University of Economics, Prague
Faculty of Business Administration

Master's Thesis

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2016

University of Economics, Prague

Faculty of Business Administration

Master's Field: International Management

Optimization of Triola Plc. Loyalty Program

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Year of defence:	2016

Declaration of Authenticity

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Optimization of Triola Plc. Loyalty Program

Abstract:

The aim of this thesis is to suggest optimizations for Triola Plc. loyalty program based on theoretical understanding of loyalty and its role in success of a company, as well as numerous practical analyses. The thesis is divided into two main parts. The first part overviews the theoretical knowledge about consumer loyalty and how loyalty program can be an effective tool in building said loyalty. The second part is formed of variety of practical analyses, including analysis of Triola sales data, data mining analysis using MML-TGI data analyser, consumer survey and lastly benchmarking analysis. The last chapter is a synthesis of the practical and analytical parts and suggest recommendations for Triola loyalty program based on the insights gathered throughout the whole thesis.

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Introduction

Consumer loyalty is a concept that has rightly been paid a lot of attention to by companies who want to succeed in the turbulent world of business in 21st Century, because there is a clear link between loyalty and profitability (Wright & Sparks, 1999).

A loyalty program is believed to be one of the ways how to build customer loyalty, because it gives the brand a chance to create a long-term, trusting relationship with its customers (Galbreath, 2002). However, to accomplish this, a company needs to choose the best suitable configuration of a reward scheme, which is of course much easier said than done.

The aim of this thesis is to combine theoretical and practical analyses in order to help uncover the best possible configuration of Triola Plc. loyalty program. This aim is executed by analysing the theoretical knowledge of consumer loyalty, its role in consumer satisfaction and profitability, as well as analysing loyalty program as an effective tool to build loyalty. The practical analyses that were performed are sales data analysis, data mining, consumer survey and benchmarking. Based on the insights revealed through these analyses, suggestions and recommendations for optimization of the programme are generated.

Firstly, the loyalty program was introduced and its importance evaluated and established based on the sales data from Triola in the year 2015.

Secondly, data-mining analysis was performed with the use of MML-TGI data analyzer, in order to better understand the target group of Triola Club and to identify the nuances between members of relevant loyalty program versus non-members within the target group.

The next analysis was consumer survey, which was conducted in order to establish the level of satisfaction with the current configuration of the program, as well as get some insight into what Triola fans lack, expect and want from a loyalty program.

Lastly, Triola loyalty program was benchmarked agains some of the most popular loyalty programs on the Czech market, in order to identify possible best practices for Triola and the areas where Triola might be lagging behind its competition.

The final chapter of the thesis summarizes and interprets the insights gathered through the theoretical and practical analyses. Based on these insights, the aims that Triola should aspire to fulfil are defined and the ways how to do it are suggested.
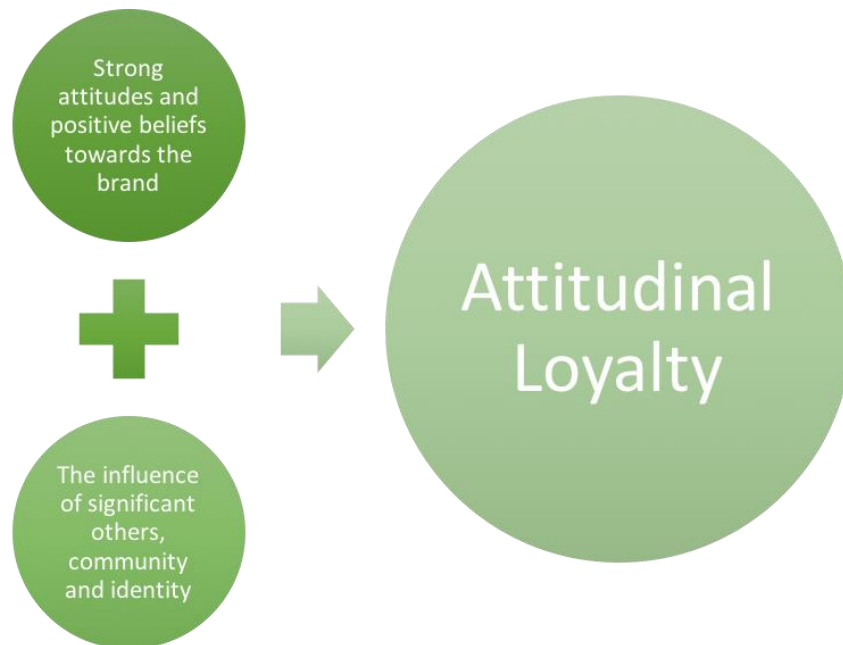
1 Customer Loyalty

Most companies nowadays are aware of the link between customer loyalty and profitability (Wright & Sparks, 1999) and therefore place a lot of attention on trying to loyalize their customers. After all, different scientific studies have shown evidence that attracting brand new customers is five times more expensive than retaining the existing ones (Kotler and Armstrong, 2012). Due to growing competition and subsequently increasing customers' expectations regarding the value that they receive in exchange for their money (Leonard and Sasser, 1982), this is not an easy feat. Merely satisfying the customer is not enough to create the much coveted customer loyalty. A company that wants to foster customer's loyalty has to go above and beyond of what the customer expects and aim to exceed these expectations (Kandampully, 1997). The focus needs to be on creating a long-term and trusting relationship, which is founded on learning about the customer and leveraging this knowledge to gain deep understanding of the customer (Galbreath, 2002).

This chapter overviews the main conceptualizations of customer loyalty and discusses the applicability of each concept to important business decisions. Furthermore, the chapter focuses on the relationship between consumer satisfaction and consumer loyalty and the implications that this relationship bears for businesses.

1.1 The three main conceptualizations of customer loyalty

The concept of customer loyalty has a wide array of definitions (Dick and Basu, 1994; Jacoby and Chestnut, 1978; Oliver, 1999; Szczepanska, Gawron, 2011). However, there are three well recognized conceptualizations of loyalty (Uncles et al., 2003).

Firstly, loyalty can be understood as primarily an attitude. A customer who demonstrates attitudinal loyalty will have a deep attachment to a brand and a desire to maintain a great relationship with a brand (Czepiel & Gimore, 1987). However, this desire for a relationship does not necessarily mean that the customer will be a regular or repeated buyer. According to Uncles et al., (2003) attitudinal loyalty may be revealed by studying how often customers talk about a brand, whether they recommend it to people around them and how they would feel if the brand was to dissapear. As shown in Model 1 below, attitudinal loyalty is based on prevailing strong attitudes and positive beliefs towards the brand and the influence of customer's environment and identity. Dabhollkar (1999) has argued that while this conceptualization is applicable to high-risk, high-value purchases (such as Harley-Davidson motorcycles, which is a brand that tends to have highly emotionally involved customers, Schouten and McAlexander, 1995), it might not be so useful in understanding loyalty to a low-risk, frequently purchased goods such as breakfast cereals.

Figure 1: Attitudinal Loyalty
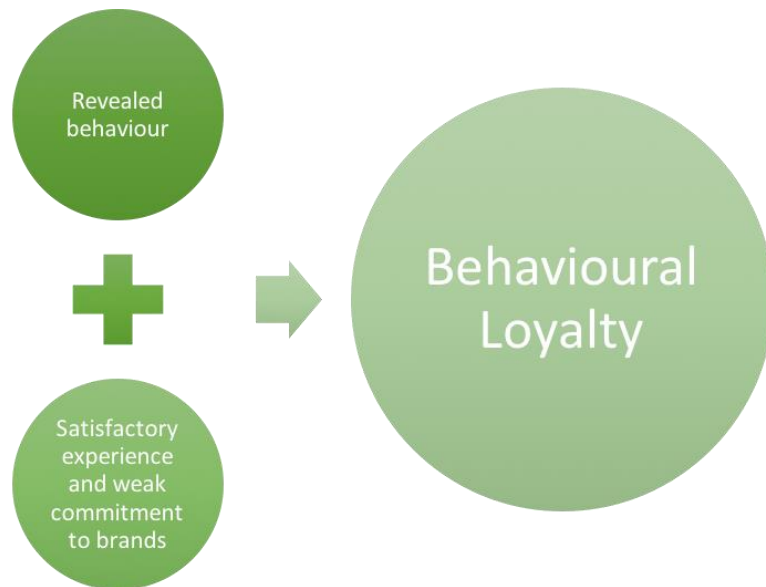

(Uncles et al., 2003)

Secondly, loyalty can be understood as an expressed behaviour which institutes loyalty. Behavioural loyalty can be revealed by simply observing the customer behaviour and paying attention to purchasing patterns, repeated patronage in particular (Uncles et al., 2003).

Over the years, various researchers provided a lot of supporting data for this conceptualization gathered across many different fields and geographical locations (Uncles et al., 1994). They have found evidence to prove that consumers are very rarely monogamous to a brand in particular and that most consumers are polygamous buyers, who are only loyal to a portfolio of brands in a product category (Uncles et al., 2003). From behavioural perspective, loyalty can therefore be defined as "an ongoing propensity to buy the brand, usually as one of several" (Ehrenberg and Scriven, 1999). However, it is important to keep in mind that sometimes repeated purchase might stem from prohibitively high switching costs or even a legally binding contract with the brand.

Lastly, the third conceptualization proposes that customer's buying behaviour is influenced by contingency variables such as the personality of the customer or the current circumstances and situation in which the customer finds herself and that these contingencies are only co-determinants rather than inhibitors as was the case in attitudinal loyalty conceptualization. So while a person might be a frequent McDonald's customer, she might not hold a particularly favourable attitude towards the brand and her purchase might be driven by convenience of the location or even uncontrollable craving. Therefore, it can be concluded that while a strong attitude to a brand can be a weak predictor of the purchasing behaviour
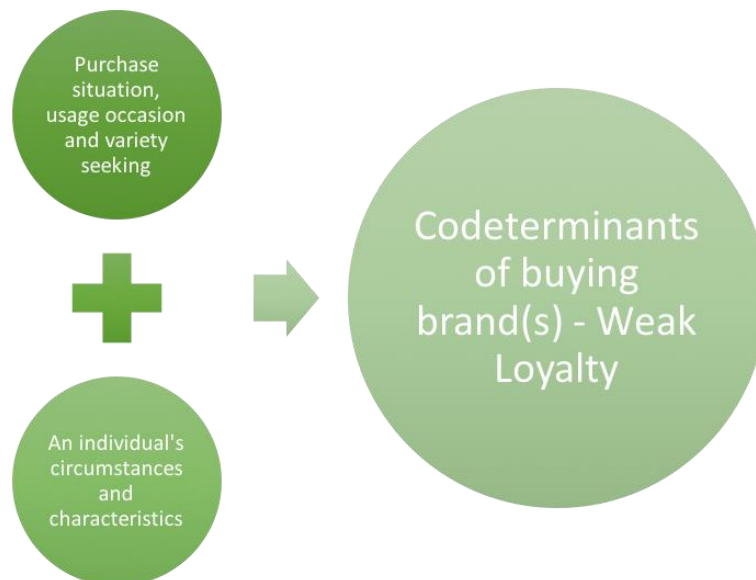
the customer will demonstrate, the abovementioned contingencies are what essentiality steers customer's decisions and determines whether she demonstrates loyal behaviour (Uncles et al., 2003).

Figure 2: Behavioural Loyalty

Source: (Uncles et al., 2003)

Figure 3: Codeterminants of loyalty (Weak Loyalty)

Source: (Uncles et al., 2003)

Each of the three conceptualizations has different implications for businesses. Supposing that conceptualization in Model 1 is adopted by the management of a company, the aim will be to strengthen the relationship, to aid emotional investment and reinforce positive beliefs customers have with or about the brand in hopes to drive up sales and increase profit (Uncles et al., 2003). This can be achieved through variety of commitment building tactics such as highly personalised advertising, emotional messaging, targeted personal service programs, loyalty programs and tailored bonuses etc. (Uncles et al., 2003).

On the other hand if conceptualization in Model 2 is adopted, then managers will be able to conclude that while advertising is a good way to reinforce and sustain awareness of a brand, it does not play a crucial role in persuading the customer to regularly buy a product from a particular brand, because consumers have 'split-loyalty portfolios of habitually-bought brands' (Uncles et al., 2003) rather than monogamously sticking to a favourite brand in particular. This implies that loyalty programs will not be as effective as in Model 1 and managers will try to increase their sales by trying to constantly outperform competitors on price, convenience and other metrics. According to Uncles et al., 2003 loyalty program will then be adopted mainly in defensive efforts to match competitors and to create some publicity, rather than expecting the program to significantly change customer's attitudes and purchasing behaviour.

Proponents of the contingency approach (Model 3) also view the potential for loyalty programs as very limited. The factors that are considered more likely to foster loyalty are those that react directly to contingent factors and thus make the products more convenient and widely available. Managers should focus on avoiding stock-outs, prolonging the opening hours, optimizing the assortment mix, being ready to answer customer's questions 24-hours a day, creating a smooth e-commerce experience, using price promotions, special deals and consumer competitions to recruit customers who shop competitor brands etc. (Uncles et al., 2003).

In an ideal world, management of a company should apply all the tactics implied by the three models overviewed above to cover all basis, because while some of the firm's customers are probably going to be truly loyal, the others buy the brand because it is simply convenient, cheaper or on promotion. However, this approach might not be feasible for either budgetary reasons or simply because the goals that stem from each approach might be elusive. For example, the goal of expanding the products sales base and the goal aimed at advertising the product or brand to encourage positive beliefs about it. In fact, a lot of brands are fostering positive beliefs about their brand by being exclusive- the direct opposite of being widely available at many convenient locations. Brands like OnePlus2 (which is a smartphone that you can only get if someone who already owns OnePlus2 sends you an

invite) are successfully applying this tactic to create publicity and increase sales (Goodwin, 2015).

So just like companies have to choose the concept of loyalty they will be mostly considering when preparing their business strategy and measuring its outcome, the author has to do so in order to proceed with the thesis, because each choice will lead to very different prescriptions (Peppers and Rogers, 2011). For the purpose of this thesis, it was chosen to mainly adopt the behavioural approach and observe the actual customer's conduct, which can be objectively observed and is therefore easier to measure (Peppers and Rogers, 2011 However, the attention will be paid to all main conceptualizations of loyalty in order to get a clear and unambiquous guide to action. While customer's attitudinal loyalty provides no economic benefit for a company if it is not reflected in the desirable behaviour, behavioural and contingency based loyalty is not sustainable in the long run by itself (Peppers and Rogers, 2011).

1.2   Customer loyalty and customer satisfaction

In order to explore the relationship between satisfaction and loyalty, it is imperative to define *satisfaction*. According to Richard L. Oliver (1997), satisfaction refers to the consumer's fulfillment response and as such is a judgement of whether a product/service provides a "*pleasurable level of consumption related fulfillment*". In other words, being satisfied or dissatisfied with a product refers to product's ability to produce a pleasant feeling in the consumer. The result of comparing expectations with the actual perception may be positive confirmation (satisfaction) if actual perception exceeds the expectations, or negative disconfirmation (dissatisfaction), if the perception is below expectations.

Most practicioners and academics would agree that loyalty and satisfaction are inextrinsably linked (Oliver, 1999) and that satisfaction plays the role of key determinant in customer loyalty (Dick and Basu, 1994, Oliver, 1999). However, this relationship can be rather assymetrical. While satisfaction is a crucial component in the process of loyalty formation, it does not guarantee it (Reichheld, 1994, Oliver, 1999) due to other important factors that constitute loyalty. Customer can be fully satisfied and yet not loyal to a particular product/service and vice versa. However, satisfied customers have a higher tendency to be loyal (Oliver 1999, Gommans et al. 2001) and while satisfaction and loyalty must be considered as two distinct states, it can be concluded that satisfaction likely leads to loyalty.

In his study "Whence consumer loyalty?" Oliver (1999) concludes that because loyalty stems from a wide array of determinants (eg. personal determinism, social bonding at the institutional and personal level), it is not a reasonable or attainable goal for many companies merely due to the nature of their offering or due to consumer disinterest. For these companies, the goal of attaining consumer satisfaction remains a worthy goal.

However, for companies with a more engaging offering, satisfaction should not be a primary goal (Deming, 1986, Reichheld, 2000, Stewart, 1997, Jones and Sasser, 1995).

The goal should be building consumer loyalty, because a loyal customer base has proven to have a large profit impact for businesses- according to data provided by Bain & Company associates, the net present value of profit increases by 25 – 95% (over 14 industries) when customer retention rate increases by 5% (Reichheld, 2000). Furthermore, as mentioned in the introduction to this chapter, retaining customers' costs significantly less resources than attaining brand new customers (Fornell and Wernefelt, 1987, Kotler and Armstrong, 2012).

One way to build consumer loyalty can be through a well-designed and attractive loyalty program. The next chapter will be dedicated to exploring this marketing tool further.

2 Loyalty Program as a Marketing Tool

Marketing activities of a company are far more extensive than creating short-term sales. Instead, marketing activities focus on creating enduring, if not permanent, assets (Shugan, 2004). This viewpoint is consistent with the rising popularity of relationship marketing philosophy and the presence of severe competition on most markets worldwide drives more and more companies to design their own loyalty programs (Szczepanska and Gawron, 2011). The main goal of a loyalty program (also known under terms such as customer rewards program, loyalty incentive program, frequent buyer club etc.) is to retain more customers by increasing their satisfaction and value of the product or service they are purchasing (Bolton, et al. 2000). They do so by gathering data about customers in order to leverage this information to pamper participating customers and build a relationship with them. This pampering can take various forms- such as personalised offers, member only discounts, birthday and Christmas greetings, gifts and attentive care in general. If a loyalty program is well designed, it becomes a tool for enhancing objectives of both the business and the customer.

In this section of the thesis, loyalty programs are going to be defined, their goals explained and their characteristics and types overviewed. Furthermore, the positive as well as negative effects loyalty programs can have are going to be mentioned.

2.1 Defining loyalty programs

According to Zamazalová (2009), loyalty program is a marketing tool, which can help a company influence the customer and nurture customer loyalty. It works by motivating customers to increase both the frequency and value of purchase through various forms of rewards such as gifts, promotions, bonuses etc., which are otherwise difficult or costly to obtain.

As was mentioned in the introduction to this section, loyalty program collects data and uses such data for tailoring benefits and rewards to customers involved in the program. Additionaly, loyalty program can have a function of a communication channel.

2.2 Goals and benefits of loyalty programs

From the business point of view, the fundamental goal of a loyalty program is to increase profit; revenue and market share and thus become less vulnerable to instability of the market and secure its existence.

2.2.1 Primary goals

According to Butscher (1998), there are five primary goals of most loyalty programs.

Firstly, the purpose is to build strong and meaningful relationships with existing customers and thus make them more likely to be loyal in the long run. If such customers direct their undiluted demand to the company's offering, then the loyalty program is very likely to report great return on investment from those customers connected with the increasing lifetime value of a customer (lifetime value= projection metric of the worth of a customer to business over the whole lifetime of a consumer). Additionaly, a strong relationship can aid attitudinal loyalty, which is likely to result in loyal behaviour is thus higher customer retention rates.

Secondly, loyalty program should attract new customers and lead to their acquisition. This happens quite organically, because the existing, happy customers will start spreading the word about the great benefits they are getting from being members of this program either because they simply want to brag or because they want their loved ones to receive those benefits as well. Regardless of the motivation behind spreading the word, the likely effect is increase in the number of people who enter the club and subsequently become loyal customers.

Another big reason for having a loyalty program in place is to build a customer database, complete with up-to-date information about the customer's preferences, demographics etc. This can ensure that a business is more ready to meet specific customer needs and be a truly powerful marketing tool- take Tesco Clubcard as an example. Once you become a member of Tesco loyalty club, you will soon start to feel like Tesco knows more about you than some of your best friends. Based on the questionnaire you fill out when joining the club, as well as the data collected when you shop, Tesco will be able to send you discounts for products that you frequently buy or those that might complement your recent purchases, congratulate you to your birthday etc.

Futhermore, having a database of customers can help when trying to decide on a place where to open a new trading site. Additionaly, customer database can be a tool in examining the reasons behind a loss of certain customer segment.

A database of customers can also help in the identification and selection of 'best customers' (a segment of most profitable customers). Since this is a very valuable segment of customers, a loyalty program can be a great vessel to deliver special care and pampering to make sure that 'best customers' are getting the recogniction they deserve and that will make them more likely to continue spending.

While analysing and targeting customers is an effective marketing tool, it has boundaries that should not be crossed. One famous example of when this boundary was crossed was reported in Forbes Magazine (2010). Target (discount supermarket) used the data collected

through their loyalty program to analyse shopper's recent purchases, identify those indicative of a pregnancy and assign a 'pregnancy prediction score' to the shopper. Once a shopper was identified as pregnant, she would start receiving newsletters for expecting mothers and coupons for baby related goods. This made costumers rather uncomfortable, created unfavourable buzz in the media and provoked a heated discussion about data protection and person's right to privacy.

The fourth goal of a loyalty program is to provide valuable information to Market Research, Research and Development and Product Marketing departments who can then focus on identifying, developing and promoting a product/service that perfectly meets the needs of the majority of cunsumers. This is also where loyalty programme can be leveraged as an extremely valuable communication channel to ask consumers relevant questions, recruit test consumers etc. Having a good communication channel with customers can aid the formation of effective pricing strategy and the proces of tailoring company's offering to suit the most profitable segment of customers. Test consumers can then verify the new pricing structures before they are launched in points of sale. Effective use of this information can help to increase the value customers spend and possibly turn ,cherry pickers'(customers who only buy deeply discounted items and cost the company more money to service than they bring in) into profitable customers.

However, it is worth noting that the members of loyalty club do not necessarily represent typical consumers, so the information gathered have to be interpreted in the right context (Butscher, 1998).

The fifth goal of loyalty program is to intensify the communication with customers and provide more opportunities for regular contact with the customers. The communication with members can be truly personalised and thus provide the often coveted feeling of belonging to something special and being appreciated.

Figure 4: Primary Goals of Loyalty Programs
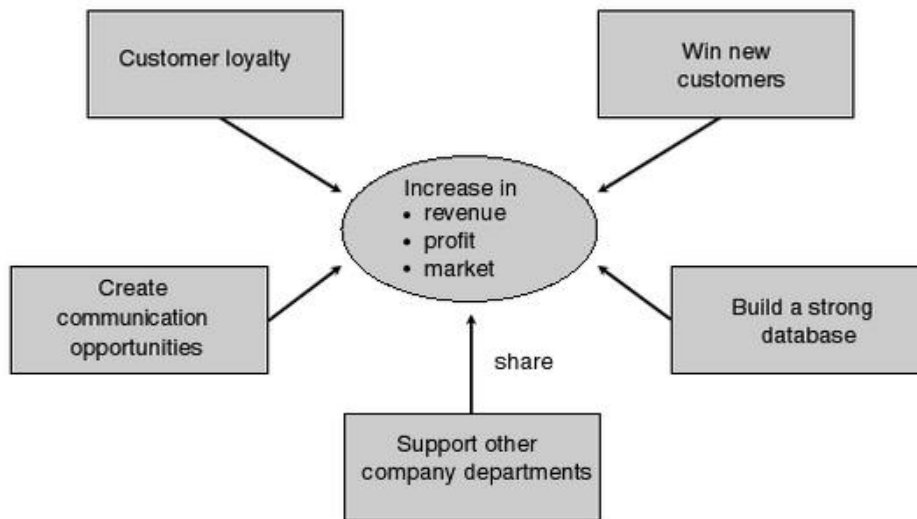
(Butscher, 1998)

2.2.2 Secondary goals

There are also many other goals of loyalty programs, which can be classified as secondary (Butscher, 1998).

- Enhancement of brand, product or company image- If done well, loyalty program and its activities can enhance the positive image of a brand, product or a company. However, if done poorly, loyalty program can have the opposite effect, such as was the case with the abovementioned case when Target was using too much sensitive information to target customers (Forbes Magazine, 2010).

- Better problem solving capability- The problems of customers will become easier and quicker identified and can then be promptly dealt with without the risk of losing valuable customers (Stone, 1984).

- Increase in frequency of point of sale visits- If the invites and promotions customers receive are sufficiently appealing, the frequency of visits at point of sale is bound to increase (Epstein, 2012).

- Support Public Relations- The loyalty program can get coverage in the media, which can strenghten the company's public relations.

- Increase usage and purchase frequency- By ensuring that a product is constantly in the minds of the consumer, the usage and purchase frequency of a product is likely to increase (Butscher, 1998).

- Differentiation from competition- In a world of abundance of both products and services, companies are trying hard to differentiatiate their offering from competitors. While location, product and price are the most common ways to differentiate from competitors, they pose a risk of price wars, can unnecessarily convolute the product/service and generally involve vast investments. Differentiating by launching a great loyalty program, which improves customer experience, can be an effective alternative (Dowling and Uncles, 1997).
- Ease winning back lost customers- lost customers who were previously members of a loyalty program are easier to reach, also the personal recognition these customers receive during the win-back efforts may be a stepping stone o restoring lost loyalty (Griffin & Lowenstein, 2001).

2.3 Types of loyalty programs

There are many different types of loyalty clubs. What generally works for one market or industry, might completely fail in another one. This is why each company has to think long and hard in order to optimize their program and set it for success.

In the section below, loyalty programs are going to be classified based on how easy it is to access the programs and what rewards they offer to consumers for favourable behaviour.

2.3.1 Mode of entry

Open loyalty program can be joined by anybody who wishes to do so and do not provide any significant barriers to entering.

On the other hand, **limited access loyalty programs** are selective of who can and cannot enter the program. Sometimes such limitation can be monetary in the form of an entrance fee, sometimes a prospective member might be required to undergo a certain formal procedure such as filling out lenghty questionnaires and some clubs might be off limits for everyone who does not comply with certain set of requirements, such as purchase volume over a certain period or the length of customer relationship.

Both forms of access have their advantages. Simply put, if a there is an open access to a program, the program will reach more people which means more data gathered and also the critical mass is reached sooner which makes the club more cost effective. Additionally, many brands, services and products have numerous competitors and so they cannot affort to play too hard to get. On the other hand, limited access membership is generally perceived as more valuable and the fee, which is often required, can cover some of the otherwise high costs. Limited access programs work very well for companies who want to focus on certain segment of customers, such as top spenders. This approach is also likely to work very well for business-to-business markets (Butscher, 1998).

2.3.2 Mode of reward

The mode of reward refers to how the customers are rewarded for favourable behaviour. Selecting the right kind of reward is impedimental to the success of a loyalty program, as it has to accurately match the image of the company, be proportional to the transaction value of a customer and provide enough value to keep the customer motivated to participate in the program.

Firstly, there is **points based system of rewards** which is probably the most common type. The 'currency' in this system is points which are collected by the customer when a favourable behaviour is demonstrated (Jain and Singhal, 2012). These points can then be exchanged for various rewards.

The big advantage of this typer of reward system is that a consumer has a clear incentive to provide her data each time she shops, because it is the only way her points will be recorder on her account. Another advantage is that it is very straight forward and easy to understand. Also, it is easy to adjust reward thresholds to motivate people to spend more. The negative aspect of using this currency is that some customers will become frustrated with collecting points and always carrying their card in the wallet and start feeling like the club provides very little value for them- the gratification for consumer is not instant. Typical examples of programs that use this reward system is Tesco Clubcard, Sainsbury's Nectar Card, DM Active Beauty, most airline loyalty programs, American Express etc.

Rebate system of rewards (also know as Cash Back) is based on awarding a redeemable gift coupon, which can be used for the next purchase to discount it. To redeem this rebate, the shopper often has to reach a certain spend threshold. This currency can serve very well in motivating shoppers to increase their basket value and buy things they do not really need at that particular moment (Jain and Singhal, 2012).

Appreaciation system of rewards is also awarded by giving out a gift coupon which grants the consumer some service or product of the same company. This provides the customer with instant gratification for favourable behaviour and results in incremental visits and sales (Jain and Singhal, 2012). An example of appreciation type of result can be if a cinema gives its customers a voucher for popcorn, if frequent fliers get free seat upgrade or if a lady paying for a manicure gets a complimentary hand massage etc. The definite advantage of this system is that it is easy to understand by customers and creates positive reinforcement of the favourable behaviour. The possible disadvantage to this system is that giving people products and services for free can demotivate them to purchase these products in the future, because they lose some value for them. A good example of this disadvantage is if you are given Billa cooking magazine for free above a certain basket value, you might feel like it is not worth its 20 CZK and you might never actually consider buying it in the future.

Partnership system of rewards is virtually identical to the appreciation system of rewards, except for this time the consumer is getting something from a brand that the company decided to partner with. An example of such reward can be when T-Mobile customers get 1+1 cinema tickets for their loyalty or when Zoot customers get a free ticket to the Prague zoo. The disadvantage of this system is that it might be difficult to evaluate how much value a certain 'bonus' has for a consumer and this might result in awarding customers with something they do not want at all.

Lastly, **Multi-tier reward system** is the one that is utilized by most of the biggest companies. Even the ones that generally use Points system often award additional rewards to target those consumers who do not like collecting points. For example, while DM Beauty Club generally prompts members to collect points, the members will get coupons, discounts and other rewards even if they did not collect any points. The multi-tier is probably the best system of rewards, because if administered carefully, it can prevent some of the issues that the other reward systems have.

2.4   Possible risks and mistakes associated with loyalty programs

While there are many undisputable benefits of well-crafted loyalty programs, there are also number of risks and mistakes that can arise when implementing a loyalty program. Often times a company will launch a loyalty program in order to stay on par with competitors, but a hastily drawn program can easily fail to cultivate customer brand loyalty or create customer assets.

One of the possible culprits is that loyalty program requires significant initial expenditure and as such, it should provide healthy future returns on investment. However, loyalty programs are often built to deliver only short-term revenue while producing vast liabilities in the form of future rabates and rewards and thus depleat the profit (Shugan, 2005). A good customer loyalty program needs to have a defined set of very specific Key Performance Indicators that measure the tangible success of the program. However, there are some challenges in measurement of success of a loyalty program, which originate from the the difficulty to pinpoint the term loyalty itself. Essentially, it is practically impossible for business to measure attitudinal loyalty, so they usually end up measuring only behavioral loyalty which can be misleading. This way, a loyalty program can be doing really well in terms of attitudinal loyalty, yet the company is going to be kept guessing and might not be able to truly optimize it.

Furthermore, one of the major benefits of loyalty scheme is the data gathered from members and used to make business decisions. However, the data can often be misleading, because it collects transactional information rather than information about how the customer genuinely feels about a business. So for example, repeated patronage in a discount

supermarket can mean that a customer is truly, emotionally loyal, or it can simply mean that this store is conveniently located and saves the customer 15 minutes of walking. In addition, as Dowling and Uncles (1997) point out, loyalty club members are a self-selected group, which is unlikely to represent all company's potential customers. Additionaly, gathering data carries a large responsibility connected to data safekeeping, because a leakage of data can have troubling consequences for the business ranging from loss of customers and trust to expensive law suits etc.

Another possible risk of implementing a loyalty program is that it can lead to a decrease in spend of existing customers, who usually continue buying the product at the same rate as before becoming members of the program, but this time the company rewards them for their behaviour and thus lowers the profit that these customers generate. Additionaly, if the rewards take form of discount and coupons, they can in fact create disloyalty, because the perceived value of business offering decreases and makes customers wary of buying the discounted item at a full price next time (Lehman, 2012). One possible solution could be to focus on different kind of reward, preferably one that comes after a purchase and influences the next purchase only indirectly.

Furthermore, there is always the risk that customers will find loyalty program cumbersome. According to a research performed by TotalCustomer.org, one in three customers gains no value from their loyalty program because they keep forgetting their loyalty cards at home. As a solution to this problem, 75% of shoppers think that loyalty cards should be somehow tied to their payment cards. Apart from that, 21% of shoppers suggested that loyalty cards should be stored in a smartphone app to reduce the hassle (totalcustomer.org, 2013).

Another risk is that loyalty program can serve as a point of parity rather than a point of difference from competitors, because loyalty program as a point of differentiation is very difficult to sustain as a prime reason for purchase, because it is quite easy to replicate by competitors (O'Malley, 1998). As such, the program is not likely to provide any significant benefit for business and only drain it from resources. To solve this issue, a company can choose to communicate its reluctance to have a loyalty program by explaining that it would rather have lower prices. In these cases, a company can choose to not participate and claim that they are already so cheap, that all the discounts are represented in costs. A company that uses this "no-frills"approach is for example the German discounter Lidl.

In addition, when business puts too much emphasis on the loyalty program, it can result in shifting the loyalty from the company to the program itself (Dowling and Uncles, 1997; McKenzie, 1995).

Finally, when a company realises that its loyalty program is in fact diluting profit, it might be difficult to discontinue it without losing customers' trust. Therefore, it is important to

include extensive testing before it is fully launched. Another way to avoid losing customers is to make sure that the tweaks to an existing loyalty program go unnoticed by customers and do not cause them any discomfort or dissapointment.

These are some, but definitely not all of the possible risks or mistakes companies might encounter in their loyalty building initiatives. While constructing a good loyalty program is tricky, it can be well worth the effort and investment for a business.

3   Methodology Overview

In the practical part of this work, the author firstly introduced Triola and its loyalty program and analysed Triola sales data from the period of 2/1/2015 – 24/3/2016 to establish the importance of Triola Club for the company. More specifically, the proportion of spendrealized by members versus non-members was identified, the average order value contrasted and the differences in shopping behaviour studied.

Secondly, in order to identify the possible areas for improvement in the current configuration of Triola loyalty program, it was necessary to first find out more about the Triola target group in regards to loyalty programs and other relevant issues. Furthermore, it was necessary to identify the differences between women involved in relevant (clothes and shoes) loyalty programs and those who are not involved. This analysis was conducted with the use of MML- TGI Data Analyzer tool containing data from 2013. Newer data was not available at the time the analysis was conducted.

The analysis focuses on differences in demographics, socio-economic factors, purchasing patterns and behaviour, lifestyle and perceptions regarding beauty, appearance and clothes.

The next analysis was performed using the data gathered through consumer survey created using the Survio Premium software.

The objective of the survey was to analyse the level of satisfaction with the current program as well as find out the possible reasons for not being involved in the program while subsequently being a fan of Triola. The research focused mainly on these research areas: purchase loyalty, Triolas' communication with Club members (frequency, form and content), the likelihood to recommend Triola Club, the level of satisfaction with the current program, expressed drivers to join Triola Club by non-members, preffered configuration of a loyalty program (benefits, structure, favourite loyalty program) and finally how much do respondents spend on underwear and what part of this spend is in Triola. The results from this survey are a vital part in mapping attitudes of Triola fans to various types of possible loyalty program configurations in order to later draw conclusions and create suggestions for optimization of the loyalty program.

The respondents were selected using convenience sampling method. While other sampling methods might be more accurate in terms of the sample being a true representation of the whole Triola target group, posting the questionnaire on Facebook fan page meant that more people were willing to fill in the questionnaire at close to zero (post was sponsored) cost to Triola. Since the sample is formed from women who have a positive relationship to the brand, the results from the analysis were interpereted using this knowledge.

The third analysis is benchmarking with other popular loyalty programs across different categories. The objective of benchmarking analysis is to see how the current configuration of Triola Club compares to that of some of the most popular loyalty programs on the market. Furthermore, the analysis aims at identifying common denominatiors in the popular loyalty programs, which can be considered as best practices and as such be used in optimizing Triola loyalty program.

The programs for analysis were selected partially from the data sourced through MML-TGI (2013), partially from the answers provided by respondents to consumer survey and some were added by the author due to their close relation to Triolas area of expertise (underwear e-resellers). Categories that seemed too far off from Triolas' area of expertise were excluded (banks, telecommunications) or reduced (Petrol stations). Altogether, 22 loyalty programs were compared.

Each loyalty program was analysed based on predefined criteria, which are based on suggestions and ideas mentioned in consumer survey. The criteria are linked to how easy it is to enter the program, what mechanism is used to award benefits, what the customer must do in order to claim benefit, what is the conversion value of points to benefits, whether a program is multi-tiered, whether a program is implemented on multiple selling platforms for each brand etc.

The results and finding from these three analysis, along with the insight gathered from the theoretical part, are used in the last chapter of the thesis, which suggests practical ways to improve Triola loyalty program.

4 Introduction of Triola Plc. and its Loyalty Program

The history of Triola Company dates all the way back to 1919, when it was established as a small, Prague based business specializing in linen underwear and corsetry. Triola has come a very long way since its humble beginnings with an especially rapid growth in 1960s, when it became a state owned company with 20 factories across the country.

In the 1960s, Triola was a pioneer in bringing elastic underwear to the Czech market, making the ordinary life of people much more comfortable.

Nowadays, Triola is a joint-stock company (since 1994) and has stores all over the Czech Republic and a few in Slovakia too. Triola manufactures underwear in Horní Jiřetín, under the following brands: Triola, Charme, Guard and Like You and sells underwear from other manufacturers such as Sassa, Marie Meily, Kinga etc. In the year 2014, Triola has made sales worth 78 604 000,- CZK, but its overall balance sheet showed loss of 819 000,- CZK (Triola Annual Statement, 2014).

Overview of Triola program including findings from sales data

Triola offers a loyalty program called Triola Club since the beginning of 2012 to anyone who wants to join. Members can enjoy attractive benefits, such as immediate discount of 3% with each purchase, 15% discount for birthdays, possibility to pre-order new collections, chance to attend in-store events and special offers and discounts communicated via newsletter. The loyalty program has 27 500 active members and 22 000 of those subscribe to the bi-weekly newsletter sent by Triola. In fact, in the period of 2/1/2015 – 24/3/2016, members of Triola loyalty program made 71% of all sales (Triola sales data, 2016). This means that customers use the program frequently and that the 3% immediate discount customers enjoy amounts to a lot at the end of each accounting period.

The average basket value for the same period is 2 726,86,- CZK for members and 1 502,70,- CZK for non-members, which clearly shows that members are spending significantly more than non-members.

The sales data clearly show that customers like to try on underwear before purchasing it, with 89% of all sales being paid in-stores. However, it is interesting to note that members of Triola Club are much less likely to buy underwear without trying it on, with only 2% of customers opting for this option compared to 32% of non-members.

It is not possible to determine the causal relationship between the metrics overviewed above and membership in Triola Club, however the differences are significant enough to regard Triola Club as an important pillar of Triola sales strategy.

5 Analysis of MML-TGI Data

5.1 Introduction of analysis and methodology overview

Objective of the analysis

The objective of this analysis is to examine the broad Triola target group and find out the popularity of loyalty programs, identify the categories where loyalty programs are most popular and overview the strongest programs in each category.

Secondly, the analysis aims to find the differences between women in the target group who are members of clothing and shoes loyalty programs and those who are not members (purchasing behaviour, attitude to clothes, where they tend to live, household income etc.).

Target group

The target group that was used to conduct this analysis are Czech women from 20 years of age to 79 years of age. This target group was chosen after a conversation with the Product Manager of Triola (Petr Dohnal), who did specify that Triola wants to appeal to young women from around 20 years of age and does not have a cut off age, since they provide underwear for very mature women as well. According to MML TGI Data Analyser, this broad target group represented 46.03% of Czech population. Since this is a very large target group, the focus will be not so much on the target group as such, but more on the differences between various segments of this target group.

Methodology

The tool used for this analysis is called MML-TGI and it researches consumer and media behavior and lifestyle of the population on a wide sample of respondents. The scope of MML TGI is vast and as such, it is often considered the cornerstone of marketing, advertising and media planning decisions within a company. MML TGI gathers answers to a wide array of questions from 15 000 respondents annually, through either face-to-face interviews or through distributing questionnaires (Median, 2016). The data that was used for this analysis was from 2013, as data that is more recent was not available yet.

5.2 Research findings

Popularity of loyalty programs and overview of strongest players

When it comes to popularity of loyalty programs in general, 39% of the Czech population claims to be involved in a loyalty program. This number is significantly higher for Triola target group, where 47,5% of respondents are involved in a loyalty program.

Regarding the popularity of loyalty programs based on different retail categories, the category where loyalty programs are most popular are Hypermarkets and Supermarkets

(34,5%), closely followed by by Drugstores (29%). The relevant category for Triola, Clothing and Shoes, is fourth most popular within the target group with 15,6% respondents claiming to be members of some Clothing or Shoes loyalty program. The graph below shows the percentage of respondents within target group, who claimed to be members of loyalty program of a specific retail category. The percentages do not add up to 100%, because some respondents are members of a number of loyalty programs.

Figure 5: Split of loyalty program memberships based on retail category.
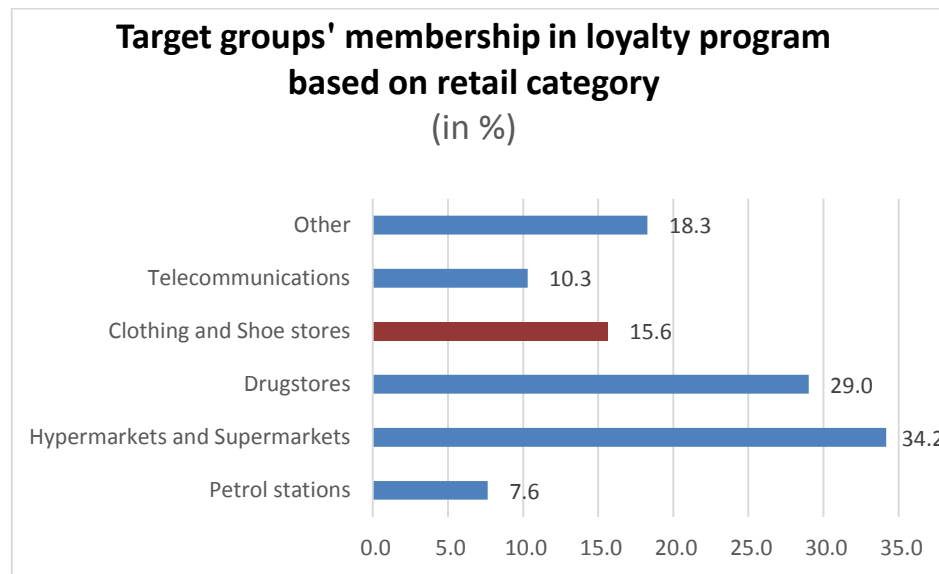
(Source: Author –sourced from MML-TGI, 2013)

The strongest players in Hypermarket and Supermarket retail category are Tesco, Billa and Globus. In Drugstores, it is DM Drogerie Markt, Teta Drogerie and Yves Rocher. In the Miscellaneous category, the strongest players are Ikea, Česká Spořitelna and Dráčik. In the category that is most relevant for Triola, the strongest players are Takko Fashion, Baťa and Alpine Pro. In Petrol stations category, the clear winner of most popular loyalty club is offered by Shell. Shell is followed by Benzina and OMV. Lastly, the strongest players in Telecommunications are T-Mobile and 02 Telefonica.

The table below shows the projected number of each loyalty club members within the target group as well as the percentage of the target group that are members of each loyalty program. Among others, these loyalty programs are covered in the "Benchmarking with Competitors" chapter.

Table 1: Strongest players per retail category.

Loyalty Programs: Strongest players per category		
	Members in target group	
	Projection (in thousands)	Percentage
Hypermarkets and Supermarkets		
Tesco	933,6	22,9%
Billa	609,8	15,0%
Globus	139,1	3,4%
Drugstores		
DM Drogerie Markt	626,7	15,4%
Teta drogerie	738,8	18,2%
Yves Rocher	125,1	3,1%
Other		
Ikea	314,0	7,7%
Česká Spořitelna	176,4	4,3%
Dráčik	154,7	3,8%
Clothes and Shoes		
Takko Fashion	332,8	8,2%
Baťa	235,6	5,8%
Alpine Pro	116,6	2,9%
Petrol stations		
Shell	193,4	4,8%
Benzina	52,9	1,3%
OMV	52,4	1,3%
Telecommunications		
T-Mobile	213,9	5,3%
O2 Telefonica	195,1	4,8%

(Source: Author –sourced from MML-TGI, 2013)

Social and Demographic differences between members and non-members of Clothes and Shoes loyalty programs

Age

When it comes to the differences in age, the members of at least one clothes and shoes loyalty program (from now on only "members") tend to be younger in general, with 24,6% being below 30 years of age, whereas only 15,1% of non-members are below this age. Also, only 5,5% of members are above 60 years of age, compared to 31,3% of non-members. This means that women above 60 years of age are unlikely to be involved in clothes and shoes loyalty programs. The age group of 30 to 39 years of age is most likely to be involved in a clothes and shoes loyalty program (33,4% of respondents were members).

Table 2: Age distribution of different segments of Triola target group.

Age group	Non-members		Members	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
20–29 years	519	15,1%	157	24,6%
30–39 years	665	19,4%	213	33,4%
40–49 years	537	15,6%	157	24,7%
50–59 years	636	18,5%	75	11,8%
60–69 years	670	19,5%	29	4,6%
70–79 years	405	11,8%	6	0,9%

(Source: Author –sourced from MML-TGI, 2013)

Size of place of residence

Size of place of residence has not shown to be a big differentiating factor. The percentage distribution is approximately the same regardless of membership in clothes and shoes loyalty program. However, it can be concluded that respondents who live in small villages (up to 1000 residents) are less likely to be members than residents of bigger settlements are. The residents of medium sized cities (20 000 – 99 999 inhabitants) are most likely to be involved in clothes and shoes loyalty program.

Region of residency

Region of residence does not prove to be a major differentiating factor either, although there are some conclusions that can be drawn from the data. South Moravia is the region with most women involved in at least one clothes and shoes loyalty program and 22,8% of respondents residing in South Moravia are members, compared to 20,8% of non-members. On the other hand, clothes and shoes loyalty programs are least popular in West Bohemia,

with only 5,1% members of respondents residing in West Bohemia compared to 8,9% non-members. The regions where relatively more women are involved in loyalty program than not are Prague, Mid- Bohemia, South Bohemia, Northern Bohemia and South Moravia. In the remaining regions, being a member is relatively less popular.

Table 3: Region of residence distribution of different segments of Triola target group.

Region	Non-members		Members	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
Prague	413	12,0%	81	12,7%
Mid-Bohemia	385	11,2%	78	12,3%
South Bohemia	214	6,2%	51	8,1%
West Bohemia	306	8,9%	32	5,1%
Northern Bohemia	381	11,1%	80	12,6%
Eastern Bohemia	401	11,7%	61	9,6%
South Moravia	715	20,8%	145	22,8%
Northern Moravia	617	18,0%	107	16,9%

(Source: Author –sourced from MML-TGI, 2013)

Table 4: Size of place of residence distribution of different segments of Triola target group.

Size of place of residence	Non-members		Members	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
≥ 1000 inhabitants	613	17,9%	91	14,3%
1 000 - 4 999 inhabitants	752	21,9%	120	18,9%
5 000 - 19 999 inhabitants	575	16,7%	115	18,1%
20 000 - 99 999 inhabitants	755	22,0%	165	25,9%
100 000 and more inhabitants	737	21,5%	145	22,7%

(Source: Author –sourced from MML-TGI, 2013)

Income- purchasing power

Looking at the differences between incomes of members versus non-members yields results that are more conclusive. As can be observed from the table below, members tend to be wealthier. The most significant difference is in Income Quintile 1- 23,6% of members belong to this income quintile compared to only 13,6% of non-members. Also, only 8,3% of members are in the lowest income quintile compared to 23,5% of non-members. This clearly points to bigger popularity of clothes and shoes loyalty programs among respondents with relatively higher income.

Table 5: Income distribution of different segments of Triola target group.

Income Quintiles	Non-members		Members	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
Quintile 1 - highest	467	13,6%	151	23,6%
Quintile 2	458	13,3%	141	22,2%
Quintile 3	506	14,7%	112	17,6%
Quintile 4	595	17,3%	73	11,5%
Quintile 5 - lowest	795	23,2%	53	8,3%

(Source: Author –sourced from MML-TGI, 2013)

Education level achieved

The differences in the level of achieved education are significant enough to reach a conclusion that overall members of clothes and shoes loyalty programs are more educated. The most significant difference is in elementary level of education- only 4,3% members of loyalty program belong to this category compared to 17,1% of non- members. More than 70% of respondents, who are members of at least one clothes and shoes loyalty program have completed high school and passed graduation exam or achieved university title, compared to only 47,8% of non-members. These results correspond with the income results, as income usually positively correlates with the level of education achieved.

Table 6: Education level distribution of different segments of Triola target group.

Level of education	Non-members		Members	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
Elementary	586	17,1%	27	4,3%
Professional training/ high school without graduation exam	1 205	35,1%	154	24,2%
High school with graduation exam	1 221	35,6%	309	48,6%
University degree	420	12,2%	146	22,9%

(Source: Author –sourced from MML-TGI, 2013)

Purchasing behaviour related to underwear- buying frequency and spend

Majority of people buy underwear at least once a year, but if they are members of at least one clothes and shoes loyalty program, they are significantly more likely to do so than those who are not (86,2% compared to 65,8% non-members).

In addition, members tend to spend more on underwear than non-members do. The difference is especially visible in the higher expenditure categories - while only 1% of non-members spend above 2000,- CZK a year on underwear, 5,7% of members spend more than this. What might seem surprising is that around 30% of people spend less than 500,-CZK a year on underwear- that is if they buy it at all. This percentage is again higher for non-members (35,5%) than members of at least one clothes and shoes loyalty program (30,3%).

Table 7: Underwear shopping of different segments of Triola target group.

Did you buy underwear in the last 12 months?	Non-members		Members	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
No, I did not.	544	15,9%	80	12,6%
Yes, I did.	2 257	65,8%	548	86,2%

If yes, how much did you spend?	Non-members		Members	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
≥ 500,- CZK	1 218	35,5%	193	30,3%
≥ 1000,- CZK	666	19,4%	223	35,0%
≥ 2000,- CZK	272	7,9%	85	13,4%
≥ 5000,- CZK	33	1,0%	32	5,0%
≥ 10 000,- CZK	1	0,0%	3	0,5%
< 10 000,- CZK	1	0,0%	1	0,2%

(Source: Author –sourced from MML-TGI, 2013)

Purchasing behaviour in general and attitude to quality

When it comes to respondents' likelihood to spend money without thinking it over, there are no pronounced differences across the two segments studied, so results for the target group as a whole are described. Only around 4% of respondents in Triola target group think that they definitely do not spend money without thinking it over, whereas around 10% think that they definitely do. Around 45% of respondents did agree with this statement, while only around 15% did not.

Table 8: Differences in spending money across studied segments.

I have a tendency to spend money without thinking it over.	Non-members		Members	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
Definitely yes.	395	11,5%	61	9,6%
Rather yes.	1 133	33,0%	235	36,9%
Neither yes, nor no.	1 244	36,3%	206	32,4%
Rather not.	397	11,6%	69	10,9%
Definitely not.	142	4,1%	29	4,5%

(Source: Author –sourced from MML-TGI, 2013)

On the other hand, there is a significant difference in the attitude to quality, more specifi-cally- willingness to pay for higher quality. Members more frequently think that it is worth it to spend a bit more to get higher quality, with 20,1% definitely agreeing compared to only 10,3% in non-members segment. There are 47,7% of members who rather agree with this statement compared to 40,1% non-members and 12,2% of non-members disagree com-pared to 4% members. When it comes to statement specifically about clothes, the results correspond to attitude to quality in general. A significantly higher percentage of members agree with the statement *"I would rather buy more expensive, but higher quality clothes."* (57,3% compared to 34,8%).

Table 9: Differences in willingness to spend more money for higher quality product and clothes across studied segments.

It is worth it to spend a bit more for high quality product.	Non-members		Members		I would rather buy more expensive, but higher quality clothes.	Non-members		Members	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage		Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
Definitely yes.	354	10,3%	128	20,1%	Definitely yes.	261	7,60%	117	18,4%
Rather yes.	1 375	40,1%	303	47,7%	Rather yes.	935	27,23%	248	39,0%
Neither yes, nor no.	1 166	34,0%	146	22,9%	Neither yes, nor no.	1 068	31,12%	183	28,8%
Rather not.	328	9,6%	22	3,4%	Rather not.	708	20,64%	65	10,3%
Definitely not.	88	2,6%	4	0,6%	Definitely not.	433	12,60%	19	3,0%

(Source: Author –sourced from MML-TGI, 2013)

Next question is aimed at finding out the respondents' attitudes to clothes shopping. The results clearly point to members being more fond of clothes shopping than non-members, with 65,5% of members agreeing that they like shopping (35,5% definitely agree with the statement and the rest rather agree) compared to only 44,9% of non-members. Rather in contradiction with these findings are the findings from the next question *"I wear clothes until they are ragged, I don't buy new clothes if the old ones are still functional".* Significantly more members (57,3%) agree with this statement than non-members (34,8%), with 7,6% of non-members definitely agreeing compared to 18,4% non-members agreeing. Only 3% of members definitely disagree with this statement, which might be connected to members' higher preference for high quality wardrobe staples rather than cheaper, disposable items of clothing.

Table 10: Differences in attitude to clothes shopping across studied segments.

I like clothes shopping.	Non-members		Members		I wear clothes until they are ragged, I don´t buy new clothes if the old ones are still functional.	Non-members		Members	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage		Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
Definitely yes.	499	14,5%	194	30,5%	Definitely yes.	261	7,60%	117	18,4%
Rather yes.	1 042	30,4%	223	35,0%	Rather yes.	935	27,23%	248	39,0%
Neither yes, nor no.	1 149	33,5%	138	21,7%	Neither yes, nor no.	1 068	31,12%	183	28,8%
Rather not.	513	15,0%	58	9,1%	Rather not.	708	20,64%	65	10,3%
Definitely not.	170	5,0%	18	2,8%	Definitely not.	433	12,60%	19	3,0%

(Source: Author –sourced from MML-TGI, 2013)

Attitudes to fashion and beauty

Next the attitude to beauty and fashion was analysed and the results point to members being more likely to be interested in following trends and keeping up with them, reading about beauty and styling and also in standing out from the crowd and being beautiful. While 35,6% non-members don't follow trends, the percentage is much lower for members of at least one clothes and shoes loyalty program- 20,4%. About one third of non-members follows trends compared to almost a half of members. Members also read more about styling and beauty (36,1% compared to 23,4% for non-members), which is one way of keeping up with the latest fashion (39,3% of members agree that they keep up with the latest fashion, compared to 25,8% non-members). These results are fully coherent with wanting to stand out from the crowd and be beautiful, which is a statement with which majority of members agree (53,3% compared to only 35,4% of non-members).

Table 11: Attitudes to fashion and beauty across studied segments.

I follow fashion trends.	Non-members		Members		I read a lot about beauty and styling.	Non-members		Members	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage		Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
Yes.	1 104	32,2%	302	47,5%	Yes.	803	23,4%	229	36,1%
Neither yes, nor no.	1 012	29,5%	189	29,7%	Neither yes, nor no.	954	27,8%	179	28,2%
No.	1 222	35,6%	130	20,4%	No.	1 570	45,8%	212	33,4%
I want to stand out with my appearance and be beautiful.	**Non-members**		**Members**		**I like to keep up with the latest fashion.**	**Non-members**		**Members**	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage		Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
Yes.	1 213	35,4%	339	53,3%	Definitely yes.	183	5,3%	64	10,1%
Neither yes, nor no.	1 277	37,2%	201	31,6%	Rather yes.	703	20,5%	186	29,2%
No.	851	24,8%	81	12,7%	Neither yes, nor no.	1 101	32,1%	227	35,7%
					Rather not.	841	24,5%	94	14,7%
					Definitely not.	478	13,9%	36	5,6%

(Source: Author –sourced from MML-TGI, 2013)

Personality and values

Members of loyalty clubs are more open to change than non-members and more extraverted than non-members. Both segments of Triola target group are most likely to not mind change, but not actively seek it either and thrive better in company rather than alone. They are also more likely to consider being nicely dressed as one of their life values. In general, people are around 50% likely to consider dressing nicely one of their life values (13% of members disagree and 15,4% non-members disagree).

Interestingly, women who are members of at least one clothes and shoes loyalty program are more likely to think that women and men should share household duties equally (75,4% compared to 66,5% for non-members), which points to their higher disregard for gender based division of roles. Generally, very few women would disagree that household duties should be shared equally- 6,9% for non-members and 5,3% for members.

Based on the analysis performed using MML- TGI database data from year 2013, some differences across the two segments (members and non-members of at least one clothes and shoes loyalty program) were identified.

Table 11: Dressing nicely as life value and attitude to gender based division of roles across studied segments.

Being nicely dressed is one of my life values.	Non-members		Members		Women and men should share household duties equally.	Non-members		Members	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage		Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
Definitely yes.	465	13,6%	109	17,1%	Definitely yes.	1 082	31,5%	223	35,1%
Rather yes.	1 201	35,0%	221	34,7%	Rather yes.	1 235	36,0%	256	40,3%
Neither yes, nor no.	1 169	34,1%	217	34,0%	Neither yes, nor no.	770	22,4%	101	15,9%
Rather not.	385	11,2%	57	8,9%	Rather not.	182	5,3%	22	3,5%
Definitely not.	145	4,2%	19	3,1%	Definitely not.	54	1,6%	11	1,8%

(Source: Author –sourced from MML-TGI, 2013)

Table 12: Openness to change and extraversion across studied segments.

How open are you to new things and change?	Non-members		Members		Are you more of a social or closed/private person?	Non-members		Members	
	Projected no. in thousands	Percentage	Projected no. in thousands	Percentage		Projected no. in thousands	Percentage	Projected no. in thousands	Percentage
I welcome changes and new things.	570	16,6%	184	28,9%	more social / I prefer being with a company.	1 923	56,0%	418	65,7%
I don't mind change, but I don't seek it.	1 177	34,3%	269	42,3%	more private / I prefer being alone.	1 403	40,9%	205	32,2%
I don't like change, but I can deal with it.	1 043	30,4%	148	23,3%	Not disclosed.	106	3,1%	14	2,2%
I don't like change and new things at all.	498	14,5%	24	3,7%					

(Source: Author –sourced from MML-TGI, 2013)

Members tend to be younger, wealthier and more educated than non-members are. They also tend to buy underwear more often and spend more money on it in duration of one year than non-members.

Additionaly, they are more willing to splurge on higher quality items of clothing, which they tend to wear longer than non-members. Members are fonder of shopping and keeping up with fashion and beauty trends and they care more about looking beautiful and standing out from the crowd than non-members.

Non-members are more likely to be introverted than members and less open to change and new things, which can play a role in willingness to join a loyalty program and share personal information. Women included in the Triola target group generally think that household duties should be distributed equally among sexes and consider dressing nicely one of their life values. However, relatively more members agree with these statements than non-members do. Being more likely to disregard division of roles based on sex can be explained by more modern mindset and perhaps by being more educated than non-members.

It is impossible to tell which one of these differences is the main factor influencing purchasing behaviour, but knowing the differences and preferences of both segments can serve as a tool in optimizing the current Triola loyalty program.

6 Analysis of Facebook Fans of Triola Plc. – Survey

In this part of the thesis, an analysis of Facebook Fans of Triola Plc. is performed using an online questionnaire. Firstly, the objectives of this analysis are defined, following with formation of research questions. The next section is dedicated to describing the methodology used to conduct this survey, followed with description of the target group, acknowledgement of the limitations of this research and overview of demographic characteristic of the research sample. Lastly, the results of the survey are presented and interpreted, in order to be later used when drawing suggestions for optimization of Triola Plc. loyalty program.

6.1 Introduction of survey and methodology overview

Objective of the survey

The main point of the following research is to analyze the level of satisfaction with the current Triola loyalty program as expressed by members of the program, as well as identifying the possible reasons for not being involved in the program while being a fan of Triola.

The research aims to answer the following research questions:

- **Purchase loyalty**- Are respondents loyal to Triola?

- **Communication with members: frequency, form and content**- Are members of Triola loyalty program completely content with the way Triola communicates with them? If not, how can this be improved?

- **Likelihood to recommend Triola Club**- How likely are members of Triola Loyalty program to recommend the program to their friends/collegues?

- **Satisfaction with the current program**- How satisfied are members with the program? What do they like and dislike? What do members think should be improved?

- **Expressed drivers to join Triola Club by non-members**- What would make non-members of Triola loyalty program join it?

- **Configuration of the program: benefits, structure, favourite loyalty program**- What benefits are most attractive to Triola fans? What structure of loyalty program is most preferred by Triola fans? What are some of the favourite loyalty programs of members and what does that imply about the preferred structure of loyalty program?

- **Spend**- How much do Triola fans spend in Triola in duration of one year? Who spends more- members or non-members of loyalty program?

The research aims to answer all these questions and to map attitudes to various types of possible loyalty program configurations in order to later draw conclusions and create suggestions for optimization of the loyalty program.

Target group

The target group of this questionnaire are females, who are already customers of Triola and have a positive relationship to the brand. The age of target group is not a significant factor, although we can exclude girls below 15, as they would scarcely need high impact, relatively expensive underwear.

Sampling method

The method of sampling that was used is convenience sampling. This method is not based on probability and the respondents are self-selected. Due to the small sample acquired, it would not be sensible to exclude anyone based on demographic characteristics. While there are methods that are superior in terms of the sample being a true representation of target group, fans of Triola on Facebook were more likely to be willing to share their opinions on Triola loyalty program and were easier to reach.

Table 12: Comparison of age distribution between Triola Facebook fans and research sample.

Age of fan base on Facebook		Age of respondents	
Age Interval	Percentage	Age Interval	Percentage
>25 years	8,1	>25 years	11,5
25-34	32,0	25- 35	43,8
35-44	34,0	36- 45	35,4
45-64	18,0	46- 65	8,3
65+	2,0	65+	1,0

(Source: Author)

Furthermore, comparing the age distribution of fans of Triola on Facebook and the age distribution in self-selected respondents, we can see that the sample is a quite accurate representation of Triola Facebook fan base. However, it should be noted that while only 32% of Triola Facebook fan base is between the age of 25-34, 43,8% of these fans took part in the questionnaire. On the other hand, women in the age of 46-65 were less while the fanbase consists on 18% of women between 45-64 years of age. The differences between age distributions in the other age brackets were minimal.

Limitations of research

Fulfilling the goals of this survey can be partly limited by failing to gather a sufficient sample of respondents who are fans of Triola on Facebook, but are not members of Triola loyalty program. Failing to attract these respondents can be possibly explained by the following assumption: *"people that are not willing to dedicate time to join loyalty program or are afraid to share their data, are less likely to take the time to fill out an online questionnaire and subsequently be prompted to share personal information about themselves."*

Demographic characteristics of respondents

The number of respondents who finished the survey is 96. Out of these 96 respondents, 77 (80,2%) are members of Triola loyalty program, while 19 (19,8%) are not. The assumption is that people who identify as female, which is the overwhelming majority (96%) of Triola Facebook fans, filled this questionnaire. Since the questionnaire was only in Czech language, it is safe to assume that the respondents have a perfect proficiency in Czech language, either because they are Czech or because they reside in The Czech Republic.

The demographic characteristics the research studied was age, size of their place of residence and lastly the size of household income.

Table 13: Age distribution of respondents and their place of residence.

Age of respondents	
Age Interval	Percentage
>25 years	11,5
25- 35	43,8
36- 45	35,4
46- 65	8,3
65+	1,0

Place of residence	
Residence	Percentage
Large city (100 000 and more inhabitants)	33,3
Medium city (25 000- 100 000 inhabitants)	15,6
Small city (3000- 25 000 inhabitants	29,2
Village, township (up to 3000 inhabitants)	21,9

(Source: Author)

Table 14: Household income of respondents.

Household income	
Income	Percentage
up to 15 000,- CZK	10,0
15 000- 30 000,- CZK	45,7
31 000- 50 000,- CZK	34,3
51 000,- CZK and more	10,0

(Source: Author)

From these graphs we can see that if we were to identify a typical respondent of the survey, it would be a person between the age of 25 to 35, inhabiting a large city with a relatively low household income of 15 000- 30 000,- CZK.

Methodology

For conducting the survey, Survio Premium software was used to prepare and manage the questionnaire. Thanks to the functionality of said software, it was possible to modify the questionnaire in such a way, that non- members were presented with different questions than members of Triola loyalty program. In addition, it must be noted that the software enables to view and analyse the responses one by one as well as a group.

To ensure that the questionnaire made sense and would be well received, testers were used to improve the questionnaire prior to its launch. The number of testers involved was 5 and their answers were excluded from the survey results. The questionnaire was distributed on the Triola Plc. Facebook page by its community manager. Visibility was ensured by sponsoring the post. The post ran on Facebook for over two weeks and was stopped mainly because the reactivity to the post almost completely ceased.

The questionnaire opened with a question whether the respondent is a member of Triola loyalty program. This question determined whether the respondent will be presented with the extended version of the questionnaire (for members of Program) or its shortened version (for non- members).

The latter opened with trying to find which benefits would drive non-members to join the program through an open- ended question. Benefits which non-members prefer were further explored by the use of statements about benefits and by asking non-members to order benefits from most to least preferred. Furthermore, the questionnaire probed to find how much non-members spend on Triola underwear and whether they have a favourite loyalty program. Last questions were directed at the demographics of respondents.

The questionnaire for members of loyalty program contained all of the questions overviewed above, with the addition of questions about the proportion of underwear purchases in Triola, satisfaction with the way Triola program communicates with its members, how likely members are to recommend Triola program and lastly- three things that members like and dislike about the Program.

With the exception of the question about household income, all questions were mandatory and could not be skipped by respondents.

The ensure variety of the questionnaire several types of questions such as dichotomous questions, likert response scale questions, open format questions, ranking questions, semantic differential questions etc. were used.
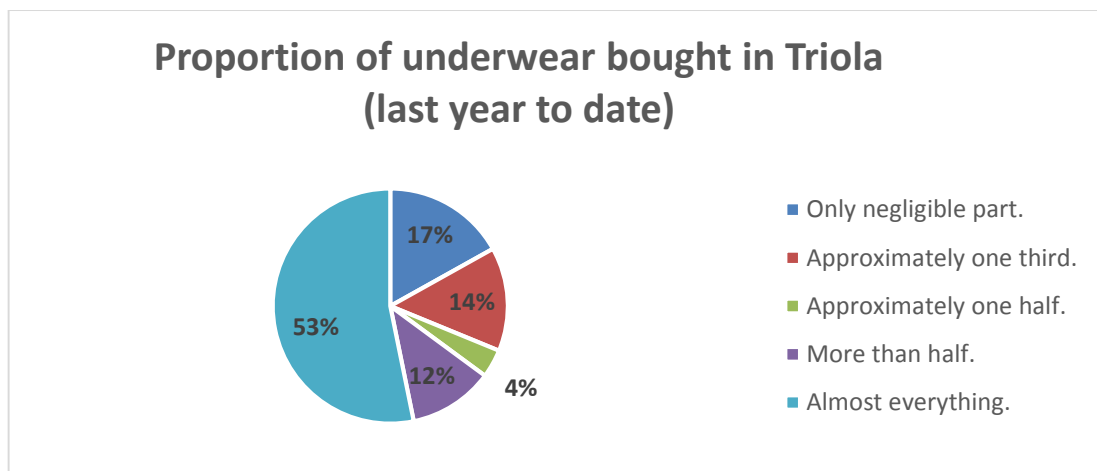
6.2   Research findings

In this section, the results of the research will be presented. The full version of the questionnaire can be found in attachments to this thesis.

Purchase loyalty to Triola

As can be seen on the graph below, majority of respondents did buy almost all their underwear in Triola in the last year to date, which points to high degree of loyalty to Triola.

However, 17% of respondents bought only negligible part of their underwear purchases in Triola, despite being Triola fans.

Table 15: Proportion of underwear bought in Triola (last year to date).

Proportion of underwear bought in Triola
(last year to date)

17%
14%
53%
12%
4%

- Only negligible part.
- Approximately one third.
- Approximately one half.
- More than half.
- Almost everything.

(Source: Author)

Communication with members of loyalty program- frequency, form, content

Analyzing of the frequency of newsletters sent to members of loyalty program yielded very conclusive results, which point to emails being sent at just the right frequency.

Table 16: Frequency of emails sent to members of Triola loyalty program.
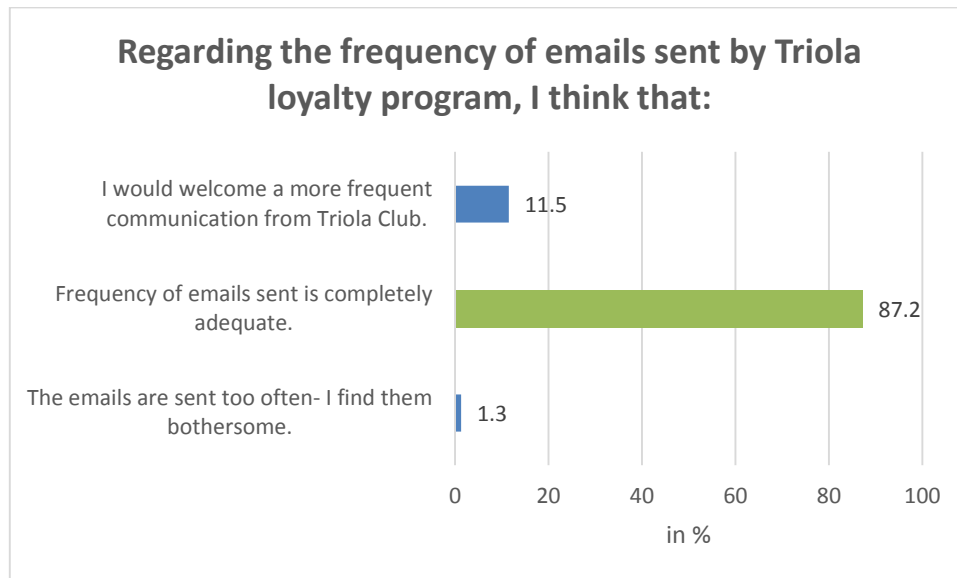
(Source: Author)

Only one respondent thought that the emails are sent too often, while 68 respondents thought that the frequency of emails was just right. Nine respondents would welcome a more frequent email correspondence from Triola.

When it comes to whether the emails that Triola sends are engaging, vast majority of respondents agrees either fully (26,9%) or rather agrees (55,1%). Only three respondents (3,8%) rather disagree that the emails are engaging and 11(14,1%) respondents stated they cannot say. None of the respondents fully disagreed with the statement that the emails that Triola loyalty program sends are engaging.

 When it comes to the mode of communication, members of loyalty program stated that they prefer email correspondence to sms correspondence. A significantly high number of respondents (33 which is 42,3%) expressed that they fully disagree with the statement that they would prefer text messages in place of emails from Triola program. Additionally, 29(37,2%) respondents rather disagreed with this statement. Only 9(11,5%) respondents expressed that they would prefer text messages to emails.

Regarding the general way in which Triola Club communicates with its members, overwhelming majority of the sample did not find it bothersome, with 70,1% of respondents stating that they are not at all bothered and 19,5% respondents stating that they rather disagree that the way Triola Club communicates with them bothers them. Only 2 respondent expressed that the way Triola Club communicates, bothers them.

When it comers to the preferred content of newsletter emails, the most favourable is infor-mation regarding promotional offers, followed by alerts to events conducted for members of Triola Club (such as presence of a stylist in the shops), then useful tips connected to un-derwear and lastly interesting styling, cosmetics or lifestyle tips.

Table 17: Satisfaction with the way Triola Club communicates with its members.
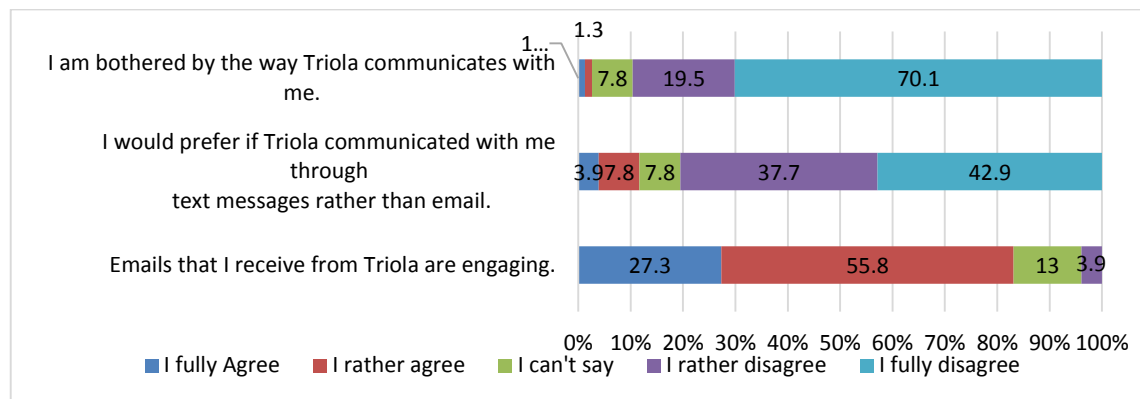
(Source: Author)

Table 18: Preferred content of Triola Club emails.

Preferred content of Newsletter	
Promotional offers.	67 (85,9%)
Alerts to member events.	55 (70,5%)
Underwear tips.	33 (42,3%)
Interesting styling, cosmetics and lifestyle tips.	15 (19,2%)

(Source: Author)

Likelihood to recommend Triola loyalty program- Net Promoter Score

Net Promoter Score is a word-of-mouth customer loyalty metric, which is based on the an-swer to *likelihood to recommend* question asked in surveys (Keiningham, 2008). This metric is suitable for high-involvement purchases, which generate word-of-mouth buzz. Since "*high-involvement purchases are items that are important to the purchaser and are closely tied to their ego and self-image*"(Shaw, 2008), we can assume that underwear is a high involvement item and therefore Net Promoter Score can be a good indicator of growth and performance.

The question posed in the survey was: "How likely are you to recommend membership in Triola loyalty program to a friend/ colleague?" and the respondents were prompted to indicate the likelihood on a scale from 0 (completely unlikely) to 10 (completely likely).

Respondents who answered 0-6 are dectractors, those who answered 7-8 are neutrals and finally- those who answered 9-10 are promoters of Triola loyalty program. The following table shows the results collected in the survey.

Table 19: Results of the Net Promoter Score metric.

Results	
Scale	No. of respondents
0	0
1	2
2	0
3	1
4	0
5	6
6	2
7	7
8	8
9	10
10	42

Detractors	14,10%
Neutrals	19,23%
Promoters	66,67%

Net Promoter Score= 53.

(Source: Author)

The methodology for calculating Net Promoter Score is simple- the key is to subtract the proportion of detractors from the proportion of promoters and converting this number to percentage gives out the Net Promoter Score (Keiningham, 2008). As can be seen in the table of results above, majority of the respondents are promoters of the Triola loyalty program. This points to a very high level of satisfaction with Triola Club, which is probably partially due to the nature of the self-selected research sample.

Satisfaction with the current configuration of Triola loyalty program and suggestions for improvement.

Members of Triola Club were asked which three things they like and dislike about the Club. Similar answers were grouped together in the table below.

Table 20: What Triola loyalty program members like about it.

What respondents like about Triola Club:	No. of respondents
Discounts (in general).	15
Discount with each purchase.	17
3% discount for each purchase (specific percentage mentioned).	6
Birthday discount (value of discount not mentioned).	17
15% birthday discount.	3
Newsletter emails.	15
Possibility to buy in advance- pre-order (eg. Swim wear).	8
Special promotions and offers.	7
The way Triola Club communicates with members.	3
Low frequency answers	
Helpfulness.	2
Can´t say - I have not used any benefits of the Club yet.	2
Loyalty program is available to all.	1
More choices for members.	1
More personal contact with customers.	1
Benefits.	1
Specific items discounted for members.	1
E-shop and stores are well connected.	1
Possibility to order online and receive in store.	1
The feeling of being a member.	1
Everything!	1
Triola appreciates customers.	1
Easier purchase process.	1
Possibility to see orders overview.	1
I can see that it is a communicative company- customer oriented.	1
Alerts to new collections.	1
Interesting content in newsletters.	1
Alerts to interesting articles to read.	1
Competitions.	1
Helpful when selecting underwear.	1
Discount in E-shop.	1

(Source: Author)

The most frequent benefit that members remembered were discounts- discount without any further specification was mentioned 15 times, discount with each purchase (non-specified) 17 times and only six respondents mentioned the specific value (3%) of said discount. Similarly, while 17 respondents mentioned the birthday discount, only 3 respondents mentioned that it is a 15% off purchase birthday discount.

Frequently mentioned benefits were Newsletter emails (mentioned by 15 respondents), possibility to pre-order (mentioned by eight respondents) and special promotions and offers (mentioned by seven respondents). Three members also mentioned that they appreciate the way Triola communicates with them.

The low frequency answers expressed the benefits connected to feeling of belonging to a loyalty club, the club being an expression of customer-orientedness of Triola, more personal contact with customers etc.

On the other hand, there were some things that the members of Triola disliked.

Table 21: What Triola loyalty program members dislike about it.

What respondents dislike about Triola Club:	No. of respondents
"Nothing." "Everything is great." "Can't think of anything."	38
Too small discounts.	13
The loyalty benefits can only be applied in Triola stores, not in stores that offer Triola goods.	3
I would prefer to collect points and then exchange them for discount	3
No stores where I live- I miss the fitting service and a stylist.	3
Shipping fee should be free or lower, especially if the basket value is high.	2
Majority of discounted things in limited sizes, not enough discounted pieces per store.	2
Too few promotions for members of Triola Club.	2
The birthday discount should be also for discounted goods.	2
Low frequency answers	
I receive alerts to underwear that is not available in my size or not made in the Czech Republic. Confusing information about benefits of membership. I don't know how to use my birthday discount. Offers are not appealing enough. Loyalty program is not motivational for me- the discount is nice bonus once I am in the store, but does not make me go and buy things. I'm confused what the Club offers. I would appreciate if the discount increased with the value of purchase.	1

(Source: Author)

Primarily, the respondents expressed that the value of discount is too low (13 respondents). Then they also did not like that the loyalty card is not transferable to shops that distribute Triola, but are not official Triola stores. Three members of the loyalty program also suggested that they would prefer to collect points with each purchase, which they could later exchange for discounts. Members also expressed that there should not be shipping fee for members, especially if the basket value is high and that any promotional offers include too few pieces and in limited sizes. Two members of Triola Club said that the birthday discount should be applicable for discounted items as well, especially if they are discounted just a little bit.

Interestingly, the majority of respondents (38) answered that there is:*"nothing they would change about Triola loyalty program"*. This is in correspondence with the results attained through the Net Promoter Score metric.

The questionnaire went on to ask members of loyalty program, what they would suggest Triola to change.

Table 22: Suggestions for improvement of Triola Club expressed by members.

Member suggestions for improvement	No. of respondents
Bigger discounts.	14
Collecting points on loyalty card and exchanging them for 10-15% discounts.	9
No shipping fee for members.	4
Bonus with purchase- like a small gift.	4
More frequent promotions.	3
Tangible birthday gift- not coupon or discount.	3
Offers such as: second underwear set 50% off or second pair of panties free.	2
Members only promotions.	2
More personalised newsletters- eg. With use of info gathered through questionnare or purchase history. I often receive newsletter with none of the bras in my size.	2
If I cross a certain price threshold, I receive a coupon for next purchase.	2
Low frequency answers	
Money back for each purchase- like Timo loyalty program. Increasing the loyalty discount with each purchase. One off discount (eg. 50% off) awarded for nth purchase. Different packaging- paper bags. Welcome gift for new members. Competitions for underwear. Offering new collection to pre-order on E-shop, even before it reaches stores. Themed monthly discounts- eg. In January, discount for white underwear, February- discount for sportwear… Different prices for members. Discount for specific items from the collection. Lower shipping fee for members. Bigger birthday discount. For certain amount spent in duration of say a year, a gift or discount. Collecting points on loyalty card and exchanging them for gifts.	1

(Source: Author)

As expected, members suggested to increase the discount. However, they had other interesting suggestions, such as establishing points-based system of benefits, so that they could save up points and later exchange them for more significant discount (10-15%). Members also spoke against shipping fee (especially if their basket is of high value), suggested small gifts with purchase, more frequent promotions, tangible birthday gift etc.

On the other hand, non-members were asked what would drive them to join Triola loyalty program and they frequently mentioned the benefits that members of Triola Club already

receive, which points to being misinformed, despite being fans of Triola and likely more knowledgeable than the average Triola customer.

The number one driver for joining the loyalty program mentioned was special member-only discount (seven respondents) and discount with purchase (three respondents) which are both existing benefits. Apart from that, non-members also mentioned gifts and bonuses with purchase, bigger discounts, and possibility to collect points and earn a bigger discount.

Table 23: Expressed drivers for joining the Club by non-members.

Expressed drivers for joining the Club by non-members	No. of respondents
Special member-only discounts.	7
Discount with purchase.	3
Gifts and bonuses with purchase.	3
More pronounced discount.	3
Collecting points that can later be exchanged for discount.	2
If I could find out about news earlier than others. Discounts for next purchase. Coupons for specific items received through post. Possibility to order otherwise unavailable goods. Feeling of exclusivity. Better customer service for members	1

(Source: Author)

Preferences regarding loyalty program benefits and configurations

The respondents were asked to order various benefits from most to least important in order to identify the truly valuable benefits for Triola fans. Furthermore, respondents were asked to express the level of agreement with statements aimed at pinpointing the attitudes to different loyalty program benefits and configurations. To aid understanding of preferences of respondents, they were also asked to name their favourite loyalty program.

Table 24: Ordering benefits from most to least important.

Benefit		Importance scale*
Most important	Immediate, smaller discount with purchase (eg. 3%).	3,7
	Discount coupon for certain products from Triola offering.	3,7
	More significant, member-only discount for specific items from Triola range.	3,7
	Free shipping for members.	2,9
	Money-back recorded on the loyalty card with every purchase.	2,0
	Free gift with purchase (not from Triola assortment).	1,6
	Being included in a competition for a valuable prize (eg. Holiday or Aesthet	1,1
Least important	Discount for goods offered by a different company (eg. Discount coupon for cosmetics from a specific brand).	1,0

* This scale ranges from 1 to 9, with 1 indicating that high number of respondents did not consider this benefit important (it ended last) and 9 indicating that vast majority of respondents placed this benefit right on top. The calculation: If n is the number of items to order then, maximal importance d_max is equal to d_max = n. Average position of a given item p_i is given as an arithmetical average of the order provided by respondets (Survio Support Team, 2016).

(Source: Author)

The order of benefits repondents provided was very variable across the data set, as can be seen from the relatively low number on the importance scale, even with the top three benefits. The top three most important benefits were the immediate discount, closely followed by discount or discount coupon for specific pieces from Triola range. Free shipping for Triola Club members was considered fourth most important benefit. Cross- promotional type of benefit (discount for goods of other company than Triola) or being included in competition for valuable prize were least popular benefits.

When it comes to answers to statements, firstly, respondents again expressed their positive view of points collecting loyalty programs, with 66,7% of respondents agreeing that they are fond of them. Only 11,5% rather disagreed with this statement and mere 2,1% definitely disagreed. However, when asked whether they prefer smaller, immediate discount (3%) to collecting points that can later be used to claim a bigger reward, respondents expressed preference for the smaller, immediate discount (42,7%) whereas collecting points came as a close second with 37,5%.

Table 25: Agreement with statements regarding loyalty program configurations and benefits.

Statements	I definitely agree	I rather agree	I can't say	I rather disagree	I definitely disagree
I am most fond of point collecting programs (collecting points for each purchase and using the points to attain a for chosen benefit).	39,6%	27,1%	19,8%	11,5%	2,1%
I like layered loyalty programs (bronze, silver, gold), which offer bigger benefits with each new layer achieved.	22,9%	25%	35,4%	12,5%	4,2%
I would definitely use birthday discount of 15% for members of Triola loyalty program.	77,1%	19,8%	3,1%	0	0
Special, member-only events (stylist, champagne, makeup in store) are attractive for me and would motivate me to enter the loyalty Club.	30,2%	19,8%	19,8%	24%	6,3%
I prefer a smaller, immediate discount (3%) with each purchase to collecting points that can later be used to claim a bigger reward.	14,6%	28,1%	19,8%	32,3%	5,2%
Specific items discounted only for members of the Club would be a motivator to enter the loyalty Club for me.	46,9%	33,3%	12,5%	7,3%	0

(Source: Author)

Regarding layered loyalty programs, high percentage (35,4%) of respondents were unable to answer, which might mean that they are not very familiar with them. However, those who were able to answer, did agree (47,9%) that they like these sorts of loyalty programs. 16,7% of respondents did not agree that they like layered programs, with 4,2% respondents definitely disliking such programs.

It was confirmed that the birthday discount is popular amoung respondents as no one expressed that they would not use the discount awarded from Triola on their birthday.

Member-only events are quite popular amoung Triola Facebook fans, with 50% of respondents agreeing that they are attractive to them and would motivate them to enter the loyalty Club. It must be noted that quite a high number of respondents did not agree with this statement- 30,3%.

The benefit of discounting specific items only to members of Triola Club proved to be very popular with fans, with over 80% of respondents agreeing that this would motivate them to enter Triola Club. Only 7,3% of respondents disagreed with this statement.

Lastly, the favourite loyalty programs respondents mentioned indicate the nature of respondents' preferences. The loyalty programs that were mentioned more than once are listed below.

Table 26: Favourite Loyalty Programs.

Popular Loyalty Programs			
	times mentioned		times mentioned
DM Active Beauty	14	Triumph	2
Teta	9	Timo	2
Tesco Club Card	8	Reserved	2
Orsay	6	Shell Clubsmart	2
Tchibo	6	Sportissimo	2
Ikea Family	3	Marks & Spencer Card	2
Billa Bonus Club	3		

(Source: Author)

The popularity of DM Active Beauty Club is evident and two respondents mentioned that they like it so much because of the point-collection reward system this club offers. However, the Club is complex and offers a wide array of benefits ranging from a booklet of coupons with up to 50% discounts for specific items and up to 20% off the whole purchase. There are also frequent events in store and the rewards exchangeable for points are very attractive (Beauty Boxes, woman only gym memberships, tickets to cultural events, cosmetic procedures, free products etc.).

The second most popular loyalty program is offered again by a drug store chain- Teta. Teta offers the following benefits- member-only discounts, free coffee with purchase, coupon booklet with discount up to 50% and knowing before anyone else about special promotions. Teta Club is layered and the discount with each purchase increases as a member reaches the next layer (Club Classic- from 0 points, Club Silver- from 300 points and Club Golden- from 900 points).

Tesco Club Card is again a very complex loyalty program, whose members benefit from a very personalized approach- eg. receiving discount coupons for frequent purchase items. There are also member-only discounts, reward for paying with a card etc. Tesco Club Card is based on collecting points as well.

Orsay Club is based on collecting points, which can later be exchanged for a discount. Similarly, to Triola, members are informed first about new collections and in-store events and they receive birthday coupon as a reward for loyalty.

Tchibo card is again based on collecting points, or rather coffee beans which can be later exchanged for Tchibo products. There are also special discounts and promotions specifically for members of the loyalty program.

Interestingly, all of the top five popular loyalty programs are based on collecting points. Additionaly, out of the 13 loyalty clubs mentioned more than once, only four (Timo, Triumph, Ikea, Sportisimo) are not based on collecting points that can be exchanged for various rewards. However, the two specifically underwear loyalty programs mentioned (Triumph and Timo) are not based on collecting points.

The diffences between Triola and other competitive loyalty programs on the market is going to be deeper analyzed in chapter 5- Benchmarking with competitors.

Spend in Triola and Share of wallet

Looking at the percentages in the tables below indicates that members of Triola loyalty program spent more on underwear than non-members of the program. However, the size of spend segments does not permit a clear-cut conclusion of this. Interestingly, only 5,1% of members of Triola Club spend less than 1000,- CZK on underwear in a year, compared to 16,7% non-members. Also, 15,4% of members of Triola Club spend more than 5000,- CZK on underwear while non-members do not spend above 5000,- CZK. On the other hand, while only 3,8% of members indicated that they spend between 4001 and 5000,- CZK a significantly higher percentage (26,7%) of non-members indicated that they belong to this spend interval.

Table 27: Spend- comparison of members and non-members.

Spend- members		Spend- non-members	
Less than 1000,- CZK	5,1%	Less than 1000,- CZK	16,7%
1001- 2500,- CZK	41,0%	1001- 2500,- CZK	27,8%
2501 - 4000,- CZK	34,6%	2501 - 4000,- CZK	38,9%
4001- 5000,- CZK	3,8%	4001- 5000,- CZK	16,7%
More than 5000,- CZK	15,4%	More than 5000,- CZK	0,0%

(Source: Author)

Additionaly, members of Triola loyalty program were asked what proportion of their underwear purchases are conducted in Triola.

It can be clearly observed that majority (52,6%) of Club members buy almost all their underwear from Triola and 67,9% buy half or more than half of their underwear in Triola. Quite a significant percentage buy only a negligible part of their yearly underwear in Triola, which can be explained not only by lack of loyalty to Triola, but also by inability to purchase everything from Triola due to Triola having a relatively higher price point than high-street

underwear retailers. However, this assumption is not supported by data, because a surprisingly high percentage (50%) of respondents in the lowest income segment (up to 15 000,-CZK income per household) bought almost everything from Triola. Only 16,7% of these respondents bought only negligible part in Triola. On the other hand, only 25% of the fans from high income households (51 000,- CZK and more) claimed to buy almost everything from Triola- 50% bought approximately one third of their underwear in Triola and 25% approximately half. It must be noted that there were very few respondents (only five) who were simulataneously members of Triola Club and had a household income of 51 000,-CZK or more.

Table 28: Share of wallet- Proportion of underwear purchases conducted in Triola (last year to date).

Share of wallet- Proportion of underwear purchases in Triola	
Only negligible part.	17,9%
Approximately one third	14,1%
Approximately one half.	3,8%
More than half.	11,5%
I bought almost everything in Triola.	52,6%

(Source: Author)

Preference for benefits based on age and place of residence

Firstly, the attractivity of in-store events based on difference in age of respondents was evaluated. After exclusion of respondents that were unable to answer, the percentage of respondents that find these events an attractive motivator to join the Club or continue to be members is 64,3% in the younger age group (≥25-45 years) and 61,1% in the older age group (45-65+ years). This is not a vast difference given the size of sample and it is possible to conclude that age seems not to factor very much in the perception of in-store events in this research. Analysing how place of residence affects this, yields a bit more significant difference, with 69,2% of respondents in larger settlement and only 56,4% of respondents in smaller settlements agreeing that in-store events are attractive. Residents of smaller settlements being less likely to have a Triola store nearby, and thus having a restricted access to in-store events, can possibly explain this slightly higher difference. For all segments, the results point to In-Store events being an important motivator for Triola fans.

Table 29: In-Store events as motivator for respondents based on demographic characteristics.

Are In-Store Events a Motivator to be a Member of Triola Club?				
Answers	Age ≥25- 45 years	Age 46-65+	Village/Township /Small City	Large/Medium city
I agree. I completely agree.	64,3%	61,1%	56,4%	69,2%
I rather disagree. I completely disagree.	35,7%	38,9%	43,6%	30,8%

(Souce: Author)

When it comes to collecting points, all demographic groups are in favour of them. The demographic group that is least fond of them are young women (≥25-46 years). However, when looking throught the answers to another telling statement: *"I prefer a smaller, immediate discount (3%) with each purchase to collecting points that can later be used to claim a bigger reward",* it turns out that fans might be in favour of the point system, but are not willing to part with the immediate discount they grew accustomed to, in order to enjoy the benefits of point system.

Table 30: Fondness of point-collecting programs based on demographic characteristics.

I am most fond of point collecting loyalty programs.				
Answers	Age ≥25- 45 years	Age 46-65+	Village/Township /Small City	Large/Medium city
I rather agree. I completely agree.	76,7%	91,4%	83,7%	82,9%
I rather disagree. I completely disagree.	23,3%	8,6%	16,3%	17,1%

(Source: Author)

Interestingly, the group that was least fond of point collecting program (≥25 to 45 years), is also the only group which prefers it to immediate discount. However even for this group, the majority is not strong at 52,5%.

Table 31: Preference of immediate discount to collecting points based on demographic characteristics.

Do you prefer an immediate smaller discount (3%) with each puchase to collecting points for a bigger reward?				
Answers	**Age ≥25- 45 years**	**Age 46-65+**	**Village/Township /Small City**	**Large/Medium city**
I rather agree. I completely agree.	47,5%	60,5%	61,5%	69,2%
I rather disagree. I completely disagree.	52,5%	39,5%	38,5%	30,8%

(Source: Author)

Household income and spend on underwear

The table below overviews how household income affects the amount of money spent on underwear in a year. The relationship is also illustrated graphically. Understandably, no respondents from the lowest income households spent more than 5000,- CZK on underwear and no respondents from the highest income households (51 000,- CZK and more) spent less than 1000,- CZK. Furthermore, it can be observed that respondents from the most frequent income segments (15 000- 50 000,- CZK) usually choose to spend between 1001-2500,- CZK a year on underwear.

Table 32: Relationship between Household income and spend on underwear.

| Income	Money spent on underwear in a year					Number of respondents:	Percentage out of total:
	Less than 1000,- CZK	1001- 2500,- CZK	2501 - 4000,- CZK	4001- 5000,- CZK	More than 5000,- CZK		
up to 15 000,- CZK	2	2	2	1	0	7	14,6%
15 000- 30 000,- CZK	2	16	0	2	3	23	47,9%
31 000- 50 000,- CZK	2	6	0	1	5	14	29,2%
51 000,- CZK and more	0	1	0	1	2	4	8,3%
Number of respondents:	6	25	2	5	10	Total sum: 48	
Percentage out of total:	12,5%	52,1%	4,2%	10,4%	20,8%		

(Source: Author)

Table 33: The relationship between household income and spend on underwear
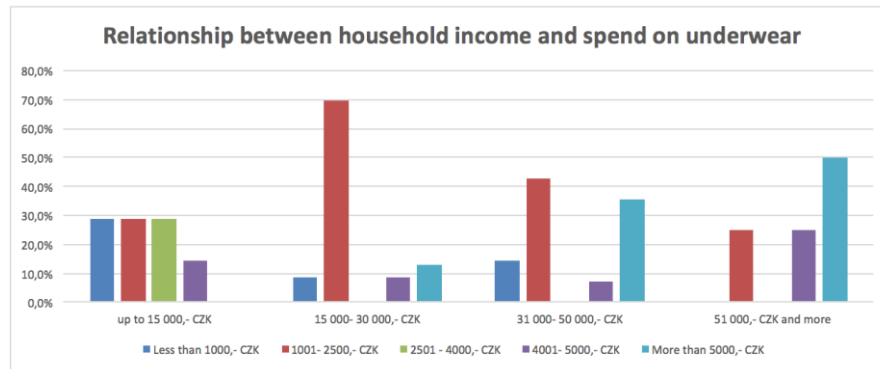
(Source: Author)

In Triola stores, this amount of money buys a rather small amount of underwear, since the price for a bra in Triola is usually between 500- 1000,- CZK and underpants from approximately 220- 300,- CZK.

This notion should also suggest that those respondents who claim to buy almost all their underwear in Triola would tend to spend more than 2500,- CZK on underwear a year. However, more than 50% of respondents who buy everything in Triola also spend up to only 2500,- CZK a year on underwear.

Table 34: Relationship between buying almost all underwear in Triola and the amount spent yearly on underwear.
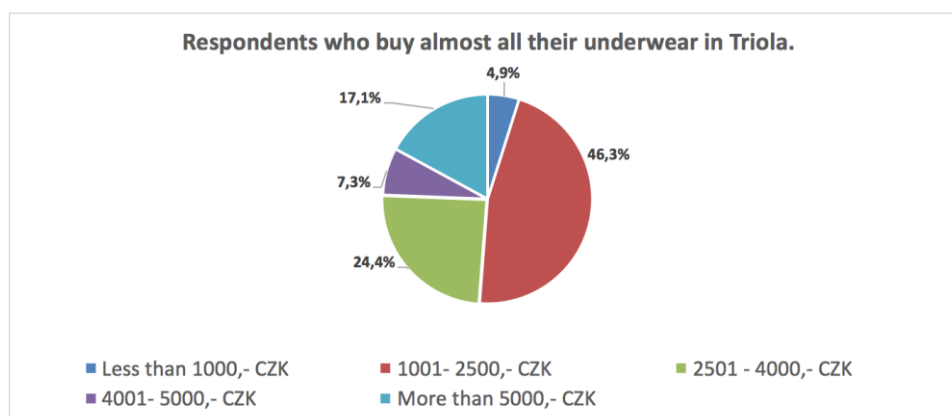
(Source: Author)

7 Benchmarking with Competitors

In this chapter, the successful loyalty programs identified in the previous chapters are going to be compared with Triola and overviewed to get a grasp of what makes a loyalty program popular.

7.1 Introduction of analysis and methodology overview

Objective of the analysis

The objective of this analysis is to compare various successful loyalty program based on chosen criteria, in order to see how Triola differs from its competitors and what are some of the commonly adopted practices by most popular loyalty programs. Identifying these practices will help in the final chapter, which is dedicated to suggesting ways how to improve Triola loyalty program.

Sample selection method

The loyalty programs to be used in this chapter were selected partially using data sourced from MML-TGI (2013) and partially from the answers provided by respondents to the survey posted on Facebook. Categories that seemed irrelevant and were too far from the type of products Triola offer were excluded from analysis (banking and telecommunications). In addition, from the category "Petrol stations", only the most popular loyalty program, Shell Smart, was selected for analysis.

The loyalty programs that were identified as popular in MML-TGI analysis from year 2013 are the following: Tesco, Billa, Globus, DM Drogerie Markt, Teta, Yves Rocher, Ikea, Dráčik, Takko Fashion, Baťa, Alpine Pro, Shell and Orsay. The rest of the programs were mentioned by fans of Triola on Facebook as popular: Timo, Slevomat, Orsay, Tchibo, Triumph and Marks & Spencer. Additionally, Astratex and RájPrádla, which are e-resellers of underwear, were added by author.

Figure 6: Split of loyalty programs categories analysed in this chapter.
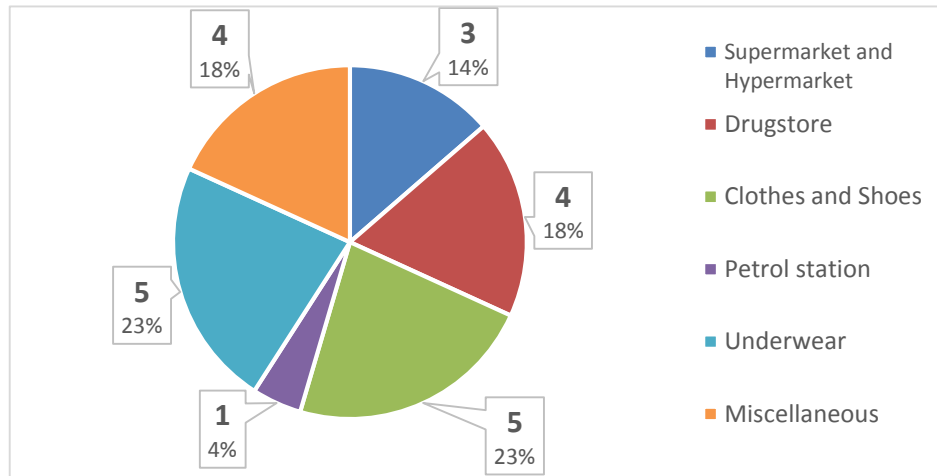
(Source: Author)

Methodology

Each loyalty program was analysed based on predefined criteria, which are linked to how easy it is to enter the program, what mechanism is used to award benefits, what the customer must do in order to claim benefit, what is the conversion value of points to benefits, whether a program is multi-tiered, whether a program is implemented on multiple selling platforms for each brand etc.

The criteria listed below were defined based on the suggestions and ideas mentioned in Triola Facebook fans survey.

- Joining fee

- Loyalty card

- Free gift for joining

- Discount with each purchase

- Size of discount with each purchase

- Rewards based on Points Collecting

- Value of 1 point (what you can get in rewards for 1 point)

- Needed spend for 1 point

- Percentage of spend given back in rewards

- Birthday gift

- Nature of birthday gift

- Newsletter with offers sent regularly

- Tailored Newsletter with offers

- Free member only events

- Money back with purchase recorded on loyalty card or account

- App available

- Offers, magazine or catalogue sent regularly - through email

- Offers, magazine or catalogue sent regularly - through post

- Discount and benefits increase with amount spent (tier loyalty program)

- Available both in-store and in e-shop

- Member only discounts for specific items

- Free refreshment when shopping

- Free shipping for members only

The whole comparison table used for this analysis is included in the attachments, due to its size.

7.2 Research findings

Joining fee

Only one popular loyalty program, Tchibo, requires a joining fee (200 Kč), which is compensated with a gift for joing the club consistsing of coupons worth 250 Kč. Three other loyalty programs require customers to spend money in order to qualify for the loyalty program benefits. In Dráčik, one has to spend 200 Kč in order to join, whereas Slevomat automatically registers users into loyalty program upon purchase of three vouchers. Triumph awards the benefits of loyalty program only to members who spend at least 2000 Kč yearly in Triumph stores. If Triola were to follow suit of Triumph, up to 50% of respondents from Facebook questionnaire would not manage to qualify for any of the benefits of Triola loyalty program. The data from MML-TGI analysis show that only 5,7% of members and 1% of non-members of at least one clothes and shoes loyalty program spend more than 2000 Kč a year on underwear. It is difficult to say whether this would prompt customers to spend more or rather demotivate them. Judging from the fact that vast majority (82%) of popular loyalty programs do not place any restrictions to joining their loyalty program, restricting access may not be a good idea.

Loyalty card

Except for e-businesses such as Slevomat, RájPrádla and Astratex, loyalty programs generally distribute a plastic loyalty card. While many of the succesfull loyalty programs offer an app that could replace the card (Tesco, Globus, DM Drogerie Markt, Rainbow Teta, Yves Rocher, Ikea, Shell and Tchibo), the plastic card still plays an important role. While the apps can reduce the clutter in customers' wallet, they do clutter their smartphones instead. None of Triola competitors offer an app and this might be tied to underwear not being in the frequently purchased goods category (details on page 33 of this thesis) and thus having an app specifically dedicated to Triola would seem excessive to most customers.

Free gift when joining

Five out of the 22 loyalty programs compared offer a free gift when joining. In the case of Tchibo, this is to compensate for the joining fee collected. In the other cases, the gift serves as a driver for entrance. Takko Fashion offers 125 Kč off purchase voucher, Shell 50 free points, Orsay 120 Kč off purchase and Yves Rocher is the only one to give a tangible gift that does not directly motivate new members to shop- a cloth bag with Yves Rocher logo. Gift when joining is a good idea when trying to get a new loyalty program off the ground and prompt entrance. Also, if the gift is in the form of discount coupon, it motivates new members to shop. Only analysis of purchase data can tell whether it is worth it to give new members a reward even before any purchase is recorded. However, the discount coupon can be a start of a habit of actually using the loyalty program and the customer might be less likely to forget that she is a member, misplace the card etc.

Discount with each purchase versus point collecting programs

Only 32% of identified popular loyalty programs offer discount with each purchase, compared to 59% of programs that are based on collecting points. This might be explained by the immediate transparency of this system compared to points collecting programs. Triola offers a small discount with every purchase of 3%. While respondents expressed that they view the 3% discount as "not motivating enough", "funnily low", "better than nothing" etc., they might not realise that some of their popular point collecting programs offer much lower reward for spend (Tesco app. 1%, Marks and Spencer 1%, Shell app. 0,3%, Baťa 2 %). For some of the popular programs, it is impossible to compute the spend to reward conversion accurately (Shell, DM Drogerie Markt, Tchibo, Tesco) while in some cases it is completely impossible (Billa). This lack of transparency can be an advantage when the spend to reward percentage is actually low, but disadvantage if the percentage is high (RájPrádla- 10% and DM Drogerie Markt- app. 12,5%).

Out of the programs that offer immediate discount for members with each purchase, Triola offers the lowest discount along with Rainbow Teta, the lowest tier of traditional Teta and the lowest tier of Alpine Pro. Dráčik offers 7%, Triump Red club 5-7%, second and third tier

of Alpine pro 7-10%, Timo stores 4% and lastly second and third tier of traditional Teta 4-5% discount.

Table 35: Size of immediate discount companies offer.

Companies that offer discount with each purchase	Discount size
Teta Klasik	3-5% (depending on loyalty tier reached)
DuhováTeta (remodelled stores)	3%
Dráčik	7%
Alpine Pro	3-10% (depending on loyalty tier reached)
Triump Red Club	5-7% (Silver- 5%, Gold- 10%)
Timo	4% in-store, 8% online
Triola	3%

(Source: Author)

When it comes to the money back for next purchase, Timo and Astratex e-shop offers 8% for next purchase and Slevomat 2% (conditioned by having to spend at least 700 Kč in a month). For Globus, the percentage is not possible to determine, because it differs based on product bought. Yves Rocher does not offer money back, but gives a free product in the value of 7,5% of purchase for first tier, 10% for secong tier and 11,7% for the third tier.

Then there are loyalty programs that reward users for collecting points by moving them up a tier in the loyalty scheme program, such as is the case for traditional Teta, Alpine Pro and Yves Rocher. In Baťa and Shell, points set a basis for reward, while simultaneously determining who moves up a tier in their loyalty scheme. In Globus, traditional Teta, Triumph and Slevomat on the other hand, the basis for moving up a tier in loyalty scheme is spend, not points.

Table 36: Conversion of spend to points and points to reward.

Points based loyalty programs- point to rewards conversion			
Loyalty Program	**Value of 1 point (what you can get in rewards for 1 point)**	**Spend needed for 1 point**	**Percentage of spend given back in rewards**
Tesco	0, 1 CZK	10,- CZK	0,01%
Billa	Not transparent	first 50 Kč= 1 point, then 10 Kč= 1 point.	Not transparent
DM Drogerie Markt	App. 2,5,- CZK	20,- CZK	0,125%
Teta	Can´t say- points move member up tiers to claim higher immediate discount with each purchase (300 pts.= 4% off, 900 pts.= 5% off)	30,- CZK	Can´t say- points move member up tiers to claim higher immediate discount with each purchase (300 pts.= 4% off, 900 pts.= 5% off).
DuhováTeta (remodelled stores)	Not established yet- customers told to save points which will be exchangable for coupons, gifts etc. in the future	30,- CZK	Not established yet- customers told to save points which will be exchangable for coupons, gifts etc. in the future.
Yves Rocher	7,5 Kč (first tier), 10 Kč (second tier), 11,7 Kč (third tier)	100,- CZK	7,5% (first tier), 10% (second tier), 11,7% (third tier).
Baťa	0,02,- CZK	1,- CZK	0,02%
Alpine Pro	Can´t say- points move member up tiers to claim higher immediate discount with each purchase (10000 pts.= 7% off, 25000 pts.= 10% off)	1,- CZK	-
Shell	Varies greatly based on reward picked, but average around 0,09 Kč	Depends on price of petrol: Usually one liter= 1 pt., 0.5 liter on Sundays or if getting above 30 litres.	App. 0,3% (given 1 l of petrol costs 30 Kč).
Marks and Spencer	0,01,- CZK	1,- CZK	0,01%
RájPrádla	1,- CZK	10,- CZK	0,1%
Orsay	0,3,- CZK	0,25,- CZK	0,04%
Tchibo	App. 0,5,- CZK	10,- CZK	0,05%

(Source: Author)

It appears that the most frequently mentioned popular loyalty programs also tend to be among the most complex ones, which practically ensures that the customer is unable to compute the actual value of reward she receives and thus satisfaction or fondness is based on the more subjective feelings the program invokes.

Birthday discount

The birthday discount is an important part of many loyalty programs (32% of analysed) and it is a chance to show the members that the brand cares about them enough to reward them for simply being born and simultaneously remind members to go ahead and buy something. Except for Yves Rocher (Bijou Jewellery), all of the birthday suprises are discount coupons for next purchase and thus directly motivate the customer to come and shop. For some members, this might be the only time in the year that they would actually shop in the given store, which can make giving a large discount unprofitable (Triola for example carries goods that are purchased infrequently, yet gives the highest discount for birthday out of all the loyalty programs analysed). Based on the result from questionnaire, it can be concluded that the birthday discount is an important pillar of Triola loyalty program, because the respondents mentioned this benefit most frequently when asked what they like about Triola Club. If the discount were 10%, it would be on par with competitors, yet probably motivating enough for members to use it (97% of respondents agreed that they would use the 15%

birthday discount- 77,1% definitely agree and the rest rather agreed). However, lowering a discount that shoppers are so familiar with is tricky and may be met with disappointment.

Newsletters

Almost all of the programs studied send an email newsletter to loyalty program members regularly, unless the member chooses to unsubscribe. Direct competitor of Triola, Triump, does not send a newsletter (and has a very weak presence online in general) which is definitely a missed opportunity. Some of the most successful loyalty programs have a software, which is able to customize the offers directly to the customer based on previous purchases (Tesco, Globus, Ikea, Astratex and Slevomat). Some respondents to survey expressed that they find it annoying when they receive offer for underwear that is not available in their size, which is a problem that would be solved by customizing the newsletter based on previous purchases. Similarly, the customers could be presented with the sort of underwear that they actually like in the newsletter based on their previos purchases (each product sold has a specific code which indicates the style fit of the item). This customization can be done without active input from newsletter subscribers, however it might be easier and more accurate to do what Geekshop, successful clothes retailer did. They asked subscribers to fill a short preference based questionnaire in exchange for one pair of boxer briefs. In the upcoming weeks, the subscribers started receiving newsletter, which featured the things subscribers claimed they like the most. Similarly, upon registration, Ikea asks new members of their loyalty program, Ikea Family, what they mostly buy and starts sending a newsletter based on those preferences.

While tailored newsletter is obviously preferred, it can be relatively cost intensive to both implement and keep going. The fact that Astratex, Triolas competitor, tailors their newsletter can be encouraging for Triola to follow suite, but since the margin of Astratex is significantly higher than that of Triola (Brand manager of Triola, Petr Dohnal, 2016) the return on investment would be harder to achieve for Triola.

When it comes to the mode in which businesses reach their customers, they do not go only for emails but regularly reach customers also through post (in 54,5% of analysed programs). The reason for reaching customers through post despite it being relatively much more expensive compared to email is that many emails that members receive are never opened. A tangible letter conveys more importance and as such is more likely to be actually read. Triola could launch a test to see whether newsletters and offers sent through post are more likely to initiate purchasing behaviour and have a positive return on investment. If the test proves that sending offers through post is indeed profitable, Triola could differentiate itself from competitors, because none of them reach customers this way.

Free member only events

Events organized by businesses can deepen the relationship with the brand and create positive experiences connected to the brand; so many companies chose to organize such events. However, it is not common to restrict access based on loyalty program card. The main benefit for members in such situations is that they are more likely to find out about such event due to the brand having direct access to them.

Ikea, Shell Premium, Tchibo, Orsay and Triola are among those who organize events specifically for members of the loyalty program, which is typical for brands that aim to create an air of prestige and endorse the feeling of belonging to a special, prestigious club in members (eg. Sephora, Douglas and Marrionnaud). The fans of Triola, analysed in chapter 4, expressed that in-store member only events are indeed motivating for them to either become or remain a member of Triola Club (50% agree), which signals that it would be a bad idea to cease organizing such events.

Multiple tier loyalty programs

Quite a few of the succesfull loyalty programs analyzed are tiered- 36,4%= namely Globus, traditional Teta, Yves rocher, Baťa, Alpine Pro, Shell, Slevomat and one from the underwear industry- Triumph. When Triola fans on Facebook were asked whether they like layered/tiered loyalty programs, 47,9% agreed and 35,4% were unable to answer, probably because they never came across such program or did not understand the concept from the question. A significant percentage or respondents expressed that they do not like tiered loyalty programs- 16,6%. In terms of Triola adopting tiered loyalty program, its benefit for the business is questionable. Since the current benefits cannot be downgraded without facing backclash from members, Triola would have to offer additional benefits to shoppers who spend more and reach higher tier of the program. The important question is whether higher discount and better benefits (eg. Free shipping) would increase profit of Triola or rather dilute it by giving discount to the most profitable customers, who would buy the products anyway.

Interconnectedness of in-store and e-shop loyalty program

All of the businesses in this analysis that have stores and simultaneously an e-shop offer the same conditions and discounts to loyalty members across platforms, with the exception of Timo, which offers 8% discount in e-shop, compared to 4% discount in-store. This motivates customers to go online first and have the items delivered to the store of their choice, if they like to try before they buy. Triola also offers to have products delivered to the store for free, but does not encourage this behaviour by higher discounts. The motivation for Timo to encourage more business to be conducted online could be because of the lower costs associated with selling clothes online. However, it can be assumed these costs would be virtually the same if customers only order online, then try in-store, and often choose not

to buy due to wrong fit and other reasons. The advantage could lie in eliminating the problem of not having to constantly keep all sizes and styles in stock.

Member only discounts for specific items

Most of the loyalty programs studied do regularly offer member only discounts on specific items, with the exception of Shell, Triumph, Marks and Spencer, Timo, Astratex, RájPrádla, Triola and Orsay. Some of the companies mentioned do from time to time discount an item and advertise it in newsletter, however the discount then does not apply to members only, but for everyone who subscribes to the newsletter. Discounting specific items for members only can motivate people to join the loyalty program and improve their satisfaction. The possible risk of such practice is that those who do not want to join a loyalty program might be turned off from buying the discounted item, because they see that others can buy the item much cheaper. Therefore, it is up to the business to find the balance between motivating people to enter loyalty program through member only discounts versus the adverse effect these discounts can have on people who are not willing to join the program to get the discount.

8   Insights and Recommendations to Optimize Triola Loyalty Program

In this chapter the insights gathered through the whole research process are going to be overviewed and explored. Based on those insgihts, possible ways forward for Triola program are going to be suggested, in order to improve its performance and functionality.

8.1   Insights from analyses

In the theoretical part, it was established that consumer satisfaction should not be the only non-profit related goal of the company, but that the focus should lie in building loyal customer base. The author realises (thanks to frequent in-store visits) that the most important factor contributing to loyalty in Triolas customers is the nature of the offering itself- providing sizes for bigger chests while maintaining relatively low price. With that being said, loyalty program can be one of the effective means to do so as well, because it helps retain more customers by increasing the value of the product or service they are purchasing (Bolton, et al. 2000). Triola has a chance to create real relationships with its customers, which can stir it in the right direction in terms of the offering, selling channels, marketing etc.

Judging from the sales data for the period of 2/1/2015 – 24/3/2016, it was concluded that majority (71%) of sales is conducted by members of loyalty program, which indicates popularity of the loyalty program among Triola customers. While the differences in average order value point to members of Triola Club being much more lucrative for Triola than non-members of the program (AOV members-2 727,- CZK, versus AOV non-members- 1 503,- CZK), the causal relationship is not clear. The higher spend and purchase loyalty of Triola club members versus non-members was confirmed by consumer survey (page 54-55).

The chapter 5 Analysis of MML-TGI provides insight into the nature of Triola target group as a whole and secondly it identifies the differences between women who are involved in a relevant loyalty program versus those who are not. Thus, it becomes easier to understand not only the possibly superior value of such customers, but also hints at ways how to attract and retain them.

Firstly, only about half (47,5%) of Triola target group is already familiar with what it is like to be a part of a loyalty program. The remaining proportion is not involved in any loyalty program. Even less people are involved in a relevant loyalty program (15,4% members of Triola target group are involved in at least one clothes and shoes loyalty program), which puts additional importance on communicating the purpose of loyalty program very thoroughly and clearly- the focus of course needs to be on what unique benefits the program can offer to customers. This argument is further supported by the expressed drivers for joining

the Triola club by non-members explored in the consumer survey. The non-members frequently mentioned benefits that Triola members already enjoy, which means that the non-members are not aware of these benefits.

Secondly, there are differences between members of at least one clothes and shoes loyalty program and those not involved in such program. In cohesion with findings from Triola sales data, these differences are indicative of the unique value members of Triola Club could provide to Triola. Consumers who are members of at least one clothes and shoes loyalty program are younger, wealthier and more educated. They also tend to give more value to appearance and looks. These characteristics make their lifetime value for Triola higher than non-members. This knowledge at least partially enlightens the causal relationship between the significantly higher average order value of members compared to average order value of non-members of Triola Club that was realized in 2015 (analysis of sales data in the period of 2/1/2015 – 24/3/2016). The larger part of the difference in average order value is more likely due to the differences in characteristics of women who are willing to enter a loyalty program versus those who are not. It can be assumed that the self-selection of members is the mainly accountable for the difference, not only because of the characteristics mentioned before (wealthier, more educated, younger, more value on appearance and beauty), but also because those who spend more money are more likely to go through the process of entering the program. However, the loyalty program might well be responsible for significant part of this difference, especially due to its improved chances of reaching customers directly via email, post, text messages, on social media or in stores.

Another interesting insight gathered while data mining is that according to MML-TGI data, Czech women do not buy underwear frequently- 98,4% non-members (of at least one clothes and shoes loyalty program) spend less than 2000,- CZK a year on underwear compared to 93,9% of members. Given the prices of bras and panties, this sum of money does not allow for frequent purchase. Underwear not being a frequent purchase item or very large part of yearly expenditures in vast majority of cases shows that a slight increase in price would probably go unnoticed by most customers. The target groups attitude to quality also supports this argument, as majority of respondents agree that it is "worth it to spend a bit more for high quality product" and also that "they would rather buy more expensive, but higher quality items of clothing".

Furthermore, the data revealed that members of at least one clothes and shoes loyalty program are more likely to be open to change and extroverted, so it can be assumed that they are unlikely to oppose change in the structure of loyalty program if it is well explained and does not make them noticeably worse off.

The consumer survey that follows data mining in MML-TGI was created specifically for the purpose of finding insights and inspiration for optimizing Triola Club. The respondents are

women who are invested in the Triola brand enough to publicly show their support of it on Facebook, so their opinions are extremely valuable and important when making decisions. The fact that most respondents were between 25-35 years of age only adds to the relevance of their opinions, because Triola has expressed its interest in attracting younger women to their brand. Additionaly, since 53% of respondents buy almost all their underwear in Triola, they do have sufficient experience with Triola to understand and be able to answer the questions posed in the survey.

Firstly, the insights about the satisfaction with the frequency, form and content of communication with Triola Club members. Members are generally happy with the way Triola reaches them. The fact that 87.2% members expressed that the newsletter emails are sent at the exact right frequency and 11.5% members would welcome a more frequent communication, could mean that there is room to increase the frequency of emails sent. A test on small sample to see whether the proportion of emails that are actually read deteriorated or not and whether the additional emails led to increased sales, would be worthwhile, yet relatively risk free and inexpensive.

Changing the mode of communication from email to sms does not seem to be a good idea, as high percentage of respondents expressed a definitive disregard for being reached in this way. Text messages also cannot communicate visual messages and as such they cannot present new, attractive models, but are mostly suited to communicating deeply discounted offers, which can in fact be deteriorating for the brand, since customers might learn to always wait for the deep discount and also start perceiveing the brand as lower in quality. Additionally, since few advertisers use text messages to reach customers, when a person receives a text message, they generally expect a message from a friend, loved one etc. so seeing a message from Triola could be disappointing, which is an emotion no brand wants to be associtated with in the minds of its customers.

When it comes to the content of the emails, the closer the connection to Triolas' offering, the better. Despite the finding from MML-TGI that members of at least one clothes and shoes loyalty program are very interested in reading about lifestyle and beauty, only about one in five respondents to survey are interested in reading about styling, cosmetics and lifestyle tips in the newsletter. The content should revolve mostly around promotional offers, alerts to member events and present new models.

Another way to reach customers could be through traditional post, with the assumption that letters are read relatively more frequently than emails once they are received. The disadvantage of this method is definitely the cost associated with sending letters, as well as the possibility of annoying consumers with environmentally unfriendly approach and finally yet importantly, the difficulty of measuring whether the assumption that letters are more likely to be read than emails is true.

When it comes to the benefits Triola club offers, the most important one are as expected various discounts for members, namely the immediate discount of 3% with each purchase, the 15% birthday discount and special promotions and discounts.

Special promotions and discount are closely connected to the second most frequently mentioned benefit- newsletter emails, which are in fact not a benefit connected exclusively with membership in Triola Club, but it is apparently viewed as one by members of the Triola loyalty program. Attracting more customers to subscribe to the newsletter and making it more personalised would probably lead to an immediate increase in sales and if managed well, should have a positive return on investment in the long run. One of the big advantages of newsletter is that their effect is easily measurable.

The third most important benefit is the possibility to order new collections before other customers. The Triola in-store events were not mentioned by a single respondent, which is suggestive of its low importance in the minds of the consumers. This statement was somewhat contradicted when respondents were asked directly, whether member-only events (stylist, champagne, makeup in-store) are attractive to them and would motivate them to enter a loyalty program, because 50% of respondents did agree with this statement (30,2% definitely agree and 19,8% rather agree).

The question aimed at what members of Triola club dislike about it provides insights about the optimizations to the program that would lead to an increased customer satisfaction (but not necessarily to an increase in profitability). However, this is also where the sample selection proves to be deterogatory to the research question studied, due to the probability of bias caused by posting the survey on platform that contains women that are fans of Triola (the unusually high value of Net Promoter Score [page 46], also suggests selection bias). The vast majority of respondents, that is Triola fans, expressed that Triola Club is perfect as it is. The main complaint that members have is the size of the discount being too low. Further complaints include the lack of transferability of Triola Club card to shops that merely carry Triola goods, the lack of stores in their vicinity, shipping fee, limited sizes on promotion, too few offers for Triola club members etc. Three respondents also expressed that they would rather collect points and exchange those for discount later.

The bias that was mentioned earlier was partially dissolved in the next section, where respondents were asked about suggestions for improvement, so they were unable to respond that everything is perfect. Again, the yearning for bigger discount represents the most significant proportion of answers, closely followed by suggestion to turn the loyalty program into points based one. Additionaly, respondent suggested free shipping for members, small gifts with purchase for members, promotions that are more frequent, tangible birthday gifts etc.

The suggestion to increase discount was to be expected and by itself does not mean that much for Triola, because the same opinion would probably be expressed even if the discount was three times higher. The appropriate size of the discount with each purchase will be discussed later in this chapter.

The wish to change Triola Club into a point-based system was further studied in the latter sections of the survey and the results do not fully support going in this direction for Triola, unless Triola Club manages to keep both the immediate discount with purchase as well as rewards for collecting points. While 66,7% respondents agreed (39,6% fully agreed and 27,1% rather agreed) that they are fond of point collecting programs, they are not willing to trade their immediate discount for a bigger, future reward for collecting points. Respondents expressed preference for the smaller, immediate discount (42,7%) whereas collecting points came as a close second (with 37,5%). Additionaly, the immediate discount was ranked as most important (along with discount coupon for certain products from Triola offering & more significant, member-only discount for specific items from Triola range) when respondents were asked to arrange benefits from most to least important.

If Triola was to keep both the immediate discount and give away rewards also for collecting points, the program immediately becomes much less straightforward for customers. Seeing that the most complex loyalty programs are usually also the ones that are most successful (as can be seen in the chapter 7, Benchmarking with Competitors) this can seem like a good idea. The more complicated a loyalty program is, the less likely customers are to identify the real value that the program offers, which is positive especially if the monetary rewards are slim. Out of the popular programs studied, 59% are point collecting, compared to 32% that offer immediate discount with each purchase. However, since in 2013 84,6% of target group was not involved in any clothes and shoes loyalty program, further complicating the message could potentially increase the risk of putting people off joining a loyalty program altogether. Furthemore, even fans of Triola were not always clear on what benefits Triola club offers.

Another possible optimization of Triola was to transform it into layered loyalty program and while 47,9% or respondents agreed that they like these types of loyalty program, a significant percentage (35,4%) did not know what to think, how to answer or what the question means. Going in this direction would again make it harder for customers to understand what they are gaining from entering the loyalty program. Importantly, 16,6% of respondents expressed a dislike for layered loyalty programs.

The benefit of discounting specific items exclusively for members of Triola Club was explored next. The respondents to survey are very fond of this benefit (80% of respondents agree that this would motivate them to enter Triola Club and on the importance scale it

received the top score of 3,7), but even though the offers and benefits are available to everyone who subscribes to the newsletter, the results from survey hint that members of loyalty program view it as benefit exclusive to them. This is effectively reinforced in e-shop by placing Triola Club logo next to discounted items, when a member of Triola club is logged in. This gives the idea that a product is discounted specifically for Triola Club members. This approach is smart especially without knowing the effect excluding customers from offers based on membership in Triola Club would have. The customers could react positively and be motivated to join loyalty program or negatively due to the feeling of unfairness and leave without buying anything.

When it comes to the size of discount that would be most desirable for Triola, benchmarking is the most important pillar in decision making. When respondents are asked what discount would motivate them, they cannot be expected to answer honestly, because they know that the knowledge can be used against them.

Firstly, if Triola were to stick with their current model of discount with each purchase, without introducing points as well, they would need to increase the discount to be on par with their direct competitors. Timo offers 4% immediate discount in-store discount and 8% money-back discount in their e-shop. Astratex offers 8% money-back as well. RájPrádla has a point-based system in place, but the value they give as a reward is 10%. Triumph offers the lowest benefits to customers, because they give customers 5% discount only after a customer reaches a yearly threshold of 2000,- CZK spend and increase the discount to 7% for those who spend above 8000,- CZK in a year. Since Triumph is lagging behind its underwear competitors in many key areas such as variety of sizes available, e-shop and website, social media presence etc., it should probably not be taken as an example by Triola. A very important aspect to consider when adjusting the size of discount is that many independent stores across the Czech Republic and Slovakia sell Triola products. Since customers are not able to use Triola Club benefits in those stores, giving customers significant discount with each purchase in Triola stores could make these indeopendent stores less able to compete and less willing to carry Triola products, which would decrease Triola brand coverage and harm eventually harm Triola´s sales.

Giving away the discount directly with each purchase, rather than recording money-back on the loyalty card is a missed opportunity- if Triola could be sure that customers will use the money-back again in Triola stores, the size of discount could significantly increase without diluting profit. The difficulties connected to implementing this change in stores is probably why Timo decided to separate its loyalty program into two- one online and other in-store with different conditions. It is clear that such approach is not the easiest to grasp for customers and might not seem entirely fair to those who prefer to come to stores and buy there instead of ordering online.

8.2 Recommendations for Triola Club

When Triola Club first launched, its main aim was to buid a more personal relationship with customers and make them feel like Triola is talking directly to them and offering exciting benefits. This aim has evolved since Triola Club was established and while Triola is still focusing on building a relationship with customers, the main goal is to gain sufficient knowledge about each individual customer, so that Triola would be able to reach customers in a personalized and highly targeted way (Brand manager of Triola, Petr Dohnal, 2016), which would help increase the amount customers spend in Triola. Based on the insights gathered through this thesis, the goal of increasing purchase frequency seems far fetched. However, the aim to increase the amount consumers spend can still be reached by increasing their basket value.

To sum up, Triola should focus on the following main goals:

- Leverage data for better segmentation and truly personalised approach to consumers, in order to:

  - Upsell whenever possible and increase the basket value

  - Create a closer relationship with the customers

  - Encourage desirable purchasing patters (reward high spenders, give discount that suits a specific customer best based on geographical location and past purchasing behaviour)

  - Discourage undesirable purchasing patterns (eg. ordering goods to be delivered into a store and repeatedly failing to come and pick the goods up, which is a behaviour displayed in approximately 10% of all e-shop purchases).
  - Increase the number of consumers that are signed into the program, which is a goal closely connected with using data, because the prerequisite to interpreting consumer data is having consistent access to it.

8.2.1 Using consumer data effectively

Using the collected data effectively is a huge opportunity for Triola, because it allows for tailored approach to each customer based on her characteristics and purchasing patterns and behaviours.

There are several ways in which data can be used, for example:
- Triola could send newsletters featuring the styles and sizes that the consumer has bought in the past.

- Furthermore, Triola can determine the consumers' favourite store and send store specific offers and promotions, which would be especially helpful in case a certain store is not doing so well and needs a boost.
- Another way to use consumer data is to send reminders, when the customer has not shopped in Triola for a longer period, possibly enticing the consumer into the store with an interesting offer.
- Based on browsing behaviour of a Triola Club member, Triola can send a reminder that the item the consumer has repeatedly viewed is running out of stock in their size.
- Alerts to new models to those members, who bought similar items.
- Triola can send an email or sms alert that an out of stock model in customer's size is back in stock, which could be viewed as an attractive member-only feature. The additional benefit of this featre is that Triola will no longer have to focus so much on stocking all sizes of all models in the stores, because the risk of losing customers due to unavailable sizes in store will be lowered.

Once Triola fully leverages consumer data, the possibilities to reach consumers with a personalised messages are endless. The resources that are needed for this approach are mostly highly skilled data analysts and IT personnel, but according to brand manager of Triola, Petr Dohnal, Triola has an in-house staff that is very capable and able to make these suggestions a reality.

8.2.2 Value of discounts and changes in loyalty program structure

In terms of the value of the discounts, the author has come to the conclusion that the current 3% with each purchase and 15% birthday discount is sufficient and does not need to be tapered with at the moment, given the issue which increasing the discount would bring on independent resellers. However, in order to upsell and increase the basket value, Triola Club should encourage consumers to add additional items into their basket, which can be achieved for example in the following ways:

- Free shipping above 1000,- CZK for members of Triola Club. Since bras are below 1000,- CZK in Triola, the consumers will be tempted to add a smaller item (panties, pyjamas, undershirt etc.) into their basket to reach 1000,- CZK.
- Monthly offers that are only valid above a certain basket value.
- Discount if the customer buys above a certain value- this can be well used on events such as Mother's Day, Valentines Day, National Friends day etc., where consumers can be encouraged to come shop with their loved one in order to get a special discount or even a gift.

As was mentioned in the insights, points-collecting loyalty programmes are very popular in Triola target group and it is thus desirable to incorporate points into the current configuration of the Program. Nevertheless, since Triola customers are not willing to trade points

collecting for immediate discount, points cannot be the main pillar of the loyalty program. However, points could serve as an additional motivator and reward only the highest spending customer segment. The way this could be accomplished is if each purchase is translated into a certain value of points (which are going to be clearly marked on the receipt as well as online in the users account) and when a consumer reaches the amount of points that equals to say, 5000,- CZK, Triola automatically generates say, 500,- CZK gift voucher. The points could also be awarded for entering the Club and as such act as an additional motivator for joining Triola Club, which is especially important in e-shop, where the proportion of member purchases are the lowest (Brand manager of Triola, Petr Dohnal, 2016).

To conclude, Triola has a unique position on the Czech underwear market, mostly because its products meets a strong consumer need at unrivalled quality to price ratio. However, Triola has a great potential to improve its position further through loyalty and brand building activities connected to Triola Club. At this point, using consumer data for better segmentation and targeting is the most important goal for building loyalty to Triola and increasing sales and should be viewed as one of the priorities for the company.

Conclusion

The objective of this thesis was to suggest specific ways to improve the current Triola Plc. loyalty program. In order to generate the insights that were necessary to suggest optimizations, the topic of consumer loyalty and how it can be built using a loyalty program was approached through theoretical research as well as number of practical analyses.

In the theoretical research, the conceptualization of loyalty was overviewed and the various ways to interpret loyalty were discussed. Furthermore, the link between consumer loyalty and consumer satisfaction was explored to reveal that while satisfaction is predecessor to loyalty, it does not guarantee it at all. In the next chapter, loyalty program as a marketing tool was introduced and its possible risks and benefits discussed, which was imperative in order to know what Triola Club should strive for and what it should avoid.

The practical part firstly briefly introduced Triola Plc. and its loyalty program and analysed its sales data to determine the importance of Triola Club for Triola. The sales data implied that Triola Club is a large part of Triola marketing strategy and plays a large role in sales.

The analysis that followed was data mining using MML-TGI software, which revealed the characteristics and behaviours of Triola target grouop and the differences between members of relevant (clothes and shoes) loyalty program and non-members. The data- mining clearly revealed that members of relevant loyalty program tend to be younger, wealthier, more educated, more focused on physical appearance, highly oriented towards quality rather than quantity and more open to change than non-members were.

Consumer survey, in the form of a questionnaire directed at Facebook fans of Triola, was performed next. The questionnaire provided answers to questions about satisfaction with the current program and its configuration and identified the areas for improvement as well as the vital parts of the program that should not be amended. This research also provided ideas and suggestions for improvement from very relevant customers.

Lastly, the popular loyalty programs that were identified in the previous analyses were benchmarked against Triola loyalty program, in order to find out common characteristics and best practices that Triola could potentially adopt.

The last chapter summarizes the insights that were revealed through the whole research, identifies the desirable aims Triola Club should focus on and suggests improvements that could lead to bigger success of Triola.

The most important recommendation that was mentioned is to focus on leveraging data in order to improve segmentation and targeting and thus be able to reach each customer with a message tailored to their specific characteristics and purchasing behaviour. Consumer data can be also used to encourage desirable behaviour and discourage undesirable behaviour. Furthermore, strategies to increase basket value of consumers were suggested.

Overall, it was suggested to keep the rewards structure of Triola Club as is, with the addition of point-collecting. Collecting points can act as a motivator for the highest spending segment of customers and if "starter points" were awarded to newcomers, it can act as a driver of entry too.

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Appendix

Figure 7: Survey questions in original language

1 Jste členkou věrnostního Klubu Triola?

2 Přibližně jak velká část Vašich nákupů spodního prádla za uplynulý rok se uskutečnila v Triole?

3 Pokud jde o frekvenci zasílání e-mailů Klubem Triola, myslím si, že:

4 Prosím vyjádřete, do jaké míry souhlasíte s následujícími výroky:

5 V emailech od Trioly bych ocenila (zaškrtněte prosím jednu nebo více možností):

6 Jak pravděpodobné je, že byste doporučila členství v Triola Klubu své kamarádce/ kolegyni?

7 Prosím napište krátce 3 věci, které se Vám na Klubu Triola líbí:

8 Prosím napište, co se Vám na Triola Klubu naopak nelíbí:

9 Napadá Vás něco, čím by Vám věrnostní klub Triola rozhodně udělal radost? Pokud nejste členkou, co by Vás přimělo vstoupit do věrnostního Klubu Triola? Např. benefit, který znáte z jiných věrnostních programů.

10 Prosím vyjádřete, do jaké míry souhlasíte s následujícími výroky:

11 Kolik jste v uplynulém roce utratila za spodní prádlo?

12 Seřaďte prosím následující typy benefitů členství ve věrnostním programu od nejaktraktivnějšího po nejméně atraktivní:

13 Pokud máte oblíbený věrnostní klub/program, prosím uveďte (název společnosti, která jej poskytuje):

14 Do které věkové kategorie patříte?

15 Místo Vašeho trvalého bydliště:

16 Prosím uveďte, jaký má Vaše domácnost příjem (nepovinné)

(Source: Author)

Table 37: Comparison table used in chapter 5, part 1.

Comparison table, part 1					
	Joining Program			**Discount with each purchase**	
Loyalty Program	Joining fee	Loyalty card	Free gift for joining	Discount with each purchase	Size of discount with each purchase
Tesco	No	Yes	No	No	-
Billa	No	Yes	No	No	-
Globus	No	Yes	No	No	-
DM Drogerie Markt	No	Yes	No	No	-
Teta	No	Yes	No	Yes	3% (first tier), 4% (second tier), 5% (third tier)
Duhová Teta (remodelled stores)	No	Yes	No	Yes	0,03
Yves Rocher	No	Yes	Yes- cloth bag	No	-
Ikea	No	Yes	No	No	-
Dráčik	No, but applicant has to spend 200 CZK to qualify.	Yes	No	Yes	0,07
Takko Fashion	No	No	Yes- voucher for 125 CZK	No	-
Baťa	No	Yes	No	No	-
Alpine Pro	No	Yes	No	Yes	3% for all members, but discount increases as member collects points to 7% and then 10%
Shell	No	Yes	Yes- 50 free points	No	-
Triump Red Club	No, but benefits applicable upon spending at least 2000 CZK.	Yes	No	Yes	5% or 7%
Marks and Spencer	No	Yes	No	No	-
Timo	No	Yes	No	Yes	0,04
Astratex	No	No	No	No	-
RájPrádla	No	No	No	No	-
Slevomat	No, but customer needs to buy 3 vouchers to qualify.	No	No	No	-
Triola	No	Yes	No	Yes	0,03
Orsay	No	Yes	Yes- coupon for 120 CZK off purchase.	No	-
Tchibo	Yes- 200 CZK	Yes	Yes - 250 CZK given back in coupons.	No	-

(Source: Author)

Table 38: Comparison table used in chapter 5, part 2.

Comparison table, part 2				
Point Collecting programs- conversions				
Loyalty Program	Rewards based on Points Collecting	Value of 1 point (what you can get in rewards for 1 point)	Needed spend for 1 point	Percentage of spend given back in rewards
Tesco	Yes	0, 1 CZK	10 CZK	0,01%
Billa	Yes	Not transparent.	First 50 CZK= 1 point, then 10 CZK= 1 point.	Not transparent.
Globus	No	-	-	-
DM Drogerie Markt	Yes	2,5 CZK	20 CZK	0,125%
Teta	Yes	Can´t say- points move member up tiers to claim higher immediate discount with each purchase (300 pts.= 4% off, 900 pts.= 5% off).	30 CZK	Can´t say- points move member up tiers to claim higher immediate discount with each purchase (300 pts.= 4% off, 900 pts.= 5% off).
Duhová Teta (remodelled stores)	Yes	Not established yet- customers told to save points which will be exchangable for coupons, gifts etc. in the future.	30 CZK	Not established yet- customers told to save points which will be exchangable for coupons, gifts etc. in the future.
Yves Rocher	Yes	7,5 CZK (first tier), 10 CZK (second tier), 11,7 CZK (third tier)	100 CZK	7,5% (first tier), 10% (second tier), 11,7% (third tier).
Ikea	No	-	-	-
Dráčik	No	-	-	-
Takko Fashion	No	-	-	-
Baťa	Yes	0,02 CZK	1 CZK	0,02%
Alpine Pro	Yes	Can´t say- points move member up tiers to claim higher immediate discount with each purchase (10000 pts.= 7% off, 25000 pts.= 10% off).	1 CZK	-
Shell	Yes	Varies greatly based on reward picked, but average around 0,09 CZK.	Usually one liter, 0.5 liter on Sundays or if getting above 30 litres.	App. 0,3% (given 1 l of petrol costs 30 CZK).
Triump Red Club	No	-	-	-
Marks and Spencer	Yes	0,01 CZK	1 CZK	0,01%
Timo	No	-	-	-
Astratex	No	-	-	-
RájPrádla	Yes	1 CZK	10 CZK	0,10%
Slevomat	No	-	-	-
Triola	No	-	-	-
Orsay	Yes	0,3 CZK	0,25 CZK	0,04%
Tchibo	Yes	App. 0,5 CZK	10 CZK	0,05%

(Source: Author)

Table 39: Comparison table used in chapter 5, part 3.

Comparison table, part 3					
		Birthday gift		**Newsletter**	**Events**
Loyalty Program	Birthday gift	Nature of birthday gift	Newsletter with offers sent regularly	Tailored Newsletter with offers	Free member only events
Tesco	No	-	Yes	Yes	No
Billa	Yes	10% Discount coupon for whole purchase.	Yes	No	No
Globus	Yes	5-10% Discount coupon for whole purchase based on loyalty tier achieved.	Yes	Yes	No
DM Drogerie Markt	No	-	Yes	No	No
Teta	No	-	Yes	No	No
Duhová Teta (remodelled stores)	No	-	Yes	No	No
Yves Rocher	Yes	Bijou jewellery	Yes	No	No
Ikea	No	-	Yes	Yes	Yes
Dráčik	No	-	Yes	No	No
Takko Fashion	Yes	Surprise (discount coupons)	Yes	No	No
Baťa	No	-	Yes	No	No
Alpine Pro	No	-	Yes	No	No
Shell	No	-	No	No	Yes, but only for Premium members
Triump Red Club	No	-	No	No	No
Marks and Spencer	No	-	Yes	No	No
Timo	Yes	10% Discount coupon for whole purchase	Yes	No	No
Astratex	No	-	Yes	Yes	No
RájPrádla	No	-	Yes	No	No
Slevomat	No	-	Yes	Yes	No
Triola	Yes	0,15	Yes	No	Yes
Orsay	Yes	Surprise (discount coupons)	Yes	No	Yes
Tchibo	No	-	Yes	No	Yes

(Source: Author)

Table 40: Comparison table used in chapter 5, part 4.

Comparison table, part 4					
	Money back	**App available**	**Offers, magazine or catalogue**		**Tier loyalty program**
Loyalty Program	Money back with purchase recorded on loyalty card or account	App available	Offers, magazine or catalogue sent regularly - through email	Offers, magazine or catalogue sent regularly - through post	Discount and benefits increase with amount spent (tier loyalty program)
Tesco	No	Yes	Yes	Yes	No
Billa	No	No	Yes	Yes	No
Globus	Yes- for selected goods, varies.	Yes	Yes	Yes	Yes- 3 tier based on amount spend in a given period (bronze, silver and gold).
DM Drogerie Markt	No	Yes	Yes	Yes	No
Teta	No	No	Yes	Yes	Yes- 3 tier based on amount spend in a given period.
Duhová Teta (remodelled stores)	No	Yes	Yes	Yes	No
Yves Rocher	No	Yes	Yes	Yes	Yes- 3 tiers.
Ikea	No	Yes	Yes	Yes	No
Dráčik	No	No	Yes	Yes	No
Takko Fashion	No	No	Yes	Yes	No
Baťa	No	No	Yes	No	Yes- standard, silver, gold and deluxe.
Alpine Pro	No	No	Yes	No	Yes- 3 tiers (3%, 7% and 10% discount)
Shell	No	Yes	No	No	Yes- Clubsmart and ClubSmart Premium (7000 pts. In 1 year).
Triump Red Club	No	No	No	No	Yes- silver (2000 Kč spent in a year) and gold (8000 Kč spent in a year).
Marks and Spencer	No	No	Yes	No	No
Timo	Yes, but only in e-shop (8%).	No	Yes	No	No
Astratex	Yes (8%)	No	Yes	No	No
RájPrádla	No	No	Yes	No	No
Slevomat	Yes, but only after spending at least 700 Kč in a month.	No	Yes	No	Yes- 4 tiers (Bronze, Silver, Gold and Platinum).
Triola	No	No	Yes	No	No
Orsay	No	No	Yes	Yes	No
Tchibo	No	Yes	Yes	Yes	No

(Source: Author)

Table 41: Comparison table used in chapter 5, part 5.

Comparison table, part 5					
Loyalty Program	Available both in-store and in e-shop	Member only discounts for specific items	Free refreshment when shopping	Free shipping for members only	Miscellaneous
Tesco	Yes	Yes	No	No	
Billa	Does not apply	Yes	No	Does not apply	Quarterly Magazine for free, collecting points for plush toy- each 6000 Kč spend grants you a plush toy.
Globus	Yes	Yes	No	Discount for transport of purchased large goods (25% off for bronze members, 50% off for silver members and free for gold members)	
DM Drogerie Markt	Does not apply	Yes	No	Does not apply	
Teta	Does not apply	Yes	No	Does not apply	Magazine for free.
Duhová Teta (remodelled stores)	Does not apply	Yes	Yes- hot beverage	Does not apply	Magazine for free.
Yves Rocher	Does not apply	Yes	No	Yes, above 499,- Kč	
Ikea	Does not apply	Yes	Yes- hot beverage.		
Dráčik	Yes	Yes	No	No	
Takko Fashion	Does not apply	Yes	No	Does not apply	
Baťa	Yes	Yes	No	Yes- for deluxe members	Megazine for most active members.
Alpine Pro	Yes	Yes	No	No	
Shell	Does not apply	No	No	Does not apply	
Triump Red Club	Does not apply	No	No	Does not apply	
Marks and Spencer	Does not apply	No	No	Does not apply	
Timo	Yes, but different benefit in e-shop (8% money-back online).	No	No	No	When members spends over 5000 Kč in a year, she receives a coupon for 600 Kč off purchase.
Astratex	Does not apply - just e-business.	No	No	No	
RájPrádla	Does not apply - just e-business	No	No	No	
Slevomat	Yes	Yes	No	Does not apply	
Triola	Yes	No	No	No	
Orsay	Yes	No	No	No	Possibility to reserve three items in store for 3 days.
Tchibo	Yes	Yes	No	No	Possibility to pre-order.

(Source: Author)