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Title of the Master's Thesis:

**Analysis of current ŠKODA AUTO loyalty incentives
and insights for a future loyalty strategy.**

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D e c l a r a t i o n o f A u t h e n t i c i t y

I hereby declare that the Master's Thesis presented herein is my own work, or fully and specifically acknowledged wherever adapted from other sources. This work has not been published or submitted elsewhere for the requirement of a degree program.

Prague, August 28th, 2019

Signature

A c k n o w l e d g e m e n t

I thank doc. Mgr. Radek Tahal, Ph.D. for being my supervisor, critic and adviser. I would also like to express my gratitude to ŠKODA AUTO cz. team for their cooperation and support through the whole process of this project. Lastly, I would like to express my gratitude to my family for their life-time support and for giving me the great opportunity to study.

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Analysis of the current ŠKODA AUTO loyalty incentives and insights for a future loyalty strategy.

Abstract

The goal of this thesis is to examine the current customer loyalty incentives and activities of ŠKODA AUTO in the Czech Republic and to exemplify that a well thought loyalty program cannot be standardized for a company like ŠKODA AUTO but has to be diversified, offering a variety of activities and offers to its customers. Basis for this analysis are three research questions which give an insight into current, future and necessary strategic incentives, an analysis of key areas and attributes that should be covered for providing the right added-value and lastly to accentuate that for a successful loyalty program a heterogeneous customer group must be addressed differently and not standardized. Hereby, the current situation is being analyzed and compared to other players in the market. Additionally, features and necessary characteristics for a future possible loyalty strategy are elaborated and analyzed. In the endeavor to collect all data in a goal-oriented manner a benchmark analysis, face-to-face interviews, a design-thinking workshop, a focus group and lastly a tailored questionnaire are conducted. To be able to navigate through the complexity of the topic and to develop a basis for the practical research the theoretical parts reviews the most important aspects of customer satisfaction and loyalty strategies. All results are summarized in and explained at the end of the thesis before providing an overall conclusion as well as recommendation for future steps.

Key Words

ŠKODA AUTO:

ŠKODA AUTO a.s. is a Czech automobile and engine manufacturer, which was founded in 1895 by Václav Laurin and Václav Klement as the bicycle manufacturer Laurin & Klement and produced its first automobile in 1905. ŠKODA is thus one of the oldest companies in this sector. ŠKODA AUTO is part of the Volkswagen group since 2000 and the current managing director is Mr. Bernhard Maier. With 1,253,700 cars sold worldwide (+4.4%). Sales in Europe rose by 4.9% year-on-year to 826,800 units, ŠKODA AUTO remains one of the most successful automobile manufacturers in those current years. As Bernhard Maier, Chairman of the Management Board, said, new models such as the SCALA or the production version of the VISION X study will also be launched this year. Production of the first plug-in hybrid cars and the first pure e-mobile has already begun. (ŠKODA AUTO, Annual report 2018)

Customer Retention:

Customer retention is a series of measures used to link customers to brands, products, services, or businesses. Through consistent customer loyalty, companies have the opportunity to grow and calculate over the long term. Customer loyalty is often the result of managing customer relationships. Customer lifetime value is often used to measure customer loyalty.

Loyalty Program:

A customer loyalty program is a company program that offers benefits to regular customers. These benefits can take the form of discounts, rebates, free products or other promotions. An effective loyalty program rewards customer who buy regularly from a company and encourages them to come back often.

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1 Introduction

The automotive industry is becoming more diversified than ever. Customers have more choice and no longer see the car as a status symbol like before but pursue and give more importance to mobility. Old and proven concepts will no longer work in the long run. Therefore, today's car manufacturers must come up with new ideas to satisfy not only current but also future potential customers and offer them the best solutions to maintain their customer loyalty.

"By 2020, not only will new products and vehicle segments ensure more growth, but also the precise adaptation of the sales organization and marketing to changing customer wishes and needs." "It's no longer just about the car itself but the whole environment and keeping our customers satisfied," says Group CEO Dieter Zetsche.

With the quote as mentioned above Mr. Zetsche nicely elaborates on the future trends and challenges which will come to the automotive industry and how not only new mobility concepts but also customer satisfaction and therefore, loyalty will play in an essential role in the future.

A study by Frost & Sullivan shows a different perspective on the changes in classical business concepts. In their recent study by Frost & Sullivan (<http://www.automotive.frost.com>) on the impact of urbanization and the future development on mobility planning as well as vehicle, technology shows that by 2025 approximately 30 megacities worldwide will be from highest importance, with a total population of more than 10 million people per city. Currently, there can be found 22 megacities worldwide.

"Just over half of the world's population will live in megacities in emerging markets," reports Mohamed Mubarak M.M., Frost & Sullivan industry analyst. Among the top 20 megalopolises identified by Frost & Sullivan, emerging market megalopolises will have an annual growth rate of 4.42 percent in terms of gross domestic product (GDP), in comparison to the yearly growth rate of 1.63 percent for their counterparts in other developed countries.

Altogether, by the year 2020 more than 110 cities worldwide will be called "SMART cities." Only China and India alone will require around 50 new cities to deal with and tackle the rapid economic and demographic growth. "This creates the need for new concepts of individual mobility," reports Mohamed Mubarak M.M., Frost & Sullivan industry analyst.

This study clearly shows that in such high-density areas it will be impossible for everyone to own their car. Traffic jams would be massive and the time loss on the streets

would never end. Hence, it is inevitable that the automotive players must implement new mobility concepts and that the classical business concept will not be overwritten.

At this moment, digitalization is one of the central strategic topics in almost all industries - including the automotive industry. It faces significant challenges, but the industry is still lagging. Whether manufacturers, subsidiaries or dealers, new competitors with innovative approaches are entering the market, and the younger generations have re-defined their mobility priorities.

The automotive industry is undergoing a transformation from a pure automotive trade to a mobility provider. In the future, the automobile will only be the hardware - for the end customer, on the other hand, the overall experience will come to the fore: mobility, connected with unique services.

New competitors such as Tesla, Apple & Co. have already penetrated the market; others are currently preparing their future market entry. Above all, new technologies such as electric mobility, autonomous driving, and data-based business models are the hobbyhorses of the innovators. For conventional automobile manufacturers, the challenge now is not to lose the "digital" connection. Instead of efficiently using customer data themselves, manufacturers such as Fiat, Opel and Volkswagen are integrating Android Auto or Apple CarPlay into their vehicles, for example, thus granting third-party providers access to their customers and their data. The driver is therefore also an Apple or Google customer and no longer the exclusive customer of the car manufacturer. These new data methods create a large area of tension between the automotive industry and players from outside the industry. It is important to recognize and fulfill the wishes of the customers. So far, manufacturers have traditionally been responsible for the hardware, i.e., the car. In the future, however, they will have to think more service-oriented. Silicon Valley companies are demonstrating how service can be geared to people's needs. They have thus opened new markets. The future lies in partnerships: none of the well-known Californian technology companies wants to produce a car alone. Profit margins are much lower for cars than for other digital services. And companies from outside the industry do not want to assume overall responsibility for more than 5,000 individual parts of a car. But also, the suppliers must rethink. They also need new business models, if they must distinguish themselves from the high-margin business with combustion engines or other technologies that will no longer be in demand in the future. It is rare for a company to succeed on its own. However, no matter how quickly electric mobility becomes established, the new technology, together with digitization, is creating enormous pressure to innovate. Traffic jams, high levels of smog and fine dust pollution and a lack of parking spaces call for new solutions - whether in Europe or the megacities of Asia, Latin America or Africa. As mentioned earlier, the car has lost importance as a status symbol. "Automobile manufacturers are no longer only in demand as producers of cars, but as providers of mobility concepts and services. They

must change their business models accordingly. (Der Automotive Aftersales im Wandel, Herausforderungen und Auswirkungen aus das Servicegeschäft der OEM, Horvath-partners, 2017)

The first innovations are already here and are coming from Germany, Austria, and Switzerland. Many manufacturers have already responded to this development with their own car sharing offers. Especially from the premium car manufacturers such as Mercedes-Benz or BMW, car sharing platforms can be found. With BMW's drive now and Mercedes's car2go, the people in the major cities have the possibility to rent a car only for their exact time of need. Additionally, new business models such as MOIA from the Volkswagen group that should be used as a car-hailing concept for people living in big cities are bringing more innovation with as many different approaches as possible, rapid implementation and comprehensive risk management to the market and thus, tackling the changing need of today's demanding customers. (Der Automotive Aftersales im Wandel, Herausforderungen und Auswirkungen aus das Servicegeschäft der OEM, Horvath-partners, 2017)

In pure battery electric vehicles (BEV), the complexity of the components is drastically reduced. Classic service requirements such as changing the oil or oil filter are eliminated. Energy recovery will reduce wear on brake linings and discs by about a third, while service activities such as clutch replacement will also be reduced in the next few years. Even if new service requirements are added with the electric vehicles, the extent and intensity for many workshops is not yet foreseeable. Although all these concepts require additional specific control of the power electronic cooling circuits, the maintenance intensity can vary greatly depending on the manufacturer and the idea. Therefore, a reduction of the service requirements by the autonomous vehicles is to be expected, because with a further sinking accident frequency also a sinking need of spare parts goes along. Besides, wear parts are likely to be subject to little stress, as a more vehicle-friendly driving style is to be expected. (Der Automotive Aftersales im Wandel, Herausforderungen und Auswirkungen aus das Servicegeschäft der OEM, Horvath-partners, 2017)

Another aspect that needs to be considered urgently is the life-cycle of the vehicle. Implementing new business models and innovations, the old and classical vehicle life-cycle of the car that we know will no longer exist. Thus, it will become crucial for the automotive industry and their players to maintain their customers loyal during those times of transition and make sure, that in the upcoming years, customers will maintain their loyalty towards a particular brand and their values. Thus, one way of tackling those upcoming challenges seeing this clock-speed as an opportunity is the establishment of precise and accurate target-ed loyalty strategies to keep the customers satisfied and brand loyal. (Der Automotive Aftersales im Wandel, Herausforderungen und Auswirkungen aus das Servicegeschäft der OEM, Horvath-partners, 2017)

1.1. Problem statement

Currently ŠKODA AUTO, as well as other players in the automotive industry, do not have proper customer retention in the current automotive ecosystem. Many key players try to keep their customer loyal with benefits in the after-sales area, giving discounts and other benefits when servicing their cars or given discounts upon buying new vehicles. However, apart from those two aspects only little things, such special maintained packages to a long-lasting customer, birth-day gift cards or other discount benefits for stakeholder of the company are currently being implemented on the market by neither one of the foremost automotive key players. No major automotive player disposes of a well-established, engaging customer loyalty strategy/program to keep customer linked and loyal to their brand.

1.2. Problem discussion

For many years now, the loyalty programs have been highlighted showing their effectiveness and impact on customer satisfaction as well as on the organization's profitability through various researchers. However, as stated by McCall and Voorhees, not all companies have the same or even any benefit of loyalty programs. (McCall & Voorhees, 2009).

Even though many well-conducted studies and researches for loyalty programs exist, only a couple of them is also examining the negative impact of such customer loyalty programs (Ho, Huang, Lee, Rosten & Tang, 2009). It is highly recommendable that companies do not waste their time on developing applications in which the selected criteria cause customer frustration. It has been easy for customers to gain benefits, redeem rewards quickly and providing them with the right interests (Stauss, Schmidt & Schoeler 2005).

Up to the current date, there are millions of people subscribed to many loyalty programs. However, it remains still very unclear whether the established and current loyalty programs work or not and what success drivers are. Many companies only work with loyalty programs as they feel obliged to offer one as everybody is providing one. (McCall & Voorhees, 2009).

To establish a successful loyalty program Ho et al. (2009) propose that companies should include the following essential questions:

- I. Is it feasible to achieve a win-win situation, winning over more loyal customer and at the same time increase the customer satisfaction of the current base? What kind of characteristics should be included to achieve such an outcome?

II. How should the rewarding system look like for the loyalty program? Can it offer adequate and necessary benefits for each customer segment?

III. What are the right KPI's put into place from company side for measuring such loyalty program?

A proper mapping and understanding of those questions would help companies to get a comprehensive and coherent picture to avoid customer defection resulting from a poorly established loyalty program.

1.3. Research field

The research field is being derived from the previous described problem discussion. Thus, it leads to the research and analysis of ŠKODA AUTO current loyalty strategy, on how a newly established loyalty strategy should look like in terms areas that it should, both from ŠKODA AUTO as well as the customer's point of view and on the analysis of different attributes and characteristics it should include to be able to successfully tackle the need for ŠKODA AUTOS heterogeneous customer base. The scope of the research is focused on the middle European region, with focus on the Czech market. For Best practices and further insights are taken from the Czech Market as well as the German market to get a better comprehensive and coherent picture.

2 Theoretical framework

In the following section, the theoretical framework is being set to understand precise definitions and main characteristics of loyalty programs. Based on these explanations, three research questions will be established where the goals of loyalty programs and segmentation possibilities are worked out.

2.1 Customer Satisfaction

The US-American statesman, scientist, and writer once said: "Satisfaction is the philosopher's stone. Satisfaction turns into gold, whatever touches it" (Benjamin Franklin, 1706-1790).

Almost everything in today's world is market-and business oriented. The environment brands companies find themselves is very competitive and there are no room mistakes. With this increasing competition, the customer is becoming more and more the central figure of the business, and for many companies, the ultimate concern became on how to successfully satisfy customers. Hence, understanding customer satisfaction has developed to one of the most critical aspects that managers must focus on. Additionally, the topic of customer satisfaction has become a significant part of marketing, is the so-called psychological marketing goals. It means that positive customer satisfaction can help to increase the company's profit as well as the overall market share (Michael Herrling, Was versteht man neuter Marketpraxis, 2018).

Customer satisfaction brings along several effects that are conceivable. In the ideal case, positive customer satisfaction will lead to a frequency increase of visits by customers and hence, result in an increase in the service or an increase in goods purchased. Also, the readiness to provide outsiders with recommendations will preferably increase in a best-case scenario leading to the acquisition of new customers for the company. And thirdly, this, on the other hand, will increase customer loyalty towards a particular brand, enabling the company to achieve its goals and set key performance indicators. (Michael Herrling, Was versteht man neuter Marketpraxis, 2018).

It is important to understand that customer satisfaction is a performance that is seen in the long-run and not in the short-run. Companies cannot expect to win over customer's satisfaction within a short amount of time. It remains necessary for companies to provide a constant, ongoing and customer-centric process, which improves from year to year. When conducted correctly, it enables to influence the purchasing behaviors of customers. In the academic world, the continuous delivery of high customer satisfaction is interconnected with high customer loyalty and therefore, an enhanced company reputation. (Fornell, 1992; Anderson & Sullivan, 1993; Wangenheim & Bayon,

2004). Thus, it can be seen that the outcome of positive customer satisfaction results in customer loyalty (Oliver, 1999).

2.1.1. Development and creation of customer satisfaction

When developing a loyalty program, it is always essential to start with customer satisfaction. Kotler and Bliemel define customer satisfaction as the "process of psychological comparison between the reality of the perceived offer and the expectations of the client (Kotler/Bliemel: Marketing-Management)." The exact process can be seen in Figure 1. Once having the perceived service or reasonable meet customer anticipation, the customer will get happy. From another point of view, customer satisfaction can also already take place if the customer's expectations are already being exceeded in the current situation. On the other hand, this can also be the opposite. If the perceived quality remains lower than it should be, then dissatisfaction will occur.

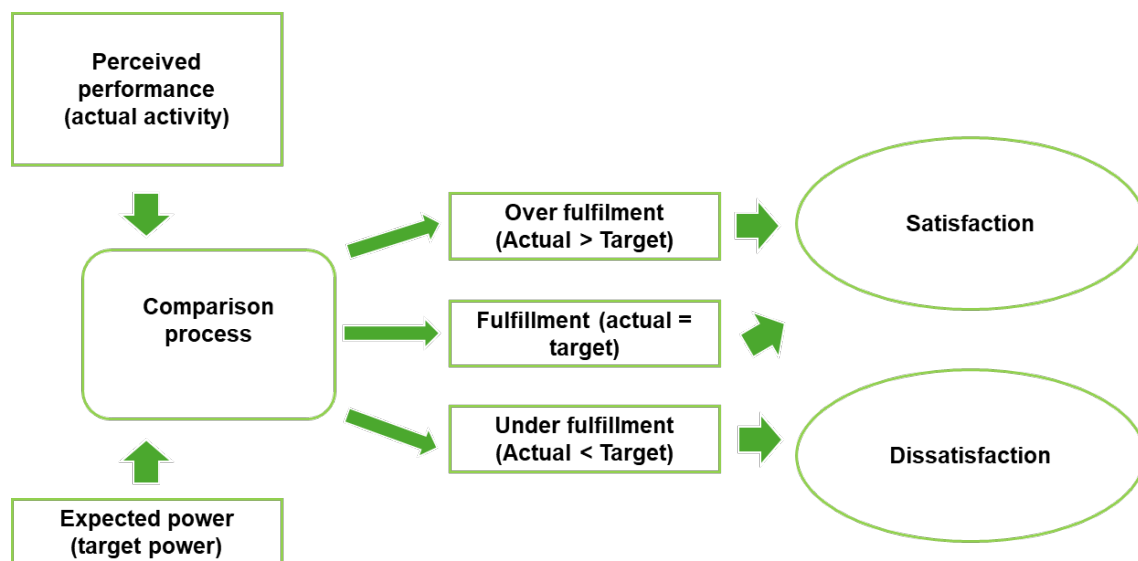


Figure 1 Development of Satisfaction (based on Homburg/Giering/ Hentschel)

2.1.2. The relationship between customer satisfaction and loyalty

Bliemel and Eggert are linking customer satisfaction and customer loyalty together. They say that customer satisfaction is an essential prerequisite to being able to achieve customer loyalty and retention. However, to what guaranteed point customer satisfaction can lead to customer loyalty is still being open and contentious. (Bliemel/Eggert: Kundenbindung).

Usually, customer satisfaction does not enable higher loyalty of customers. There are many studies in which customers would describe themselves as very happy yet, not loyal. This is linked closely with intercultural perspectives. Hence, many satisfied customers would change the brand if the overall benefit would be more suitable for them. (Gierl, Heribert: Zufriedene Kunden als Markenwechsler).

2.1.3. Influential factors on customer satisfaction

Almost everything can and is being influenced in today's world. Many times, people would not even notice how they are being affected and perused to take the decisions and actions they make. The same principle applies to customer satisfaction. A significant part of developed expectations from customers is being influenced by the brand. However, it is important to distinguish that in some cases it is not from full benefit to correct and adjust customer expectations as it can easily backfire and hence, companies profit will decrease below competitor level.

An exciting principle on how to influence customer satisfaction was developed by the Japanese Noriaki Kano, which was initially developed for the Konica company (Kano, Nobuhiko, Fumio & Shinichi 1984). This model is based on an interaction between the existence of specific product features and customer satisfaction. Here, the assumption is being taken that customer satisfaction is heavily influenced by three main factors, which are described as basic, performance and enthusiasm factors.

Basic factors are representing the minimum requirements that a product must have. Otherwise, it will lead to dissatisfaction of the customer. They are necessary for every product. However, they do not represent a sufficient condition for the development of customer satisfaction. Meeting those factors will lead to a neutral position of customers whereas not fulfillment would lead to dissatisfaction development. Performance factors stand for the characteristics which enable customer satisfaction and the fulfillment of expectations. However, on the other hand, they can also represent the complete opposite. Performance factors and customer satisfaction are having a linear relationship between each other (Kano, N., Seraku, N., Takahashi, F., Tsuji, 1984).

At last, there are enthusiasm factors. Those represent features of a product which must not be met by any brand and would not be expected by customers on first hand. Nevertheless, if companies decide to implement features, customers satisfaction will rapidly increase, enabling a strong feeling of satisfaction. This will then lead to a higher connection between customer and company and hence to stronger customer loyalty. Still, those factors are not necessary to be implemented. If companies should not implement them, then the dissatisfaction of customer will not decrease. Important to sat is that enthusiasm factors are, however, no replacement for missing basic factors (Kano, N., Seraku, N., Takahashi, F., Tsuji, S. (1984).

2.1.4. From dissatisfaction to satisfaction

From a conducted study that was done by Toepfer and Wieders's it becomes clear that to achieve a minimum level or better said a base level of customer retention the satisfaction will play an important role. In the beginning, customers remain dissatisfied. However, after providing the right first incentives to customers, first satisfaction will be in place. From there this can be taken as a high starting point for further incentives get customers on their side. (Töpfer, Armin; Wieder, Martin: Effiziente). It is nicely illustrated in Figure 2. It should be that the point from which customers are inspired is the point where brand loyalty will begin.

The customer is...

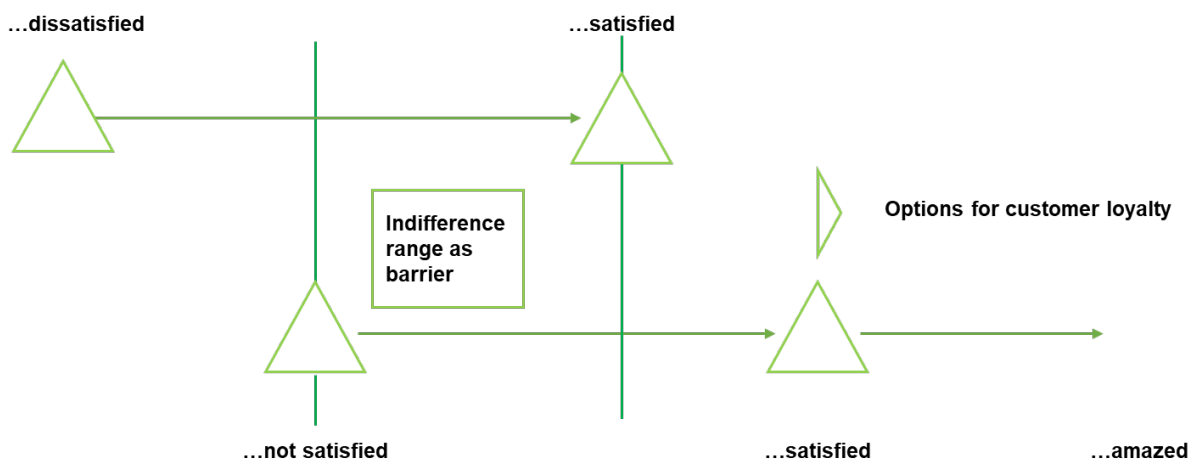


Figure 2 Satisfaction as a necessary starting point for customer loyalty (Source: Töpfer/Wieder)

It is important to show customers that one is caring genuinely for them. It is necessary to provide time with the right feelings and necessities, such as the right added-value, the proper communication or a positive surprise (Zeitbluten/news/kundenbindung). Customer can only be delighted once they are convinced and enthusiastic if the received benefit is something very unusual and new for the customer. The best scenario would be if he would receive something that no other brand has thought of. On top services or free of charge, services can play a major role as well in customer satisfaction. Those additional services reflect an opportunity to increase customer satisfaction beyond the area of indifference and therefore for the structure/expansion of the connection with the customer. (Zeitbluten/news/kundenbindung)

2.1.5. Degree of customer dissatisfaction / satisfaction

The Homburg/Giering/Hentschel model assumes that certain influential factors strengthen or weaken the relationship (Figure 3). The evaluation of all experiences that are being presented to the customer enables to derive the degree of customer satisfaction. (Homburg/Giering/Hentschel: Kundenzufriedenheit und Kundenbindung).

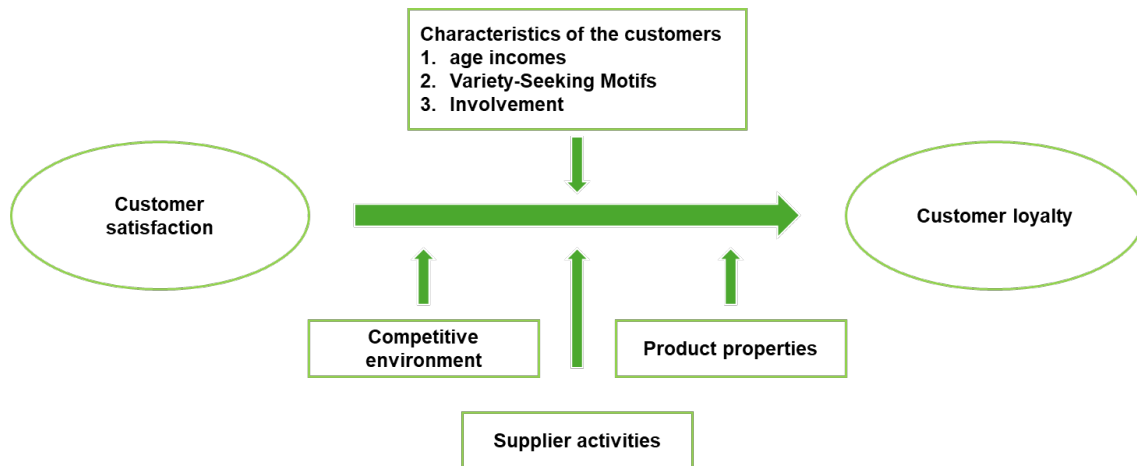


Figure 3 Relationship between customer satisfaction and customer loyalty (Source: Homburg/Giering/Hentschel)

Thus, having many competitors on the market customers are being more easily less loyal to brands. The variety of different product offerings leave them with many choices. Still, continuous brand incentives are playing a reinforcing. If we take the example of some food delivery application, the characteristics play an essential role in it. How easy it is to order, how easy the interface is, how accurate is the application towards the actual deliveries, etc. The more incentives the brand provides to facilitate and enhance the appeal, the more likely the form will be picked and used again. However, in no small extent, the satisfaction from such features largely depends on the type of customer. Young people are considered willing to change, while older people tend to behave habitually and faithfully, even in cases of occasional dissatisfaction. Another important part is income. The higher the income, the greater the degree of satisfaction, which becomes an essential criterion for the client's purchasing decision: quality is affordable. The need and the search for Variety Seeking are individually different and can lead to a change of supplier despite the satisfaction. Ultimately, it also depends on a person's involvement, personal interest products, which positively influences loyalty (Homburg/Giering/Hentschel: Kundenzufriedenheit und Kundenbindung).

2.1.6. Active vs. passive customer engagement

The question of whether to try customer to engage actively or passively depends always on the kind of customer. Engagement can be described as a commitment with which somebody approaches an objective actively (Kroeber-Riel: Konsumentenverhalten).

Distinguishing between active and passive customers shows that active customers aim for specific information to be able to make more accurate decisions and get a more comprehensive understanding of the situation and overall picture. Passive customers, on the other hand, are less interested in the decision and therefore do not care that much about the outcome (Roos and Gustafsson, 2007). Generally speaking, passive customers are more likely to switch to competitors whereas the active customer is more retained by the brand. This is reflected in the degree to which customers are interested in a particular product. The degree of involvement influences buying-in and information behavior and the willingness to. Thus, customer retention is based on a high level of engagement which again is based on a passionate devotion towards enthusiasm. (Roos and Gustafsson, 2007). A perfect example would be a customer who is convinced of health benefits from going daily to the gym and buying particular goods from the gym.

Additionally, active engagement can also be triggered through several points such as:

- I. How interesting a product appears to be which could be the influential trigger
- II. The identification with the supplier which represents the reactional trigger
- III. The benefit and happiness associated with the purchased service and product which is the situational trigger

2.1.7. The importance of trust

With trust companies enable to unlock the lock towards customer loyalty. Trust is the belief that people develop and gain confidence from when it comes to brand connection. In his case trust not only occurs between customers and the brand but also between employees and the actual brand. Therefore, this factor remains from the utmost importance. As the saying goes, happy employees, happy customers. It is vital to keep a significant relation towards their employees before being able to establish excellent connections with customers (Leonidou, Talias & Leonidou, 2008). Many studies have shown that sales consultants are the ones that influence customer trust and establish customer relationships. This again reflects the importance of employee and brand relationship. Additionally, belief is based on positive experiences in the past and can, therefore, be influenced by customer satisfaction and more suitable to exchange when considering the business to the customer market. (Bliemel/Eggert: Kundenbindung, Pappas & Flaherty, 2008; Swan, Bowers & Richardson, 1999).

2.2. Purpose of loyalty programs

After the discussion of the basics and explanatory concepts of customer satisfaction and binding causes, the next paragraph deals with the loyalty programs, a specific instrument to keep customers satisfied and attached to the company.

Loyalty programs are incentive programs by brands with the purpose to reward consumers for their brand loyalty, in example for their before conducted purchases, already preordered services or even for the recommendation of new customers. Groenroos, C. (2000) Those loyalty programs are defined by important attributes and features that are crucial for such programs:

- (1) Every loyalty program sets itself apart from the others through its unique and specialized benefits and rewards for customers. The degree of to what extent customers are being rewarded for their loyal behavior is set by each brand individually. Among a wide range of possibilities of rewards, it remains from importance that customers are being rewarded on a personal level and base. Additionally, it is necessary to establish target groups to which each loyalty program is tailored to. In addition to loyalty programs, various similar customer loyalty measures such as customer-to-customer, brand communities or special online services are offered by companies. The central reward motif defines loyalty programs Groenroos, C. (2000).
- (2) Loyalty programs are being implemented in the long – run. The main aim is to build a binding connection between company and customers. To be able to get the full benefit and full advantage out of the loyalty programs it is necessary to register for the program. This includes, on the one hand, consent to the use of the program offers and, on the other hand, consent to the personal data being used within the framework of the program. With all necessary information stored companies can identify and target the most important and current needs and feature corresponding to the customer profile. Additionally, further data on the purchasing behavior and interests of the customer is being collected. In comparison to other sales promotion measures, they are not primarily intended to serve a short-term increase in turnover. Instead, long-term investments in the program are designed to increase customer loyalty to the program services and beyond that to the company or a brand. From the customer's point of view, a certain amount of investment is also necessary to make the best possible use of the program. Selected campaigns, such as an instant voucher when registering for the program, can, however, also attract interested customers at short notice, who often withdraw again after using the application once (Gustafsson, A., Johnson, M.D. and Roos, I., 2005).

- (3) One very important topic that loyalty programs are converging are marketing activities. Incentives are developed to support the marketing and, in some cases, also the corporate social responsibility activities of brands. Loyalty programs can be used to collect extensive data from customers. With the help of an appropriate analysis of the data, future marketing measures can be adapted to customer needs (Gustafsson, A., Johnson, M.D. and Roos, I., 2005). Around many industries there can be found many best practices, e.g., in the food industry and mainly in the retailing as well as service providing industry. For example, as part of its online access to the EDEKA Club Card, the biggest German supermarket chain offers specific offers and promotions based on customers' previous purchases and personal data.
- (4) Loyalty programs are designed to reward and strengthen customer loyalty to a company or brand at the level of attitude and behavior. They are built and designed to promote the loyalty of existing customers and increase the company's customer share. Such customer loyalty is primarily to be achieved by strengthening the purchase frequency, the purchase volume and the share-of-wallet for a brand or a company (Großnroos, C. 2000).

2.3. Objectives of loyalty programs

The next part is primarily focusing on the several objectives of a loyalty program - even if the introduction and maintenance of a loyalty programs can have a positive effect on customer acquisition (for example by recommending program members). The objectives of loyalty programs vary and can be clustered in different areas, which in turn have a positive impact on a company's growth, profit and security objectives (Diller 2006):

1. Customer selection process
2. Obtaining customer information
3. Strengthening customer communication and integration
4. Improvement of the corporate image
5. Shortening of the purchase process / opening of additional distribution channels

2.3.1. Customer selection process

Loyalty programs are functioning based on effective customer communication. Hence, it is vital to know the target group and to establish different clusters and segmentation of all potential customers. (for an overview, e.g., Freter 2008). The better the segmentation and clustering of target groups is done; the more precise incentives and activities can be aligned to customer preferences and needs.

Additionally, through focusing on customer expectations clear goals of the loyalty programs can be established. This, on the other hand, leads to a higher level of customer satisfaction and reduces the switching costs of the customers (Volkmann/Gaul 2003; Conze 2007; Kracht/Günther/Töpfer 2008). If the customer group to be addressed exhibits a high degree of heterogeneity, it is necessary to align the service offering with relatively general customer needs. This often involves central customer motives for joining, such as monetary incentives in the form of vouchers, discounts or loyalty points for redeeming premiums. Programs that are built more tailored towards customers encounter the so-called self-selection effect. That means that some customers will be attracted more and other less to the application (Thiele, S. R. 2005). This enables to illustrate that in many cases loyal customers who are already attached personally for some reasons to the brand will start and use the program in a very effective and intensive way (Herzog 2007; Leenheer et al. 2007).

Since the effect of self-selection can have a significant influence on the evaluation of program effectiveness, it is essential and crucial to take this into account when measuring the return on investment of loyalty programs. Even if a program is designed for a specific target group, it cannot be ruled out that people who can only benefit to a limited extent from the possible increase in performance will also be addressed. For example, the frequent flyer programs such as Air France's Flying Blue offer are primarily aimed at business customers (and heavy users) with various travel times. Persons who book flights very little few times a year when going on holidays are receiving rewards only to a certain amount. However, the range of services in such programs is enormous. Most of the people are not making use of it Even though, the program remains open to all customers, the barriers remain high and the deadline for redeeming the service play a particularly important role as time is used as the crucial factor. If the customer does not make use of their collected miles within a specified period, they will be lost, and customers must start receiving from the very beginning (Schnöring 2016).

2.3.2. Obtaining customer information

In today's digital world customer data are the gold that was once for the people in Colorado. Thus, every time a new customer registers him/herself for a loyalty program, new data are obtained. Those data have a broad scope from, customer interest, general information, purchasing behavior patterns and many more. Always depending on what product or service is being offered different kind of data is being collected and stored. These data pools of customer information enable to optimize and individualize the not only the rewards but also the communication with customers (Wallace, D. W., Giese, J. L., & Johnson, J. L. (2004). On top companies have a wide choice of introducing new distribution channels. Due to loyalty programs and their mandatory registration for customers, it becomes possible for companies to establish a digital customer profile. Those profiles can then be linked to new payment channels. In web-based loyalty programs, companies often offer the option of storing the preferred payment modalities in the member profile (Waarden, L. M. 2006). Also, selected loyalty programs

provide their credit card (e.g., IKEA FAMILY card) to speed up the purchasing process and make it more efficient from the company's point of view. (IKEA) All these features are enabling brands as well as customers many advantages:

Company advantages:

- I. Direct and quick purchases on dealer side
- II. Stored data allow for a faster and precise ordering and distribution process
- III. Tailored offerings and individualized communication channels
- IV. Faster, individualized effective and efficient communication,
- V. Tailored service designs based on collected customer data
- VI. Possibility of forecasting future behavior and future purchases of customers

Customer advantages:

- I. Needs-based communication, avoidance of uninteresting advertising, and information
- II. Introduction of new and direct distribution channels
- III. Faster linkage with customers
- IV. Data analytics
- V. Individualized offerings within the scope of the program services
- VI. Possibilities of individualized recommendations, based on previous purchases and actions

In the food industry, customer-focused data are being used frequently to design the best offers based on past purchase patterns, enabling the best communication, and providing individualized delivery slots for each customer. In the Czech Republic, many companies such as TESCO or Rohlik.cz are already using this data for their benefits. Furthermore, upon joining members are receiving special discounts for their future purchases and special discounts for certain amount spent on each shopping trip. Additionally, a member account can be applied to assign purchases made by certain persons to their demographic characteristics, transaction data and, in some cases, activities on social media platforms (Tomczak/Reinecke/Dittrich 2010; Protein 2011).

A great example of shortening distribution channels is the Nespresso club. Nespresso member registered in their loyalty program can select their preferred choice of coffee and can expect it to be delivered within the next 24h to their registered address. Of course, free of charge. The whole ordering process is kept very simple and only takes customers a few seconds, maybe a few minutes if customers cannot decide. As all customer data are stored online the customer truly only need to log in, select its coffee and press the order button. His / Her favorite payment method can be saved as well upon agreement and thus, making the whole process even faster.

2.3.3. Communication, customer integration and retention

Communication between customers and companies is always a battleground and it can take time until the right medium for communication is found. Thus, loyalty programs can have a positive influence on the communication channels between customers and brands. Not only they offer to be in touch with the customer and introduce them to new products and service, but also, they offer the possibility to gain feedback from customers. Of course, this is depending on how the options in each loyalty program are set and whether the customer has the opportunity for active or passive involvement. To be able to integrate customers and have a better connection to them it is wise always to develop two-sided communication channels. Nevertheless, many programs are limited to the use of the loyalty program as an additional communication or advertising opportunity (Großroos, C. 2000).

Characteristics of loyalty programs can have an impact on both, company as well as on customer side:

Related to the company offer:

- I. Information about basic and additional services of the company or the program
- II. Information about current offers and member events
- III. Information on the processing of the individual services within the program
- IV. Background information on the company and its services Presentation of new products and services

Related to the individual:

- I. Selection of target group-relevant media, response and dialogue elements
- II. Personal approach and adapted communication style Target group relevant topics, current trends (not only product or company related)
- III. Observance of personal events and last actions of the member (e.g. birthday)
- IV. Creation of possibilities for personalization and user customization

Overall, a company would be smart to search always the dialogue with its customers as it only can benefit from it: More customers involved into the communication, the more feedback is provided which then leads to a better service offering, created based on the information provided (Bliemel/Fassott/Theobald 2013). With this method companies can build on relevant customer data and suggestions. More importantly, they can exert a decisive influence on the content of the dialogue and the perception of the loyalty program, the brand or the company.

To be able to utilize the potential of customer integration, it is essential to provide customers with ample opportunities for dialogue. A company can make use of numerous

measures such as contact forms, online surveys, direct help functions, and chat facilities as well as feedback forms, particularly in the online sector (Bliemel/Fassott/Theobald 2013).

2.3.4. Strong corporate brand image due to communication

From the previous paragraph before the importance of communication was already shown on the example of customer integration and customer retention. However, strong and stable communication between brand and customer provided through loyalty programs also enables a positive impact on customer loyalty (Gustafsson, A., Johnson, M.D. and Roos, I. (2005). Additionally, strong communication with satisfied customers enables the brand to gain a high corporate brand image which is carried out by the brand's customers. Perceptions of customers can be influenced in many several ways, such as actively as well as passively. Looking at it from the companies point of view, interaction with the customer via the options provided within the program plays a vital role in shaping the company's image. The latter can be achieved by providing relevant background knowledge, customer events for program members or by expressing appreciation for customers (e.g., through birthday gifts) (Ajzen, I. and Fishbein, M. 2000), (Gwinner et al. 1998; Evanschitzky et al. 2012). A relevant prerequisite for positive effects of the loyalty program about the corporate image is that the plan is coordinated with other existing communication measures. It is of utmost importance that the program's services/products and its communication is aligned with the corporate image. Otherwise, companies are taking the risk of running against the wall and lose trustworthiness (Meyer 2010).

2.4. Loyalty program target groups

A loyalty program should be able to target different groups of people. Hence, it should not be a standardized program as it would not work for many potential groups. This can be done through the design and different scenarios of such loyalty programs. Table 1 shows an example of a segmentation of four types of buyer, based on the design by Tomczak, Reinecke and Dittrich (2010). Additionally, to the description a column was established with possible incentives that can be used to tackle those several target groups.

Target Group	Description	Possible incentives
Price or discount buyer	Especially in low-involvement markets; Buyers on the basis of current prices and show to a large extent no emotional attachment to the company; Buyers on the basis of current prices and show to a large extent no emotional attachment to the company	Functional incentives; especially monetary; Immediate incentives to increase the frequency and scope of contacts and purchases;
Key customers; Sporadic buyers	Customers who are particularly profitable for a company or buyers from industries with longer purchase cycles and exchangeable services; To be rewarded by incentives for their loyalty to increase the stability of the relationship	Experience-based incentives; Incentives can also be offered in a distorted form, if the value from the customer's point of view is correspondingly high.
Customers with strong emotional connection to the company	High affinity to the company, the brand and/or the services of a provider; High degree of loyalty to the company, which can also create identity	Above all, experience-based incentives such as events, communities, gifts and surprises; Additional information material on the brand / the company
Heavy User	Regular chewers with a high frequency of use and application of the products; Trust the skills of a provider and are interested in new offers from the company	Functional incentives (monetary incentives such as vouchers or free products); Experience-based incentives (monetary incentives such as samples of new products, events)

Table 1 Target Group Definition (Source: Tomczak, Reinecke and Dittrich 2010)

2.5 Design and structural features of loyalty programs

The following sections are dedicated to the design of loyalty programs. Selected structural and design features of loyalty programs are discussed in more detail.

Sections present company-specific, cross-company, free, fee-based, formal and informal loyalty programs.

2.5.1. Company-specific vs. cross-company cooperation

Loyalty programs can be seen as company-specific programs offered to particular members. The provided added value of such specific programs should be that customers can benefit from a different and unique range of benefits and rewards than typically offered to company customers. It is essential for the company to keep it that to be able to provide the feeling to customers that are specially treated through these offers. When facing a high customer involvement towards the brand, the lower the entry barriers for the particular customer will be as he/she is already intimately connected to the brand. On the other hand, side, facing low customer involvement will require a high commitment from company side to be able to persuade the customer. One of the most efficient incentives for little customer involvement remains the monetary incentives. However, such incentives can be quickly adopted by competitors as well (Waarden, L. M. (2006).

Due to such nature of customer behavior, it remains from importance to the company to analyze carefully all investment costs needed for establishing a successful loyalty program, offering the right benefits and rewards. If the company's resources are not sufficient, cooperation with other companies can be entered in the form of cross-company loyalty programs (Kivetz/Simonson 2003; Leenheer et al. 2007).

Cooperation with other companies can be beneficial in several ways for the company. First, it enables us to save join forces and save up resources on both sides. Hence, companies can allocate their resources more efficiently. Additionally, the costs for design the loyalty program or for providing logistical costs are always being split between the partners. The joint anticipation of conducting tasks such as administrative and communicational measures or other does not require the development of new specialized departments that will take care of the implementation and management of the loyalty program. Loyalty programs that are being shared by companies are suitable for customers that focus in first place purely on the product and not stand directly in touch with the brand. A great example is the Flying Blue program from KLM and Air France. Their loyalty program does not only attract frequent flyers from those two airlines but due to the cooperation of many other airlines who want to gain benefits by earning airline miles.

Another benefit of cooperation and is the reduction of entry barriers for customers, having a deep commitment to a specific brand. With the possibility of accessing a broad and diverse spectrum of offers, they are decisive for registering for membership in the program. (Dorotic/Bijmolt/Verhoef 2012).

Initially, companies that were sharing loyalty programs found themselves in the same industry sector. Nevertheless, over the years many new concepts of loyalty programs were developed that are cross-industry overlapping. The fact that they are overlapping industry sectors enables them to reach a high number of potential customers and provide them with easy access to new services and products. (Tomczak/Reinecke/Dittrich 2010; Rudolph/Nagengast 2013).

Due to a large and heterogeneous target group of such programs, functional incentives like discounts or payback points are used as the base. Those are targeting primarily

very price-sensitive customers. Hence, the overlapping industry loyalty program does not lead immediately to a stronger customer relationship between customers and companies. Since participation in cross-company programs can be associated with high costs, potentially interested companies must consider whether the corresponding positive sales and profitability effects outweigh the company-specific costs. It remains critical for each company to carefully analyze to what extent the respective company can exploit the customer and purchasing behavior data of the program; as pure discount programs, they are often not economical for participating companies (Evanschitzky et al. 2012).

2.5.2. Free vs. chargeable

There can be more approaches towards a loyalty program. One is to offer customers a free loyalty program in which they can enjoy maximum flexibility. The beneficial aspect here is that such loyalty programs permit short-term participation and hence, do not have any high entry barriers. The other approach towards loyalty program is to charge customers with a fee. Hereby however, it is necessary that from beginning right benefits for the customers are available in order not to dissatisfy them. The big difference between free and chargeable loyalty program lies in the monetary transaction that customers made. Thus, their expectations towards higher rewards and benefits remains bigger than in free loyalty programs. They either can have a very positive effect on customer's appreciation or on the other hand sustain an adverse effect in which customers would withdraw and might even change the brand. Additionally, chargeable loyalty programs have the fee as entry barrier. Nevertheless, if the loyalty program is well established the loyal customers who value the brand or the product the most will make the effort and join (Martin, W. C., Ponder, N., & Lueg, J. E. (2009)).

2.6 Necessary elements for loyalty programs

The loyalty framework remains very complex with many attributes and features that can help establish better relationships and better cooperation's with the customers for long-term as well as short-term purposes. These aspects are going hand in hand with a variety of different parameters looking at different values and characteristics.

The Table 2 shows an overview of taken parameters for different styles of incentives and activities that can be used for loyalty programs. The table is based on the work of Dorotic, Bijmolt and Verhoef (Dorotic, Bijmolt and Verhoef 2012).

Parameter	Expression	Examples
Tyoe of usage	functional (monetary, "hard benefits")	Premiums, discounts, vouchers, product samples, special offers for members; Gifts, Surprises, Special Treatments, Events, Status
Time delay	immeadiately, delayed	Direct discounts on purchase, volume discounts; sent coupons starting from e.g. sufficient number of points; free products with the next purchase
Supplier reference	supplier - related, not supplier - related,	Vouchers, discounts or free products from the company range; Vouchers for other providers e.g. discounts on amusement park tickets in the ADAC club
Individualization of the incentives	program specific, customer specific	Discounts or vouchers on certain products: Background information on selected products; Special offers based on previous purchases; recommendations based on or customer interest and socio-demographic data

Table 2 Design of Loyalty Strategies (Source: Dorotic, Bijmolt and Verhoef 2012)

2.6.1. Functional and experiential rewards

Rewards can split in several ways to distinguish between the kinds of bonuses offered to customers. One suitable approach is to cut them between functional, experiential and operational forms of rewards.

Functional benefits are "hard benefits" and are being offered in forms such as vouchers, point collections or discounts. Practical incentives can be found, for example, in travel or transport (e.g., Marriott Hotels), in food retailing (e.g., EDEKA collection card) or the clothing industry (e.g., HUGO BOSS special sales discount card). So far, one of the best developed functional incentives is the Payback program, where the customer is gaining points for their purchases and can redeem them later for some offered products, services or use them as discount points for their next shopping trip. Such incentives are not necessarily limited to only their brand but can work in cooperation with other companies.

Next, there are experience-based incentives that are offered by companies. Such rewards are called "soft rewards" as they are aiming to create additional and unique value to loyal customers. It is important to understand that soft benefits are entirely

independent of monetary rewards. Well-thought and developed experience-based incentives should be tailored to customers' needs and preferences (Pracejus, J. W., & Olsen, G. D. (2004). Furthermore, fruitful soft rewards should awake in the customer the sense of appreciation for using and being loyal to the brand. Such experience-based incentives can be based on the purchasing volume of customer or can be directly purchased by the customers. A customer that would buy good and service over a certain amount of money would be upgraded into a higher status. Here, not only the condition itself but also the associated preferred customer treatment should express an appreciation towards the customer. Those customers can be being offered than additional and new services tailored and being individualized for those premium members. In the airline industry frequent flyers with platinum status are being provided for example access to the business launch where they can eat for free, take a shower and relax before taking their next flight.

Last, we have also operational incentives and rewards. Those are purely monetary incentives offered from the companies to customers in terms of the volume or number of previous purchases (Dorotic/Bijmolt/Verhoef 2012).

2.6.2. Supplier-related and supplier-distant incentives

Offered incentives and services can but must not be directly linked to the brand's core business to represent the brand. They can render additional service to customers for better or easier use or even commercial offers. Free products such as given a coffee for free after buying six, providing free treatments or service such as free tire changes or free samples to introduce new services and products.

All the features are in the hand of the company and hence, company related matters and incentives. If companies use such services within a loyalty program, an apparent reference to the product range is also created for the customer in the reward situation. This not only expands the set of the company offers relevant to the customer, but also the individual experience with the company (e.g., Kumar/Shah 2004). In this way, future cross-selling and up-selling can also be initiated.

Remote offers enable an even broader range of product offers to customers. Depending on the strategical decisions of companies, it is possible to provide cross-industry or remote rewards that will allow a positive effect on the perceived attractiveness of an application (Ganesh, J., Arnold, M.J. and Reynolds, K.E. (2000).

The effectiveness of the use of offers from other providers depends in no small extent on the involvement of customers in the company's primary services: Customers who have only a low level of participation in the core services of a company rate the attractiveness of the relationship with the company higher if the company also offers services outside the company in addition to its additional services. A high number of companies work with rewards that are not in the company sector but rather than in other sectors that are more suitable and beneficial for customers. Examples would be rewards such as massage vouchers, travel offers, concert tickets, car rental discounts or insurance

(Roehm et al. 2002). When introducing a loyalty program, it is generally advisable to first expand the company's general services with its premiums within the framework of the program to reward customers already involved with their offers. As a result, customers are always made aware of the company's product range, and customer loyalty is strengthened (Butscher 1996; Roehm et al. 2002; Kivetz 2003). Accordingly, studies have shown that above all strongly involved customers prefer premiums that come directly from the corporate context.

Throughout the development of the loyalty program, each company should consider expanding their offers within the program upon customer feedback and customer behavior. At this moment, it should be paid attention that all offered incentives and rewards are enough differentiated among themselves and from those competitors are providing loyalty programs offer customers discounts from car rental companies, the uniqueness and relevance to purchasing behavior are rather modest (Kivetz 2005; Keh/Lee 2006).

2.6.3. Individualization and tailoring of benefits and incentives

A great thing about benefits and offered incentives is that they can be individualized and perfectly tailored towards different target groups and hence, respond to the needs and preferences of customers. This is done through customer data collection and analysis. To achieve a high level of program satisfaction among customers and thereby promote loyalty behavior, program-specific incentives must be tailored to the target group. Therefore, it is important to have defined a clear vision of what will be offered and a clear understanding of the targeted target group as well as its characteristics. Based on that the loyalty program can be designed, and conditions can be set.

To enable companies to respond explicitly to individual customers, personalized communication channels are used in the way of one-to-one marketing. (Bliemel/Fassott/Theobald 2013). Online profiles with their vast amount of customer data, in terms of socio-demographic data, interests or information on purchasing and search behavior are particularly suitable and represent a valuable basis (Kumar/Shah 2004). Attitude and behavior are influenced profoundly by personalized communication and activities. The influence of personalized incentives is not limited in any way and entirely depends on how much the brand wants to approach customers. It has a tremendously positive effect on customer relations in the business-to-business area (Palmatier/Gopalakrishnan 2005).

In conclusion, building the loyalty program on the right parameters enables to offer a wide range of tailored incentives to target groups and furthermore, the binding of certain groups towards the brand. Additionally, selected and measured parameters are

the base for the loyalty program design. In the below-presented Figure 4, a summary of the most important steps for designing a loyalty program can be found.

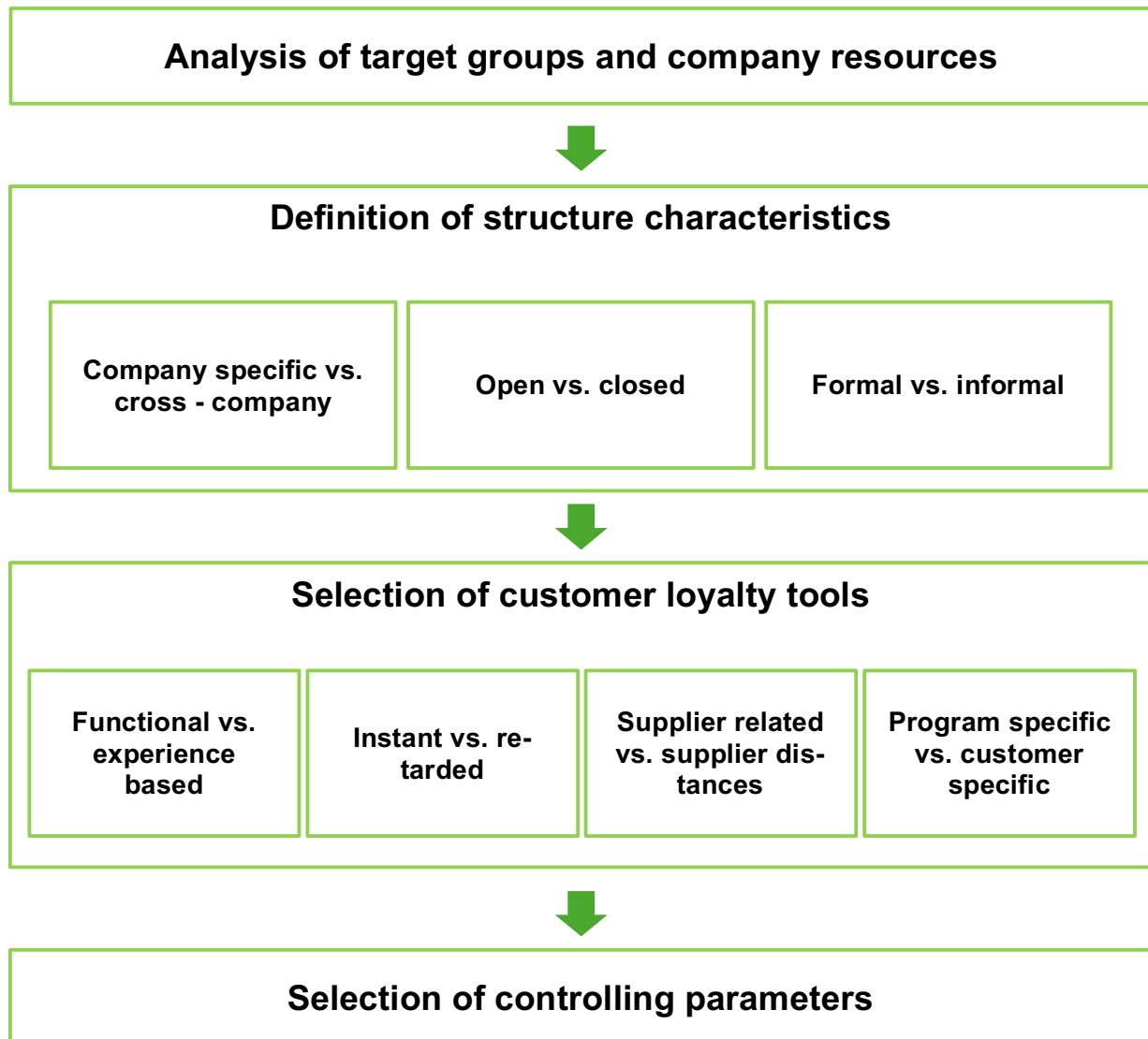


Figure 4 Program and customer-specific incentives (Source: Dorotic/Bijmolt/Verhoef 2012)

3 Practical Part

3.1 Scientific approach and derived research questions

To successfully tackle the topic and to arrive to the main goal of the master thesis which is to examine the current customer loyalty incentives and activities of ŠKODA AUTO in the Czech Republic and to exemplify that a well thought loyalty program cannot be standardized for a company like ŠKODA AUTO, three research questions are being derived and established from the theoretical:

Research Question 1:

Does ŠKODA AUTO currently have a proper loyalty program for its customers?

Research Question 2:

The design of the loyalty program should be covering different key areas including different characteristics and attributes to provide the right value added.

Research Question 3:

Heterogeneous customer base of ŠKODA AUTO must be addressed differently and not standardized.

The research questions are arranged in a logical manner and will be examined and reviewed in the same manner as mentioned above. For each of the questions different empirical research methods are being utilized which are described in more detail in the next section.

3.2 Used methodology of the research

This part of the thesis deals with the description of the methodology that is being used for the analysis and elaboration of the above three mentioned research questions. It firstly describes the methods from a scientific background, following by a detailed description of the method usage. As the topic of the master thesis is in the field of marketing, an empirical research and approach with a focus on qualitative methods are being conducted to achieve the expected outcome and goals, set previously. At this moment, the process of research aims to gain a better overview and more in-depth understanding of the qualitative research which develops certain categories and theoretical assumptions based on general theoretical assumptions and research questions only with the help of empirical data.

To achieve an overall accurate outcome and expected results, all data are collected by "open procedures," such as semi-structured interviews with experts, the conduction of a half-day workshop, an established focus group as well as a tailored questionnaire. All obtained results can be unstructured transcriptions or other recordings. Additionally an benchmark analysis is being conducted to get a coherent and comprehensive picture.

These data are evaluated using interpretative and category formation procedures rather than by the help of statistical methods. Various evaluation methods are available for this purpose.

The empirical research for this thesis is divided in five different parts and are conducted through the following methods:

- I. Face to face interviews
- II. Benchmark Analysis
- III. Design-Thinking Workshop
- IV. Focus Group
- V. Tailored online questionnaire

3.2.1. Face to Face interviews

In this section the first research question is being tackled through face to face interviews to get an accurate picture of the current state.

Being the most direct and most researched-focused connection between respondents and researcher (Kazmer & Xie, 2008; see also Kvale 1996), qualitative interviews remain one of the essential research methods. They are also called the primary purpose conducted in qualitative research aspects (Ryan, Coughlan & Cronin, 2009; Schultze & Avital, 2011). Interviews make sure that one is able to "enter the other respondent's mind and perspective" (Patton, 2002; see also Cisneros-Puebla, Faux & Mey, 2004) and build "thick descriptions of a given social world analyzed for cultural patterns and themes" (Warren, 2002).

Benefits of face to face interviews:

- More detailed interviews are possible, as the respondents took extra time to complete the survey
- Body language can also be examined
- The interviewee can respond to answers and easily ask questions
- Personal atmosphere relaxes the mood
- Often hidden messages can be analyzed, and true insights revealed

To enable a high quality of answers and get a broad scope of insights, all interviews were designed towards open-ended questions and towards a more informal way of communication rather than following a strict protocol.

Guidelines for the interviews were established and designed after the conduction of the literature review as well as the gathering of necessary, available background information to be well-prepared for the interviews. This procedure allowed for an accurate knowledge gathering to represent a suitable and fitting interview partner (Meuser & Nagel, 2002).

Upon successful completion of all interviews, the outcomes of the interviews were analyzed and assessed using the deductive category assignment by Mayring (Mayring, 2014). This method was used to answer the research sub-questions adequately. It enables an accurate clustering and structuring of obtained insights from the interviews based on the previous conducted literature review and hence, it ensures that all data are matched accordingly, facilitation the discussion of the findings. The process can be described as followed:

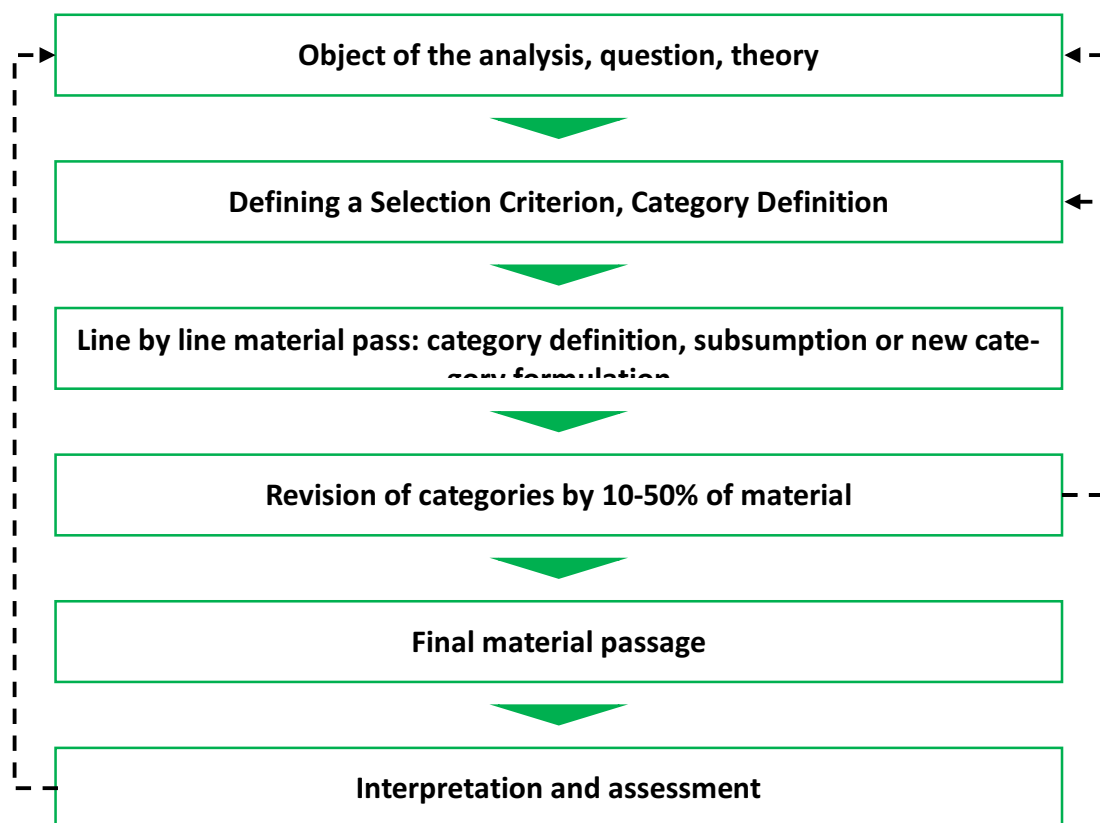


Figure 4 Mayring coding process

All interviews were conducted in the Sales and Marketing business resort to understand the current situation from many different points and to deliver a comprehensive analysis of the current loyalty program. This department is denoted as V business resort. Within this business unit there are a total of nine sub units which cover the whole ŠKODA AUTO network worldwide. Those sub units are for example VB that is responsible for the general business development regarding dealership network and dealer training, VM which is responsible for the general marketing activities, V2 being responsible for western Europe and further. Those sub-departments are then again being composed of few other departments.

The interviewed departments are the following:

- I. VTV – Sales department responsible for Czech Republic
- II. VTO – Dealer network organization Czech Republic
- III. VTS – Aftersales service Czech Republic
- IV. VTM – Marketing department Czech Republic
- V. VTK – Customer care Czech Republic
- VI. VAS – After sales systems and resources

A total of eight face to face interviews with ŠKODA AUTO's employees were conducted in the week from the 21st of November 2018 until 3rd of December 2018 at the Czech Republic headquarter in Mlada Boleslav. Departments were selected by their influence as well as contribution on the loyalty area and directly provided by ŠKODA upon request, being the most suitable ones dealing and managing various the aftersales business activities in which the current ŠKODA incentives fall into. Each meeting took between 30 to 45 minutes, was held in the English language to avoid any translation nuances and was conducted in person. Furthermore, every interview was kept in a very professional manner, including meeting minutes and points for follow-up / open questions. Those notes were taken by the research to avoid loss of time and interruption of the participant. The researcher exercised constantly his active and acquired listening skills as well as tried to read between the lines and highlight important information which were provided through participants in an emotional manner and speaking from personal experience. All results were put together later on in a Microsoft PowerPoint file and digitally stored for further elaboration on the topic. The interview structure was based on one three open questions:

- I. What are current incentives from ŠKODA AUTO in terms of loyalty?
- II. How are those incentives perceived by the customers?
- III. From your point of view, what are the characteristics that are missing and that customers dislike and therefore not use the provided incentives?

1st interview – VTV:

The first interview to be done was the interview with VTV that is having all sales related topics below it, new cars as well as used cars. The interviewee was a very young woman, who joined ŠKODA AUTO two years back. From her point of view when it comes to the overall sales process, the main obstacles are missing flexibility and missing empathy towards customers. Dealerships that are selling new or used cars to customers have sticky processes and do not show any flexibility in terms of price discounts or additional benefits, incentives to win the customer empathy.

2nd interview – VTO:

The second interview was held with the VTO department, responsible for the dealership network organization and that is constant contact with all dealerships in the Czech Republic. The interviewee made his points very clearly, explaining that there is currently no real connection between the customer base and the brand itself. The binging element is missing. Additionally, from her point of view there are too high prices charged for customer in the aftersales area and it is hard to maintain them to the brand and not change to unauthorized dealerships in terms of car services.

3rd interview – VTS:

Aiming for the third interview, the aftersales service department was next. The interviewee was an older man who has been working for ŠKODA AUTO for many years and was able to give valuable personal insights. He repeated the same characteristics as his colleagues before and elaborated further that customer are being offered service slots that are up to two to three months in the future. Moreover, once customer must suffer from the long waiting time they do not get to see a detailed structure of the bill but only the total sum of the repairs which leaves them in the dark and skeptical towards the brand.

4th interview – VTM:

Through the interview with the marketing department insights were gained towards communication channels and incentives currently offered to customers. *“I think it is a pity that we are not aiming for more customer incentives to allow stronger customer connection to our brand” said our interviewee from VTM (ŠKODA AUTO employee).* Among only few incentives there are not many rewards or personalized benefits for old and new customers. Additionally, it seems that customer is losing the trust towards the brand. This is to the before mentioned outcomes from the previous interviews.

5th interview – VTK:

The interview with the customer care was a great complement towards the interview with the marketing department and towards the already mentioned characteristics by

other departments. From the interviewee it could be seen that the problem of low customer care and communication is well known. However, nobody really feels responsible for taking the lead and improving those things. *“I am aware of the situation and the other department have already made their complaints. Yet, my hands are tight, and I cannot implement something that has not been approved from the level above”* (ŠKODA AUTO employee).

6th interview – VTS:

The 6th interview was done with the after sales department again. The interviewee was speaking a lot from personal experiences she had with the brand and in her point of view the sector offers a too little customer care and relationship with customers. Customers are being charged high prices for things they could get for cheaper in some other shops and are not being told the cause behind the prices. *“If customers are unhappy with what they get, I cannot blame them. Or services are not transparent enough and the money they have to spend here could be easily used for better, more important things”* (ŠKODA AUTO employee).

7th interview – VAS:

The VAS interview was included to get an insight towards the technical part of the aftersales area and whether there are existing systems that are tracking customer movements, purchases and activities within the brands network. The interviewee, a young data analyst described the situation as not too bad. Even though, there are few systems that run separately and collect data about customers, most of the data are being merged to get a coherent and understandable picture. He further elaborated that there is already a system which should be roll-out in 2020 after almost three years of delay that would have incorporated all customer data for a successful and accurate monitoring and tracking.

8th interview – VTV:

The 8th and last interview conducted was again with the VTV department, responsible for sales. In this interview two interviewees were interviewed. However, the main statements they were making were the same as all previous departments already have mentioned. The two interesting things that were newly elaborated on were that in the Czech Republic price sensitive plays a big role due to the culture and therefore, a big shadow market can be found when it comes to car maintenance and car repairs. *“The second characteristic I know from Czech people after their immense kindness, is their attitude towards money. They do not care who is providing a service or conducting a repair. All they ask for is that it works and that it is cheap”* (ŠKODA AUTO employee).

The next section deals with the second research question and is being tackled through a benchmark analysis as well through conducting a Design-Thinking Workshop. To be well prepared for the design-thinking workshop a benchmark analysis of ŠKODA AUTO direct competitors as well as from other industries was conducted.

3.2.2. Benchmark analysis

For the benchmark analysis the five-phase model, also used by the German Benchmarking Centre (DBZ), is used (vgl. Senel, 2009, 28; Landes, 2008, 13). The five-phases of the model are the following:

- I. **Target setting:** This phase defines the goals of the analysis and thus guarantees a discussion of the goals (vgl. Mertins/ Kohl, 2004a, 43ff.).
- II. **Internal analysis:** The analysis of own processes and weak points as well as the proper object definition and object goal narrowing for the benchmarking (vgl. Mertins/ Kohl, 2004a, 43ff.).
- III. **Comparison:** At this stage the actual comparison between the selected companies is being conducted. Additionally, best practices from each analyzed company are being put together (vgl. Mertins/ Kohl, 2004a, 43ff.).
- IV. **Derivation of measures:** Here a catalogue of best practices and the most useful ideas / activities is established that are corresponding to the previous defined goal (vgl. Mertins/ Kohl, 2004a, 49; DBZ, ebd.).
- V. **Implementation:** Best fit measures are adapted to the company or expanded if necessary and adapted. However, it is important to highlight that the copying of measures does not correspond to the purpose of the benchmark. Rather best practices should be taken out and tried to be adapted (vgl. Mertins/ Kohl, 2004a, 50).

Target setting:

This benchmark analysis is conducted to explore and get a coherent picture as well as understanding of current loyalty incentives among other automotive players as well as companies from other industry sectors. As for the Czech market, ŠKODA AUTO's most active competitor remains Hyundai. However, to be able to compete and is the market leader for customer loyalty, the benchmark analysis is being established taken the example of premium automotive retailers and ŠKODA AUTO's main direct competitor in the Czech Republic, Hyundai. Altogether, eight companies were analyzed out of which four were from the automotive industry and four from other sectors. Taken best practices from the premium segment allows us to get insights and ideas on a better and higher level. Those ideas and best practices can later be readjusted from the mass segment in which ŠKODA AUTO operates. Nevertheless, to be always ahead of its competitors it is essential to implement ideas and concepts which the other competitor would not think of in first place.

Automotive industry:

- I. Mercedes-Benz
- II. Audi
- III. Porsche
- IV. Hyundai to be included

Other industries:

- I. Sephora
- II. Hilton Honors
- III. Wallgreens
- IV. Miles & More
- V. Tare <3 rewards
- VI. Wyndham rewards
- VII. Toms passport rewards
- VIII. Powerupsrewards – Gamestop

The following four phases can be find in the next section under 3.3.2 which deals with the findings of the benchmark analysis. The last phase is placed under discussion and interpretation of research question number two under the section 4.2.2.

3.2.3.Design-Thinking Workshop

Normally workshops are very time consuming as all participants must be aligned and convinced about the purpose of the workshop. However, on the other hand is enables to focus purely on one single subject for which, during the workshop, all participants can focus on a single topic. With Design Thinking, stakeholders are breaking new ground in stakeholder management. (Design Thinking Summit'16).

It also brings many benefits for participants as new synergy effects can be developed and discovered and everybody get involved into the topic and can contribute to outcome through different perspectives and opinions. Additionally, the interactive way of workshops has a high motivating effect on participants. This then enables to develop team spirit and further communication activities are trained and encouraged.

Participants can actively and at any time during the workshop interact with the moderator in a very easy going way. Information are exchanged by visuals, acoustics and other means, allowing the moderator to identify and take action to the pace of work or mood of the group. All the reasons indicate that participants effectively produce solutions through direct social interaction and group meetings.

In general, there are few recommendations based on which workshops should be prepared and organized (Lipp, U., Will, H., 2004). First, it is necessary to decide what

problem will be solved and who are the participants for the workshop. Secondly, the workshop objectives are being formulated in such a way that they are easy to understand and easy to prepare. Next, participants then develop solutions in a workshop before the final results are communicated and summarized professionally.

However, design-thinking workshops are being additionally beneficial as they include following nine outstanding characteristics:

Creative and unique structured

The structure of Design Thinking enables to switch rooms, forget about hierarchies and for "non-experts" to become "immediate experts." It is a creative and at the same time systematic process in which companies work together with customers to develop products and services or to solve complex problems. Furthermore, it enables a complete and in-depth understanding of the client issue. It goes beyond conventional thinking, creating ideas and solutions for complex problems. The process is based on the work of the designers, understood as a combination of comprehension, observation, generation of ideas, refinement, execution, and learning. The strict focus on the client and the user, as well as the short steps of iterative learning and development, lead to innovative and quickly tangible results (Design Thinking Summit'16).

Empathy towards people

Design Thinking is all about people empathy. On one side is the creative team and on the other side is the customer. The team selected for such a workshop should be very diverse to enable different points of view and perspectives. The customer plays an active role in the "invention" of his product or service (Design Thinking Summit'16). For the integration, Design Thinking relies on one simple principle which is empathy and the ability of people to identify with others as understanding the problem requires much more attention than we normally give it (Design Thinking Summit'16).

Quick learning curve

A completely different principle for creating customer proximity is the iterative or experimental approach. During the brainstorming process, the focus is on quantity rather than on quality. Developed ideas should be crazy and enable new ways of thinking and discussions. They are put into concrete form as quickly and efficiently as possible as a prototype. According to the motto: "Don't talk, zeig's mir!", simple, functional models are created in a short time together with the customers. Only when people outside the workshop are confronted with the creative workshop results questioned about them, it becomes clear what ideas should be followed-up on in the future (Design Thinking Summit'16).

New and complex way of thinking

Especially when it comes to "rethinking" complex issues such as mobile phone numbers or smart energy services, it is often difficult for customers to think progressively about the future and abandon their usual way of thinking (Design Thinking Summit'16).

"The customer's job is not to know what he wants," Steve Jobs once said. So, you need a genius like Steve Jobs or a team of curious people to know and understand a group of customers and convert the right ideas (Design Thinking Summit'16).

Rethink project work

Close customer interaction, flexible working modes and collaborative working environments always bring challenges for employees and managers. However, today it is important to be agile and mobile. A new dynamic way of working is required in which elegant and early failure is permitted. In this way, many companies bid farewell to the well-known "format project" and create the "product or service team" (Design Thinking Summit'16).

Redesign of the teams

The aim is to have a dedicated team that is working purely on one open-ended question and has no time limit. The team has not to be afraid of any failure or risk but rather have the freedom and space within the company to take risks and learn from them. These procedures require the support of the management and the willingness of the organization to track the results of the team. (Design Thinking Summit'16).

Fail quickly, often and soon!

"Design Thinking is a large-scale innovation accelerator and a small-scale puzzle," summarizes German consultant Jürgen Erbeldinger. He speaks of the *"end of the organization as we know it."* The task of managers is to innovate. Everything else can be delegated to the machines. (Design Thinking Summit'16).

The digital world of tomorrow

Design Thinking principles can be applied in many multiple areas today and company can use the working method to look for decision bases where there is unclarity, especially in digital strategies. Service providers are using the approach to rethink their services and work iteratively on innovations, having the customers always in the focus.

Disciplined in innovation

One of today's most important goals of companies is to innovate and disrupt. Herby, the principle of Design Thinking can play an important role, enabling employees with its dynamics and methods to think around the corner and enhance their thinking box.

Every challenge undertaken become a journey full of discoveries in which customers are the strategic focus. Today, Design Thinking unfolds its real power in a time of crisis, when many companies and executives have their backs to the wall, products have reached the end of their life cycle and innovations are more in demand than ever. “Design is not just what it looks like and feels like. Design is how it works.”— Steve Jobs 2003 (Design Thinking Summit’16).

The Design-thinking workshop was conducted with five ŠKODA AUTO employees from several departments and two current ŠKODA AUTO customers. To cross check the outcomes a focus group which consisted of four ŠKODA AUTO customers was conducted. The design thinking workshop was conducted to find potential new ideas and concepts how a loyalty strategy for ŠKODA AUTO could look like in the future. It took place January 18th 2019 with four internal ŠKODA AUTO employees from different sales and after-sales departments as well as two external employees. The workshop ran from 9:00 am in the morning until 12:30 pm. The whole workshop was divided into four concatenated phases, namely the first two phases being more analytical and the last two stages more creative to get an accurate structure and enable a proper workflow for establishing new ideas and concepts.

Despite all other necessary preparations such as location selection, material development, etc., this first phase dealt with aligning everyone on the workshop objectives and with the previous conducted benchmark analysis regarding current incentives in the automotive industry and other sectors as well as the presentation current consumer trends. The presentation was done through a power point presentation and took about 30 minutes of time. The alignment was important as it enabled a starting point for the workshop and basis on which the ideas later were built on.

Aim: Identifying suitable concepts and ideas that can be implemented when establishing a new and proper loyalty strategy for ŠKODA AUTO.

Additionally, different connections and dependencies between current mobility trends and consumer trends were included to guarantee everyone a comprehensive and coherent picture of the current situation. Furthermore, an in-depth situational analysis was developed through the first open discussion, including all important aspects and factors which should be included in the loyalty strategy. Here, ideas and opinions from the participants were collected. Criteria for the ideas and opinions were based on previous and personal experiences that participants could observe in the past through their own behavior or through the behavior of others.

3.2.4. Focus Group

Having successfully finished the design-thinking workshop and established many potential and promising ideas the purpose of the research is to confirm the research from the previous conducted Design-Thinking Workshop. The research is carried out on the basis of prototypes and the workshops.

Within the years the importance of understanding perspective from different persons has grown and become the center stage in conversation decision making nowadays. Among the pool of many different conversation tools that are available for researchers, the focus group discussion remains a popular and commonly used method. Herby, the researches gather a group of individuals to discuss and analyze specific topics to get a comprehensive and coherent picture from personal, complex experiences, perceptions, opinions and different attitudes. The whole process is being conducted in a moderated interaction. (Cornwall & Jewkes, 1995; Hayward, Simpson, & Wood, 2004; Israel, Schulz, Parker, & Becker, 1998; Kitzinger, 1994; Morgan, 1996).

Benefits of focus groups:

- It is easy to see customer reactions and cluster them accordingly
- It saves up time as all participants are together and are not interviewed individually
- Discussions may lead to valuable output and unknown insights can be revealed
- Data is collected quickly and can be analyzed accordingly
- Personal atmosphere relaxes the mood
- Often hidden messages can be analyzed, and true insights revealed

To gain an insight into whether the ideas and findings mentioned and created in the design-thinking workshop have the right characteristics and motivations for a successful loyalty program, a two-hour focus group was conducted with experts from the automotive industry, consultants specializing in the automotive industry, and current ŠKODA AUTO customers. This focus group consisted of seven participants (2 automotive experts, one automotive consultant, 4 ŠKODA AUTO customers) and was conducted on 17.04.2019. The focus group lasted about 2.5 hours and ended with a joint lunch where ideas were exchanged, and participants had the opportunity to get to know each other better. To get all participants in the right mood for the focus group, an e-mail was sent to all participants on 10.04.2019, one week before the focus group, to be able to deal with the topic already and to ride past the focus group. (See Appendix)

At the beginning of the focus group, the topic was first explained, followed by a detailed explanation of the previous Design Thinking Workshop. All participants were picked up to the topic "loyalty program," and open questions were clarified.

The focus group focused on the individual phases of the Design Thinking Workshop. Aspect one and two were started, in which the six imperatives were examined in more detail. The third phase continued with the analysis of the four cornerstones, which fall back on the values and customers of ŠKODA AUTO. Finally, in the fourth phase, the concrete ideas and steering principles were looked at.

3.2.5. Tailored Questionnaire

The fifth and last part describes the approach towards the last research question based on a tailored questionnaire that was established.

A tailored questionnaire is an independent response to provided questions submitted by examinees. The questionnaire can be communicated to participants in a personal form, by mail or via the internet. Sending out questionnaires via the internet remains the quickest way of distributing questionnaires. However, at the same time, it becomes a sort of difficult to control the situation as the researcher is not present. Hence, questions that are not understood or misunderstand are running the risk of not being answered or being answered in a wrong manner. If test persons are available for conducting pre-testing of the questionnaire, the researcher can choose a high degree of standardization. (Bortz & Döring 2006; Raab-Steiner & Benesch 2008; Schnell et al. 2005)

The questionnaire remains unlike other methods a very low-cost way which enables to reach out efficiently to analyze a large sample. For many participants, written questionnaires remain beneficial as they consider it to be more anonymous and do not feel directly confronted with it as in a personal interview. Nevertheless, written questionnaires require a proper way of structuring questions.

Before developing the written questionnaire, it is necessary to think whether a standardized and validated survey instrument can be used. If a standardized questionnaire is not available, the establishment of the questionnaire should be done through a formation of categories.

Questions in the questionnaire can be presented in two different formats. One is the open-ended format, and the other one is the closed-ended question format. The first format requires participants to be active and provide their opinion and insights on specific topics. The other form of the questions they mark the category of explanation that applies to them. Whereas closed questions enable participants the freedom of responding as it is not necessary to adhere to specific groups of responses, open-ended can discriminate against people who might experience the difficulty with excellent spelling and verbalization skills.

Additionally, an evaluation of open-ended questions remains more complicated than closed-ended questions. Test subjects' handwriting can be a significant problem. However, upon the successful deciphering of the writing, the answer must be systematized and categorized to summarize the results. It can be a very long-lasting procedure, and it can even take longer than the actual evaluation of prefabricated categories. Furthermore, both formats of questions can be combined. Such a combination is called mixed forms. Here items have predefined answers but also contain open categories such as the "Miscellaneous" or "Other" categories (Raab-Steiner & Benesch 2008). Bortz & Döring (2006) and Schnell et al. (2005).

During the creation of the online questionnaire, Multiple-choice and one open source question were used to obtain a holistic and accurate perspective on the topic. The applied framework for the online survey was implemented in Google form, and all collected data of the respondents were saved in a CSV format. Before the final version was distributed to the respondents, a pretest with a small number of three people was conducted to keep the logic and structure of the questionnaire as simple as possible for all respondents. It consists of a total of seventeen questions which are divided into two parts. The first part, being the central part of the survey with fourteen questions and dealing directly with the topic of the loyalty program, expectations and peoples availability and preferences. The second part, focusing on personal information that consists of three short questions.

The survey focused on loyalty programs with the aim to prove that the loyalty strategy cannot be a standardized program but needs to be personalized to satisfy the different customer base of ŠKODA AUTO customers.

The data collection took place from the beginning of April to the end of April 2019 for three weeks. In addition to get a higher number of respondents, data collection was expanded for another month from mid June to mid July. The questionnaire counts with a total of 13 questions. Ten questions regarding the loyalty program and three regarding the respondent's personal information.

To achieve accurate results for this study, the deductive sampling method was used. In this specific method certain knowledge about potential participants who could provide the right information is already available and known. Thus, it enables to target those participants correspond optimally to the sampling plan and are most likely to satisfy the principle of maximizing variance. As stated before the aim for the questionnaire is to prove that the customer base of ŠKODA AUTO is very heterogeneous. For the distribution, the ŠKODA AUTO employees network was used. Additionally, respondents were selected through the distribution channel of EY's large automotive customer database. Through this repeated dissemination and affirmation, the aim was to achieve an accurate and broad overview sample. The target group for the questionnaire were actual ŠKODA AUTO customers and current customers of the Volkswagen

Group that previously have been ŠKODA AUTO customers but switched now within the group.

A database stored the given answers, as well as the date and time of the access, respectively the end of the survey. As for the general information, the total number of respondents was n=153, of which 38% were female and 62% male. The age range of the respondents is very diversified and is between 20 and 68 years old. 41% of respondents are married, 43% are single and 16% divorced.

The focus of the questionnaire evaluation was to show a broad diversity among the respondents and their different perceptions and wishes towards a loyalty program. The first part of the questionnaire evaluation deals with the cleaning of the data, variable description and variable recoding. Next is the descriptive analysis of the dataset, followed by a linear regression and correspondence analysis to further examine the dependence and correspondence of different variables. The whole analysis is run through the program RStudio.

3.3 Findings and outcomes of the research

The following section deals with all findings of the research and is also divided into five categories in the same manner as the methodology.

3.3.1. Face to face interview's

From the first part of the analysis it becomes clear, no proper loyalty program is currently available and that there are many important factors that are missing or lacking due to missing communication, commitment and structure.

Following fifteen missing characteristics were mentioned during the interviews as most crucial ones that are missing:

- I. Missing flexibility towards customers
- II. Missing empathy towards customers
- III. No connection to the customer base
- IV. Too high prices charged for car services
- V. Very long waiting times for the customers
- VI. No price transparencies
- VII. Missing trust between customer and brand due missing transparency as well as high employee fluctuations
- VIII. Higher customer care needed
- IX. Low customer relationship
- X. Too expensive prices

- XI. Currently too many backend systems running everything must be put together manually which takes a lot of time. In many cases data are missing or being tracked in duplicate forms.
- XII. Missing price transparency
- XIII. Missing communication channels between brand and customers
- XIV. Too big “shadow market” – recommendations of friends
- XV. Too high price sensitivity of customers

On the positive side there are several incentives regarding customer retention which aim to keep customers loyal to the brand. However, from further research activities it also becomes clear, that there is no proper established loyalty program besides the mentioned incentives below. The insights regarding the current incentives and activities that ŠKODA AUTO is offering to their customers are summarized again below:

MYŠKODA AUTO App:

Offers a wide range of services, discounts and unique features that ensure your ŠKODA gets the best treatment possible. The My ŠKODA loyalty card within in the application stores information about the vehicle and enables getting better rewards and discounts on car maintenance and service sessions. The MyŠKODA platform furthermore enables to get further discounts on various activities: Travel, Sport, Short Breaks, Shopping Dining Out

ŠKODA AUTO Customer Packages:

Unusual experience through a special customer package that can be ordered for each newly purchased car.

ŠKODA AUTO Motorsport:

Emphasis and insights into the racing world such as series of Czech championships.

ŠKODA AUTO Warranty & Mobility:

Two-year guarantee on material and legal issues, three years on car paint and twelve-year guarantee on non-rusting car body.

ŠKODA AUTO Discount Book:

Offers loyal customers to get several discounts during their next service / dealership visit.

ŠKODA Handy:

CSR activity focusing on disabled people making them mobile again.

ŠKODA Nejmix:

Special offers for operational leasing. adds a five-year extended warranty to the new car's price and a five-year service or bonus to buy your existing car.

ŠKODA ByCycle:

Special offer to get a bike instead of a replacement car during service.

3.3.2. Benchmark analysis

Internal analysis:

The internal analysis for the benchmark was nicely illustrated by the previous conducted face to face interviews with ŠKODA AUTO employees. It became clear that there is a high lack of incentives, communication and organizational issues within the company which urgently should be improved. Furthermore, it becomes visible that no proper loyalty program exists and that incentives and activities are randomly established by different departments.

Company comparisons:

Mercedes Benz:

Launch of the “Best customer experience” strategy in 2018:

- Sales and service redefinition of the role between real and digital worlds, bringing together the benefits of both worlds.
- The focus is on optimal customer care and a uniform brand experience of modern luxury from Mercedes-Benz.
- Combination of personal contact and digital elements in consulting, sales and service, our point of sale becomes the point of experience.
- The discussion atmosphere between consultants and customer's benefits from dialogue-supporting media and the new experience world in the car dealership. (Best Customer Experience 4.0: Mercedes gestaltet die Vertriebsstrategie noch digitaler)

From point of sale to point of experience:

Turning the classical aspect of “point of sale” into a newly redefined approach of “point of experience”, keeping the customer always in the center and addressing his needs:

- Making the dealership to a place of encounter with the Mercedes-Benz Cars brand family
- From reception through sales and service to delivery. In the future, the showrooms will be the stage for products and services
- New job profiles for sales employees. To ensure that increasing product complexity and digitization are considered, as well as the individual needs of customers (product experts) (Best Customer Experience 4.0: Mercedes gestaltet die Vertriebsstrategie noch digitaler)



Figure 5 Point of experience (Source: Author)

Track production status from home and digital anticipation:

- Between ordering and delivery, Mercedes-Benz offers new car buyers in Germany exclusive insights into the production of their vehicle in real time, thereby increasing their "digital anticipation"
- Personal Mercedes me account to stream current production and service of vehicle in various stages
- Interactive services, such as the conclusion of a tailor-made Mercedes me car insurance policy with special conditions or vouchers with special offers, for example for driving training, increase the attractiveness

The main aim of the incentives is to focus on all people as interested parties and one of a kind customer. (Mercedes-Benz, 2019)

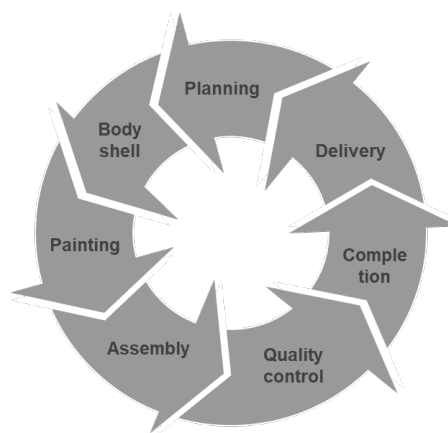


Figure 6 Interactive car tracking (Source: Author)

The bonus program of the MercedesCard:

- Every time you pay with the MercedesCard while filling up your tank, in a restaurant or while shopping online, one point is credited to your point account in the MercedesCard bonus portal for every euro you spend
- In the month in which you have birthday, even two points per euro. And if you book via the Mercedes-Benz Travel Service, even five points per euro

- Five Payment Loyalty Accelerator Program. Selected customers can be eligible for a maximum of Five "Loyalty Accelerator Credits" benefit. Credits will be put on the current Mercedes-Benz Financial Services lease upon purchasing a new Mercedes-Benz vehicle which is fulfilling the criteria.
- Price advantage of 20 % for selected workshop services and original parts
- Other special offers throughout the year (Mercedes-Benz, 2019).

Customers vehicle deserve the best service and comfortability:

- With the Digital Service Report, Mercedes-Benz offers even more reliable and convenient proof of all service work performed. The big plus: All service reports with the complete data on the service work carried out are stored safely and securely in the central Mercedes-Benz database for the rest of your car's life
- Pick-up and drop-off service will be happy to pick up your Mercedes - at your home or at any other location, such as your office or fitness center. As soon as your Mercedes has been freshly serviced and washed, we will bring it back
- Mercedes-Benz organizes a simple and free take-back as well as a legally compliant and environmentally compatible recycling of your vehicle. By returning your vehicle and efficiently reusing the materials involved, you make a valuable contribution to closing the recycling cycle and conserving all our resources
- Buyback of old vehicle in trade-in for new vehicle
- The term Real Driving Emissions (RDE) describes the real exhaust emission behavior of cars, trucks and buses in everyday use
- Experience the emission behavior of your vehicle under real conditions (Best Customer Experience 4.0: Mercedes gestaltet die Vertriebsstrategie noch digitaler).

The complete service package:

- The optimum all-round protection for your new vehicle. With the complete service package, all costs for maintenance, wear and tear and other repairs are covered. You secure yourself with it the most comprehensive services for your Mercedes. (Mercedes-Benz, 2019)

The maintenance package:

- With the Maintenance Package you can be sure of a regular professional support for your Mercedes. All maintenance work is covered - according to the manufacturer's specifications. Your vehicle is therefore considered to have been checked and maintained. (Mercedes-Benz, 2019)

The warranty package:

- Even after expiry of the Mercedes-Benz new vehicle warranty, you are still protected by the warranty package - against unforeseeable repair costs for almost all components. You can take it out for your new vehicle or up to five years later. (Mercedes-Benz, 2019)

Best practices on the example of the dealership in Stuttgart - Day after day, Mercedes moments:

"For our customers we create daily Mercedes moments and digital experiences"
(Manfred Hommel, Head of the Mercedes-Benz Branch Office Stuttgart)

- Digital and therefore completely paperless order acceptance process
- Automated Valet Parking. They will be shown how a car without a driver can find a gap in the car park and park itself
- "Visible Workshop Video" the workshop customers are enthusiastic. If, for example, additional repair work is required during an inspection and the order must be extended, the customer receives a video of the defective parts and a cost estimate on the smartphone
- Other Mercedes moments include "Service Breakfast & Go with Time Promise" and the information campaign for the Mercedes-Me adapter with the trainees as well as numerous customer trips and events (Best Customer Experience 4.0: Mercedes gestaltet die Vertriebsstrategie noch digitaler).

Porsche:

Porsche travel experience:

- Exclusive driving experiences. The Porsche driving experience can be experienced on unusual routes all over the world. On these fascinating journeys you can leave everyday life behind you and enjoy the most beautiful places in the world with a Porsche. (Porsche, 2019).

Porsche track experience:

- Only one development counts. That of the driver. That's why the Porsche Track Experience is about driving experience - from the very first second. The core idea: Learning by Doing - in various training levels and training specials. This is how you increase your driving skills. Step by step. From the basics of vehicle control to a motorsport license. (Porsche, 2019).

Porsche ice experience:

- The white splendor and the breathtaking landscape are not the only driving forces. In addition, there is the play instinct and the prospect of getting to know sporty driving on snow and ice from a whole new angle: from the driver's side. Exactly this is the goal of the Porsche Ice Experience. (Porsche, 2019).

Porsche assistance:

- Always mobile. 365 days a year. 24 hours a day. Europe-wide. With the Porsche Assistance mobility guarantee. It offers you and all your fellow travelers reliable help and support. So that you have time for the essentials. Driving fun. (Porsche, 2019).

Porsche service plus:

- Porsche ServicePLUS is specially tailored to our leasing customers.
- If you opt for Porsche ServicePLUS, the following maintenance and wear repairs during the term of the contract are covered:
 - I. Inspection according to manufacturer specifications including refilling or replacement of vehicle fluids such as engine oil and cooling liquid
 - II. Wear repairs on the brake linings and discs as well as on the wiper blades
- Main examination / emission test for leasing contracts with a term of 48 months and execution in the Porsche Centre (Porsche, 2019).

Audi:

Audi is following mostly the same strategy as Mercedes - Benz, offering various service packages for several services. However, some of them are not that comprehensive as those service packages offered at Mercedes – Benz.

Audi sport drivers club - your Audi is the key to the club:

- Our Audi Sport models connect - they are something special for their drivers, at the same time their drivers are something very special for us. Full of passion, they embody our brand values and therefore act as international brand ambassadors all over the world. We want to bring this circle of like-minded people together with the Audi Sport drivers club. (Audi, 2019).

Audi service station:

- Make life even more comfortable for Audi customers!
- Return and pick-up of the vehicle around the clock for service orders - either with an appointment or spontaneously without.
- Mobility vehicle can also be booked in just a few steps - all in one go. (Audi, 2019).

The Process:

- The key must be held against the reader - then all customer, vehicle and order data are already available.

- On request, the Audi Service Station can also provide a replacement car with or without prior reservation. The identification check of the ID and driving license is carried out via video chat. And the replacement car is ready to go!
- You can then pay either by EC or credit card at the machine and remove the key from the open safe deposit box. (Audi, 2019).

Advantages:

Comfort: Convenient handling of vehicle delivery and collection

Mobility: Permanent availability of replacement mobility and rental vehicles

Spontaneity: Choice of Audi Service Station or Service Consultant

Personality: Coordination by telephone with your service consultant

Security: Simple and secure order and payment procedure

Independence: Service available around the clock

Flexibility: Availability with or without appointment (Audi, 2019).

Hyundai:

Hyundai tries to be experienced oriented enabling their customers a free membership which does not need any reward card but is purely run through an integrated system into their systems. Herby they are offering different incentives such as:

Point collections through activities:

- Collecting points through car maintenance at Hyundai dealers and online shopping through special partners (system registration)
- There is no limit to the amount of points an owner can earn or redeem (Hyundai, 2019).

Point transformation

- Multiply the Hyundai Rewards points per dollar spent
- Possible to pass redemption vouchers to family and friends (Hyundai, 2019).

Diversity of spending possibilities:

- Spent on future service or for purchasing or leasing a new Hyundai
- Membership is free and no rewards card is necessary
- Up to four vehicle registrations possible per account (Hyundai, 2019).

Having analyzed some of the key players within the automotive industry, a different and second perspective towards the benchmark was applied. In total eight different best practices of loyalty programs of different companies were analyzed to get an insight about their approach towards customer loyalty. The analyzed loyalty programs were from the following companies: Sephora, Hilton Honors, Walgreens, Miles & More, Tare <3 rewards, Wyndham rewards, Toms passport rewards, and PowerUps Rewards

from Gamestop. Below are stated only very briefly the primary outcomes and objectives of each loyalty program:

Other industry sectors:

Sephora: (Sephora, 2019).

- I. Turing loyalty of customers into status symbol
- II. Standing behind the brand image
- III. Unique CRM use for individualization

Hilton Honors: (Hilton Honors, 2019).

- I. Customer loyalty rewards through exclusive benefits for next stays and within corporate partners
- II. Status symbol benefits

Wallgreens: (Wallgreens, 2019).

- I. Proactive encouragement towards its customers
- II. Unique reward system, motivating people for healthy life
- III. Business linked with lifestyle trend

Miles & More: (Miles & More, 2019).

- I. Customer loyalty rewards through exclusive benefits for next flight and within corporate partners
- II. Status symbol benefits

Tare <3 rewards: (Tare <3, 2019).

4. Customers representing the brand
5. Sharing customers content on social media and provide rewards
6. Customer engagement

Wydham rewards: (Wydham rewards, 2019).

- I. Over 50 million users
- II. Lower requirements for benefit selection
- III. Simple and keep promises
- IV. Personalization via. mobile

Toms passport rewards: (Toms passport, 2019).

- I. Different level of membership status
- II. Turn collected points into donations
- III. Buy one get the other one for free

PowerUpsRewards – Gamestop: (PowerUpsRewards, 2019).

- I. Over 50 million users
- II. Greater frequency
- III. More frequent upgrades due to average purchasing power
- IV. Different reward levels for living perks & benefits

As last part of the benchmark an analysis of current consumer trends, to be able to establish a customer-centric loyalty strategy successfully it is crucial to understand the most important trends shaping and influencing today's customers.

The analysis was based on the internal database from EY "Future Consumer Now". Out of a high number of various customer trends, seventeen patterns were selected and were used as a base for the loyalty strategy (EY Future Consumer Now). The selection procedure was done through justification scheme and whether the current trend is applicable and somehow can influence the consumer behavior in respect to the automotive industry. Identified trends were clustered into six loyalty imperatives.

Best practices and derived measures:

From the conducted benchmark analysis, the six identified imperatives that were discovered are the following:

- I. **Personalization:** Products & services tailored to individual needs and preferences
- II. **Experience:** Engaging shopping experiences – Informative, interactive & convenient
- III. **Simplicity:** The ease of understanding and operating with clarity
- IV. **Price / Quality:** High quality products at reasonable prices / quality ration
- V. **Convenience:** Freedom of choice in products, delivery and payment options
- VI. **Transparency:** Information on corporate profile, products, services, prices and access to consumer reviews

A number of different customer behavior trends corresponds to the above discovered imperatives. Those trends are described in the following paragraph.

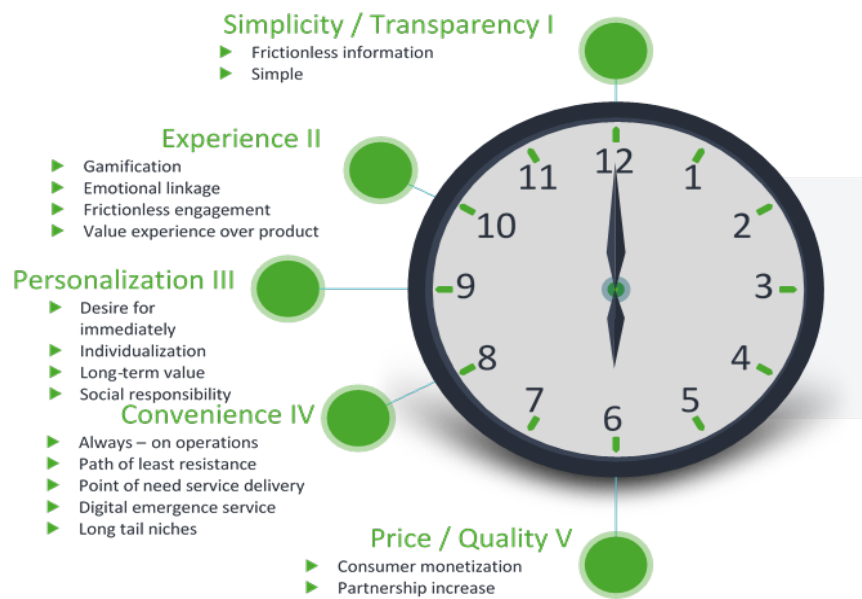


Figure 7 Innovation trend clock (Source: Author)

Simplicity / Digitalization:

- I) **Digital self:** As consumers increasingly take control of their data, they will seek to manage the availability of this data to brands in a more transactional sense. The creation of data avatars could help facilitate this by giving them a profile which they can use to monitor and control what they share. Data avatars of this kind can be tailored to dictate the terms of engagement with whichever services they choose on a like for like basis. Each interaction can have conditions that are set and agreed on a blockchain platform mainly through AI negotiation. The avatar will become a full compilation of an individual consumers data making it more valuable than narrow views typically owned by siloed industries today. This will enable more open consumers to enjoy seamless experiences while others can refuse to share it to protect privacy (EY Future Consumer Now).
- II) **Simple:** With the unique scenario of having five different customer types nowadays, namely “The Baby Boomers”, “Generation Jones”, “Generation X”, “Millenniums” and “Generation Z” everything that is coming out on the market, depending on it specialization must be as simple as possible. Simple refers in our context to the ease of using something (EY Future Consumer Now).

Experience:

- I) **Gamification:** As global connectivity and technology accelerates, gamification will become a prominent tool, both as a means of engagement for

brands seeking to offset diminishing consumer loyalty and as a means of bringing a new approach to learning and working (EY Future Consumer Now).

- II) **Emotional linkage:** Especially the younger generations are looking for an emotional linkage between the products / services they purchase and the company standing behind those products. Many products such as smart phones have become status symbols and trigger in each customer an emotional feeling (e.g. Apple Iphone; EMA coffee Prague) (EY Future Consumer Now).
- III) **Frictionless engagement:** Wearable technology, augmented by biometric identification, digital wallets and a comprehensive digital footprint will accelerate and simplify every kind of interaction between companies and customers into a passive process, removing this friction in the customer journey (EY Future Consumer Now).
- IV) **Value experience over product:** This trend is not necessarily a new trend but one that has been taken a top rank since few years already. Customers these days do not just want to have the product, said more clearly, they are looking for the value – added in the experience that is linked to the product rather than the product as such (EY Future Consumer Now).

Personalization:

- I) **Desire for immediacy:** Convenience and the ease of access to everything will define how consumers make their choices. Brands or products that delay this process are likely to fall away as consumer demands scale new heights. Instant gratification is the desire to experience pleasure or fulfillment without delay or deferment. Consumers will want their product to function on demand at the location and time where they need it (EY Future Consumer Now).
- II) **Individualization:** Consumers place a high value on being acknowledged as individuals. Therefore, they will increasingly demand personalized interactions and products that reflect their preferences and values (EY Future Consumer Now).
- III) **Long-term value:** Intangible assets increasingly represent the driver of value for 21st century organizations. Additionally, connectivity has increased the awareness and influence of a wider range of stakeholders, which is challenging the traditional view of shareholder dominance (EY Future Consumer Now).

- IV) **Social responsibility:** The expectation of customers of companies to take responsibility for their impact on society. This includes social, ecological and economic aspects, such as those set out in internationally recognized reference documents on corporate responsibility (EY Future Consumer Now).

Convenience:

- I) **Always-on operations:** A rise in the number of global terror incidents and mounting natural disasters, led by climate change, is changing the way that consumers behave and react to them (EY Future Consumer Now).
- II) **Path of least resistance:** As consumers become more time poor, ease of use will become a key battleground for brands in their bid to win over consumers. Pain points will be removed from buying processes and AI curation will reduce time spent buying goods (EY Future Consumer Now).
- III) **Point of need service delivery:** Service industries will shift to be mobile and go to the customer rather than the customer coming to them. This will be enabled by networks of flexible workers, managed by digital platforms utilizing predictive distribution algorithms (EY Future Consumer Now).
- IV) **Digital emergence service:** "Digital payments are re-energizing all industries, enabling customer to choose between many different payment options and making their live more convenient as ever seen before. They help generate new revenue streams from experience-centric models. Companies must start working closely with fintech's to provide the right solutions to customers (EY Future Consumer Now).
- V) **Long tail niches:** Long tail niches will accelerate as platforms democratize access to funding, design, manufacturing and consumers. Mass availability of automatic coding tools and 3D printing will enable makers to manufacture and distribute more easily (EY Future Consumer Now).
- VI) **Empowered costumer:** Consumers are increasingly being empowered by the transparency, convenience and choice offered by technology and digital platforms (EY Future Consumer Now).

Price / Quality:

- I) **Consumer monetization:** Consumers become more aware of the value of their data and pursue better terms for its use. Businesses respond to this

shift and balance the exchange with improved services or responsible data use terms, creating greater transparency and monetization opportunities (EY Future Consumer Now).

- II) **Partnership increase:** To be able to boost the price / quality ratio it is necessary to increase the amount of different partnerships for the loyalty program. A higher and more diverse partnership increase enables the high demanding customers to choose and select the right benefits / needs at the right time at the right moment for the right occasion (EY Future Consumer Now).

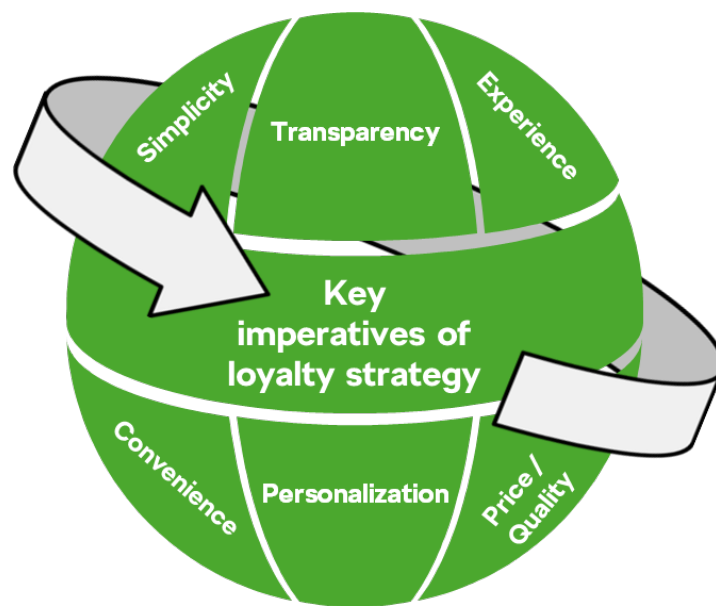


Figure 8 Key imperatives globe (Source: Author)

3.3.3. Design-Thinking Workshop

During the workshop, all participants were asked about their values and what they look for when purchasing a ŠKODA AUTO vehicle. The outcome of the participants was followed:

- I) Value for money
- II) Reliability
- III) Quality
- IV) Unpretentious

Those values also nicely represent the degree of how ŠKODA AUTO customers are heterogeneous.

In the next phase of the workshop, all participants were dragged further into the topic and were nudged to change the company perspective towards the customer's perspective, illuminating all critical influencing factors, processes, and relationships that are interconnected with a successful loyalty strategy. The objective here was to understand ŠKODA AUTO's current values and its ecosystem. This workshop phase was timed to 45 minutes.

An open discussion was started to collect and gather as many in-formation and perspective towards the comprehensive situational analysis. It was great to see how different the aspect was varying between the actual customers of ŠKODA AUTO that was part of the focus group and automotive experts. Whereas for experts it was almost transparent that some values are for all customers the same, the participating customers were proofing them wrong showing that it is not always the case and that it can strongly vary deepening on the customer type. The outcome of the discussion and was graphically recorded and is illustrated in the figure below (Figure 9).

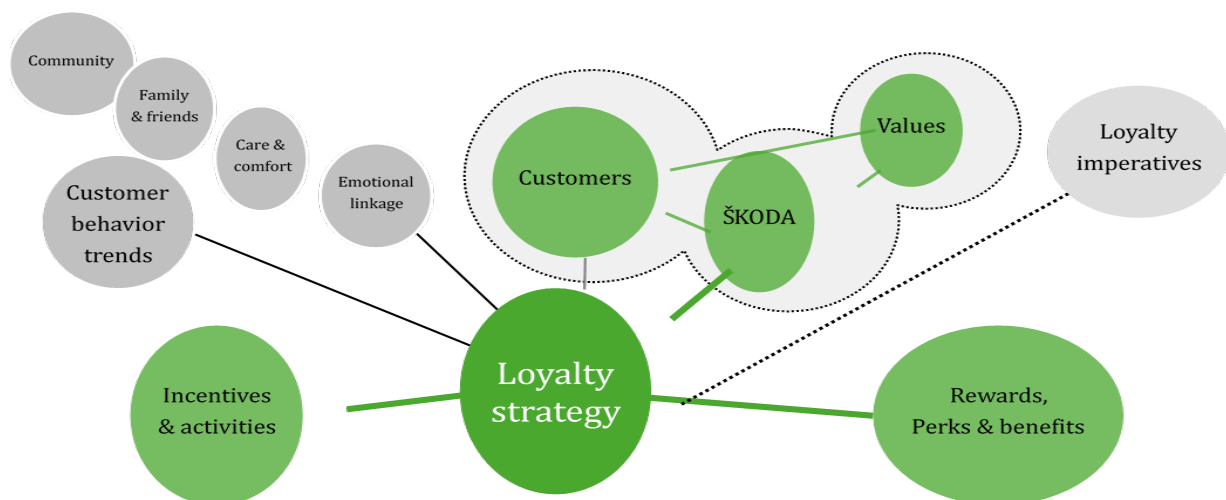


Figure 9 Situational Analysis Map (Source: Author)

The workshop then continued by coming to the creative part of the design-thinking workshop. Nevertheless, before starting with that phase a coffee break of 10 minutes was made to fresh everybody up and allow everyone to gain new energy. It is from high importance to keep the participants well maintained and happy when approaching this stage of the workshop. The primary aim of this phase was established a number of different clusters based on the previous established situational analysis and to draft as many ideas and attributes as possible regarding the loyalty program. Here any purpose is welcomed, and quantity is taking the precedence over the quality of ideas. For this part, the previously established benchmark was used again to give all participants a small guideline. Two groups were established, each with two internal employees plus one external employee. The moderator of the workshop did not participate in the actual creation of ideas but was used rather as facilitator and provided assistance in case of open or unclarified questions coming up during the workshop. Furthermore, this part of the design – thinking workshop was limited to 45 minutes with an open discussion at the end of 15 additional minutes. After each group was ready with brainstorming, every group presented the outcomes. After the presentations, it was again time for the voting activity and to vote for the four best clusters that should be used as cornerstones for the loyalty strategy. The four cornerstones (Figure 10) that have been identified for which later the first ideas have been elaborated on based on the customer base values are the following:

Cornerstones:

1st Cornerstone: ŠKODA moments – the emotional linkage:

- I. **Money cannot buy principle** – Provide loyal members with unique and tailored moments which are not available for purchase but specially recommended and offered through ŠKODA AUTO.
- II. **Behind the scenes experiences** – Bringing members behind the scenes and provide exclusive access, for example into the factory or into design studios.
- III. **Living the ŠKODA values** – Offer the members the right values at the right time for the right thing.

2nd Cornerstone: The ŠKODA simply care & comfort club:

- I. **Partner coalition** – Making a wide variety of partners available to members for additional benefits (e.g. special parking lots, day care centers, airport fast lane, etc.)

- II. One on one principle – Buy one and get the complement for free. Provide members with special incentives when on selected items. (e.g. customer purchases front windscreen wiper and gets back windscreen wiper for free)
- III. Special incentives & packages – Customized and tailored packages for members based on their current needs and wishes. (Service packages, benefit packages, etc.)

3rd Cornerstone: ŠKODA family & friends:

- I. Makes my life easier – Help members wherever they need help, providing special services (e.g. 24/7h road assistance; parking garage service, etc.)
- II. Understands me and surrounding – Tracking not only drivers status but also track family members and be there for the family (e.g. birthday parties, graduations)
- III. Helps to amplify one another – Innovative incentives to link different members via a platform who share the same interests and could benefit from a cooperation.

4th Cornerstone: ŠKODA community & neighborhood:

- I. Turning rewards into donations – Members can collect points for certain activities and if they want they can donate them to charities. Points are being transferred to cash donations.
- II. Community support / sponsoring – Members who live together in the same area / community can team up and convince ŠKODA AUTO in supporting them in good causes (e.g. building streets, sponsor festivals, etc.)
- III. Reward based people activities – Rewards are being distributed to members upon completion of special and different tasks (e.g. vehicle care or driver care)

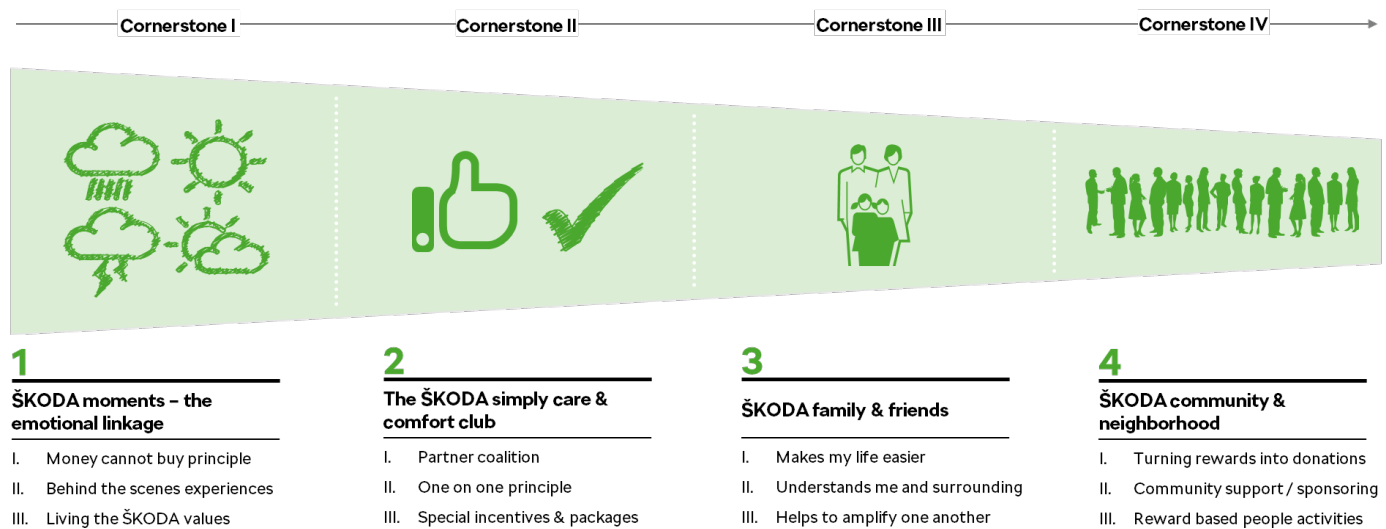


Figure 10 Identified loyalty cornerstones (Source: Author)

The last phase was limited to another 60 minutes before having a brief closing with all participants where the whole workshop was briefly summed-up.

Here, the aspect of the design – thinking workshop was dedicated to finding quick wins and first, understandable and tangible prototypes with all the collected and created outcomes from the previous phases. Participants were again divided into groups by random choice and were looking for every cornerstone, which they have identified in the previous stage, for suitable and potential ideas. It was great to see the enthusiasm of all participants when started drafting the plans and coming up with the craziest ideas. It was astonishing to see how different ideas could be amazing to see how every participant tried to include characteristics which she/ he values the most. An extended idea pool of potential incentives (Figure. 11, extract Idea pool sample), classified based on the six previous established imperatives was created with the following ideas. Care was taken to ensure that all areas were covered with designs. During a last 15 minutes' discussion that had to be extended to half an hour all ideas were explained and a shortlist of ideas was established upon a voting principle of tall participants and reasonable explanations for the outcome of the voting. All outcomes were captured and stored for further purpose. Later on, they were transferred to a Microsoft PowerPoint presentation. The final, shortlisted steering principles and ideas that were approved and agreed on by all participants. They are explained in more detail below:

Initiatives		Convenience	Simplicity	Transparency	Experience	Personalized	Price / Quality
1	ŠKODA pop-up services stores	✓	✓		✓	✓	
2	ŠKODA on the road services	✓	✓		✓	✓	
3	Subscription based services		✓	✓		✓	✓
4	24/7h pick-up & drop-off	✓	✓				
5	Cashless pay	✓	✓				
6	Day care and fun center	✓				✓	
7	ŠKODA club				✓		
8	Theme events based on purchased model				✓	✓	
11	Personalized goodie surprise bag				✓	✓	
12	Upfront model diagnostics	✓				✓	
13	Service time and close follow ups			✓	✓		
14	Cashback / buy-out guarantee	✓		✓			
15	Benefit linkage to ŠKODA values				✓	✓	
16	Open door at service			✓	✓		✓
17	Customer prioritization algorithm	✓	✓			✓	
18	B2C aftersales concept promo		✓	✓	✓		✓
19	ŠKODA service catalogue	✓	✓	✓			✓

Table 2 Extract workshop idea pool (Source: Author)

Steering principles:

All following steering variants can be either applied individually or in combination with the other two variants.

1st Variant: ŠKODA Ambassador (Detailed overview in Appendix 11.3)

“The only loyalty program guaranteeing fun”

- (1) Based on three different achievable levels (Scout, Sportline, RS) – ŠKODA brand ambassadors
- (2) Each level provides different point ratings and unlocks further and unique benefits
- (3) Customers get a free trial based upon their purchased model to get a glimpse of the features and benefits
- (4) Members need to collect different badges to be able to achieve the next level and unlock new features
- (5) “Cheat code” enables members to skip previous steps and directly unlock all features

2nd Variant: ŠKODA Don't (only) drive but play:

„You already drive the best car, but are you also the best driver?“

- (1) Based on different achievable tasks which need to be fulfilled
- (2) Every task is divided into different categories from which badges are being collected
- (3) Points are distributed according to badges and bonus points are allocated for completing different categories
- (4) Members need to take care of the car and of themselves to successfully manage all categories. Upon completion different features are available.
- (5) “Cheat code” (money payment) enables members to skip different categories and directly unlock features.

3rd Variant: ŠKODA Friends are more fun:

“So, show us how good are you really in convincing people?“

- (1) Based on promoting and bringing as many friends into the loyalty as possible
- (2) For each successful recommendation points will be awarded to the recommender
- (3) New members can also be people who do not own a ŠKODA car
- (4) Upon certain amount of recommendations special features are getting unlocked
- (5) No “Cheat code” available for this variant

Loyalty activity incentives:

ŠKODAventure (Detailed overview in Appendix 11.3):

“Boring during your vacation? No problem, welcome to the best scavenger hunt!“

- (1) Based on three different achievable levels (Scout, Sportline, RS) – ŠKODA brand ambassadors
- (2) Each level provides different point ratings and unlocks further and unique benefits
- (3) Customers get a free trial based upon their purchased model to get a glimpse of the features and benefits

ŠKODA Minecraft:

“Ever thought of mining and building your own loyalty features?“

- (1) Through certain conducted activities such as bringing the car regular to the service or other listed activities points will be “mined”
- (2) Members are able to build their own individual loyalty features from a variety of different features

ŠKODA Windshield plus:

“And all you need to do is signing up!”

- (1) Upon joining the loyalty program members are receiving a one-year insurance for all windshield related damages

ŠKODA Donations (Detailed overview in Appendix 11.3):

“We feel the same and therefore, happy to donate with you!”

- (1) All collected points that members collect through their loyalty activities can be transferred and donated to any organization of choice
- (2) The OEM provides a certain percentage on top of the donation depending on the amount members what to donate

Loyalty rewards:**Lottery:**

“The only lottery where chances increase without paying more!”

- (1) Lottery tickets are based on number of points members collected – e.g. 100 points equals one ticket (no limitation of tickets for members)
- (2) Lottery games are played monthly, quarterly and yearly

Factory:

“Ever dreamt of building your own ŠKODA AUTO?”

- (1) Unique experience that includes a tailored factory tour for members and selected family members
- (2) Members get the chance to work on a preselected station for 1-2 hours to experience first-hand the building of a car

ŠKODA AUTO Values:

“Your unique and personal brand promise...!”

- (1) Special reward incentives for members of the loyalty program who will receive unique and personal benefits based on the company values

Compliment:

“We know how good it feels!”

- (1) Giving a compliment to someone always feels good. Hence, this scheme allows members to give away special benefits and gifts to people of their choices also outside the loyalty community.

Loyalty Perks & Benefits:

Nonstop:

“No worries, the green angels are always with you!”

- (1) The nonstop principle is based on a 24h / 7 service for members to ensure that they will always arrive well and safe at their destinations, no matter where or at what time.

Greenwave:

„The better preparation!”

- (1) This benefit lies on the corporation with a local radio station which is 24h / 7 operational and always reachable for members via a special application to inform ŠKODA AUTO customers beforehand and always on time about road incidence, traffic jams and all other street related issues.

ŠKODA Clever way club (Detailed overview in Appendix 11.3):

“The clever way of doing things!”

- (1) The clever way club consists of a high number of different companies and partners from which members of the loyalty program can purchase at special rates and benefit in many other possible ways. An illustrative example would be to shop certain items at a mechanical store for lower rates or getting discount on petrol prices.

ŠKOruna:

„The simpler way of doing things!”

- (1) Members are able to convert loyalty points into payment points with which they can pay / purchase from a wide variety of products and services such as car maintenance and other benefits linked to the loyalty program.

3.3.4.Focus Group

Fortunately, all six imperatives used in the workshop, as well as the researched current consumer trends, were given positive feedback and approved by all participants of the focus group and all agreed upon. The participants were able to identify with many of the current consumer trends and were also mentioned many examples from their children and other family and friends which show such particular customer behavior.

"I am very convinced that all the imperatives developed are very important for a loyalty program. Furthermore, I think that all imperatives reflect very well what the customer expects nowadays" (Automotive expert)

"If such a loyalty program would really come about, I would be happy to participate! All characteristics of ŠKODA AUTO are given and would help to get a closer connection to the brand " (ŠKODA AUTO customer)

"Unfortunately, I have rarely seen loyalty programs that contain all imperatives. I think these are exactly the right approaches and it would be great to see these approaches at ŠKODA AUTO. However, I think it will be difficult to implement them all in a fair way" (ŠKODA AUTO customer)

"As a consultant I believe the imperatives can be linked very well to the company strategy of ŠKODA AUTO and thus form a good and solid basis. However, the challenge will be to implement all imperatives correctly" (Automotive consultant)

The four established cornerstones also received positive feedback from customers and automotive experts. However, it became clear that the different pillars were weighted differently by the participants and assigned different importance. Especially between ŠKODA AUTO customers and the automotive experts, there were different points of view.

"For me, the most important thing is that I can save time and money through a loyalty program, for example. All cornerstones seem right to me. However, I believe that the second cornerstone (ŠKODA simply care & comfort club) covers my enthusiasm. The other things are nice to have, but I don't think I have the time and desire to get so much involved. (ŠKODA AUTO customer)

"I believe the clustering makes sense. Yet I think it is a cumbersome. Or in other words such an incentive scheme would not entice me that much, as I strongly believe in the principle "KISS" = keep it simple and sweet. For me personally the second cornerstone is more than enough." (ŠKODA AUTO customer)

"I think it's great that not only do you get monetary advantages, but you're also offered something that other people wouldn't otherwise get. The ŠKODA AUTO moments sound exciting and would personally give me the biggest incentive for a loyalty program". (ŠKODA AUTO customer)

"What is nice to look at is that all four cornerstones allude to the company values. This creates a great variety of possibilities to bind the customer. We must not forget that ŠKODA AUTO customers today can be four different generations. That's why I think it's right to build the program on a broad basis. (Automotive consultant)

The last part of the focus group dealt with the ideas developed and concrete in the workshop. Many of the designs seemed very creative to the participants and varied according to age. So simple and practical ideas were better understood and preferred by older ŠKODA AUTO customers. For the somewhat younger generation of ŠKODA AUTO customers, more creative ideas were welcomed, but hardly more emphasized than the practical ones.

From the automotive experts, the ideas were considered very comprehensive and positive. However, criticism was also expressed that some ideas would be too complicated and associated with high costs, which would make the loyalty program unattractive for customers again.

"I really like the Windshield plus idea because it is related to my car and does not require any action from my side. Still, it is a benefit that I would not have thought of but appreciate the presence of it once granted to you. I also find the lottery a great idea, collecting points and earn rewards can really provide people with good experience that will be attached to the ŠKODA AUTO brand in their mind" (ŠKODA AUTO customer)

"The ŠKODA AUTObassador program sounds fun to me. However, I do not think that many people would have the actual time to invest in it. It should somehow run in the background or the benefits would need to be really high for people to participate in it." (ŠKODA AUTO customer)

"ŠKODA AUTO Nonstop and ŠKODA AUTO clever way club are personally the best ideas for me. This ensures that I don't get hurt on the way and that I will always arrive at my destination. These aspects play the most important role for me when driving a car." (ŠKODA AUTO customer)

"The numerous ideas cover a broad spectrum of possibilities and offer many different initiatives for the heterogeneous customer base. Nevertheless, I see a danger that the different ideas are too costly to operate and on the other hand not all customers will want to invest the time to participate in the initiatives. Nevertheless, I share the opinion of my colleagues and think that it is the right approach for an innovative loyalty strategy to keep customers in the future and to stand out from the competition." (Automotive consultant)

At the end of the focus group all participants were asked a final question about the loyalty program. The question is whether it would be useful to combine the loyalty program with new mobility services such as car sharing, ride hailing or trunk delivery. This question was answered 100% in the affirmative and continued to be very much welcomed and endorsed by all participants.

"In any case, what I consider to be the most important thing for the future is the integration of mobility services. Once you have driven over it, you realize how fast it is

unimportant from which manufacturer the car is or which design/technical characteristics the car has. Furthermore, at Tesla you can see that with a focus on ideology it no longer depends on technical quality like gap mass / surface and more. Therefore, I believe that the connection between mobility services and loyalty programs will be another key milestone" (Automotive consultant)

"Yes, mainly to that I would suggest!" (ŠKODA AUTO customer)

3.3.5. Tailored Online Questionnaire

A complete overview of the descriptive analysis of the questionnaire can be found in the Appendix.

For a more specific analysis of certain variables in RStudio, the dataset derived from the questionnaire there are 153 observations by 20 variables. To correctly analyze the dataset, it was recoded from the original one and shorted by 9 variables. The new recoded variables are the following:

#	Name	Variable Description	Variable Type
1	Participants_choice	Shows whether respondents are willing to pay for a loyalty program or not	Categorical
2	Participants_payment	Shows how much respondents are willing to pay for the loyalty program	Discrete
3	Participants_availability	Describes when respondents are available during the day to be contacted	Categorical
4	Participants_contact	Shows how respondents prefer to be contact by companies within a loyalty program	Categorical
5	Participants_value	Characteristics of loyalty program that should be included according to respondents	Categorical
6	Participants_seek	Shows what kind of rewards respondents are seeking	Categorical
7	Participants_gender	Gender of respondents	Categorical
8	Participants_age	Age of respondents	Discrete
9	Participants_status	Current civil status of respondents	Categorical

Table 3 Variable description RStudio (Source: Author)

Data cleaning:

The data set was first checked for missing cases and for outliers in the primary variable age; additionally it was analyzed for normality of the two variables, namely Participants_Age and Participants_Payment.

Outliers Participants_Age:

A total number of four outliers was identified. [1] 54 55 53 68. Checking for outliers and illustrating it through the boxplot gives us a better picture of what people were participating in the questionnaire.

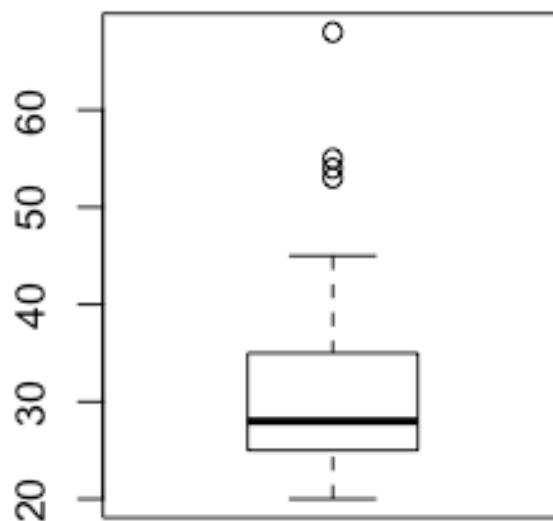


Figure 11 Boxplot with outliers (Participants_Payment) RStudio (Source: Author)

Descriptive analysis:

In the next step the Shapiro-Wilk test, which is a statistical significance test that tests the hypothesis that the underlying population of a sample is normally distributed, was used to analyze whether our primary variable, price, is normally distributed or not. The test is being run for the variables "Participants_Age" and "Participants_Payment"

Shapiro-Wilk normality test Participants_Age:

data: lo1\$Participants_age

W = 0.92783, p-value = 8.151e-07

Summary Participants_Age:

Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
20.00	25.00	28.00	30.49	35.00	47.00

Shapiro-Wilk normality test Participants_Payment:

data: lo1\$Participants_payment

W = 0.76989, p-value = 5.787e-14

Summary Participants_Payment:

Min. 1st Qu. Median Mean 3rd Qu. Max.

0.00 10.00 10.00 16.49 20.00 60.00

The p-value for the variable "Participants_Age" results in 8.151e-07 and the second p-value for the variable "Participants_Payment" results in 5.787e-14. Therefore, both of the p-values are lower than the border of significance which is usually set to 0.05. Hence, we can reject the H0: "Data is normally distributed". An additional verification is given through the histograms and Q-Q plots that shows a strong violation to normality. They are very left skewed with uneven distribution. Additionally, it becomes visible through the Q-Q plot that they do not follow the normal line. The payment variable is rather a linear line that copies a hyperbolic shape. As for the age variable there is no shape visible.

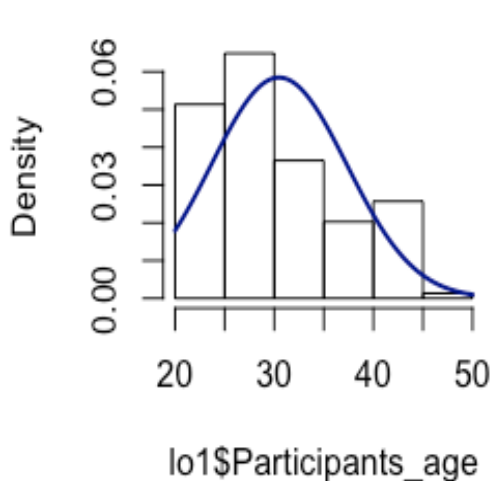


Figure 12 Histogram (Participants_Age) RStudio
(Source: Author)

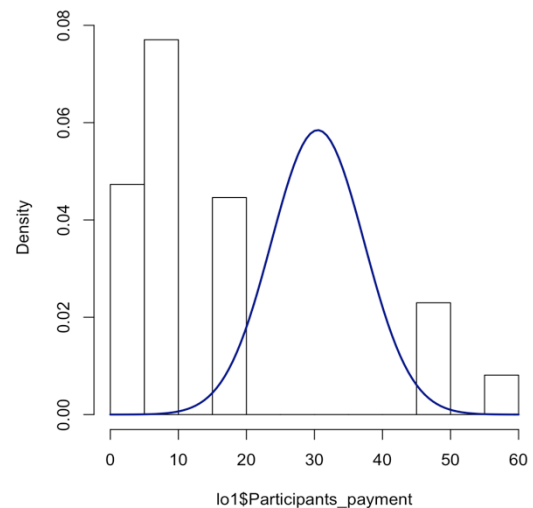


Figure 13 Histogram (Participants_Payment) RStudio
(Source: Author)

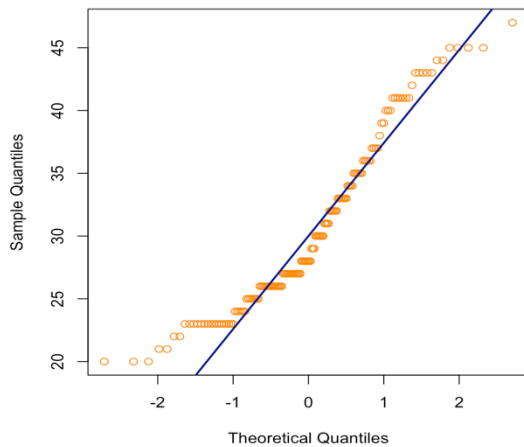


Figure 14 Q-Q Plot (Participants_Age) RStudio
(Source: Author)

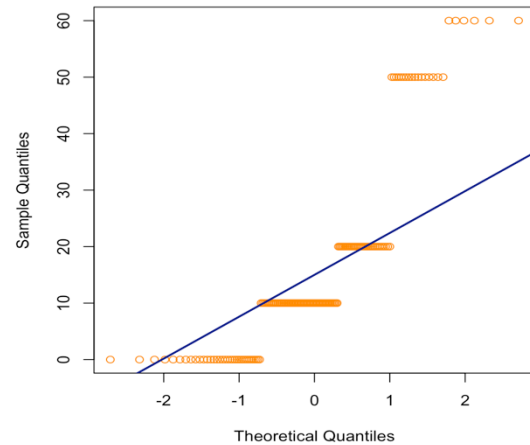


Figure 15 Q-Q Plot (Participants_Payment) RStudio
(Source: Author)

As next step and for the categorical variables in the questionnaire, the chi square method is used to check the relationship between the variables “Participants_Gender”, “Participants_Value”, “Participants_seek” and “Participants_status” and “Participants_availability” to illustrate that wishes and preferences of respondents are not dependent the gender and on the status off he respondents. The aim via this analysis it to clarify that there is no specific difference between genders on their preference for the loyalty program and that there is also no particular difference that would depend on respondent’s current status.

Gender on Value:

X-squared = 0.61988, df = 4, p-value = 0.9608

As the p-value is greater than the normal corresponding probability which is between the 0.10 and 0.05 probability levels, the H0 hypothesis fails to be rejected and it is true that there is no specific difference between respondent’s gender and the value they are looking for in a loyalty program. Figure 16 illustrates nicely again that all values are represented in both gender t

Gender on Seek:

X-squared = 5.6815, df = 12, p-value = 0.9313

Again the p-value is greater than 0.05. Hence, there is also no difference between respondents’ gender and the characteristics they seek the most. Figure 17 reflects that analysis again.

Status on Availability:

X-squared = 2.7168, df = 6, p-value = 0.8435

Visible that again the p-value is higher than the normal probability levels and therefore the H0 hypothesis cannot be rejected. Thus, there is no particular difference between respondent's current status and their availability. Represented again in figure 18 which displays are possible options among all three statuses.

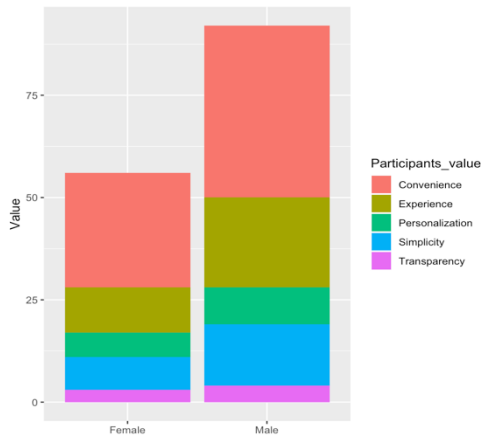


Figure 16 Gf-bar (Gender on Value) RStudio
(Source: Author)

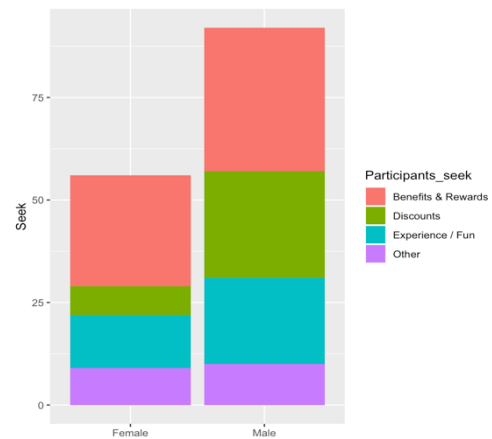


Figure 17 Gf-bar (Gender on Seek) RStudio
(Source: Author)

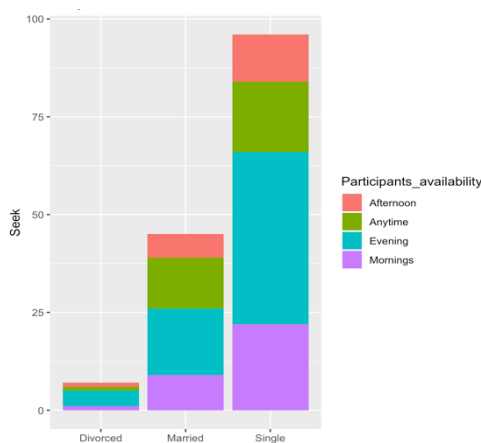


Figure 18 Gf-bar (Status on Availability) RStudio
(Source: Author)

In the next step the t-test is used to check whether the means of payment of the questionnaire respondents are the same between genders. In order to verify our hypothesis. H0: the mean payments do not differ across genders.

Welch Two Sample t-test:

data: lo1\$Participants_payment by lo1\$Participants_gender t = -1.9378, df = 135.54, p-value = 0.05472

alternative hypothesis: true difference in means is not equal to 0 95 percent confidence interval:

-10.6360104 0.1080601

sample estimates: mean in group Female mean in group Male

13.21429 18.47826

The p-value in this case is above 0.05%, therefore we can accept null hypothesis that the payment does not depend much on the gender. However, looking at the means, we see that the mean for female is lower than the mean for males. Therefore, we can say that the average payment for the loyalty program is higher for males than for females.

Additionally, the ANOVA analysis is conducted, trying to elaborate deeper on the relationship between payments and genders.

Analysis of Variance Table

Response: lo1\$Participants_payment

	Df	Sum Sq	Mean Sq	F value	Pr(>F)
lo1\$Participants_gender	1	965	964.59	3.3685	0.06849 .
Residuals	146	41808	286.36		

Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

The output from running the ANOVA is very significant meaning that the null hypothesis is true having a higher p-value. There is no difference between the groups and equality between means.

Linear regression:

Coming to the next part of the paper, the linear regression analysis analyzing the relationship between “Participants_payment” and the “Participants_age” variables is conducted to examine and verify how the the willingness of the respondents represented by the “Participants_payment” variable is pending on the respondent’s age.

Linear Regression Payment on Age:

Residuals:

Min	1Q	Median	3Q	Max
-18.189	-8.072	-5.843	3.923	44.157

Coefficients:

	Estimate	Std. Error	t value	Pr(> t)
(Intercept)	12.9102	6.4550	2.000	0.0474 *
Participants_age	0.1173	0.2067	0.568	0.5711

Signif. codes: 0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

Residual standard error: 17.1 on 146 degrees of freedom

Multiple R-squared: 0.002202, Adjusted R-squared: -0.004632

F-statistic: 0.3222 on 1 and 146 DF, p-value: 0.5711

There is a relationship, with R squared of 0.002 and it is not possible to reject the null hypothesis, yet at the same time the variable is not standalone in determining price. Overall, linear regression showed that the examined is not able to determine the payment by itself and it is not dependent on the price variable.

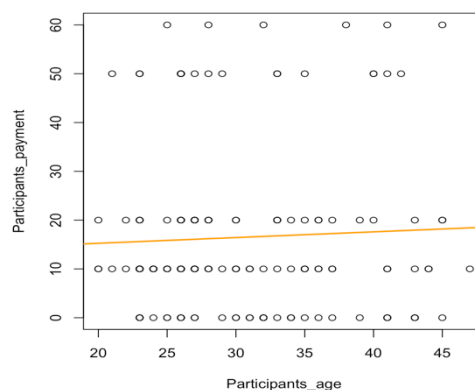


Figure 19 Plot (Payment on Age) RStudio (Source: Author)

Correspondence analysis:

As last part of the questionnaire analysis a correspondence analysis between the variables “Participants_availability” and “Participants_contact” is being run to see the different preferences of respondents. Additionally, the correspondence analysis is also run on the variables used in the linear regression model to prove the outcome gain of the inconsistency and random distribution picture.

Correspondence Table Availability on Contact:

col			
row	Email	Personalized application	Phone
Afternoon	6	8	5
Anytime	8	20	4
Evening	22	41	2
Mornings	6	22	4

Correspondence Table Payment on Age:

	col																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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Tabel 19 Correspondance Table (Payment on Age) RStudio (Source: Author)

The row is representing the age of the respondents whereas the column represents amount of money willing to pay by all the respondents. The numbers itself within the table illustrate the frequency of respondents. It nicely illustrates again the diversity of people’s willingness to pay for a loyalty program and shows that it is hard to predict whether one would be willing or not to pay for a loyalty program.

4 Discussion / Interpretation of findings

In this section the final outcomes will be discussed and analyzed regarding the two established research questions which were derived from the previous established theoretical framework in the first part.

4.1 First research question

The face to face interviews for the first research question gave a great insight towards the current situation of ŠKODA AUTO. The different thoughts and opinions on it from ŠKODA AUTO employee's directly, enabled to get establish a great picture of current loyalty incentives and strategies ŠKODA AUTO is having at the moment. The findings from for the first research question can be divided into three areas:

No real loyalty program:

The primary and most important key finding from the conducted interviews is that ŠKODA AUTO does not have an actual loyalty program to keep its customers loyal to the brand. Even though it is offering several incentives and activities, it does not have a well-established and through the thought loyalty program. Additionally, all incentives are mainly focused on the after-sales area and the life cycle of the car. Mentioned during the interview, that also the My ŠKODA app is existing, however, only medium to poorly received by customers as not enough marketing is being spend on the communication and on further elaboration of that concepts, leaves the conclusion that incentives are given but no real structure behind them can be seen. Additionally, there are not tailored and targeted towards the actual customer but mostly towards the vehicle, which in the future can lead to a big problem due to the implementation of innovations and mobility services. Nevertheless, the MyŠKODA app is the first step into the right direction of ŠKODA AUTO towards a loyalty program.

Incentives and activities are not aligned:

The second important observation that was gained from the interviews is that all mentioned incentives and activities are not aligned with each other. That means that different departments have several incentives under their control and do not have a well-established communication channel between each other. Additionally, there are no proper communication channels established to communicate the motivations and activities towards their customers. A great example is the ŠKODA AUTO discount book. Currently, the discount book is available only as a printed booklet at the dealer side, and there is no advertisement/communication to the customer that such discount book

even exists. Another aspect that was shown is that there is no clear tracking of customer data and therefore, it makes it very difficult to target current customers with the rights benefits. The many used systems are leaving behind unfiltered and duplicate datasets which then must be evaluated manually. Apart from a very time-consuming process, data can get lost and all the potential value it carries is also misused.

Incentives and activities are not covering current pain points of customers:

The last observation that was taken out from the several interviews conducted is that despite having several incentives and activities for current customers, almost none of those incentives is tackling the currently mentioned pain points of customers. Now, those incentives and activities are serving more as on top activities and “nice to have” features. This outcome is very surprising as most of the incentives are targeted towards the aftersales market. Still, the poor establishment and realization of those incentives and activities lead to such a bad perception of the customers that they become more or less “useless”. Customers do not see the real help and value added behind those ideas and therefore, do not develop enough empathy towards them. However, more importantly customers do not get the option to establish such strong brand loyalty as through missing transparency all motivation is being taken from them before the start.

In my opinion ŠKODA AUTO has already started to go into the right direction. However, all provided incentive are not really focusing on customers’ needs and problems and seem to be there as a “nice to have” feature. Also, in terms of communication and process establishment there is still a long way to go and I believe that it would make sense to create a separate department that is dealing completely with customer loyalty topics in the future.

4.2 Second research question

4.2.1. Benchmark analysis:

Through the conducted benchmark, it was possible to get an insight into the current environment of customer loyalty offerings and what competitors in the automotive as well as in other industry do to keep customers loyal to their brands. Whereas another industry is already trying to engage customer differently, like Walgreens where people receive benefits upon active and doing some healthy for their body or Toms passport rewards where people can transfer their cumulated beneficial points into donations for good causes, the automotive industry remains very traditional and “boring” in a way.

They do try to offer different incentives to keep customers under their rooftop by making the aftersales sector state to the art, converting the classical dealership more innovative experience centers with tailored customer packages that suit each customer differently. Nevertheless, apart from the aftersales area those companies are not putting much of an effort into loyalty strategies which tackle customer loyalty from different perspectives. As seen in the benchmark analysis, even premium automotive manufacturers are focusing mostly on the aftersales area given unique benefits to customers only in the service and maintenance sector (e.g., offer specialized packages to customers). However, besides Porsche, no automotive player is introducing loyalty programs and strategies that are not based on the vehicle but rather on interactive customer activities that are trying to keep customer loyalty differently.

These brands do intent to make the life of loyal customer more convenient and interacting such as through the Audi 24h/7 drop off and pick station or Hyundai's point collecting principle. Nevertheless, those offered activities also are playing into the cards of the automotive players themselves. Through those activities process for them become also more convenient and easier.

The only more engaging incentive is currently being offered from Mercedes-Benz by trying to provide customers with unique experience moments to their customers upon a visit into a dealership. As great as it might sound, this benefit again can only be received by current and new customers upon a visit into the car dealership and not outside of it. Yet, Mercedes Benz is tackling customer loyalty with few great incentives such as the digital tracking of the vehicle and the Mercedes Benz Mastercard where customers can collect points upon completed transaction and receive future discounts with them.

It would be from great benefit to ŠKODA AUTO to deep dive into the derived loyalty imperatives that were derived from the benchmark analysis and try to implement and adapt them on their current incentives as well as to develop further, more precise customer engagement activities to keep customers loyal and attached to the brand.

4.2.2. Design Thinking Workshop:

Through the conducted Design-Thinking Workshop with internal and external ŠKODA AUTO employees a coherent picture towards ŠKODA AUTO values and its customer based was established. From this it could be clearly seen that the ŠKODA AUTO's customer base is a very heterogeneous group with differently valued attributes and characteristics. Hence, and in the meantime of the workshop principles and ideas were developed and established towards with respect to a very diverse and heterogeneous field.

The great cooperation and approaches from participants enabled to get a coherent picture of the current situation and proved how different things are seen in terms of loyalty. It helped to establish basic principles and values upon which further incentives should be built on. The situational analysis nicely illustrates which important aspects need to be included as base and that both sides of the die must be analyzed. On the one hand are customer behavior and current trends that are shaping the consumer behavior and their perception towards the brand. On the other side are the values of the brand itself. It showed how important it is to find a common ground where all customer values as well as company values are reflected and represented. The linkage between both enabled to achieve common aspects and features which are important to both. Emotional linkage, care and comfort, family and friends and finally the community. Those four aspects were identified as crucial and important for the idea generation.

As for the second part of the workshop the four cornerstones were enabled and established. Based on the previous mentioned aspects, they serve as guiding pillars. To successfully tackle loyalty, every pillar should be covered within the ideas. Furthermore, each pillar is holding within unique features. So is the ŠKODA emotional linkage pillar focusing with characteristics like, “money cannot buy principle” or “behind the scenes experience” towards the experience and emotional side of customers whereas the pillar ŠKODA comfort and care is targeting the more practical and useful side of customer with characteristics such as the one on one principle or with the partner coalition. Upon looking at all four cornerstones, it was made possible to cover all current values that customer and the brand itself perceive nowadays and weight the most in their daily life.

Through the third and last part of the workshop the potential ideas were drafted, and the idea pool was established. All created ideas were having as base the identified previous cornerstones and loyalty imperatives that were established beforehand. Here, a great piece of work was enabled as many creative and fancy idea, that are customer-centric were generated and described in more detail. So is the ŠKODA Ambassadors principle a great way to include younger generations and make them feel part of the brand. The ŠKODA Windshield plus targets again the more careful and pragmatic drivers by insuring them real value for money and providing them with convenience. Also, ideas like the ŠKODA Donations is bringing something new to the market that customers have not experienced before. Yet, having so many people caring about corporate social responsibility, this idea is truly a great outcome of the workshop, among the many others.

4.2.3. Focus Group:

The conducted focus group was a great experience. Having all different opinions and perspective pulled together gave great insights and outcomes towards the previous

conducted workshop. Through the focus group with ŠKODA AUTO customers and experts from the automotive industry all outcomes were proven, and it was confirmed that the loyalty program for ŠKODA AUTO should cover different key areas and characteristics to satisfy all needs and wishes of the customers. The focus group outcome remains from utmost importance here as they proved not only how different ŠKODA AUTO customers are and what they value but additionally, they agreed upon the eight loyalty characteristics and current consumer trends which were established during the benchmark and used to build upon the tangible ideas. Based on their opinions and evaluations of the previous established ideas from the workshop, the workshop was a success. It proved that the workshop can be seen as a great starting point for the future when building a new, customer focused loyalty program. Additionally, it showed that even though many great ideas were identified there is still room for improvement and that the topic will not be solved only so easily. Furthermore, their critical view towards future loyalty incentives opened new doors and directions in which nobody in the workshop has thought about. Such incentive should be the covered of car access-based services that are currently being developed or other incentives closely linked towards mobility concepts.

Personally, I am strongly convinced that the workshop was able to deliver a great outcome and a great starting point for building a great loyalty program for ŠKODA AUTO customers. Through the conducted benchmark a nice picture of the current situation within the whole automotive industry was given and towards current customer trends. The identified values represent greatly current customer trends and brand values. Furthermore, most of the established ideas have great potential to be implemented as of now. The focus, in my perspective, was there to prove and to get an idea of how great or bad the ideas would be. Happily, almost all of them were welcomed. As last point, the focus group with its great diverse participants also allowed to investigate the future and understand what new possibilities and important aspects should be considered in the future.

4.3 Third research question

The questionnaire was the perfect measure to analyze the third research question and show that a loyalty program of ŠKODA AUTO could not be a standardized program. From the previous research question analysis, it conducted a workshop as well as focus group we could see that the customer base of ŠKODA AUTO is very heterogeneous. With the questionnaire and a large number of different answers showed clearly that a loyalty program must need to address customers differently and cannot be a standardized program.

Having run the analysis through RStudio gives a clear image of the participants that were participating in this questionnaire. It nicely illustrates that the majority of respondents were between 20 and 40 years old with a mean of 30,48. This is also reflected in

the histogram which shows a nonnormal distribution for the variable age. Additionally, it gives a clear image of the fact that the respondent's age, status (Single, Married, Divorced) and their gender (Male, Female) does not influence their decisions on what they would seek from a loyalty program and what values they crave for. On the opposite, the results clearly state that a wide diversification exists when choosing to select different values and the added-value from a loyalty program.

In terms of the respondent's willingness to pay for a loyalty program, it can be seen from the correspondence analysis that there is a widespread of results. Furthermore, the histogram and the Shapiro-test analysis show that again we have a non normally distributed variable. With most people willing to pay between 10 to 20 EUR and a handful of respondents willing to pay more than 50 EUR. The midfield of 30 and 40 EUR is completely missing. This indicates that there are only two extremes. From the correspondence table, it can be seen that mainly respondents of 40+ would be willing to pay such a high amount of money for a loyalty program. However, with around 55% of respondents willing to pay upon introducing the right benefits (Appendix 11.5), there is a great potential to turn the loyalty program into another revenue stream for ŠKODA AUTO. The monthly fee should be around 10-20EUR (Appendix 11.5) as most of the people voted for that price range. However, with 12% voting for up to 50 EUR (Appendix), there could be more packages and systems that offer a bit more to people that value loyalty programs more than others. However, it clearly shows that, if right configured, a loyalty program must not always be a burden that is completely borne by the company. By having run the independence test and the ANOVA it furthermore shows that the payment for loyalty programs does not depend on the gender type of the respondents. Nevertheless, it is seen that in general males are slightly more willing not to pay more for the loyalty program than females.

From the second correspondence analysis that examines the availability of current respondents and how they would like to be reached and stay in connection with when joining a loyalty program, it can be seen how different respondents are and that they are not homogenous. Most of the respondents prefer to be contacted in the evening through a personal application, followed via email. Almost none of the respondents prefers to be contacted directly via the phone. Thus, with an application that is representing the loyalty program also the availability issues can be tackled easily. Customers are preferring different times to be contacted and instead of making annoying calls or writing emails which nobody is reading the application is the perfect fit. Sending notification, everyone can decide when to have a look inside it and is not bothered or deprived by his / her time.

Another great insight about current respondent's preferences is that some of them prefer more personalized rewards and that on the other hand still, a big percentage of people would like to be surprised by some benefits. In this section of the questionnaire, we can find an almost 50:50 distribution (Appendix 11.5), namely asking customers whether they would like to link the loyalty program to their private life. Also, clearly to be seen from the outcome is that tailored rewards are perceived as more important

than random rewards which could enhance customer's convenience and surprise them positively.

Overall the conducted questionnaire reflects once more that all answers of the participants do share common things even though the results might see very diverse at first sight. When comparing all answer with the established loyalty imperatives from the design-thinking workshop, it becomes visible that all answers provided by participants share those characteristics in many ways (Appendix 11.5). Therefore, it proves again the functionality and accuracy of the established loyalty imperatives. Furthermore, the variety reflects that a well-functioned and successful loyalty strategy cannot be a standardize program but must be individually designed featuring the above-mentioned loyalty imperatives. From the respondent's different answers, it is possible to establish different categories among all answers which reflect again the previous values that participants were asked. Hence, Benefits & Rewards remain the most important cluster. Next, it is possible to establish a category where discounts would fall into, offering certain discounts nobody else would get. Thirdly, experience & fun remains from important to contestants. The last category "others" that can be taken out is the linkage towards individual perspectives, meaning that the loyalty programs should be tailored and individualized.

Categories:

- I. Benefits & Rewards
- II. Discounts
- III. Experience & Fun
- IV. Others

However, the questionnaire should only be considered on a very high level as for an and more accurate outcome, more exact and in depth questions should be placed as well as more respondents gathered through a professional agency.

The aim of this questionnaire was mainly to prove on a very high level the outcomes from the previous research methods and to validate that a very heterogeneous customer base exists which the questionnaire also was able to prove. Nevertheless, for a more detailed and more accurate analysis more discrete and continuous variable would be necessary as well as more specified questions towards each topic asked in the questionnaire. Additionally, due to time constraints the sample size remains quite small ($n=153$). Hence, it would be also from further benefit to enhance the sample size to around $n=500$. Furthermore, due to the fact that the variable "Participants_payment" is not normally distributed, the linear discriminant analysis method for a multiple regression analysis was not run. This method shows the value of a dependent categorical variable based on its relationships to other quantitative predictor. Nevertheless, it highly assumes normally distributed variables which in this case is not true. Hence, this analysis was not run. As the "Participant_payment" variable is also not a binary variable, a logistic regression that does not assume a normal distribution, cannot be run either. Nevertheless, the questionnaire fulfills its purpose on the high-level and gives a great first glimpse on the heterogeneous customer group of ŠKODA AUTO.

5 Conclusion

In the analysis of current loyalty incentives of ŠKODA AUTO and on the essential and important aspect that must be considered for a future loyalty strategy, three main research questions were developed and analyzed.

From the first research question that analyzed if ŠKODA AUTO has a current and proper loyalty program in the Czech Republic for its customers, it was seen that currently there is no such program within the brand. For these first questions, several face-to-face interviews with ŠKODA AUTO employees were conducted to get first-hand insights into the current situation of the company. Although, there are few incentives towards customer loyalty no loyalty program as such is currently being implemented.

The second research question was dealing with the fact that a loyalty program should cover different vital areas. This was done through a benchmark analysis, a design-thinking workshop and lastly with a focus group to agree/disagree upon the results obtained from the workshop. The study showed how differently people are thinking and approaching the loyalty aspect and was able to demonstrate unambiguously that a well-thought loyalty program must address different critical areas as the customer base of ŠKODA AUTO is very heterogeneous.

The third and last research question dealt with precisely that different customer base and analyzed that this customer base must be addressed in a diversified way and that it cannot be a standardized process. Through a tailored questionnaire current ŠKODA AUTO customers have been treated to get their insights and opinions on that topic. Here, in every part of the survey, the outcome explicitly showed that such a loyalty program indeed cannot be a standardized program but must be a more individualized approach towards current customers.

An overall conclusion that can be drawn from the received insights from the three research questions is that there is no current well-functioning loyalty program towards ŠKODA AUTO customers in the Czech Republic. Furthermore, it showed the necessary sophisticated dedication of establishing such loyalty programs as many aspects are needed to be taken into consideration. Hence, developing such a loyalty strategy cannot be just put in place but preferably must be well analyzed and tailored towards customer's values, their behavior trends, needs and preferences, and further aspects.

Thus, ŠKODA AUTO has to keep up with the pace of changing technologies and with new upcoming customer trends in order to successfully win and maintain the loyalty of its customers and tie them to the brand,

6 Recommendation

From my point of view and my four years' experience in the automotive industry I genuinely believe that a loyalty strategy will be necessary for the future for ŠKODA AUTO to maintain its customers. People do not want to buy only a car that has four wheels and a rooftop, but they want to be entertained and are aiming for many different attributes such as experience, convenience, simplicity, etc. Additionally, since the implementation of mobility solutions, people become less and less connected to the original brand. They do not care whether the car is from company A or B. They only want to arrive at their destinations on time, safely and as much time as efficient as possible. Hence, I believe that a well-thought and well-established loyalty strategy should contain both sides of the dice. On one side it should enable customers to link with the brand and interconnect.

On the other hand, it should permit people to facilitate their lives. With all new upcoming technology trends and services such as ride-hailing, CABS (car access-based service) such as smart parking, trunk delivery where packages get directly delivered into the trunk of your car or mobile teams that are washing and repairing your vehicle during the time you are shopping, there is a tremendous potential for companies to build a successful loyalty strategy. Furthermore, I believe that a well-established loyalty strategy could also replace the aftersales area in the future and be very beneficial towards revenue streams. A research study by Tahal in 2014, showed that with loyalty programs the number of repeated purchases increased by 95%, turnover increased by 100%, profit by 77% and the brand awareness by 95% (Tahal, R., 2014). This proves my opinion about the enhancement of revenue streams through loyalty programs. All new IT trends that enable new services are allowing companies to decide how fast they want to implement new services and provide them to customers. Therefore, ŠKODA AUTO could charge all car access-based services for a unit price or based on a freemium principle. If customers would like to speed things up and get an upgrade, they would be able to do so by subscribing to a loyalty program, where they would first need to pay more but later on be upgraded for free due to their active collection of points which they receive through the loyalty program or which they would receive for free in return for their loyalty and usage.

A good example is the Amazon Prime. Become a member of Amazon Prime, and you will get everything delivered much faster and have new opportunities that you did not have before. Of course, one must pay for being a member of Amazon Prime, but in return, you will receive many new benefits and rewards which are worth it. Thus, from my point of view, I firmly believe that ŠKODA AUTO would provide such services to its customers via car access-based services as well as new mobility concepts which are driven by new emerging technologies and gain and maintain the loyalty of many customers.

From a scientific point of view and as described in the theoretical framework in ŠKODA AUTO should first think about a proper way how to target their customers (section 2.4) and how to establish certain customer groups. Its customer base is so heterogeneous that clustering of groups must be done to successfully address the needs and preferences of everyone (section 2.6.4.). From there I strongly am convinced and stated in the theoretical part the brand should focus very strongly on communication and customer integration (2.3.3.) From the interviews, one critical point was that there is no proper communication and that customers are not integrated also due to missing transparency. That remains a vital and necessary point for the future. Upon successful development of communication channels and customer base clustering, it then should try to link different values and attributes towards its customer segments to be able to offer the true nature of benefits (2.6.1.). Shown in the second research question, in the workshop, there are many different values and aspects from the customer base, and therefore, it is necessary to address them differently and clearly define when to provide a customer with a somewhat functional benefit and when to give him an experiential benefit. The simple questionnaire showed as well that nearly around 50% prefer personalized rewards whereas the other 50% are happy with experiential rewards. ŠKODA AUTO should establish different scenarios based upon customer values, or for example on attributes such as the cornerstones that were created during the workshop. From there, it will become easier to understand its customers and see what they are looking for within a loyalty program. That should be a good first starting point to further proceed with developing and adding more and more layers with better and future-oriented loyalty incentives, such as car-access based services or mobility concept solution onto it.

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8 Appendix

8.1. Email distributed for focus group

“Dear all,

I hope you are doing great as usual!

As for the upcoming focus group for which I have sent you out the invitation last week, I kindly would like to get familiar with the topic and already make yourself thoughts about the following aspects;

Through a conducted workshop, I was able, with the help and cooperation of all participants to establish several tangible ideas that could work for an actual loyalty program implemented by ŠKODA AUTO. I kindly would like to ask you to write assess the ideas and make yourself first thoughts whether you think that the ideas seem to be good or bad. Lastly, I would like to ask you about initial thoughts whether you think that loyalty programs in the future should be linked to new mobility strategies such as car access-based services or other mobility concepts. Or do you think that it should not focus on those new concepts and rely on old / classical loyalty approaches such as point collection, discounts, etc.

Everything is in the ppt and the specific explanations are in the word document. I kept it very simple as well!

Looking very much forward to our focus group!

Should you have any questions, please do not hesitate in contacting me.

Thank you very much in advance!

Many greetings,
Kevin

8.2 Interview coding

Category	Sub-Category	Category Description	Anchor Sample	Coding Rule
Loyalty program	Existence of current loyalty program	Examine the current state of the loyalty program	"Currently there is no structured loyalty program." "We offer incentives but no loyalty program as such." "The current status is that there is no proper loyalty program or whatsoever."	Statements regarding current status and set up of a loyalty strategy/program within SKODA
Design & Structure	Valued added for customer	Analyzing the value added provided to customer within the SKODA loyalty program	"It is hard to say whether our customers receive a true value-added through our offerings." "Normally we offer discounts in the after-sales area and the value-added is the discount." "It is hard to compare the value-added as we do not know what exactly customers are looking for." "We should focus on more broad incentives to provide the right value added for each customer."	Mentioning of value added propositions for customers
Design & Structure	Key rewards & individualization	Analyzing the current rewards offered to customers within the SKODA loyalty program	"We have around eight most frequent used activities." "The most common incentive that customers get are discounts on spare parts or on car maintenances." "Our discount book, however it is not digitalized and customer only receive it once they ask for it at the dealership."	Mentioning of key activities and incentives of the loyalty program
Design & Structure	Positive perception of the loyalty strategy settings	Discussing the positive internal perception of employees of the loyalty program	"I believe we offer our clients the most convenient benefits through our loyalty program. Also our strategic set up is contributing in a very positive way."	Statements regarding positive perception of the loyalty program
Design & Structure	Negative perception of the loyalty strategy settings	Discussing the negative internal perception of employees of the loyalty program	"I personally believe that we offer very weak incentives." "To which loyalty program? There is none." "It is definitely a major point that should be improved."	Statements regarding negative perception of the loyalty program

Design & Structure	Importance of transparency	Examine why transparency matters in a loyalty program	"Customers do not like to be left in the dark. Especially Czech customers are very hard to be convinced. Therefore, transparency is definitely an important part of the business." "Customer are mostly frustrated about the higher prices they pay at the dealership than at an unauthorized one." "It is important to prove them the purpose of the higher prices charged."	Explanation of why transparency plays an important role customers
Design & Structure	Availability of transparency	Analyzing the transparency towards customers in the loyalty program	"For the after sales part and in the car maintenance, it remains a huge challenge." "We are lacking transparency when it comes in justifying our prices."	Explanation of current transparency structure within the loyalty program and the given incentives
Technology	Internal processes	Set up of new incentives and idea generation	"From my point of view there is no structured process formulated within our company to generate new ideas. Everything seems like a big mess"	Explanation of internal processes within SKODA for the loyalty incentives
Technology	Internal communication and alignment	Analyzing the communication and agreements with involved departments	"This is definitely one of the major downsides. There is no clear communication on the matters. It is especially difficult to communication between the involved departments."	Mentioning of internal communication processes and arrangements within involved departments
Technology	External communication to customers	Analyzing the communication of the loyalty program towards current SKODA customer base	"Normally it is promoted over the webpage or over email newsletter."	Explanation why communication to customers is important

8.3 Questionnaire questions

Part 1: Loyalty program

1. Would you be willing to pay a subscription for a loyalty program?

YES

NO

YES, if there are the right benefits for me

2. How much would you be willing to pay for the loyalty program, if you had to?

10-20 EUR

20 -30 EUR

Up to 50 EUR

Above 50 EUR

3. When are you normally available?

MORNINGS

AFTERNOON

EVENINGS

ANYTIME

4. How would you like to be contacted by a company?

EMAIL

PHONE

PERSONALIZED APPLICATION

5. How would like to stay connected within the loyalty program?

EMAIL

PHONE

PERSONALIZED APPLICATION

6. Do you like personalized rewards?

YES

I DO NOT CARE AS LONG AS THE REWARD IS GOOD

- 7. Do you prefer rewards tailored to your current lifestyle or rewards that "you did not know you would use them if you would not hear about them"?**

TAILORED REWARDS

REWARDS ' I DID NOT KNOW THAT THERE ARE SUCH REWARDS BUT NOW I AM ACTUALLY USING THEM'

- 8. Which two attributes would you value the most in a loyalty program?**

CONVENIENCE

SIMPLICITY

EXPERIENCE

TRANSPARENCY

PERSONALIZATION

PRICE / QUALITY

- 9. What attributes would you value the least in a loyalty program?**

CONVENIENCE

SIMPLICITY

EXPERIENCE

TRANSPARENCY

PERSONALIZATION

PRICE / QUALITY

- 10. What sort of participation would you prefer?**

ACTIVE PARTICIPATION

INACTIVE PARTICIPATION

- 11. What do you seek the most from a loyalty program?**

EXPERIENCE / FUN

BENEFITS & REWARDS

DISCOUNTS

OTHERS

12. Would you link a loyalty program to your private life if you'd get rewards?

YES

NO

13. What should be included in a loyalty program, besides benefits, for you to sign up?

OPEN QUESTION

Part 2: General Information

1. Gender

MALE

FEMALE

2. Age

OPEN QUESTIONS

3. Status

MARRIED

DIVORCED

SINGLE

8.3.1 Extract of answers question XIII

Answers Question XIII
Discounts
Rewards
Public info
Benefits
Personalized communication
No additional Time consumption
Information
Explanation, how it works and who benefits from it
Discounts, additional opportunities, high-quality service
Good service
Transparency

ŠKODA AUTO community building, consultation service about new models
Something that I'm includes my interests/hobbies
Free stuff, information knowledge sharing
Upgrade offers
First access to new products
Prioritized handling of inquiries and issues
Success
Special offers that others don't get
Offers others don't get
To choose the sort of benefits that you want to get
An easy sign out procedure
Things I can really use.
Status
Attentions
To me, it's all about "what do I get in return" for joining
Change of tires for free
Available Loyalty tiers and their individual benefits and discounts
Convenience
Good price/quality ratio
Not sure
Priority lane, no queuing, etc.
Only benefits
Not having to sign up
Brand connection
Right timing for right purpose
Frequent discounts
Price and quality
Privileged contact and speed in demands treatment
Ease of access and use.
Transparency in how to achieve rewards. Realistic and achievable goals for attractiveness rewards
Simplicity
An incentive which convinces me to sign up
Proper transparency
Events
Something that nobody else could offer you

8.4 Rstudio script for data set analysis

```
loyalty<-loyalty_r_script

outliers <- boxplot(loyalty$Participants_age, plot = FALSE)$out

print(outliers)

loyalty[which(loyalty$Participants_age%in%outliers),]

lo1 <- loyalty[-which(loyalty$Participants_age%in% outliers),]

boxplot(lo1$Participants_age)

summary(lo1$Participants_age)

head(lo1$Participants_age)

#AGE

shapiro.test(lo1$Participants_age)

hist(lo1$Participants_age)

m <- mean(lo1$Participants_age, na.rm = T)

std <- sd(lo1$Participants_age, na.rm = T)

hist(lo1$Participants_age, prob=TRUE)

curve(dnorm(x, mean=m, sd=std), col="darkblue", lwd=2, add=TRUE, yaxt="n")

qqnorm(lo1$Participants_age, col = "darkorange")

qqline(lo1$Participants_age, col = "darkblue", lwd = 2)

#PRICE

shapiro.test(lo1$Participants_payment)

hist(lo1$Participants_payment)

summary(lo1$Participants_payment)

mpay <- mean(lo1$Participants_payment, na.rm = T)
```

```

stdpay <- sd(lo1$Participants_payment, na.rm = T)

hist(lo1$Participants_payment, prob=TRUE)

curve(dnorm(x, mean=m, sd=std), col="darkblue", lwd=2, add=TRUE, yaxt="n")

qqnorm(lo1$Participants_payment, col = "darkorange")

qqline(lo1$Participants_payment, col = "darkblue", lwd = 2)

#Gender on Value

table = table(lo1[,c(6,8)])

chisq.test(table)

gf_bar(~Participants_gender, fill = ~Participants_value, data = lo1) %>% gf_labs(title = "Graph ONE",

x = "Gender",

y = "Value")

table = table(lo1[,c(6,7)])

chisq.test(table)

gf_bar(~Participants_gender, fill = ~Participants_seek, data = lo1) %>% gf_labs(title = "Graph ONE",

x = "Gender",

y = "Seek")

table = table(lo1[,c(10,3)])

chisq.test(table)

gf_bar(~Participants_status, fill = ~Participants_availability, data = lo1) %>%

gf_labs(title = "Graph ONE",

x = "Gender",

y = "Seek")

#independence sample t-test on price and gender

```

```

t.test(lo1$Participants_payment~lo1$Participants_gender,alternative
"two.sided",var.equal=F)

fit = aov(lo1$Participants_payment ~ lo1$Participants_gender)

anova(fit)

fit1 = aov(lo1$Participants_payment ~ lo1$Participants_status)

anova(fit1)

#Linear Regression Price on Age

cs.fit1 = lm(Participants_payment ~ Participants_age, data = lo1)

summary(cs.fit1)

plot(Participants_payment ~ Participants_age, data = lo1)

abline(cs.fit1, col = "orange", lwd = 2)

#Correspondence Analysis (Availability / Contact)

row<-lo1$Participants_availability

col<-lo1$Participants_contact

cor_tab<-table(row,col)

cor_tab

#Correspondence Analysis (Payment / Age)

row<-lo1$Participants_payment

col<-lo1$Participants_age

cor_tab<-table(row,col)

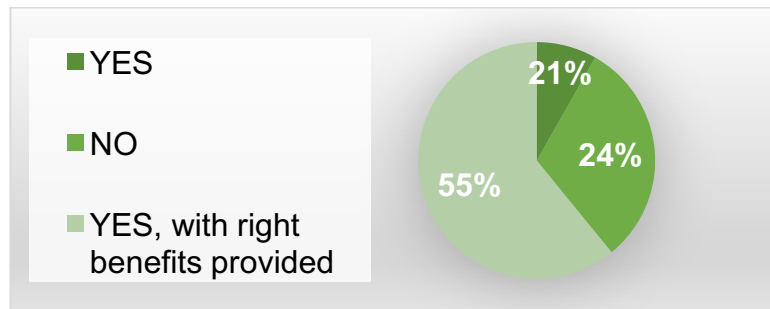
cor_tab

```


8.5 Basic descriptive analysis of questionnaire

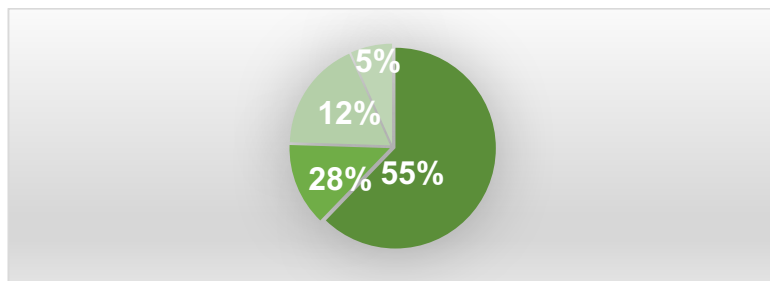
Question 1 – Would you be willing to pay a subscription for a loyalty program?

Out of all respondents, 24% are not willing to pay a subscription fee for a loyalty program. A total of 55% of all respondents are willing to pay a subscription fee for a loyalty program if they would see an added-value in it and if the right benefits would be offered. Only 21% of the respondents would be willing to pay the subscription fee regardless of the benefits.



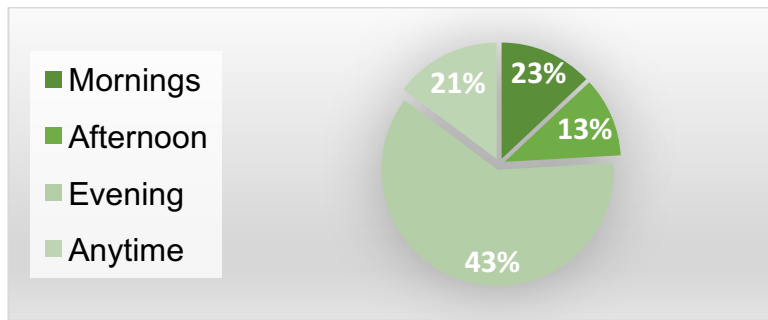
Question 2 – How much would you be willing to pay for the loyalty program, if you had?

55% of respondents would be willing to pay between 10EUR per month. 28% would be willing to pay 20EUR and 12% would be willing to pay up to 30EUR. Only 5% of the respondents would be willing to pay an amount above 50EUR per month for a loyalty program.



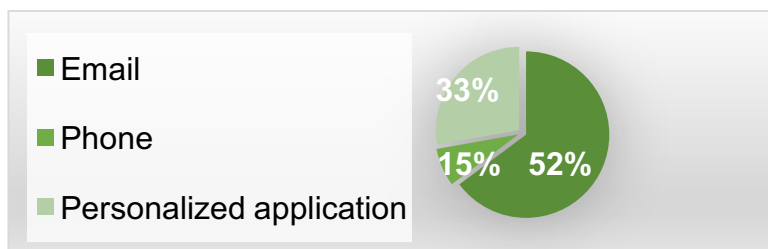
Question 3 – When are you normally available?

With 43%, most of the respondents prefers to be contacted in the evening followed by 23% who do not have any specific time preference when to be contacted. 21% prefer to be contacted in the mornings and 13% in the afternoon.



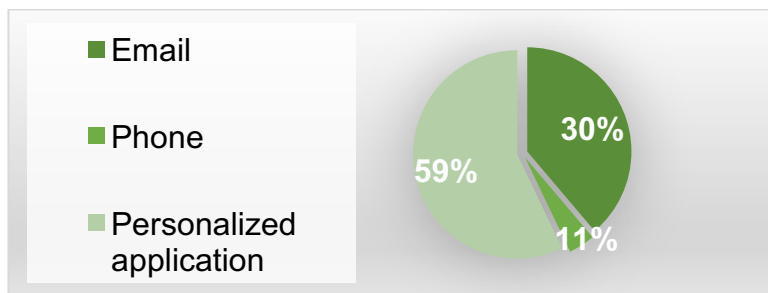
Question 4 – How would you like to be contacted by a company?

Only 15% of the respondents want to be contacted via phone and only 33% of the respondents prefer a personalized application. The fast majority with 52% prefers E-Mail for personal communication.



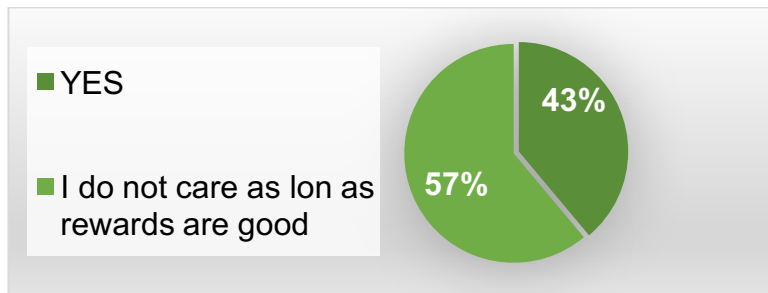
Question 5 – How would you like to be connected within the loyalty program?

With 59%, most respondents would like to stay connected through a personalized application developed for the loyalty program. 30% prefer the e-mail as connection link and only 11% would like to stay connected through their mobile phones directly.



Question 6 – Do you like personalized rewards?

43% of respondents like personalized rewards and would prefer them whereas 57% of the respondents do not care about the rewards as long as they are good, meaning they provide some value-added or benefit to them.



Question 7 - Do you prefer rewards tailored to your current lifestyle or rewards that “you did not know you would use them if you would not hear about them”?

62% of respondents want personalized rewards. 38% of the respondents would go for the other variant and is more open minded about the reward issued to them.

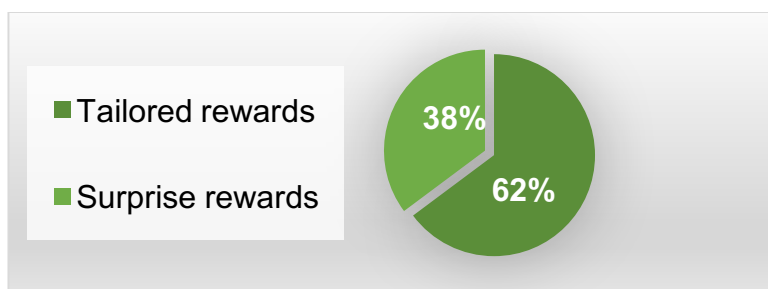
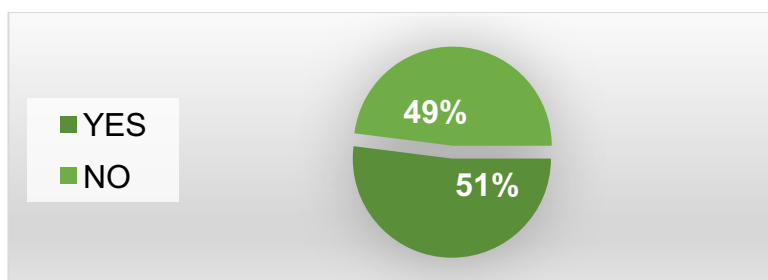


Figure 38 Question VII Questionnaire (Source: Author)

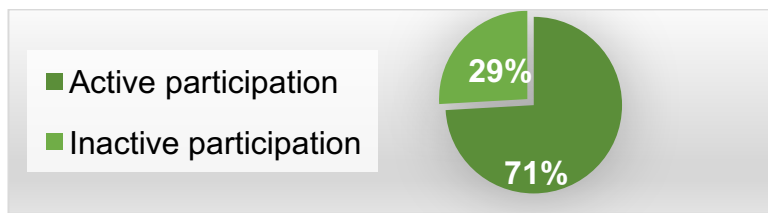
Question 8 - Would you link a loyalty program to your private life if you would get rewards?

For this question the opinions of the respondents are almost equal. Almost half of respondents would like a well-established loyalty program towards their private life whereas the other half would not be willing to link it.

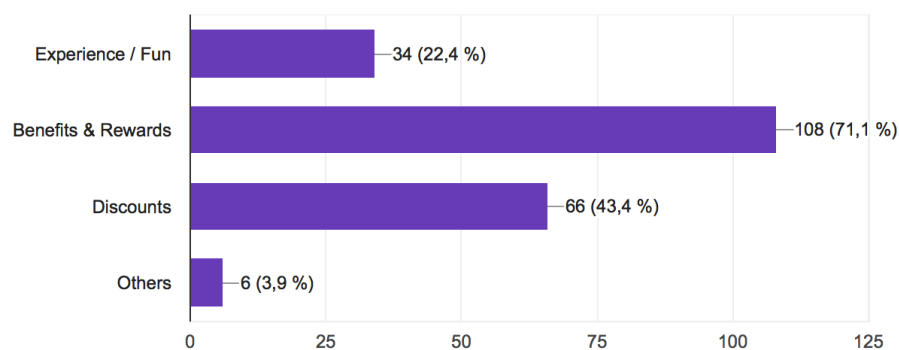


Question 9 - What sort of participation would you prefer?

51% of respondents would prefer an active participation within the loyalty program and 49% would like to have an inactive participation.



Question 10 – What do you seek most from a loyalty program?

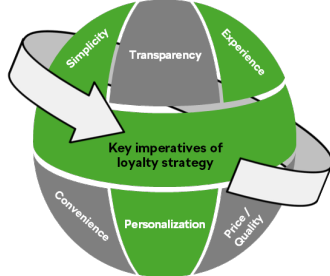


8.6 Idea examination ideas


ŠKODAmbassador

Title	ŠKODAmbassador			Category	Steering incentive
Aim	Build the emotional linkage between members and the brand				
Revenue impact	TBD	Customer impact	High	Implementation cost	Medium
Description					
Covered consumer trends					
			<p>(1) Gamification</p> <p>(2) Emotional linkage</p> <p>(3) Frictionless engagement</p> <p>(4) Value experience over product</p>		


ŠKODAdventure

Title	ŠKODAdventure		Category	Activity incentive	
Aim	Provide members with a unique experience and remind them why it is worth it to be in the loyalty program				
Revenue impact	TBD	Member impact	Medium	Implementation cost	Medium
Description					
Covered consumer trends					
(1) Gamification			(4) Individualization		
(2) Emotional linkage			(5) Digital emergence service		
(3) Desire for immediately			(6) Path of least resistance		

ŠKODADonations

Title	ŠKODA Donations		Category	Activity plus incentive				
Aim	Show that the program is also social responsible and that it reflects the values of the members.							
Revenue impact	None	Customer impact	Medium - High	Implementation cost	Low			
Description								
Covered consumer trends								
(1) Long term value			(3) Social responsibility					
(2) Customer monetization								

ŠKODAClever way club

Title	ŠKODA Clever way club		Category	Perks & benefits incentive				
Aim	Provide the members with the right benefits at the right time in the right moment							
Revenue impact	TBD	Customer impact	High	Implementation cost	Medium			
Description								
<p>(1) The clever way club provides members of the loyalty program with a great variety of partnerships</p> <p>(2) Partnerships are based upon brand and customer values to provide members always with the right benefit at the right time in the moment needed</p> <p>(3) E.g. Petrol station – discount for gas plus present / compliment (might be depending on member's current status and level)</p>								
Covered consumer trends								
(1) Always – on operations						(4) Digital emergence service		
(2) Path of least resistance						(5) Long tail niches		
(3) Point of need of service delivery						(6) Partnership increase		