

東海大學國際經營與貿易學系碩士班

碩士論文

方案忠誠對商店忠誠之影響：  
涉入與轉換成本干擾效果探討

**The Effect of Program Loyalty on Store  
Loyalty : The Moderating Effects of  
Involvement and Switching Cost**

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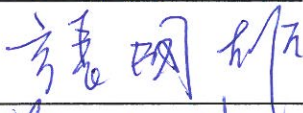
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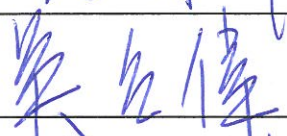
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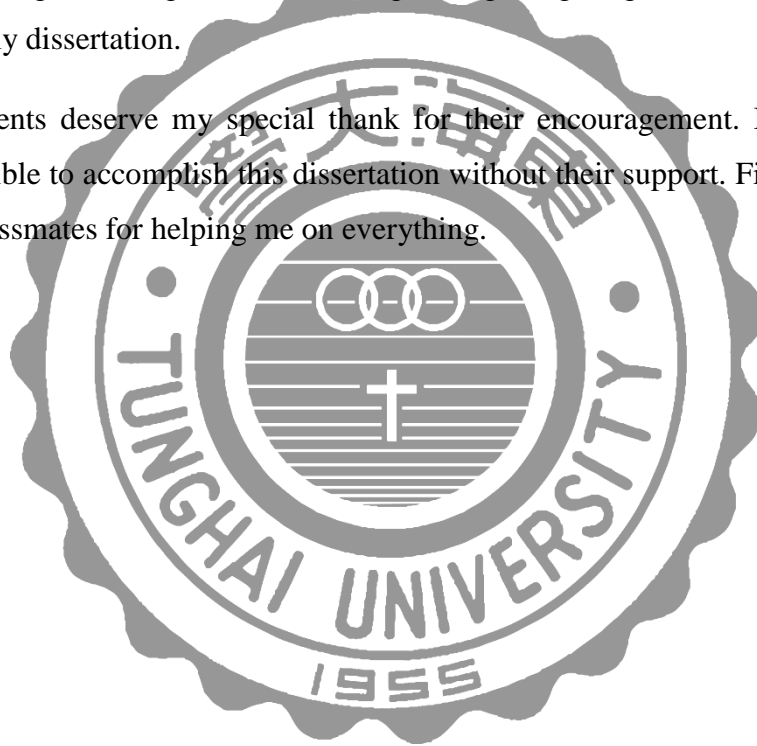
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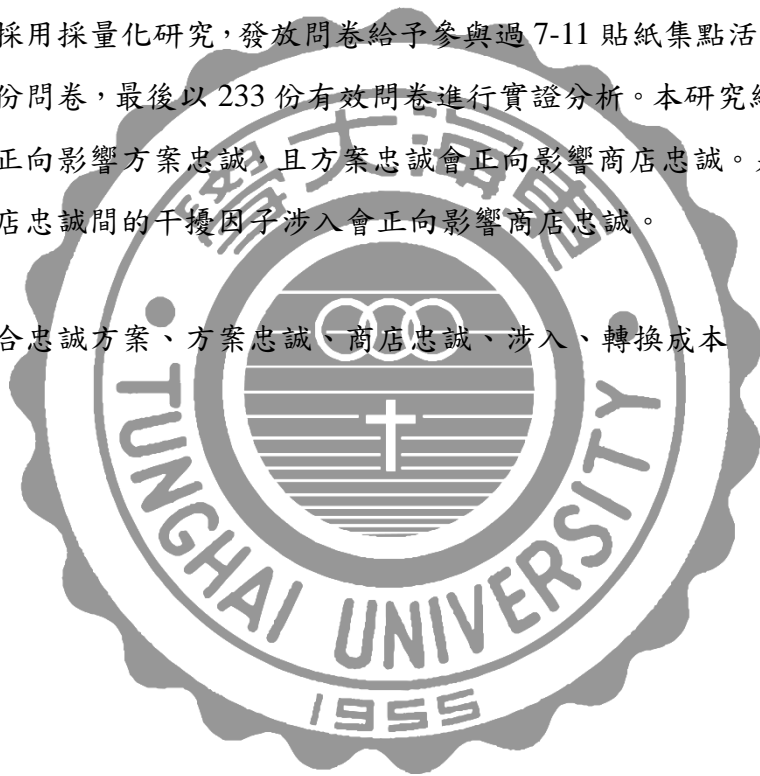


## 摘要

近幾年便利商店如雨後春筍般迅速拓展，競爭相對也越來越激烈，而行銷手法則顯得格外重要。不論是便利商店抑或量販店，常常以貼紙集點活動吸引顧客前往消費，然而是否貼紙集點活動所兌換到的獎酬能吸引到顧客，且是否能促使顧客對此方案產生忠誠，最終對商店也產生忠誠度。本研究將探討聯合忠誠方案、方案忠誠與商店忠誠三者間的關係，同時研究涉入與轉換成本對商店忠誠的干擾作用。

本研究採用採量化研究，發放問卷給予參與過 7-11 貼紙集點活動之消費者，共發放 233 份問卷，最後以 233 份有效問卷進行實證分析。本研究結果顯示聯合忠誠方案會正向影響方案忠誠，且方案忠誠會正向影響商店忠誠。另外，介於方案忠誠與商店忠誠間的干擾因子涉入會正向影響商店忠誠。

**關鍵字：**聯合忠誠方案、方案忠誠、商店忠誠、涉入、轉換成本

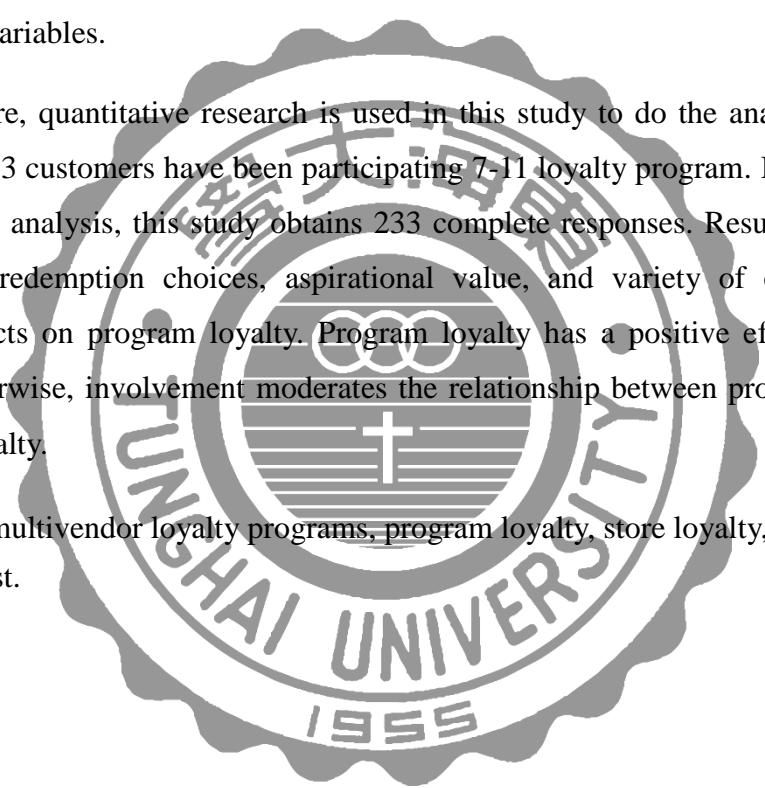


## Abstract

Recently, convenience stores rapidly expand, and competitions are intense. Obviously, marketing tactics are particularly important. Both convenience stores and wholesales often have loyalty program in order to attract customers. However, retailers are not certain whether reward redemption by loyalty program can be attracted to customer; also this activity can promote customers to become program loyalty. Ultimately, stores also can generate loyalty. This study will explore the relationship between multivendor loyalty programs, program loyalty and store loyalty. Also this study research involvement and switching cost for store loyalty as moderating variables.

Therefore, quantitative research is used in this study to do the analysis. In this survey, all 233 customers have been participating 7-11 loyalty program. In order to do the empirical analysis, this study obtains 233 complete responses. Results show that cash value, redemption choices, aspirational value, and variety of options have positive effects on program loyalty. Program loyalty has a positive effect on store loyalty. Otherwise, involvement moderates the relationship between program loyalty and store loyalty.

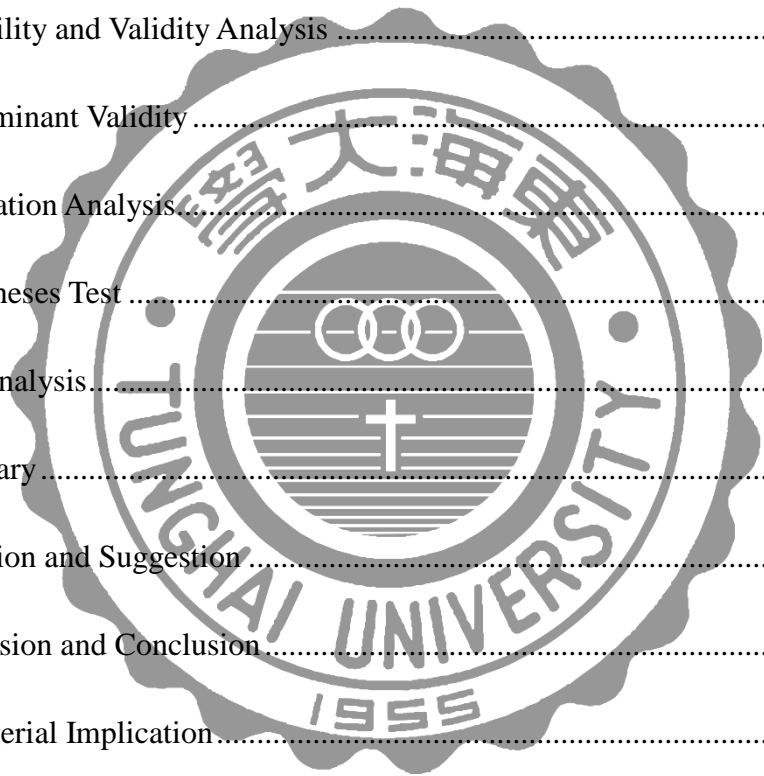
**Keywords:** multivendor loyalty programs, program loyalty, store loyalty, involvement, switching cost.



# Contents

Acknowledgement .....	I
摘要.....	II
Abstract.....	III
I. Introduction.....	1
1.1 Research Background and Motivation.....	1
1.2 Research purpose .....	3
1.3 Research procedure.....	4
II. Literature Review and Hypotheses .....	5
2.1 Multivendor Loyalty Programs.....	5
2.1.1 Cash Value .....	7
2.1.2 Redemption Choices.....	7
2.1.3 Aspirational Value.....	7
2.1.4 Variety of Options.....	8
2.2 Program Loyalty .....	8
2.3 Store Loyalty.....	10
2.4 Involvement .....	13
2.5 Switching Cost.....	14
III. Research Methodology .....	16
3.1 Conceptual Framework.....	16
3.2 Operational Definitions.....	17

3.3 Sampling Method.....	22
3.4 Questionnaire design.....	22
3.5 Analysis Method .....	22
IV. Data Analysis and Empirical Results .....	24
4.1 Basic data analysis .....	24
4.2 Descriptive Statistics.....	25
4.3 Reliability and Validity Analysis .....	27
4.4 Discriminant Validity .....	30
4.5 Correlation Analysis.....	31
4.6 Hypotheses Test .....	32
4.7 Path Analysis.....	35
4.8 Summary .....	36
V. Discussion and Suggestion .....	37
5.1 Discussion and Conclusion.....	37
5.2 Managerial Implication.....	38
5.3 Limitations and Future Research .....	39
Appendix.....	40
References.....	43



## Table and Figure Contents

Figure 1.1 Research Procedures.....	4
Figure 3.1 Conceptual Framework .....	16
Table 3.1 Hypotheses .....	16
Table 3.2 Questions for Multivendor Loyalty Programs .....	18
Table 3.3 Questions for program loyalty .....	19
Table 3.4 Questions for store loyalty .....	20
Table 3.5 Questions for involvement .....	21
Table 3.6 Questions for switching cost .....	21
Table 4.1 Demographic Profile of Respondents .....	25
Table 4.2 Descriptive Statistics of Items.....	26
Table 4.3 Result for Reliability and Validity Analysis.....	29
Table 4.4 Result for Discriminant Validity .....	30
Table 4.5 Result of Pearson product-moment correlation .....	31
Table 4.6 Model Fitness (High Switching cost).....	32
Table 4.7 Model Fitness (Low Switching cost).....	33
Table 4.8 Model Fitness (High Involvement).....	33
Table 4.9 Model Fitness (Low Involvement).....	34
Table 4.10 Moderating effects result of switching cost .....	34
Table 4.11 Moderating effects result of involvement .....	35
Table 4.12 Amos Result .....	35
Table 4.13 Summary of hypotheses test .....	36



# I. Introduction

## 1.1 Research Background and Motivation

Since American Airlines launched the first modern loyalty program in 1981, similar programs have blossomed and spread across various firms (Lacey & Sneath, 2006). Through loyalty programs, retailers aim to gain more repeat business while also gathering rich consumer data that improves their future customer relationship management efforts (Liu & Yang, 2009; Wirtz, Mattila, & Lwin, 2007). More recently, retailers have entered into coalition loyalty programs or multivendor loyalty programs which consist of partnerships of noncompeting industries, usually in frequently purchased sectors (e.g., grocery, fuel, apparel). Unlike customers in a traditional loyalty program, those in multivendor programs can earn points by making purchases from the various vendors in the program (Dorotic, Fok, Vergoef, & Bijmolt, 2011). These coalitions have become important components of industries' relationship management strategies; because they help deepen customer relationships by rewarding consumers for doing business with coalition firms (Dorotic et al., 2011; Lemon & von Wangenheim, 2009).

In recent years, this type of loyalty program flourish and the daily renewal with technology information, so that loyalty programs which are related to information technology-based extend to many industries, then become an important tool for enterprises to establish a customer relationship (Berman, 2006; Grewal & Levy, 2007). At the same time, it resulted in competition between different loyalty programs, and prompted enterprises to actively improve the traditional loyalty programs. One of the most striking is across different paths or across different industries, called multivendor loyalty program. For consumers, this type of multivendor loyalty program can increase the chances of rapid accumulation of points. For example, when a consumer go to a specific bookstore to buy books , go to specific stores to buy sound, or go to a specific convenience store to buy things, all of them can accumulate program points. Gradually, the multivendor loyalty program will have the lock-in Effect to consumers (Dorotic et al., 2011). In other hands, consumers will gradually increase their shopping times in some of cooperation facilities, and reduce the shopping times of other "non- cooperation facilities ".

Today we can understand customer's needs and desires by lots of the rewards and loyalty programs in the marketing. From the customer's perspective, four elements determine the program's value. They are cash value, redemption options, aspirational value, and variety of options. Nowadays many of loyalty programs offer these four elements, but companies which want to play the rewards game should be sure their value measures up to customers' alternatives.

Otherwise, this paper combines the researches of O'Brien and Jones (1995) and Chiu and Tsai (2011). We take the three elements from O'Brien and Jones (1995), they are cash value, aspirational value, and redemption choices. We also take the other element from Chiu and Tsai (2011), it is variety of options. We combine these four elements as multivendor loyalty programs. Multivendor loyalty programs can help us to know if it can have a positive effect on program loyalty. Multivendor loyalty programs can also let retailers know this marketing tactic is applicable to consumers.

Involvement is an important element in understanding a customer's buying process (Beatty, Kahle, & Homer, 1988). Burton and Netemeyer (1992) pointed out there are various views of involvement, but it is generally accepted that involvement reflects a strong motivation in the form of highly perceived personal relevance to products or services in a particular context. Lars (2015) pointed out involvement can have a positive moderate between loyalty program and store loyalty. According to his research, we have another idea about involvement. If Multivendor loyalty programs have positive effects on program loyalty, maybe involvement can also have a positive moderate between program loyalty and store loyalty. There is no literature showed that the relationship between program loyalty and store loyalty have the effect by involvement. So this is our motivation about involvement, we want to research involvement will have a positive moderate the relationship between program loyalty and store loyalty.

Switching cost means customer's perceived value about changing service offers should spend time, money, and energy (Jones, Mothersbaugh, & Beatty, 2000). Fornell (1992) said switching cost can make difficult for customers to change their service offers. This information tells us if retailers would like to retain customers, promote perceived value of switching cost is very important. Switching cost is one of the reasons for customer to continue shopping in the same store. If customers have the

positive program loyalty to store loyalty, then maybe retailers want to know whether customers will change their mind just because of the switching cost. So this is the motivation that we think switching cost perhaps can be the moderator.

## 1.2 Research purpose

Although multivendor loyalty program has been used by many companies in the marketing, few scholars researched for the collection of points so far. Nowadays, we can see that not only convenience stores have loyalty program activity, but also the super markets and wholesales have this activity. To retain customers, stores use multivendor loyalty program to attract to consumers. Retailers are not certain whether reward redemption by loyalty program is satisfied to customer; also this activity can promote customers to become program loyalty. This research studies 7-11 to be the background. To know how the multivendor loyalty programs are useful in the marketing.

Because in the marketing, there are more retailers use loyalty program to retain customers, however, we do not know whether consumers change their mind to shop in another stores are easy or not. Also customer involvement maybe will moderate the relationship between program loyalty and store loyalty.

According to the background, this study attempts to answer the following questions:

1. In consumer's opinion, the multivendor loyalty programs should contain what kind of important properties. From the standpoint of marketing practice, this is an important research topic, because if the multiverse unclear, firms will not be able to accurately prepare influential program.
2. Can Involvement and switching cost be the moderators between program loyalty and store loyalty?

Finally, this study takes the different factors categories as moderator variable. Therefore, the research objectives as follows:

1. To investigate the relationship between multivendor loyalty programs and program loyalty.

2. To investigate the relationship between program loyalty and store loyalty.
3. To investigate the moderator of involvement between program loyalty and store loyalty.
4. To investigate the moderator of switching cost between program loyalty and store loyalty.

### 1.3 Research procedure

First of research procedure is identification of research objectives. Second is exploring related literature review. Third is building research framework and hypotheses. Fourth is questionnaire design and investigation. Fifth is data collection and analysis. The last one is conclusion and suggestion.

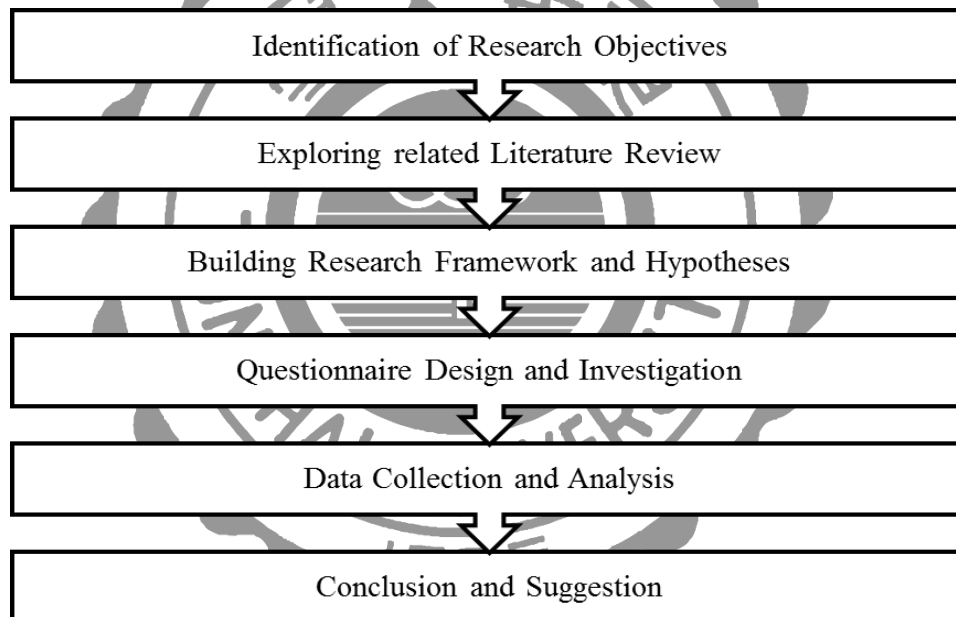


Figure 1.1 Research Procedures

## II. Literature Review and Hypotheses

### 2.1 Multivendor Loyalty Programs

To create perceived value in terms of history, the scholars Homer and Kahle (1988) pointed out that the value is the individual product of subjective and objective assessment after the interactive experience. Such level of consumer perceived value will indirectly through the psychological mechanism thereby affecting the external behavior.

Scholars O'Brien and Jones (1995) proposed value facets of traditional loyalty programs: Cash Value, Redemption Choices, Aspirational Value, Relevance, and Convenience. This type of loyalty program refers to the consumer only can get accumulate points and redeem prizes in the same store, and this program is initiated by a single store. Chiu (2012) in addition to the light of the proposed scholars O'Brien and Jones (1995), the value of loyalty programs related facets accompanied by interviews more Taiwan consumers, the relative importance of the program put forward five facets perceived value, which comprises: Cash Value, Redemption Choices, Aspirational Value, Special Treatment, and Variety of Options. Special treatment and variety of options' result were different from traditional context of the loyalty program of O'Brien and Jones (1995).

Perceived value can be seen as a trade-off, which is the benefits from customers receive in relation to total costs. Total costs include the price paid and other costs associated with the purchase (McDougall & Levesque, 2000). According to background of this study, program perceived value is conceptualized as the customer's overall assessment of the loyalty programs toward all the relevant benefits and reward incurred by the program's members. Generally, perceived value has been positioned as the important role within the exchange concept of marketing (Eggert & Ulaga, 2002). In fact, Harnett (1998) documented that when retailers deliver value which puts them in a much stronger position, they could satisfy people based needs in the long-term.

O'Malley and Tynan (2000) claimed that if customers do not perceive value in building relationships with retailers, then customers might engage in a relationship to the extent only, then a better option is not available elsewhere. Similarly, Dowling and

Uncles (1997) defined that loyalty programs must enhance the overall value of products or service, which will have motivation to loyal buyers to make their next purchase.

Program perceived value is based on equity theory (Adams, 1963, 1965; Ajzen, 1982). Zeithaml (1988) defined the perceived value of an offer as the consumer's overall assessment of the utility of products (or service) based on the perceptions of what is received and what is given. From a consumer's point of view, perceived costs include monetary payments, expenditure of time, and any feelings of stress. By contrast, value refers to what customers obtained to their evaluation of costs and sacrifices against. Consumers often compare the company's offerings with those of its competitors to assess the value of the product (Yang & Peterson, 2004). The program perceived value has been tied to the success of that program by scholars Dowling and Uncles (1997), O'Brien and Jones (1995), Wendlandt and Schrader (2007).

Keh and Lee (2006) suggested that loyalty programs are designed to enhance loyalty where their effectiveness and relevance become more evident when a certain level of perceived value threshold is achieved. Demoulina and Zidda (2008) studied that when customers are satisfied with the reward in the program, they will become more loyal. As consumers can have loyalty toward the program rather than toward the store offering the program (Hu & Cheng, 2010; Yi & Jeon, 2003), we suggest that a customers' perceived value with the program leads to program loyalty.

In marketing, Yi and Jeon (2003) considered whether loyalty program will affect consumer's buying successfully, and this behavior often depends on consumer knows the program's perceived value. Similarly, in loyalty program, when consumers perceived value higher and higher, then their behaviors will be affected relatively. On the other hand, they found that perceived value about the loyalty program were significantly related to program loyalty. Therefore we can know that perceived value has a positive impact on program loyalty. Moreover, program loyalty is conceptualizes as having a high relative attitude leaning toward the loyalty program. Yim and Kannan (1999) said program loyalty is similar to reinforcing loyalty and can be viewed as loyalty toward incentives. The following four scenarios illustrate the perceived value of the facets:

### **2.1.1 Cash Value**

Cash value means value cumulative points converted to cash (O'Brien & Jones, 1995). The simple rule is to think of the value of reward, for example, what the customer would have to pay in cash to acquire it, as a percentage rebate on what the customer spent to earn that reward. More specifically, it is about the value of points when it is seemed as the cash (Yi & Jeon, 2003). If the Cash Value can be exchanged higher and higher, the perceived value will be higher in program loyalty.

H1: Cash value will have a positive effect on program loyalty.

### **2.1.2 Redemption Choices**

Redemption Choices means there is a lot of diversity of choice. Consumers can choose their favorite reward according to their own preferences in the form. For example, consumers can choose the number of points redeemed for cash or exchange specific commodity, they also can add the price to purchase the desired goods or service (Chiu, 2012). Redemption choices can be seem to perceived value, so we can have another hypotheses:

H2: Redemption Choices will have a positive effect on program loyalty.

### **2.1.3 Aspirational Value**

Aspirational Value means the degree to attract vendors provide rewards could reach consumer expectations, and even beyond their expectations (O'Brien & Jones, 1995). Kivetz and Simonson (2002) test the aspirational value aspect in an experimental setting and find its effects to be moderated by effort requirement. The scholars Yi and Jeon (2003) also held similar views and made the point "reward program content is in line with my personal expectations "as one of the operational

definition of this construct. In the research by Chiu (2012) pointed out if consumer can redeem prizes closer to their expectations, then they will have higher perceived value in the program.

H3: Aspirational value will have a positive effect on program loyalty.

#### **2.1.4 Variety of Options**

According to the scholars Dowling and Uncles (1997) study we can find that if the loyalty program contains a wide range of products and services, it will be higher perceived value to consumer. In the research by Chiu (2012), the range covered by the program partners more extensive, and it can be more diverse to meet the shopping needs of consumers, so that consumers can be in different locations can be carried out against the set point and the point of service. Because Chiu (2012) confirmed variety of options is one of the perceived value of loyalty program, this finding can help us to get another hypotheses:

H4: Variety of options will have a positive effect on program loyalty.

### **2.2 Program Loyalty**

Program loyalty is defined as a highly positive attitude toward the loyalty program (Yi & Jeon, 2003). Many scholars proposed that there is a relationship between the loyalty program and program loyalty. For example, the more economic benefits (e.g., saving and discount rates) and noneconomic benefits (e.g., special invitations to an event), which customer associated with loyalty program, and there will be higher likelihood of the customer enrolling in the program (Leenheer, van Heerde, Bijmolt, & Smidts, 2007). In addition, if customers certainly perceive loyalty program which is more attractive than competing programs, then it is conceivable that customers will be more likely to join and actively participate in that program (Wirtz et al., 2007).

Sheth (1996) said loyalty is a primary goal of relationship marketing and is sometimes equated with the relationship-marketing concept itself. Consumers are considered loyal do much more than merely continue to purchase from a particular



retailer. Besides buying more, loyal customers reported they would recommend the retailer to others, and they would shop for a variety of products, even would forgive occasional mistakes and would not shop from the competitor (Harris & Goode, 2004). One of the goals of loyalty program is to achieve a higher level of customer retention, particularly in profitable segments, by providing increased perceived value to certain customers (Bolton, Kannan, & Bramlett, 2000).

Loyalty program is seen as a brand extension aid that encourages consumers to buy products they would not normally buy from that provider (Uncles, Dowling, & Hammond, 2003). There is also some evidence that loyalty programs become a potential aspiration of relationship marketing. Customers who participate and use the loyalty program develop a feeling of belongingness and ownership toward the retailer (Hart, Smith, Sparks, & Tzokas, 1999). Chen (2004) suggested the behavioral dimension of loyalty is represented through program members' desire to participate in all program functions. It was highlighted that devoted members tend to have positive attitudes toward their relationship with the program rather than toward their relationship with the store. Hu and Cheng (2010) noted as customers can have loyalty toward more than one alternative, it would be possible to distinguish between program loyalty and store loyalty in the conceptualization of customer loyalty. Hu and Cheng (2010) studied the customers tested the causal relationship between program loyalty and store loyalty. The results of their study revealed that program loyalty affects store loyalty. Similarly, Yi and Jeon (2003) pointed out that loyalty is determined to a large extent by program loyalty.

## 2.3 Store Loyalty

Store loyalty can be defined as “the biased (e.g. nonrandom) behavioral response (e.g. revisit), expressed over time, by some decision-making unit with respect to one store out of a set of stores, which is a function of psychological (decision making and evaluative) processes resulting in brand commitment” (Bloemer & de Ruyter, 1998). That is store loyalty implies more than merely re-patronizing a store but also suggests some degree of preference and dedication.

Originally conceived in behavioral terms, the construct of loyalty was typically examined through consumer repeat purchase behavior, as this was perceived as the external expression of loyalty and could be directly linked to sales—the ultimate goal of the organization (Jacoby & Chestnut, 1978). The concept of loyalty has since evolved, as marketers recognized that measuring behavior alone did not completely encapsulate the notion of loyalty (Oliver, 1997). Day (1969) seminal article defined loyalty as a two-dimensional construct, consisting of both behavioral and attitudinal components. Oliver (1997) offers a similar unitary approach, whereby loyalty is defined as “a deeply held commitment to rebuy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior”. This definition of loyalty encapsulates the behavioral and attitudinal components whilst acknowledging the external influences.

Bloemer and de Ruyter (1998) and De Wulf and Odekerken-Schröder (2003) studied store loyalty has operationalized the attitudinal component of loyalty as commitment and the behavioral dimension. The justification for this is that the analysis of both the behavioral and attitudinal aspects offers a more holistic representation of the construct, with the multi-dimensional definition providing greater insight into consumer loyalty motivations than either component in isolation. Knowing that organization in the financial sector demonstrated an appreciation of both types of loyalty in what they did.

It appears self-evident that program loyalty should have a relationship with store loyalty, but research to date has conflicting findings. The purpose of program loyalty is certainly to create loyalty. Sharp and Sharp (1997) attempted to assess whether program loyalty really encouraged repeat shopping in the same store from buyers.

That is they analyzed whether the increase in sales from the program was due to an increase in existing users buying more frequently or were derived from an increase in the number of new users. Results indicated that whilst not all retailers were party to increased repeat purchase, a trend towards this excess loyalty was observed. However, as Sharp and Sharp (1997) suggested that this finding might be a result of consumer reluctance to admit to the researcher administering the survey the influence of a loyalty program on their behavior.

In one of the few studies to take a longitudinal perspective of loyalty programs, Smith et al. (2003) investigated how consumers' perceptions of loyalty program changed over time and if there was a difference in member and non-member loyalty in terms of attitude, behavior and perceptions. Findings suggest that program members tended to spend more time and money in the store and were more inclined to visit. The study did not discern whether these differences were inherently related to consumers' decisions to participate or not or were a function of the program loyalty themselves. Thus, while there are contradictory findings, extant literature does tend to support a general positive relationship between program loyalty and store loyalty.

Looking more specifically at the different components of program loyalty and its influence on store loyalty, Kendrick (1998) found that consumers who received benefits such as gifts or discounts were more loyal than those who were only given a complimentary 'Thank You' note. In addition, the consumers who received branded gifts were also more loyal than those receiving a discount of equivalent value. Also De Wulf and Odekerken-Schröder (2003) confirmed the link between relationship program loyalty and offered support for the use of rewards. These findings thereby lend support to the notion that there is a difference in the degree of loyalty fostered by different types of rewards. Although it may seem spurious, to hypothesize that program loyalty lead to customer loyalty, the value in testing this hypothesis will be through examining the differential impact of program loyalty as a summary construct versus the value of disaggregation.

The influence of program loyalty toward store loyalty (e.g. store preference), it was found that program loyalty has the most significant impact on store preference, so it means program loyalty has the effect on store loyalty(Omar, Aziz, & Nazri, 2011). So comparing with loyalty program, the improvement of program loyalty makes

stores focus on customer behavior rather than customer attitude, which means gaining program loyalty, is the ultimate object of store managers.

H5: Program loyalty will have a positive effect on store loyalty.



## 2.4 Involvement

Personal involvement with a product has gained a central place in the consumer research literature for the past three decades as it is thought to have considerable influence over the consumer behaviors and the decision making process( Lesschaeve & Bruwer, 2010; Quester & Lim, 2003). The moderating influence of involvement on relationships between the marketing variables (including loyalty programs)and consumers' attitudes, brand preference, perceptions, satisfaction, loyalty has been established( Laurent & Kapferer, 1985; Traylor & Joseph,1984). Although there are various views of involvement, it is generally accepted that a consumer's personal involvement in a product category reflects a state of motivation, awareness, importance, attraction, interest, goal-directed emotional state that determines the personal relevance to products or services in a particular context of a purchase decision (Laurent & Kapferer, 1985). Involvement thus stems from the consumer's perception that the product class meets important values, goals, or interests while a consumer takes a choice decision. Most literature classifies involvement as either high or low (Aurifeille, Quester, Lockshin, & Spawton, 2002; Celsi & Olson, 1988). The consequences of perceived pertinence of a product category (high or low) include a search for and processing of information and decision-making (Zaichkowski, 1985). High and low involvement consumers are believed to behave differently (Bei & Widdows, 1999). Consumers with high involvement having a high degree of interest for the product or service, tend to be information-seekers resulting in a concomitant degree of knowledge and seek to maximize expected satisfaction through an extensive choice process (Laurent & Kapferer, 1985; Hollebeek et al., 2007; Barber et al., 2008). Therefore, these consumers segments go through extensive stages of awareness, comprehension attitudes and behaviors (Laurent & Kapferer, 1985).

As some product categories or sectors involve their consumers more than others we suggest that the influence of consumers' personal involvement acts as a moderator of the process in which the type of loyalty program rewards (compatibility, tangibility, and timing) operate on preferences and loyalty intentions.

With high involvement, the loyalty program reward offers one of the primary motivations for top-range people with high competitor differentiation, not brand purchased (Roehm et al., 2002). The reward information will become more important

than product or brand information; due to customers participate more actively in the search for information. Therefore, value derives are from the loyalty program rewards, not from the intrinsic characteristics of the product or the brand itself (Rothschild & Gaidis, 1981). Rewarded behavior (behavioral reinforcement) due to the loyalty with the program, which combined with a learning effect just because of future rewards (Frisou & Yildiz, 2011; Rothschild & Gaidis, 1981; Taylor & Neslin, 2005). Dowling and Uncle (1997) suggested that involvement might moderate the effects of loyalty schemes. Considering these explanations we posit therefore the following hypothesis:

H6: Involvement will positively moderate the relationship between program loyalty and store loyalty.

## 2.5 Switching Cost

Williamson (1981) regarded during the transaction process, stores should minimize the transaction costs. So he pointed out when customers tend to change their product and service provider, there will possibly increase their cost. Many scholars defined switching cost as when consumers change their products and service providers what they should pay. The cost only includes actual perceptible cost incur if consumers change their providers. Jones et al. (2000) pointed out switching cost include time, money and energy that customers might pay. Dick and Basu (1994), De Ruyter et al. (1998) and Gultinan (1989) said that when customers change new providers, providers will bring time and psychological risk to them besides financial lost. Many things can explain the psychological lost, and they are social relationship and personal affection coming from the long term relationship.

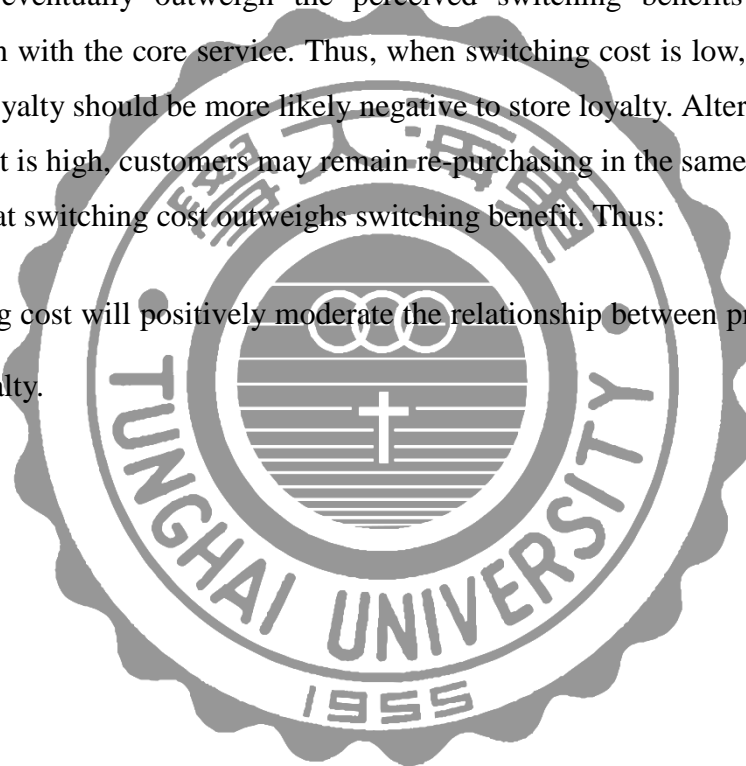
Switching cost can prevent customer from breaking away. It is another mechanism to remain relationship in long term. Jones et al. (2002) tested the relation between 6 dimensions of switching cost and repurchase retentions in the industries of banks and hairstylists. They found they are positively associated.

Switching cost is consumer perceptions of time, money, and effort associated with changing service providers. Such cost may entail search costs resulting from the geographic dispersion of service alternatives, as well as learning costs resulting from the customized nature of many service encounters (Gultinan, 1989). As the switching

cost of an activity increase, the likelihood of consumers engaging in such behavior should diminish. For example, research in the area of information economics demonstrates that as the costs of information increases, the extent of search declines (Urbany, 1986). Because switching service providers is likely to involve various behavioral and psychological costs, and such costs should act to diminish switching tendencies.

Economic models of buyer behavior generally posit that consumers weigh both the costs and benefits of a particular decision (Hauser & Wernerfelt, 1990; Ratchford, 1982; Stigler, 1961). One implication is that as switching cost increases, the switching cost should eventually outweigh the perceived switching benefits arising from dissatisfaction with the core service. Thus, when switching cost is low, the customers of program loyalty should be more likely negative to store loyalty. Alternatively, when switching cost is high, customers may remain re-purchasing in the same retailer due to perception that switching cost outweighs switching benefit. Thus:

H7: Switching cost will positively moderate the relationship between program loyalty and store loyalty.



### III. Research Methodology

#### 3.1 Conceptual Framework

Based on the literature reviews in chapter 2, this study infers that significant relationship among multivendor loyalty programs, program loyalty, and store loyalty. Further, involvement and switching cost are having significant moderate, too. For the multivendor loyalty programs, this study is separated into cash value, redemption choices, aspirational value and variety of options. The proposal framework is shown as per Figure 3.1.

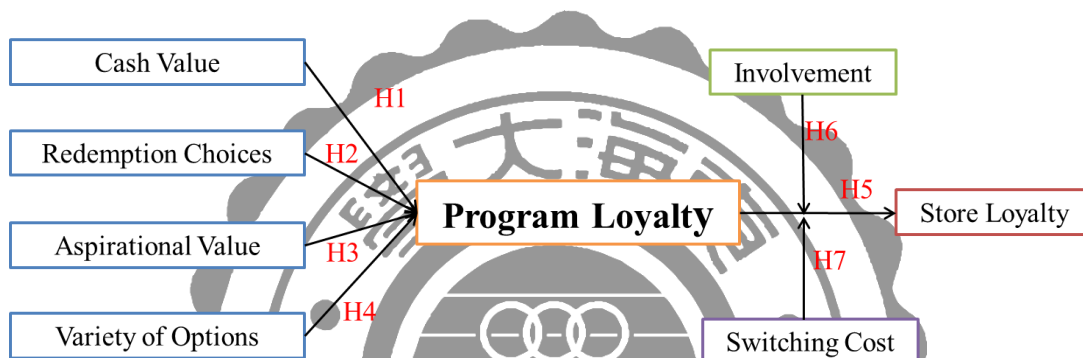


Figure 3.1 Conceptual Framework

Based on the above conceptual framework, the hypotheses of this study are as per following table 3.1:

Table 3.1 Hypotheses

H1	Cash value will have a positive effect on program loyalty.
H2	Redemption choices will have a positive effect on program loyalty.
H3	Aspirational value will have a positive effect on program loyalty.
H4	Variety of options will have a positive effect on program loyalty.
H5	Program loyalty will have a positive effect on store loyalty.
H6	Involvement will positively moderate the relationship between program loyalty and store loyalty.
H7	Switching costs will positively moderate the relationship between program loyalty and store loyalty.



## 3.2 Operational Definitions

An operational definition provides a meaning to a concept by specifying the necessary operation. Therefore, the operational definition specifies what must be done to measure the conception under investigation. The operational definitions of this study are listed below:

### 3.2.1 Multivendor Loyalty Programs

This study defines multivendor loyalty programs as someone's perceived value after collecting the sticker points and getting the rewards. Perceived values contain cash value, redemption choices, aspirational value and variety of options. Each contain has two questions, and these questions in perceived value scale were adapted from O'Brien and Jones (1995) and Yi and Jeon (2003). The questionnaire is designed as table 3.2:

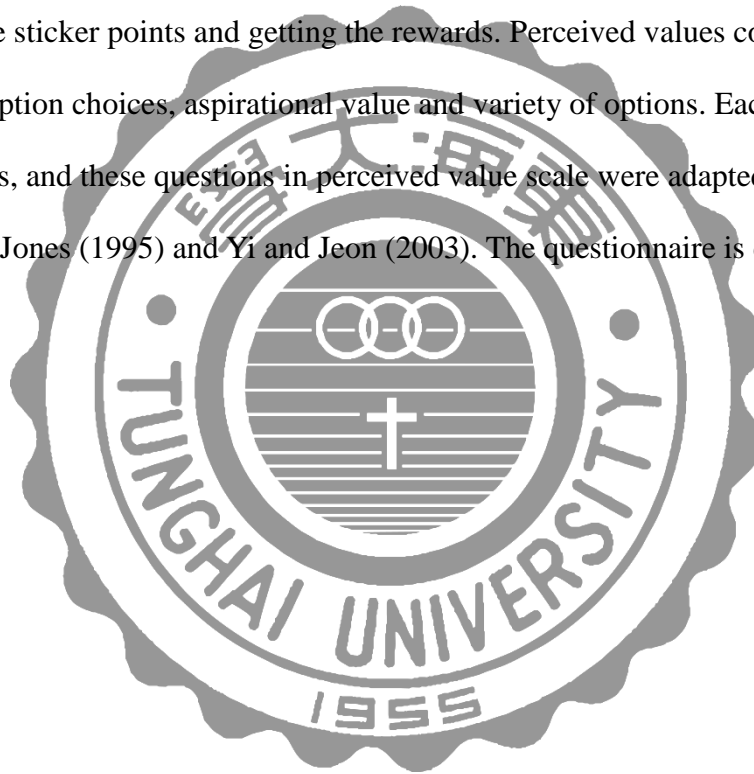


Table 3.2 Questions for Multivendor Loyalty Programs

Variable	NO.	Question	Reference
Cash Value	CV1	I think loyalty programs of 7-11 offer high value in rewards.	O'Brien & Jones (1995) ; Yi & Jeon (2003)
	CV2	I think loyalty programs of 7-11 are good value in redeeming points.	
Redemption Choices	RC1	I think loyalty programs of 7-11 offer many choices in rewards.	
	RC2	I think loyalty programs of 7-11 are wide range in rewards.(ex. shampoo, cookie,healthy food, mask)	
Aspirational Value	AV1	I think loyalty programs of 7-11 attract me to rewards.	
	AV2	I think loyalty programs of 7-11 offer the rewards just all I need.	
Variety of Options	VO1	I think loyalty programs of 7-11 which cooperative stores offer many products and service.(ex. Starbucks, Cold Stone, 21 Century, Cosmed)	
	VO2	I think loyalty programs of 7-11 which cooperative stores is wide range.(ex. Catering, optical industry, entertainment)	

### 3.2.2 Program Loyalty

This study defines program loyalty as a highly positive attitude toward the loyalty program. If the customers like the point sticker collection activity of 7-11, we called it multivendor loyalty program. They get not only the rewards, but also high perceived value from this activity. High perceived value can make customers have high program loyalty. The questions in program loyalty scale were adapted from Yi and Jeon (2003) and Kim et.al. (2013). The questionnaire is designed as table 3.3:

Table 3.3 Questions for program loyalty

Variable	NO.	Question	Reference
Program Loyalty	PL1	I like loyalty programs of 7-11 more than other convenience stores. (ex. Family, Hi life)	Yi& Jeon(2003); Kim et al.(2013)
	PL2	I would recommend loyalty programs of 7-11 to others.	
	PL3	I have preference for loyalty programs of 7-11.	

### 3.2.3 Store Loyalty

This study defines store loyalty as someone who loves a particular convenience store, and usually shopping in this store. This study we use 7-11 as the particular convenience store. Somebody who has the strong program loyalty, he or she must has high store loyalty. The questions in store loyalty scale were adapted from Kerrie et al.(2008). The questionnaire is designed as table 3.4:

Table 3.4 Questions for store loyalty

Variable	NO.	Question	Reference
Store Loyalty	SL1	I consider myself a regular customer of 7-11.	Kerrie et al.(2008)
	SL2	I feel loyal towards 7-11.	
	SL3	I consider 7-11 to be my first choice when shopping for the category of goods it sells.	
	SL4	I intend to do more business with 7-11 in the future.	

### 3.2.4 Involvement

This study defines involvement as customer who feels the particular convenience store is the first shopping store, and shopping in it is an important thing or has others feeling to him. Also, if someone who has strong program loyalty, then high involvement may have higher moderation to the store loyalty. The questions in involvement scale were adapted from Zaichkowsk's(1985). The questionnaire is designed as table 3.5:

Table 3.5 Questions for involvement

Variable	NO.	Question	Reference
Involvement	IV1	Shopping in 7-11 is of major concern to me.	Zaichkowski(1985)
	IV2	Shopping in 7-11 is essential to me.	
	IV3	Shopping in 7-11 is interesting to me.	
	IV4	Shopping in 7-11 is valuable to me.	

### 3.2.5 Switching Cost

This study defines switching cost as customer organization should minimize the transaction costs during the transaction process, so that he pointed out that there will possibly increase customers' cost when they tend to change their product and service provider. So, if customer feel the change about point sticker collection activity from 7-11 to another different convenience store is hassle, then he will have strong moderation between program loyalty and store loyalty. The questions in switching cost scale were adapted from Jones et. al.(2000). The questionnaire is designed as table 3.6:

Table 3.6 Questions for switching cost

Variable	NO.	Question	Reference
Switching Cost	SC1	In general it would be a hassle changing convenience stores to joint another loyalty programs.	Jones et al.(2000)
	SC2	It would take a lot of time and money changing convenience stores to joint another loyalty programs.	

### **3.3 Sampling Method**

This study uses nonrandom sampling by collects data through paper survey. The paper questionnaire is sent to Taichung City, where place is having a representative to collect the data. The data collection period is from 2016/03/04 to 2016/03/14, and there paper survey is written by relative, friends, and customers (who are shopping in 7-11). Formal questionnaire received 233 samples on which 233 samples were valid, and the valid rate is 100%.

### **3.4 Questionnaire design**

The research measures is adopted 7 Linker Scale for analysis (one point=strongly disagree, two points=disagree, three points=slightly disagree, four points=neutral, five points=slightly agree, six points=agree, seven points=strongly agree). All the questionnaires are in English, through the back-translation, the questionnaires are translated to Chinese, then back to English to make sure the applicability.

The formal questionnaire includes 2 parts: first is demographic; second is about the program loyalty of 7-11). This questionnaire is as Appendix .

### **3.5 Analysis Method**

This study uses the questionnaire to collect the data. By using software like SPSS (Statistical Package for the Social Science) and AMOS (Analysis of Moment Structure), this study analyzes the data in descriptive statistics, item analysis, reliability, and SEM(Structural Equation Modeling). Based on these analysis ways, this study will examine the hypotheses and the variables paths.

#### **3.5.1 Descriptive statistics**

Descriptive statistics is a discipline of quantitatively describing the main features of a collection of data, for example, in a research which involves human subjects. It summarizes the data in percentage, which includes gender, age, education, and

monthly income. Further, it shows the proportion of each subject, too.

### 3.5.2 Reliability and Validity

Reliability refers to correctness and precision of measurement instruments; it includes stability and consistency result of test. Stability means validity of re-measurement and can be viewed as the consistency extent of repeat measurement results for the same or similar population. Consistency refers to the consistency of reliability use of Cronbach's  $\alpha$  coefficient as consistent of internal items of the questionnaire.

According to the Hair, Black, Babin, and Anderson (2010), reliability at coefficient 0.7 is acceptable. Roberts and Wortzel (1979) suggested that the coefficient between 0.7 and 0.98 reflects high reliability.

Validity is the correctness of the research instruments, and it refers to the extent of test or other measurement instruments which are certainly able to measure the characteristics of functions on the study would like to measure. Factor analysis is adopted in this study to define the underlying structure among the variables in the analysis.

### 3.5.3 SEM

SEM (Structural Equation Modeling) is a statistical method to test and verify the theoretical model and data for the evaluation of a priori specified hypotheses about causal relations among latent variables and measures variables (Byrne, 2013). According to Mueller and Hancock (2010), such hypotheses may be expressed in a variety of forms, with the common being confirmatory factor analysis (CFA) models. Overall, SEM is an analytical process involving model conceptualization, parameter identification and estimation, data-model fit assessment, and potential model re-specification.

This study obtain the simultaneous estimation by using AMOS 18.0 as a structural model is a related constructs to each other and providing parameter value. The Amos model represents a series of hypotheses about how are the variables (constructs) are being related.

## IV. Data Analysis and Empirical Results

### 4.1 Basic data analysis

#### 4.1.1 Gender

The survey respondents are women more than men, males includes 109 people, accounting for 46.8%; women includes 124, accounting for 53.2%, total is 233 people.

#### 4.1.2 Age

Completed the questionnaire subjects, aged between 19 and 25 years old are the most, accounted for 57.9%; followed by aged between 36 and 45 years old is accounted for 16.3%. Sequence aged between 26 and 35 years old is accounted for 15.0%; 46 years old (or more) is accounted for 8.6% and 18 years old (inclusive) is accounted for 2.1%.

#### 4.1.3 Education

Education about the questionnaire subjects, graduated from university is accounted for 147 people, accounted for 62.7%; graduated from senior high (inclusive) is 50 people, accounted for 21.5%; finally, graduated from master (or more) is total 37 people, accounted for 15.9%. Research shows the returned questionnaires mainly from the higher level of education.



#### 4.1.4 Monthly salary

In the monthly salary, between NT\$ 20,001 and NT\$ 35,000 is accounted for 33.0%; between NT\$ 5,001 and NT\$ 20,000 is accounted for 29.6%; while the monthly income below NT\$ 5,000 is accounted for 29.6%; finally, the monthly income above NT\$ 50,001 is accounted for 7.7%. As table 4.1 :

Table 4.1 Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	109	46.8%
	Female	124	53.2%
	Total	233	100%
Age	Under 18	5	2.1%
	19-25	135	57.9%
	26-35	35	15.0%
	36-45	38	16.3%
	Above 43	20	8.6%
	Total	233	100%
Education	Below Senior High	50	21.5%
	University	147	62.7%
	Above Master	37	15.9%
	Total	233	100%
Monthly Income (NT dollar)	Below 5,000	69	29.6%
	5,001-20,000	69	29.6%
	20,001-35,000	77	33.0%
	Above 50,000	18	7.7%
	Total	233	100%

## 4.2 Descriptive Statistics

This research measure is adopted 7 Likert scale for analysis, and determine whether there is an input error by using the software SPSS20. Table 4.2, most of the minimum and maximum of questions are 1 and 7, it shows entry process without exceeding the range of options in the data. The average is between 6 and 7 means the subjects were strongly- agree or agree. Similarly, if the range between 1 and 2 means

the subjects are strongly-agree or do not agree, and representative the questions are non- discrimination. However, if the average is between 3 and 4 is means the subjects whose answer is neutral or the subject's response option dispersed between 1 and 7. Otherwise, we used to Range / S.D. to determine whether the subjects who answers questions focus on one option. If Range/S.D. is more than 6 or 7, which means subjects answers the questions are consistency. Table 4.2 shows the average of Range/S.D. is between 3 and 6, which means the subjects' answers are not consistency and the questions are identification.

Table 4.2 Descriptive Statistics of Items

Items	N	Range	Min.	Max	Average	S.D.	Range /S.D.
CV1	233	6	1	7	4.58	1.219	4.922
CV2	233	6	1	7	4.62	1.230	4.878
RC1	233	6	1	7	4.58	1.219	4.922
RC2	233	6	1	7	4.79	1.113	5.391
AV1	233	6	1	7	3.99	1.577	3.805
AV2	233	6	1	7	3.42	1.359	4.415
VO1	233	5	2	7	5.06	0.983	5.086
VO2	233	5	2	7	4.93	0.960	5.208
PL1	233	6	1	7	4.33	1.525	3.934
PL2	233	6	1	7	4.24	1.396	4.298
PL3	233	6	1	7	4.01	1.519	3.950
SL1	233	6	1	7	5.64	1.189	5.046
SL2	233	6	1	7	4.85	1.437	4.175
SL3	233	6	1	7	4.39	1.404	4.274
SL4	233	6	1	7	4.62	1.328	4.518
IV1	233	6	1	7	4.43	1.449	4.141
IV2	233	6	1	7	4.38	1.519	3.950
IV3	233	6	1	7	4.69	1.299	4.619
IV4	233	6	1	7	4.21	1.166	5.146
SC1	233	6	1	7	4.23	1.464	4.098
SC2	233	6	1	7	4.17	1.593	3.766

Note : CV=Cash Value, RC=Redemption Choices, AV=Aspirational Value, VO=Variety of Options, PL=Program Loyalty, SL=Store Loyalty, IV=Involvement, SC=Switching Cost

### 4.3 Reliability and Validity Analysis

This research analyzes the reliability through Cronbach's  $\alpha$ , CR (Composite Reliability), and AVE (Average Variance Extracted). Value of Cronbach's  $\alpha$  means the internal consistency and correctness of the construct.

#### 4.1.5 Cronbach's $\alpha$

Hair et al. (2010) pointed that coefficient 0.7 reflect the reliability is acceptable, and the coefficient between 0.7 and 0.8 reflects high reliability. However, if the coefficient is lower than 0.35, we should reject it. As a whole, the reliability of all constructs in this study has very good internal consistency and correctness. The result shows as following table 4.3.

#### 4.1.6 CR(Composite Reliability)

Reliability is the measurement of the reliability, and the test results can be regarded as the difference of the measurement error. If the reliability is higher and higher, which means the difference between measurement error is not exist, and it also can be showed composite reliability has high correlation with the measurement items. The result represents CR can be accurately estimated. According to Bagozzi and Yi (1988) suggested that CR value must be over 0.7 is suitable. In this study, analysis of each factor reaches the standard. The result showed as table 4.3.

Measure formula of CR:

$$CR = (\sum \text{loading})^2 \div [(\sum \text{loading})^2 + \sum \text{Error}]$$

#### 4.1.7 AVE(Average Variance Extracted)

AVE means the latent variables with higher validity and convergent validity. Fornell and Larcker (1981) suggested the AVE should over 0.5, and the results of this study match the requirement. AVE can measure whether there are Convergent Validity and Discriminant Validity. If AVE is higher and higher, then it represents potential variables have higher validity and Convergent Validity.

The extraction of each construct is described as table 4.3.

Measure formula of AVE:

$$AVE = \frac{\sum \text{loading}^2}{[\sum \text{loading}^2 + \sum \text{error}]}$$

#### 4.1.8 Factor Loading

Factor analysis is adopted to test the construct validity in this study. It tests the size of factor loading, and one factor extraction was assumed, which means the measure items of each construct are only influenced by one factor, to examine the extent of factor loading between each measure item and the factor. Hair et al. (2010) pointed that the item is valid if factor loading more than 0.50. Further, KMO (Kaiser-Meyer-Olkin) test is used to test the effect of the factor analysis. The value of KMO below 0.50 is unaccepted; in the 0.50 is miserable; in the 0.60 is mediocre; in the 0.70 is middling; in the 0.80 is meritorious; and in the 0.90 is marvelous (Kaiser, 1974). The Bartlett ball shape test is used to examine whether the data is appropriate to be examined by factor analysis. The extraction of each construct is described as table 4.3.

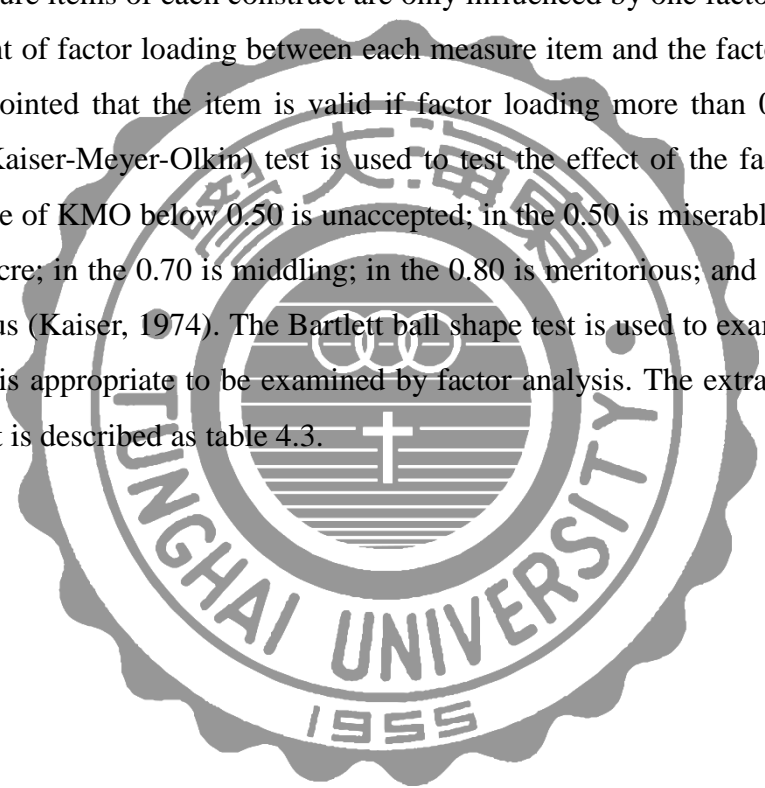


Table 4.3 Result for Reliability and Validity Analysis

Construct	Measure Item	Factor Loading	Corrected Item-Total Correlation	Cronbach's $\alpha$	CR	AVE
Cash Value	CV1	0.773	0.796	0.887	0.887	0.797
	CV2	0.775	0.796			
Redemption Choices	RC1	0.800	0.765	0.865	0.868	0.767
	RC2	0.748	0.765			
Aspirational Value	AV1	0.723	0.779	0.870	0.876	0.779
	AV2	0.736	0.779			
Variety of Options	VO1	0.762	0.753	0.859	0.861	0.756
	VO2	0.702	0.753			
Program Loyalty	PL1	0.710	0.601	0.837	0.853	0.611
	PL2	0.846	0.792			
	PL3	0.800	0.717			
Store Loyalty	SL1	0.680	0.707	0.898	0.899	0.692
	SL2	0.758	0.807			
	SL3	0.775	0.776			
	SL4	0.806	0.814			
Involvement	IV1	0.764	0.747	0.879	0.884	0.656
	IV2	0.721	0.726			
	IV3	0.789	0.743			
	IV4	0.775	0.764			
Switching Cost	SC1	0.731	0.762	0.863	0.875	0.780
	SC2	0.636	0.762			

Note : CV=Cash Value, RC=Redemption Choices, AV=Aspirational Value, VO=Variety of Options, PL=Program Loyalty, SL=Store Loyalty, IV=Involvement, SC=Switching Cost

#### 4.4 Discriminant Validity

Discriminant validity can reflect two important goals. One is reflecting the characteristics of measurement content, and the other is able to identify individual differences. If put the correlation coefficient into different criterions, then the correlation coefficient should be different. According to Fornell and Larcker (1981) suggested that AVE should be larger than the square of the correlation coefficient. As table 4.4:

Table 4.4 Result for Discriminant Validity

	CV	PC	AV	VO	PL	SL	IV	SC
CV	0.797							
RC	0.471	0.767						
AV	0.506	0.408	0.779					
VO	0.440	0.477	0.329	0.756				
PL	0.589	0.564	0.493	0.587	0.611			
SL	0.320	0.407	0.295	0.323	0.456	0.692		
IV	0.406	0.396	0.367	0.316	0.493	0.691	0.656	
SC	0.236	0.261	0.205	0.249	0.407	0.391	0.394	0.870

Note 1 : CV=Cash Value, RC=Redemption Choices, AV=Aspirational Value, VO=Variety of Options, PL=Program Loyalty, SL=Store Loyalty, IV=Involvement,SC=Switching Cost

Note 2 : Diagonal is AVE.

## 4.5 Correlation Analysis

This study used the Pearson product-moment correlation to analyze the direction and strength of correlation, and understand the correlation of each constructs. Overall, the results showed all the constructs are correlation, and suits to do the SEM analysis. As Hair et al. (2010) suggested, the value of correlation should smaller than 0.9 to avoid collinear. The significant level is 0.01 (two-tail) and correlation is significant. The result of correlation analysis is showed as table 4.5.

Table 4.5 Result of Pearson product-moment correlation

	CV	RC	AV	VO	PL	SL	IV	SC
CV	1							
RC	0.686**	1						
AV	0.711**	0.639**	1					
VO	0.663**	0.691**	0.574**	1				
PL	0.767**	0.751**	0.702**	0.766**	1			
SL	0.566**	0.638**	0.543**	0.568**	0.675**	1		
IV	0.637**	0.629**	0.606**	0.562**	0.702**	0.833**	1	
SC	0.486**	0.511**	0.453**	0.499**	0.638**	0.625**	0.628**	1

Note:CV=Cash Value, RC=Redemption Choices, AV=Aspirational Value, VO=Variety of Options, PL=Program Loyalty, SL=Store Loyalty, IV=Involvement, SC=Switching Cost

\*P<0.05 ; \*\*P<0.01 ; \*\*\*P<0.001

## 4.6 Hypotheses Test

This study adopted AMOS 18 to test 233 valid data and estimated the suitability of theoretical model. Owing to this study makes the switching cost and involvement in 4, so this study will do the SEM analysis in 4 times (high switching cost, low switching cost, high involvement, and low involvement). Before doing the analysis, this study estimated the model fitness, the results showed as following table 4.6, 4.7, 4.8, and 4.9.

Although the value of  $\chi^2$  of low involvement in this study lower than 0.05, but it consider being affected of the large samples size, so the results are marginally accepted. As for the value of GFI, RFI, RMSEA, NFI, those are closely to the evaluation rule, so these all are marginally accepted, too. Overall, the model fit is marginally accepted 4 models.

Table 4.6 Model Fitness (High Switching cost)

Goodness of Fit	Evaluation rule	Numeric	Results
$\chi^2$	P>0.05	P=0.21	Accepted
$\chi^2/d.f.$	<3	1.125	Accepted
RMSEA	<0.08	0.038	Accepted
GFI	>0.9	0.892	Marginally Accepted
AGFI	>0.8	0.835	Accepted
NFI	>0.9	0.905	Accepted
RFI	>0.9	0.874	Marginally Accepted
IFI	>0.9	0.989	Accepted
TLI	>0.9	0.984	Accepted
CFI	>0.9	0.988	Accepted
PGFI	>0.5	0.587	Accepted
PNFI	>0.5	0.681	Accepted
PCFI	>0.5	0.743	Accepted



Table 4.7 Model Fitness (Low Switching cost)

Goodness of Fit	Evaluation rule	Numeric	Results
$\chi^2$	P>0.05	***	Accepted
$\chi^2$ /d.f.	<3	1.917	Accepted
RMSEA	<0.08	0.08	Marginally Accepted
GFI	>0.9	0.876	Marginally Accepted
AGFI	>0.8	0.811	Accepted
NFI	>0.9	0.907	Accepted
RFI	>0.9	0.877	Marginally Accepted
IFI	>0.9	0.953	Accepted
TLI	>0.9	0.937	Accepted
CFI	>0.9	0.953	Accepted
PGFI	>0.5	0.576	Accepted
PNFI	>0.5	0.683	Accepted
PCFI	>0.5	0.717	Accepted

Table 4.8 Model Fitness (High Involvement)

Goodness of Fit	Evaluation rule	Numeric	Results
$\chi^2$	P>0.05	***	Accepted
$\chi^2$ /d.f.	<3	1.857	Accepted
RMSEA	<0.08	0.079	Accepted
GFI	>0.9	0.874	Marginally Accepted
AGFI	>0.8	0.809	Accepted
NFI	>0.9	0.895	Marginally Accepted
RFI	>0.9	0.861	Marginally Accepted
IFI	>0.9	0.949	Accepted
TLI	>0.9	0.930	Accepted
CFI	>0.9	0.948	Accepted
PGFI	>0.5	0.576	Accepted
PNFI	>0.5	0.673	Accepted
PCFI	>0.5	0.713	Accepted

Table 4.9 Model Fitness (Low Involvement)

Goodness of Fit	Evaluation rule	Numeric	Results
$\chi^2$	P>0.05	P=0.044	Marginally Accepted
$\chi^2/d.f.$	<3	1.286	Accepted
RMSEA	<0.08	0.055	Accepted
GFI	>0.9	0.878	Marginally Accepted
AGFI	>0.8	0.814	Accepted
NFI	>0.9	0.886	Marginally Accepted
RFI	>0.9	0.848	Marginally Accepted
IFI	>0.9	0.972	Accepted
TLI	>0.9	0.962	Accepted
CFI	>0.9	0.971	Accepted
PGFI	>0.5	0.578	Accepted
PNFI	>0.5	0.666	Accepted
PCFI	>0.5	0.731	Accepted

Switching cost is the moderator between program loyalty and store loyalty. By using AMOS 18, it can test the reference model (no moderator) and interference variable (with moderator). There is 1 different degree of DF, so the chi-square of  $\alpha=0.05$  is 3.84. As the table 4.10, it shows the difference with value of chi-square is 1.717 which is smaller than 3.84, so switching cost does not moderate the relationship between program loyalty and store loyalty.

Table 4.10 Moderating effects result of switching cost

Model	Explanation	CMIN	DF	Difference with value of chi-square
Model I	Reference Model	240.313	158	
Model II	Interference variable	242.030	159	1.717

Involvement is the moderator between program loyalty and store loyalty. By using AMOS 18, it can test the reference model (no moderator) and interference variable (with moderator). There is 1 different degree of DF, so the chi-square of  $\alpha=0.05$  is 3.84. As the table 4.11, it shows the difference with value of chi-square is 5.479 which is over 3.84, so involvement moderates the relationship between program loyalty and store loyalty.

Table 4.11 Moderating effects result of involvement

Model	Explanation	CMIN	DF	Differences with a value of chi-square model
Model I	Reference Model	248.298	158	
Model II	Interference variable	253.777	159	5.479

#### 4.7 Path Analysis

All the p-value is smaller than 0.05, it means all the effects are significant no matter in switching cost or involvement. The results are showed as table 4.12.

Table 4.12 Amos Result

Path	Estimate	S.E.	C.R.	P
Cash Value → Program Loyalty	0.245	0.108	2.265	0.023*
Redemption Choices → Program Loyalty	0.384	0.117	3.287	0.001**
Aspirational Value → Program Loyalty	0.267	0.082	3.238	0.001**
Variety of Options → Program Loyalty	0.524	0.128	4.092	***
Program Loyalty → Store Loyalty	0.692	0.057	12.133	***
Program Loyalty → Store Loyalty (High Involvement)	0.695	0.55	6.971	***
Program Loyalty → Store Loyalty (Low Involvement)	0.563	0.101	3.390	***
Program Loyalty → Store Loyalty (High Switching Cost)	0.722	0.048	5.580	***
Program Loyalty → Store Loyalty (Low Switching Cost)	0.666	0.071	6.509	***

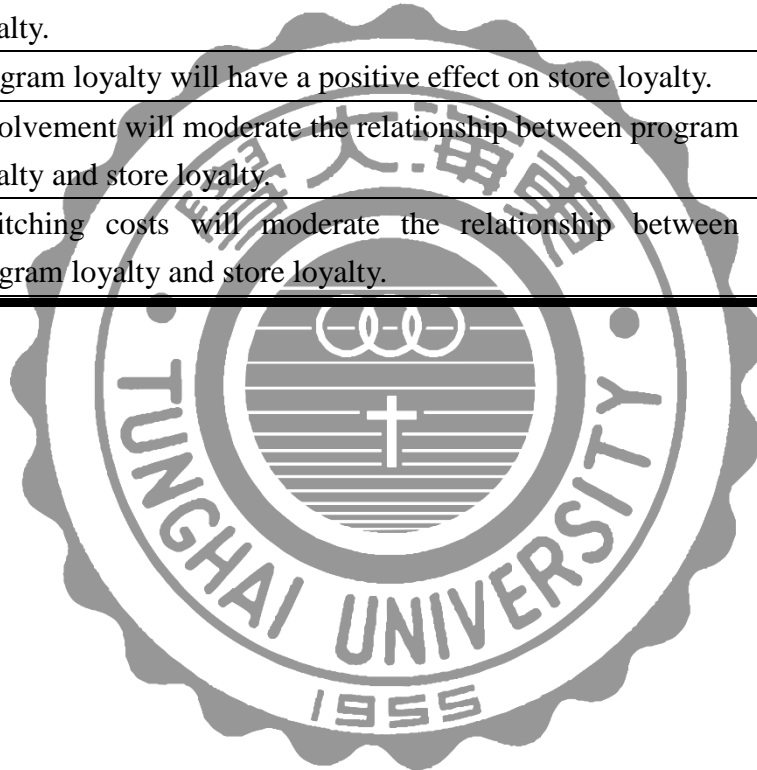
Note : \*P<0.05 ; \*\*P<0.01 ; \*\*\*P<0.001

## 4.8 Summary

The results of the hypotheses are showed as table 4.13.

Table 4.13 Summary of hypotheses test

No.	Hypotheses	Result
H1	Cash value will have a positive effect on program loyalty.	Support
H2	Redemption choices will have a positive effect on program loyalty.	Support
H3	Aspirational value will have a positive effect on program loyalty.	Support
H4	Variety of options will have a positive effect on program loyalty.	Support
H5	Program loyalty will have a positive effect on store loyalty.	Support
H6	Involvement will moderate the relationship between program loyalty and store loyalty.	Support
H7	Switching costs will moderate the relationship between program loyalty and store loyalty.	No



## V. Discussion and Suggestion

### 5.1 Discussion and Conclusion

According to the results of analysis, this study finds cash value, redemption choices, aspirational value and variety of options positively affect program loyalty. Further, program loyalty positively affects store loyalty. For the moderator effect, this study finds only involvement has stronger positive effect of program loyalty on store loyalty than switching cost.

First, this study uses perceived value of multivendor loyalty program differs from the O'Brien and Jones (1995). Otherwise, because different consumption culture in western countries and eastern countries, there are different meaning between traditional loyalty program and multivendor loyalty program. Second, perceived value of multivendor loyalty program can make program loyalty being strong. So if there are special or customized loyalty program, then maybe it can help one of retailers have the opportunity to beat others competitors in marketing. Another important finding of this study is: In the literatures, switching cost often is the role of direct effect or mediator. It also can play the role of moderator. Although the final results showed there is no significant difference, but this is another type of research.

In some moderating effects, in this study switching cost has no loyalty to moderating effect. Perhaps convenience stores in Taiwan have developed well, and there are no product portfolio and service differences, so switching cost is not significantly related to the program loyalty. We think the reason must be time. Today consumers have less time do shopping. Once they have a similar convenient store, they will not switch. Convenience stores and supermarkets should increase their main dimensions of switching cost to keep current customers.

This paper examines the influence of program loyalty on store loyalty. This study extends the previous research of Yi and Jeon (2003), taking into loyalty towards the program. The findings bring to light the mechanism by which the multivendor loyalty programs operate, specifically the connection between program loyalty and store loyalty. Thus, the current study helps develop a relationship marketing theory, particular in regards to the loyalty program retention strategy. Developing strategies to gain program loyalty will further assist retailers in making loyalty to the store. Hence,

it is vital for retailers to seek means by which they can increase program loyalty among multivendor loyalty programs.

## 5.2 Managerial Implication

In competitive environment, maintain business continuity is the responsibility of each manager, so how to please the customer to maintain the store loyalty has become an important issue. To convenience stores, the rewards are similar and product differentiation is small, but staff can enhance the expertise of the service, offer friendly service attitude, and quickly respond to the needs of consumers, so that consumers have a happy shopping experience.

Multivendor loyalty program is popular now, as this study mentioned in the beginning; it makes the retailing market become very competitive. Retailing market can continue use loyalty program to attract consumer to repurchase. This study's results can let us know switching cost is not useful to moderate between program loyalty and store loyalty. Also, this study defines involvement has moderate between program loyalty and store loyalty.

Comparing to scholars, this study successfully combine cash value, redemption choices, aspirational value, and variety of options as multivendor loyalty programs. How to increase the perceived value of four elements? On cash value, retailers can give customers texture rewards, such as glass from Germany. On redemptions value, customers can get more luxury rewards by giving points and paying little money, such as necklace from Swarovski or Pandora. On aspirational value, retailers could use more advertisement to attract to consumers to collect points. If the rewards are more valuable and interesting, the more consumers will join the loyalty programs, such as Lego. On variety of options, if there are more cooperation factories, then retailers can make customers feel better perceived value, such as the points can not only get rewards from convenience store but also get the discount from tea shop. The range of cooperation factory is wider; the perceived value of customer is higher.

### 5.3 Limitations and Future Research

This study has several limitations. First, it relies on a sample drawn from a limited geographical area in Taiwan. This study concerns multivendor loyalty programs contain cash value, redemption choices, aspirational value, and variety of options in the retail sector, specifically convenience stores, which limits generalization of the results. The second limitation concerns all of the samples in this study are from paper survey, so this study can control the demographic of samples. The samples show the respondents in age 19-25 are main respondents in this study; therefore, it may make the deviation. So, future research should stipulate the distribution of samples. The third limitation concerns the sample in this study is focused in Taiwan only, so it may not suit for other countries. For future research, it may consider other countries samples, and take the culture as moderator variable. Therefore, different culture will bring the involvement results.

Demographic can also be considered as the moderator variables, and then retailers can draw up the marketing strategy according to their focus consumers. Switching cost moderates the relationship between program loyalty and store loyalty which is not clear in previous research. In the future, we can continue to study this type.

In the future, if retailers will continue design loyalty programs, then they should consider the rewards and the way how to redemption points. Perhaps they can make the customers to get the rewards easier. Currently, some rewards are limited to only can be exchanged during 11 a.m. to 20 p.m., and this might make customers feel inconvenient. Also, the loyalty programs in different convenience stores seem to be similar. If the retailers want to customers have store loyalty by switching cost, then they should think the special programs to attract to consumers.

## Appendix

### Multivendor loyalty programs to Loyalty

Dear respondent:

I'd like to invite you to help me with my master's research loyalty programs of 7-11. The main purpose of this question is to further our understanding in multivendor loyalty programs operate in both program loyalty and store loyalty and to investigate the moderating variables of involvement and switching cost. Please spend a few minutes on this questionnaire and if there is any question please don't hesitate to contact me via my email address: Your identity and answer to all the questions will remain anonymous.

International Business, Tung-Hai University

Advisor : Dr. Li-Wei Wu

Graduate : Yen-Chuch Chang

**A. Background**

1. Gender: Male Female
2. Age: Under 18 19-25 26-35 36-45 Over46
3. Education:Bachelor's degree Master's degree Doctorate degree
4. Household Income: Under NT\$5,000 NT\$5,001-NT\$20,000  
NT\$20,001-NT\$35,000 Over NT\$50,000

**B. Agreement Scale**

	Strongly Disagree (1)	(2)	(3)	(4)	(5)	(6)	Strongly Agree (7)
<b>Multivendor loyalty programs</b>							
1. I think loyalty programs of 7-11 offer high value in rewards.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I think loyalty programs of 7-11 are good value in redeeming points.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I think loyalty programs of 7-11 offer many choices in rewards.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I think loyalty programs of 7-11 are wide range in rewards.(ex. shampoo, cookie,healthy food, mask)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I think loyalty programs of 7-11 attract me to rewards.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



	Strongly Disagree (1)	(2)	(3)	(4)	(5)	(6)	Strongly Agree (7)
6. I think loyalty programs of 7-11 offer the rewards just all I need.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. I think loyalty programs of 7-11 which cooperative stores offer many products and service.(ex. Starbucks, Cold Stone, 21 Century, Cosmed)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. I think loyalty programs of 7-11 which cooperative stores is wide range.(ex. Catering, optical industry, entertainment)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Program loyalty							
9. I like loyalty programs of 7-11 more than other convenience stores. (ex. Family, Hi life)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. I would recommend loyalty programs of 7-11 to others.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. I have preference for loyalty programs of 7-11.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Store loyalty							
12. I consider myself a regular customer of 7-11.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. I feel loyal towards 7-11.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. I consider 7-11 to be my first choice when shopping for the category of goods it sells.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. I intend to do more business with 7-11 in the future.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Involvement							
16. Shopping in 7-11 is of major concern to me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Shopping in 7-11 is essential to me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Shopping in 7-11 is interesting to me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Shopping in 7-11 is valuable to me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Switching cost							
20. In general it would be a hassle changing convenience stores to joint another loyalty programs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. It would take a lot of time and money changing convenience stores to joint another loyalty programs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



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