S-More. = 13

B2:

Illim Key, SAS Eurobonus, Imerco, H&M Club, Club Matas, Smag, COOP plus, Tivoli, & S-More. = 9.

B3:

Club Matas, Blockbuster, Politiken Plus, 4Sound, Tivoli, & Unibase. = 6

B4:

Nespresso, Illum Key, Magasin Goodie Card, Club Matas, & CBS Canteen. = 5.

B5:

S-More, H&M Club, Blockbuster, BioZonen, Tivoli, Magasin Goodie Card, Club Matas, Baresso stamp card, Ikea, & SAS Eurobonus. = 10.

B6:

Club Matas, Change, Volfort, Jensens Beef House (stamp card), & COOP plus. = 5.

2. What are the best things about the memberships?

B1:

I like Illum's LP because I earn real money that I can subtract from my next purchase, and the fact that they actually remind me to do this.

B6:

I like being a COOP member because there is visible difference in the price for members and non-members. That gives me a good feeling.

B2:

I really enjoy my SAS EuroBonus membership because it made my check-in process easier when I travelled a lot with my work, and that all happened without having to print anything, which also gave me a good feeling in terms of sustainability.

I also like my Tivoli membership because it allows me to bring a friend to the park for free. I use that a lot when I have friends or family visiting from Jylland.

B5:

I like my BioZonen membership because I feel like I get something for free every time I go to the movies – popcorns, drinks, ticket discounts, etc. So I use it a lot.

B4:

I like the fact that Nespresso knows what I have bought previously and when, so they can remind me about useful stuff like descaling or what I should try.

And then also Illum, and the fact that they remind me to use the discount amounts I have saved.

3. What are the worst things about the memberships?

B3:

I cannot stand the amount of emails that comes along with LPs. I couldn't care less. And tiring having to go and delete 10 emails every morning.

Also it kind of annoys me just to look at the physical card in my wallet or emails and be reminded that I never use it.

B4:

I don't like the physical member cards. At COOP they wanted me to carry a key ring, but that gets too much a symbol for me to want that.

B2:

I don't like that either. I don't want people to visibly know what LP membership I have whenever I have my keys lying around.

B1:

I forgot my Imerco card last time, and they couldn't give me any points because of this. I felt that was it bad and inconvenient service that they couldn't just look me up.

B2:

I think it is of great importance that they always make it a good experience whenever something goes wrong. For instance, when I signed up for SAS EuroBonus there turned out to be a user under my name and email address. They then transferred my points to one card and upgraded me to a silver status to apologize an inconvenience. That was pretty cool.

B5:

Every time I was in Magasin they asked me if I wanted to sign up for their Goodie Card. Then one day I did it, but today I still don't understand what Magasin Goodie Card is about – except from tons of emails. I feel the same way about H&M.

B6:

I think I am the other way around. I don't expect anything from my enrollments, but get happy whenever I do get rewarded.

Why do you sign up then?

B6:

Well, that is just because I know there might be a benefit somewhere, and as long as it is free, the emails etc. doesn't bother me.

4. So the big question is – do you actually feel loyal towards the brands which loyalty cards you carry?

B3:

Most of the memberships I have are with brands that are fairly monopolistic anyway, so I would shop there anyway – membership or not.

B2:

I feel very loyal towards SAS after the superior treatment they have given me. And this great service has contributed to a feeling of safety and comfort. I even imagine their pilots are better now, and it made me feel sad when they were close to being put into liquidation. So I always choose SAS now, even if the ticket is DKK 100-200 more expensive.

B4:

I only think stamp cards have made me choose one coffee shop over another, but that's about it. And that was only because I was close to getting something for free.

5. You have mentioned points and discounts as the main benefits of being members, but what about being invited to social events such as wine tastings, fashion shows, sneak previews, etc. (supported by visual of social events). How do you react to these values?

B3:

The works a lot better on me. Non-binding events that just makes the everyday a bit more fun... I would feel closer connected to a brand that did that to their customers than one with points.

B6:

Events support the thought that it is a club, and I like to be invited to stuff like this. However, I don't ever think I have actually gone to any of them.

B5:

Invites to previews are also the best benefit with BioZonen. Yes, it is great to get free popcorn, but it is a thousand times greater if I get it at an exclusive preview show. I love stuff like that.

B3:

I think the value in just getting the exclusive invites counts to me.

B2:

I only like it if it actually is exclusive. I once got an invite to a presales event, and then when I got there, they didn't even check the invites in the door, so everyone could enter. That situation made me feel cheated by a marketing stunt, and made me stay at home at next invite.

B4:

I agree. It is only appealing if you feel special being invited.

- 6. Obviously there are some brands that we like, that we engage in, and that we therefore also are much willing to listen to. But then there are also the brands and purchase decisions that we do not spend much time on... Purchases of the so-called low-involvement brands. What is your main influence when choosing between these brands – the TV commercials, the in-store experiences and processes, recommendations, information online, price, etc....?**

B2:

Time is a great factor to me when talking low involvement. And that can be process in store, but also which store is closest. And then I know that the packing also has a great influence on me.

B3:

It depends a lot on the lifetime of the product. If it is short term, then I might just go with my gut feeling a quick one, where longer lasting products are always based on my own or friends' experiences. So if I were to pick e.g. a camera, I would ask a friend that knows about cameras – never the guy in the store. He is a sales person.

B1:

I usually pick the brands that I know, but recommendations about other similar products always make me try out different brands.

B4:

I feel the same way, but apart from friends I spend a lot of time researching and reading about products online - but obviously more in high involvement product decision.

B2:

I often end up asking the sales assistant what to choose if I am to make a quick decision between two or more products.

B6:

Time is also important to me, and then last person I would ask for advice is the sales person.

B5:

I almost always choose what I know and have bought before. If I had to choose something new, I would ask friends and family for advice.

B1:

And service is also of great importance. Especially if the service has been bad, then I simply chose another place next time – even if it might be more expensive.

7. Do you ever take recommendations or explanations from others than your friends, e.g. in online Q&As or forum for debates?

B4:

I use it a lot when I am travelling – for hotels and restaurants. And that is most often reviews sites and based on recommendations from people that I don't know.

B3:

For the quick decisions no. To me, personal referrals would always outweigh ratings online by people I don't know.

8. Regarding the influence of others' positive or negative stories about a brand, what does it take for you to recommend or advise someone else about a product, and what was the last thing you did it on?

B5:

If there is some sort of connection to this person or something we have done previously, I could easily share a good or bad experience unprovoked. My friend and I eat a lot of yoghurt, so the other day I unprovoked recommended this new yoghurt brand to her. I think I feel the same way about restaurants.

B3:

I think it depends on the extent of good or bad. E.g. the other day I had a terrible experience in a frame shop, and I went straight back to some of my friends and encourage them to never go there. The same thing accounts for really good experiences, but what happens in between this, is probably not anything I would mention.

B1:

I mention the bad experiences more impulsive than the good experiences. I e.g. mention the good experiences when I am asked what I have done this past weekend, where I can bring up the bad experiences without any reason.

B2:

I had a bad food experience at a café yesterday. But instead of complaining to the kitchen and waiter, I just didn't eat it, but complained to my friends when I got home.

On Facebook also?

No, I think that would take a little more. But to my nearest friends, I had no problem encouraging them not to go there.

B3:

I think I share the negative stories more than the negative. I wish it was different, but I think the negative has greater impact somehow.

What does it take for you to share a positive story about a low involvement brand? That it was a fun and different experience; that it was great service; that the product worked better than expected, etc.?

B1:

I think it is a combination of service and product.

B4:

To me the product is dominant in terms of what I would recommend.

B6:

To me it would be that the experience was fun or good. The product would not be enough on its own.

B3:

My only criterion is that it exceeds my expectations. That could be anything really.

B2:

The service is all-important to me. A good service can make up for any bad product, but if both are in place, then I am very likely to recommend it. Often, and especially for low-involvement products, the product seems alike, but the service can make the difference.

What if it is a negative story?

B3:

Service again. Even if the product is good, a bad service will make me talk bad about the brand.

B2:

To give a bad review online, I would only do it in a forum that relates to the experience. This being e.g. TripAdvisor for a bad hotel experience. I wouldn't just be negative on Facebook with something that probably isn't relevant to people.

B3:

I wouldn't mind posting a bad story on Facebook. But it must be bad enough. I wouldn't post any semi bad experience. It needs to be far from what was and could be expected.

B6:

It is the experience that counts. No matter how expensive the product is, I always have a certain level of expectations, and if these are far from met, then I could easily tell all of my Facebook friends about it.

9. Let's focus a bit more on the smartphone for a moment. What would you say you use your smartphone to the most?

B1:

I use it for a bit of everything.

B2:

I don't use it on much else than calling and texting. The other stuff I do on my iPad.

B3:

Facebook, Instagram... And then to check maps and the weather.

B4:

Time wise it is definably Facebook... And then calendar and emails. I don't play any games.

B5:

Facebook and Instagram. I never play games.

B6:

Facebook – definitely.

10. How much do you use your apps, and do you have any apps from product brands?

B1:

Club Matas and DSB Rejseplanen. And then a Mulberry app to browse for purses.

B5:

Kino.dk. I use that a lot.

B2:

Fitness World and Club Matas. And Nike+.

B6:

I have one called e-tilbud, which is an app that accumulates all groceries on discount from selected stores into one.

What should they contain or give you for you to download it?

B4:

To me, it definitely must be a brand that I already have a good relation to. Brands that I don't care should take up space on my phone.

B6:

To me it doesn't matter much who has made it, but it is more a matter of the functionality that it offers.

B5:

I wouldn't download an app solely because of the brand without knowing what the app was capable of. I regularly delete the apps that I don't use.

So in relation to communication, would you like if they could send you direct offers through the app?

B3:

I don't like push-messages, and always deactivate them when I download an app.

B5:

I am the other way around. I don't want to miss out on anything, so I would like to be notified instantly.

B6:

To me it depends on what type of brand it is. If it is something where I could benefit from having the information instantly, I would like push-messages. If not, then mails are fine.

B4:

I prefer mails and the freedom to have them accumulated, and check them whenever I want.

B2:

I prefer mails. My phone is used for important stuff, so if I got a push message I would think that it was something important from a friend, and be annoyed when I check the phone.

What if the push messages only came when you were in or near by a store?

B5:

I would like that.

B3:

I would like it much more than emails. The relevance is much better with these types of messages.

B2:

It would probably appeal more to my impulsive shopping.

B4:

I wouldn't like getting them because I was nearby. I would find it too stalker like, and would rather just have the emails. And then obviously get notified via the social media, where I also follow a lot of brands that has my interest.

11. [Examples of existing apps]

a. Baresso

B1:

For pre-paid to work, it must be something that I really use often. However, I would be scared that something went wrong in the refueling process. I rather like to pay cash, and then get the benefit elsewhere.

b. 7-Eleven

B5:

I would like to have the push messages.

B1:

I also like that the stamp card could be mobile.

B3:

If it works and works fast in-store to get the reward or special price, then it would be good. If not, then I would probably just get irritated with it.

c. Club Matas

B6:

It seems useful since it is selected messages and information on my favorite products.

B4:

I don't think I shop there enough for it to appeal to me.

B2:

I would like if brands could send useful information that are not always related to a product offer. That would increase my relation to the brand.

d. Netto

B3:

If they had collected the products for the recipes physically in the store, then I would like it.

B1:

I use it for offers and inspiration for recipes, but the push messages with new recipes annoyed me.

e. Oreo – Catch the Oreo

B4:

Games would be okay, but I would probably only download it if there was the possibility to battle against friends.

B2:

Likeability wise I like that it is just a matter of having fun, instead of it being related to purchases. I think it might give the brand a better spot in the top of mind positions. But I would rather download a functional app than a game at any time.

12. On a final note, compared to five years ago, what are your chances of enrolling in an LP today?

B4, B3:

No.

B2:

I would rather sign up today. And that is probably because saving money is a greater interest to me today compared to five years ago.

B6:

I would be more critical than five years ago.

B5:

Yes, I would also say that I am more critical of what I sign up for today, because I know how much spam that most likely comes with it.

B3:

On that note I would say that I have never been so relaxed as when it de-activate the push messages from my emails. I could feel that I have gotten to a point where something was interrupting me every minute. That was too much. I would rather get the opportunity to segment what I want messages about.

...even if it then took a minute or two longer at enrollment?

B3:

Yes, definitely. If it was an app, then it is much easier. If I am in a store with paper and pen, then might not want to spend time on it.

B4:

I agree. An app download would make me more involved in the registering process.

B5, B6:

Agreed.