**Zrinka Filipović**
*Marti farm d.o.o.*
*Lašćinska c. 40,*
*10000 Zagreb, Croatia*
*zr.filipovic@gmail.com*
*Phone: +38598359321*

# THE DIFFERENCES IN PURCHASE BEHAVIOR BETWEEN REDEEMERS AND NON-REDEEMERS OF COUPONS AT TILL UNDER RETAIL LOYALTY PROGRAMS

## Abstract

Despite the popularity of loyalty programs, evidence on the effects of rewards on consumer behavior is inconsistent. Behavioral loyalty is important for a company as it represents a consumer's tendency to purchase on a regular basis. The goal of this paper is to explore the differences in behavioral patterns between loyalty program members who redeem coupons at till (redeemers) and those who do not (non-redeemers). A survey was carried out using a sample of 750 loyalty cards obtained from a national retail chain. The results show that coupons at till, as a monetary reward, reduced the time between purchases and increased the volume of purchases and average expenditure.

**Keywords:** Loyalty programs, monetary rewards, behavioral loyalty, coupons at till

## 1. Introduction

Loyalty programs are a very popular marketing strategy used in many industries. Retail companies operate in a highly competitive and rapidly changing environment, which is why they need to adapt to the changes in the market and become customer oriented. Grocery retailing is one of the least profitable sectors of the economy with net margins of 1–2%, and the competition for shoppers is fierce (Lal, Bell, 2003). For instance, according to a report by Deloitte (2015), nearly one quarter of the top 250 European and North American retailers experienced declining retail revenue in 2013 and, for both regions, top-line revenue grew at the slowest pace since 2009 (Filipe et al., 2017). Across the retail industry, disruption of traditional business models has given way to unprecedented and transforma-

tive changes - changes required online and offline to better serve more demanding shoppers, and redefining customer experience.[1] In retail it is difficult to earn customer loyalty because they cannot satisfy all their needs in a single store. Shoppers say they are loyal, and prefer to shop at a single store, but when it comes down to it, only 19% actually do their grocery shopping at a single store in a typical week, and only 7% spend more than 90% of their food budget at a single store.[2]

Today, loyalty programs have become nearly ubiquitous among major service providers, which may be viewed as an industry-standard offering to customers (Lin, Bennett, 2014). Consumer attraction to loyalty programs is based on a sense of belonging, a feeling "that the retailer is prepared to listen, is willing to innovate on behalf of the customer and is

caring, concerned and considerate" (Uncles, 1994). Loyalty card programs are an incredibly data-rich environment for exploring relational outcomes. Moreover, development of database technology helps companies to identify their loyal customers and implement their business philosophy of rewarding the right customers (Yi et al., 2013). When loyalty cards are scanned at the point of purchase, data are captured automatically cataloguing the consumer, time, date, products bought, prices, and a variety of other pieces of information (Allaway et al., 2006). Retailers have chosen to adopt rewards as a way of increasing profitability by encouraging behavioral loyalty on the part of their customers (Worthington, 2000). However, the effectiveness of loyalty programs is questionable. As a result, several firms across the globe have decided to terminate their loyalty programs, e.g. supermarkets such as Safeway (USA), Edah, Jan Linders, Coop (The Netherlands) and Coles (Australia); as well as some banks: ABN Amro (The Netherlands) (Melnyk, Bijmolt, 2015). The question is how to create an effective customer loyalty program that would have a proper relationship with customer. If customers feel the need for affinity, or desire an explicit reward for their loyalty, they will join the programs of the brands they buy (Dowling, Uncles, 2003).

Starting towards the end of the 1980s, computerization allowed for the development of new approaches to loyalty marketing and, in a crucial development, permitted the linking of actual purchasing behavior with reward schemes. Rewards can be differentiated into so-called hard (i.e. tangible) and soft (i.e. intangible) rewards (Hoffman, 2013). Reinartz (2006) proposed that the first category consists of all financial and other tangible rewards, while the other contains rewards that are based on psychological or emotional benefits. Hard benefits are tangible rewards to the consumer, and soft benefits are considered emotional rewards for the consumer (Arbore, Estes, 2013).

According to Meyer-Waarden (2013), utilitarian rewards tend to encompass three fields (Frisou, Yildiz, 2011): (1) economic rewards and monetary savings, which correspond to motivation for purchasing (e.g. price reductions, purchase vouchers (Gable et al., 2008); (2) convenience, in which case they satisfy commodity motivations (e.g. facilitate purchasing, reduce purchasing time (Kwong et al., 2011); or (3) informational rewards, which are

similar to a sense of exploration (Babin et al., 1994; Chitturi et al., 2008; Dreze, Nunes, 2011).

Loyalty program designs that contain various types of monetary-based rewards are mainly aimed at providing economic advantages to a selected number of the firm's customers and come in the forms of real cash, bonus points, vouchers and so on, but despite the various forms, customers are usually able to covert the reward value into its equivalent cash value (Furinto et al., 2009). Rewards that provide psychological benefits (e.g., gold status, personalized service) are an attractive alternative to stimulate customer loyalty (Melnyk, van Osselaer, 2012). There are the loyalty programs within which the customers get a discount or a gift if they manage to collect a certain number of points/credits from their previous purchases, or where the provision of a discount or a gift is bound to a certain volume of purchases, or where a discount is bound to buying some goods in the previous period (Patak et al., 2014). Adequate rewards can create a perceived value to the consumer for their participation (Meyer-Waarden, 2015). By leveraging the information in the database and the power of sophisticated analysis, companies can identify individual customer-level differences to design rewards that are relevant and perceived as high value by their customers (Kumar, Shah, 2004).

According to Meyer-Waarden (2013), although not quite adequate, some research has been performed investigating customer perception of program rewards (Bridson et al., 2008; Mimouni-Chaabane, Volle, 2010; Meyer-Waarden, 2013); however, studies suggest that loyalty program effectiveness depends on the design of these rewards (Kivetz, Simonson, 2002; Yi, Jeon, 2003; Kivetz, 2005; Kivetz et al., 2006; Demoulin, Zidda, 2008; Smith, Sparks, 2009a; Bagchi, Li, 2011; Dreze, Nunes, 2011). The main reasons for customer dissatisfaction with loyalty schemes include rewards not being accurate or difficult to redeem, and changes in scheme rules (Berman, 2006).

In recent years, coupons have also been used as an important tool in marketing campaigns, and promotional campaigns featuring retailer-customized coupons (for the best customers only and customized to fit their preferences) have been increasingly used to build customer loyalty (Ye, Barat, 2012). According to Wierich and Zielke (2012), in practice, a number of retailers use loyalty card data to launch targeted coupon promotions in cooperation with

manufacturers (Rossi et al., 1996; Ziliani, Bellini, 2004). The "cents-off" coupon was the most prevalent type, but there were many others including free samples, in-store demonstrations, and tie-ins to movies and sporting events (Doolan, Karmarkar, 2014). In 2009, British retailer Sainsbury's and Aimia launched coupon at till rewards that were based on basket content or Nectar data triggered at the counter.[3] In 2008, a Croatian retail chain also issued coupon at till rewards as a personalized reward for their loyalty program members.[4] This loyalty reward concept contains the monetary aspect of rewarding while the coupons at till offer savings and are personalized according to the consumers' buying habits. Coupons at till are dispensed immediately after the payment for a product and could be redeemed with the next purchase during a defined period at the same retail chain.

Although a lot of research has been undertaken in studying the effect of coupons on purchasing behavior (Chatterjee, 2007; Kwon, Young, 2010; Barat, Ye, 2012; Zielke, 2014), there has not been a systematic attempt to review and analyze the effect of coupons at till as a reward in a loyalty program. This article will focus on the impact that coupons at till as a reward in loyalty programs have on purchasing behavior. In practice, only repeat purchase behavior is rewarded, and not attitude, as loyalty schemes are often based on classic promotional techniques, with delayed, or immediate rewards (gifts, price reductions, points etc.) or relationship marketing techniques (access to privileges or services, special status, individualization, meals), which encourage customers to purchase more often and remain loyal to the store (Villacé-Molinero et al., 2016). This research is focused on studying behavioral loyalty in retail using data obtained from a retail chain in Croatia.

## 2. Literature review and hypotheses

Customer relationship management (CRM) and loyalty programs have one major commitment, which is to understand customers and meet their expectations. CRM strategy operates in two ways: "structural CRM", the means by which a company incorporates its operations to deliver better services to customers and greater value to the business; and "active CRM", the means by which it exploits structural investments to drive sales, reduce costs and improve customer experience (Humby et al., 2007). The fact is that across a vast range of indus-

tries a 5 percent improvement in customer retention rates will yield a 25 to 100 percent increase in profits (Reichheld, 1996).

Loyalty is described here as a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause a change in behavior (Oliver, 1999). Loyalty is also defined as the intention of a buyer to continue the purchasing relationship with a supplier and to expand the quantity and volume of this relationship (Homburg, Giering, 2001). Consumers are taught to become loyal in a cognitive sense first, then later in an affective sense, still later in a conative manner, and finally in a behavioral manner, which is described as "action inertia" (Oliver, 1999). Loyalty is principally valued for its outcomes since it is the outcome behavior of loyal customers that exercises a huge impact over the revenues and growth of a firm. The literature provides a multitude of behavioral, attitudinal and cognitive outcomes of customer loyalty, some of which are widely recognized and accepted whereas others demand further probing for clarity (Kumar Rai, Srivastava, 2012). The effective relationship between the seller and the buyer could affect the customer's satisfaction. Although satisfaction may not be the core element of loyalty, particularly after loyalty has been established, it is difficult to entertain loyalty development without satisfaction (Oliver, 1999).

Although much research has been done on the various aspects of loyalty, "it is far from clear what sets a successful loyalty program apart from an unsuccessful one" (Kumar, Reinartz 2006). When retailers look at winning and keeping the loyalty of their customers, they are looking to achieve a little extra goodwill, a slight margin of preference, an incremental shift in buying behavior (Humby, et al., 2007). To a large extent the predecessor of current retail reward schemes was the frequent-flier program that U.S. carrier American Airlines introduced in 1981, where customers earned "free" flights based on the number of miles they had flown with American Airlines (Alvarez, Sessia, 2011). Many researchers argue that in a competitive market, good loyalty programs simply get imitated, which means that the market eventually returns to its base position, but with increased marketing costs - a highly inefficient situation (according to Meyer-Waarden, 2013; Dowling, Uncles, 1997;

Sharp, Sharp, 1997; Leenheer et al., 2007; Liu, 2007; Meyer-Waarden, 2007; Meyer-Waarden, Benavent, 2009; Cedrola, Memmo, 2010). Moreover, whilst some customers can feel the incentive to alter their behavior, some do not see the rewards as worthwhile, and others are suspicious of the whole idea of identifying themselves and their shopping habits, fearing possible misuse (Wright, Sparks, 1999).

Loyalty programs tend to change the shopping behavior of some consumer segments after they join the program, even if some loyal buyers were already being rewarded for their established shopping patterns (Meyer-Waarden, 2007; 2008). However, most loyalty programs do not produce the results they promise: lower customer churn, higher sales and profitability, and more valuable insights into customer behavior (Nunes, Dreze, 2006). Loyalty program membership decision plays a role in customer behavior. The differences in consumer spending between members and non-members (Van Heerde, Bijmolt, 2005) may be partly driven by self-selection of the most loyal customers into the loyalty program. Self-selecting members are already loyal to the store and enrolling in the loyalty program allows them to reap saving and discount rewards without becoming more loyal (Leenheer et al., 2007). In this research, no method to reduce the self-selection bias was applied as the data were obtained from a national retail chain.

According to Demolin and Zidda (2009), with loyalty cards a retailer's objectives are threefold: (1) to retain customers (e.g. Leenheer et al., 2007), (2) to increase customer loyalty (e.g. Meyer-Waarden, 2007), and (3) to collect data about their shopping behavior (e.g. Kumar, Shah, 2004).

The first aim is to retain customers and it is usually fulfilled by rewarding loyal customers. Monetary rewards can stimulate customer purchasing and could include cash rewards, saving points, discounts, or some other combination (van Heerde, Bijmolt, 2005). The second aim is to increase customer loyalty. There is no consensus as to the best means of gauging customer loyalty (Uncles, 2003). According to Melnyk and Bijmolt (2015), some studies report zero effects of such programs on loyalty (DeWulf et al., 2001; Sharp, Sharp, 1997), while other studies found positive effects (Lewis, 2004; Meyer-Waarden, 2007, 2008). Loyalty programs are generally found to influence share-of-wallet (Leenheer et al., 2007) and number of visits (share of visits - SOV) (Maegi, 2003). The basic idea of loyalty

schemes is to reward a customer's repeat purchases and to encourage loyalty by providing targets at which various benefits and rewards accrue for the customer (Alvarez, Sessia, 2011). Behavioral loyalty of participants in loyalty programs is indicated by frequency of visits to the retailer, purchases and percentage of purchases per customer (Gomez, 2006). The third aim is enabled by the technology developments that have become necessary to understand customers' needs and wishes. The data can both produce insights about general buying behavior and allow the seller to target promotions to individual customers (Nunes, Dreze, 2006).

One way to measure the success of a loyalty scheme is to look at the affect the scheme has on the frequency of customer visits and the average amount of spending per visit (Alvarez, Sesia, 2011). All behavioral indicators show that members and non-members of loyalty programs demonstrate significantly different purchasing behavior, irrespective of other factors. The emphasis in most retail loyalty schemes would seem to be on developing an ongoing or long-term relationship, with an expectation that redemption will occur, and that redemption behavior reinforces this relationship (or involvement) over time (Smith, Sparks, 2009).

The purchasing intensity of cardholders, in terms of total and average shopping baskets, share of purchases, purchasing frequency and inter-purchasing time, is significantly higher than that of non-members throughout the entire three-year period and trading areas (Meyer-Waarden, 2008). Buyers prefer monetary rewards the most (Verhoef, 2003). Nunes and Dreze (2006) suggest that, to be attractive, a loyalty program must lead to redemption; that's when the benefits really become more salient to the consumer. Loyalty schemes favor repeat purchasing behavior and retention if they provide higher levels of usefulness (Meyer-Waarden, 2008). According to the historical research results presented above, the following hypotheses have been formulated:

**H1. Buyers that redeem coupons at till spend more in comparison with buyers that do not redeem coupons at till.**

The main goal of a loyalty program is to encourage customers to visit supermarkets and purchase more products. Customers do not use their loyalty card every time they make a purchase. Being aware of the "laziness" of consumers, retailers reward them in return for their continuous use of the card. These

rewards usually take the form of promotional incentives tied to specific behavior (Mauri, 2003). Promotions of loyalty programs typically aim to increase the frequency and volume of purchases by rewarding cardholders with additional loyalty points or discounts over a limited time period (Dorotic et al., 2011). Frequency reward programs take the form of "buy X times, get something free", and they typically require customers to proactively redeem their points (Kopalle et al., 2012). Frequency can be a powerful lever to drive revenues and profitability.[5] Therefore, customers increase their purchasing frequency as they get closer to earning a frequency reward. Following previous research, the second hypothesis suggests:

**H2. Buyers that redeem coupons at till are more frequent buyers than those that do not redeem coupons at till.**

Consistent and repetitive purchasing is an indicator of loyalty (Kursunluoglu, 2014). A consumer's perception of preferential treatment is positively related to their sense of commitment toward the firm (Lacey et al., 2007). Among customers with an economical purchasing orientation, economic rewards that grant monetary savings and informational benefits about good deals (e.g. flyers, brochures, e-mails about good deals and monetary savings) should create intrinsic motivation as they engage in an activity for its own sake (e.g. budget optimization) (Meyer-Waarden, 2013).

On average, buyers who do not redeem any received points visit the stores less often, spend less and purchase a fewer number of products in total (Smith, Sparks, 2009). Taking this into account, the following hypothesis was proposed:

**H3. Buyers that redeem coupons at till have higher average spending per visit than buyers that do not redeem coupons at till.**

## 3. Methodology

The research was carried out at a retail chain in Croatia. The frequent shopper program data were obtained by a retail chain that prefers to remain anonymous. The chain has a dominant market share and started a loyalty program in 2010, thus providing a variety of benefits to its cardholding customers. Loyalty program members collect points to gain future rewards with a delay between collection and redemption. The retail chain has 800,000 loy-alty program members and is the largest program in Croatia. Customers collect points by using a loyalty card when making purchases. The loyalty card points encourage customers to collect and spend more to increase the possibility of getting rewards. Throughout the year, customers are treated to specially designed offers: seasonal discounts on products and services, promotional pricing, appreciation gifts, contests, additional points and so forth.[6] During 2014, the chain implemented a new reward program with coupons at till to increase sales to its loyal customers. The customers are rewarded according to customer purchase behavior at the cashier receiving the coupon at till that can be used during a period of three weeks. Depending on their purchase behavior, the customers are rewarded with a coupon they receive at the till, which they can use within three weeks. Coupons at till refer to discounts for a specific product, the whole amount of purchase, or a specific group of products. The research was conducted on a randomly selected data set from 750 loyalty card holders from different parts of Croatia in the period from January till December 2014. The retail chain launched the coupons at till as a reward in a loyalty program in April 2014. The records were drawn, using random sampling, from an identified segment of loyalty cards from the database of active data holders. The retailer anonymized the data set of loyalty cards (removing personal data or descriptions) in order to satisfy data regulations and privacy concerns. The obtained database consists of 24,897 customer transactions (max. 39,000=750 loyalty cards*52 weeks). The data set consists of real world recorded behavior which included coupons at till data (card number, coupon, date of coupon printing, type of coupon reward, date of coupon redemption), and data on purchases made with or without coupons in the mentioned period (card number, place of issue, week of the year, basket spending, number of visits). It is important to mention that the data refer to a household and not to a single person. In this research the buyer is considered as any member of the same household that uses the loyalty card. To analyze the collected data, many different statistical methods will be used. Data processing will involve the processing of two databases created based on real data from the retail chain; specifically, a database with information on the use of loyalty card and a database created and based on buyer information.

Descriptive statistics will be used for all analyzed variables. Analysis of information regarding the use

of loyalty cards refers to loyalty program members that redeem coupons at till (the redeemers) and loyalty program members that do not redeem coupons at till (the non-redeemers). The research data includes total spending recorded for a loyalty card, basket spending at each visit, week of the year, information whether the buyer redeemed the coupon at till, and number of purchases per week. To process data regarding weekly spending for one loyalty card, univariant and multivariant methods will be used, considering total spending and spending by redeeming coupons at till on a weekly basis. Behavioral variables of redeemers and non-redeemers will be compared using the Student's t-test if the homogeneity of variance assumption has been met or using the Mann-Whitney U test if the assumption has not been met. A correlation will be made between the total number of visits and basket spending both for redeemers and non-redeemers. The correlation between redeemers and basket spending at each visit, regardless of whether the coupon at till was redeemed or not, will also be tested. For all analyzed variables (number of visits, total spending and average spending) descriptive statistics have been used.

Differences in analyzed variables have been tested by means of the nonparametric Mann-Whitney U test. The significance level for all statistical tests was set at 5%. All statistical tests and diagrams have been created using STATISTICA software.

## 4. Results and discussion

Table 1 presents a comparison of non-redeemers (loyalty program members that do not have a single redemption purchase in the researched period) with redeemers. Although 43% of consumers in the sample redeem coupons at till, an analysis of their behavior shows that they spent more in the period under investigation than non-redeemers. Furthermore, the results show that non-redeemers visit the stores less often, spend less and purchase a fewer number of products in total (Hypothesis 1 confirmed). Standard deviation (Table 1) for total spend per week for redeemers is HRK 343.54 (the number of visits in the period reviewed is 780), while the standard deviation for non-redeemers is HRK 257.47 (the number of visits is 24,117).

**Table 1 Comparison of redeemers and non-redeemers**

|  | Redeemers (n= 324) | Non-redeemers (n=426) | Mann-Whitney U test |
|---|---|---|---|
| **Number of visits per week** |  |  |  |
| Mean | 4.16 | 2.67 | Z=-20.01 |
| Standard deviation | 2.39 | 1.96 | p<0.001 |
| **Total spend (HRK) per week** |  |  |  |
| Mean | 436.78 | 253 | Z=-7.59 |
| Standard deviation | 343.54 | 257.47 | p<0.001 |
| **Average spending per visit (HRK)** |  |  |  |
| Mean | 122.56 | 110.29 | Z=-20.22 |
| Standard deviation | 122.55 | 128.86 | p<0.001 |

*Source: Author's own calculation*

Spending patterns during 2014 displayed in Figure 1 show that redeemers spent more during the year especially in the period from week 33 to week 37 (August). The database does not contain data pertaining to week 1-12 because the rewards program was launched in April. The retail chain did not dis-tribute the coupons at till for the period between weeks 49-52. Confidence intervals on the mean for redeemers are very wide because the number of visits (customer*week) is lower than for non-redeemers (Figure 1).

*Figure 1 Total spending (HRK) for redeemers and non-redeemers per week*
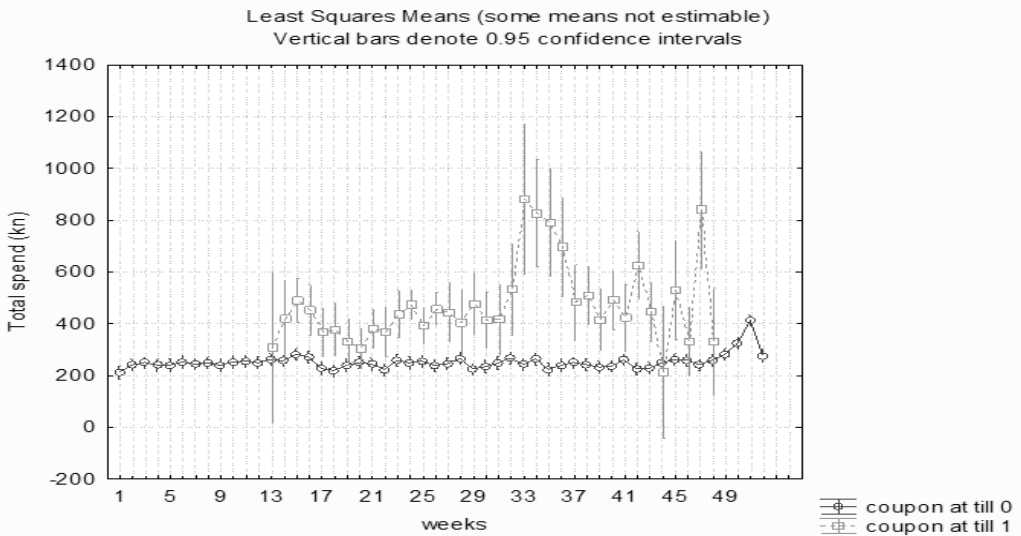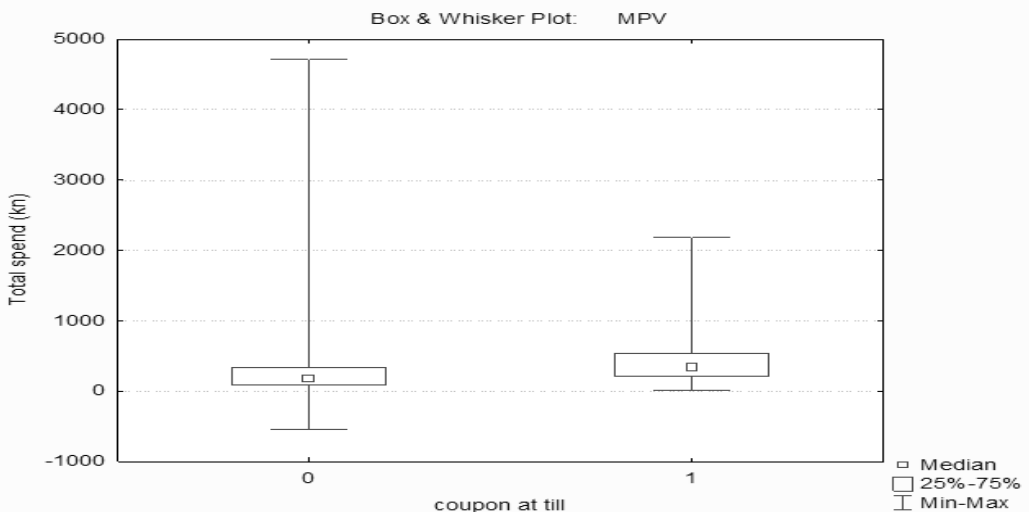


*Source: Author's own calculation*

The results of the Mann-Whitney test indicate that the average total spending in a year is statistically higher for redeemers (436.78±343.54) in comparison with non-redeemers (253±247.47). Redeemer's spending in the year under investigation was on average 72.6% higher than that of non-redeemers (Figure 2). The database included negative values because there were cancelled receipts for some loyalty cards in the sample.

*Figure 2 Box-Whisker plot of total spending (HRK) for redeemers and non-redeemers*
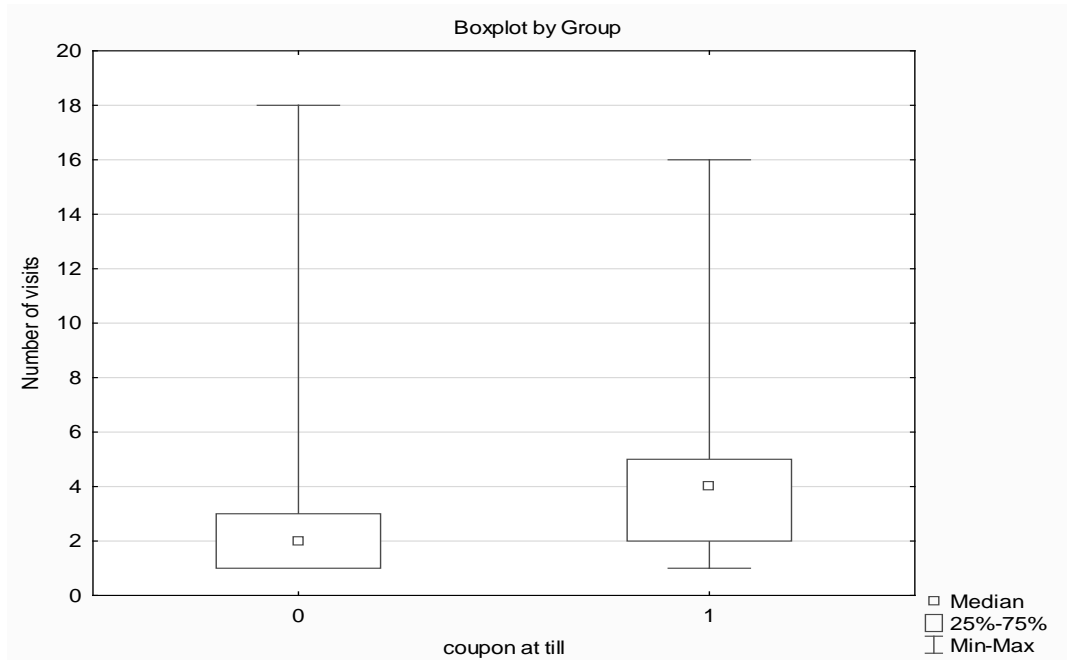


*Source: Author's own calculation*

H2 predicts that buyers that redeem coupons at till are more frequent buyers than those that do not redeem coupons at till. As shown in Table 1, the number of visits is statistically higher for redeemers (4.16±2.39) than for non-redeemers (2.67±1.96). Figure 3 displays the number of visits in a week for redeemers and non-redeemers. As presented, the median number of visits for redeemers is 4 and the median number of visits for non-redeemers is 2. This indicates that the frequency of visits by redeemers compared to non-redeemers was 50% higher. Redeemers visited the stores more often (4 times in a week) than non-redeemers, thus indicating that earning a coupon at till increased purchasing frequency which supports Hypothesis 2. This shows that the component "reward frequency" in this case suggests a higher customer involvement through the rewarded behavior effect. There is also a "points pressure" effect as customers increase their purchasing frequency and amount per visit in order to earn a reward.

*Figure 3 Box-Whisker plot for number of visits for redeemers and non-redeemers in a week*
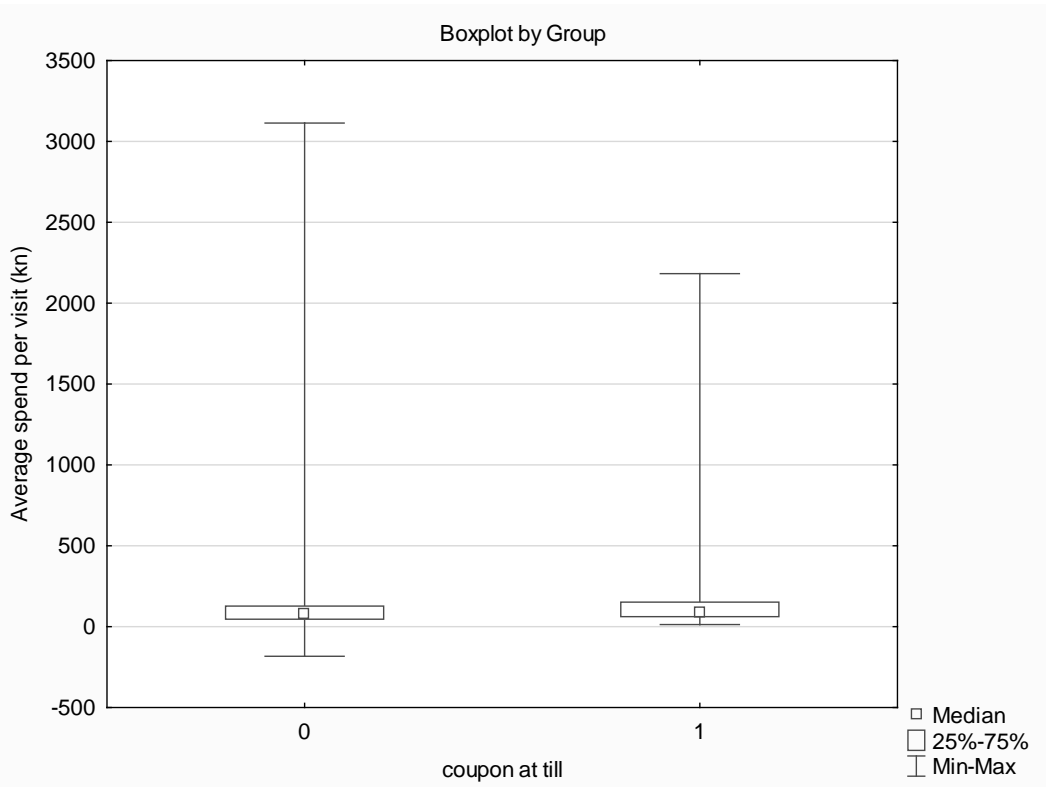


*Source: Author's own calculation*

H3 predicts that buyers who do redeem coupons at till have higher average spending per visit than buyers who do not. Analyzing average spending per visit (Table 1), there is a statistically significant difference between redeemers (122.56±122.55) and non-redeemers (110.29±128.86) thus confirming Hypothesis 3. Figure 4 indicates that both distributions of average spending are asymmetric with the biggest difference due to the 25% of buyers that spend the most.

*Figure 4 Box-Whisker plot for average spending per visit (HRK) for redeemers and non-redeemers*



*Source: Author's own calculation*

## 5. Conclusion

Although loyalty programs have been around for three decades, their effectiveness is still widely debated. The main goal of a reward program is to increase customer loyalty, which can be categorized into behavioral and attitudinal loyalty (Dorotic, 2012). This paper investigates to what extent monetary rewards in a loyalty program influence customer loyalty behavior. The focus of the research is to examine the impact of coupons at till, as a monetary reward in loyalty programs, on consumer behavior over a one-year period. Secondary data obtained from a retail chain in Croatia was used in the study, which provided realistic information about consumer behavior. The behavioral measurements within the loyalty program that were analyzed include total spending, purchasing frequency and average spending per visit.

The results suggest that coupons at till, as a monetary reward, increase the total spending of redeemers in comparison with non-redeemers during the year. This is consistent with the findings of some studies that have shown that loyalty program members and non-members display significantly different purchase behavior (Meyer-Waarden, 2008). Furthermore, members of loyalty programs tend to accelerate toward rewards in terms of timing, quantity and persistence of effort (Kivetz et al., 2006).

Consistent with previous research (Kopalle et al., 2012; Meyer-Waarden, 2008), this study has confirmed that buyers that do redeem coupons at till are more frequent buyers than those that do not. The pressure to earn points probably encourages customers to increase their purchase frequency or volume to obtain the reward (Kivetz et al., 2006).

Furthermore, the results have indicated that the average spending per visit for the buyers using coupons at till is higher than of non-redeemers, thus showing that redemption of rewards is a significant component of this repeat behavior (Smith, Sparks, 2009).

This research shows that there is a difference in the purchase behavior of the loyalty program members who do and those who do not redeem coupons at till. These results may help practitioners understand how customers respond to monetary rewards. Furthermore, the study reveals how consumers perceive coupons at till as monetary rewards and how they modify their behavior in terms of store visits and spending. Although there are conflicting theoretical findings regarding monetary rewards (Melnyk, Bijmolt, 2015), this research has shown that monetary rewards are an effective tool for increasing customer loyalty.

The research findings could be useful for retailers as coupons at till could be considered an effective reward for loyal buyers that are committed to the program, especially nowadays when database technology allows customizing coupons based on the customer's purchase history. Further research could investigate different design features, face value or redemption opportunities of coupons at till, thus extending the knowledge of this type of rewards program. The effectiveness of the use of coupons at till depends on the customer who has earned it. It would be interesting to know whether a different coupon at till distribution method (for example via mobile phones) would increase their usage. Moreover, it would be useful to monitor customer loyalty over a longer period so that adjustments can be made to improve program efficiency. Finally, it would be appropriate to include attitudinal research to capture all aspects of loyalty in a more effective manner.

## References

1.  Allaway, A. W., Gooner, R. M., Berkowithz, D., Davis, L. (2006), "Deriving and exploring behavior segments within a retail loyalty card program", European Journal of Marketing, Vol. 40, No. 11/12, pp. 1317-1339.

2.  Alvarez, J. B., Sesia, A. (2011), "Customer Loyalty Schemes in the Retail Sector", Harvard Business School Case Study No. 511-077, Harvard Business School, March 2001.

3.  Arbore, A., Estes, Z. (2013), "Loyalty program structure and consumers' perceptions of status: Feeling special in a grocery store?", Journal of Retailing and Consumer Services, Vol. 20, No. 5, pp. 439-444.

4.  Baloglu, S. (2002), "Dimensions of customer loyalty: Separating friends from well wishers", Cornell Hotel and Restaurant Administration Quarterly, Vol. 43, No. 1, pp. 47-59.

5.  Berman, B. (2006), "Developing an Effective Customer Loyalty Program", California Management Review, Vol. 49, No. 1, pp. 123-148.

6.  Chateterjee, P. (2007), "Advertised versus unexpected next purchase coupons: consume satisfaction, perceptions of value, and fairness", Journal of Product & Brand Management, Vol. 16, No. 1, pp. 59-69.

7.  Demolin, N. T. M., Zidda, P. (2009), "Drivers of Customers' Adoption and Adoption Timing of a New Loyalty Card in the Grocery Retail Market", Journal of Retailing, Vol. 85, No. 3, pp. 391-405.

8.  DeWulf, K., Odekerken-Schröder, G., Iacobucci, D. (2001), "Investments in consumer relationships: a cross-country and cross-industry exploration", Journal of Marketing, Vol. 65, No. 4, pp. 33-50.

9.  Doolan, R. J., Karmarkar, U. R. (2014), "Catalina in the Digital Age", Harvard Business School Case No. 514-021, Harvard Business School, August 2014.

10. Dorotic, M., Fok, D., Verhoef, P. C., Bijmolt, T. H. A. (2011), "Do vendors benefit from promotions in a multi-vendor loyalty program?", Marketing Letters, Vol. 22, No. 4, pp. 341-356.

11. Dorotic, M., Bijmolt, T. H. A., Verhoef, P. C. (2012), "Loyalty programmes: current knowledge and research directions", International Journal of Management Reviews, Vol. 14, No. 3, pp. 217-237.

12. Dowling, G. R., Uncles, M. D. (1997), "Do customer loyalty programs really work?", Sloan Management Review, Vol. 38, No. 4, pp. 71-82.

13. Filipe, S., Marques, S. H., Salgueiro, M. D. F. (2017), "Customers' relationship with their grocery store: Direct and moderating effects from store format and loyalty programs", Journal of Retailing and Consumer Services, Vol. 37, No. 1, pp. 78-88.

14. Furinto, A., Pawitra, T., Balqiah, T. E. (2009), "Designing competitive loyalty programs: How types of program affect customer equity", Journal of Targeting, Measurement and Analysis for Marketing, Vol. 17, No. 4, pp. 307-319.

15. Gomez, B. G., Gutierrez Arranz A., Gutierrez Cillan, J. (2006), "The role of loyalty programs in behavioral and affective loyalty", Journal of Consumer Marketing, Vol. 23, No. 7, pp. 387-396.

16. Hoffmann, N. (2013). Loyalty Schemes in Retailing: A Comparison of Stand-alone and Multi-partner Programs. Frankfurt am Main: Peter Lang International Academic Publishers.

17. Homburg, C., Giering, A. (2001), "Personal Characteristics as Moderators of the Relationship Between Customer Satisfaction and Loyalty – An Empirical Analysis", Psychology & Marketing, Vol. 18, No. 1, pp. 43-66.

18. Humby, C., Hunt, T., Phillips, T. (2007). Scoring Points: How Tesco Continues to Win Customer Loyalty. London & Philadelphia: Kogan Page Publishers.

19. Kivetz, R., Urminsky, O., Zheng, Y. (2006), "The Goal-Gradient Hypothesis Resurrected: Purchase Acceleration, Illusionary Goal Progress, and Customer Retention", Journal of Marketing Research, Vol. 43, pp. 39-58.

20. Kopalle, S. K, Sun, Y., Neslin, S. A., Sun, B., Swaminathan, V. (2012), "The Joint Sales Impact of Frequency Reward and Customer Tier Components of Loyalty Programs", Marketing Science, Vol. 31, No. 2, pp. 216-235.

21. Kumar, A., Reinartz, W. (2002), "The Mismanagement of Customer Loyalty", Harvard Business Review, Vol. 80, No. 7, pp. 86-95.

22. Kumar, V., Shah, D. (2004), "Building and sustaining profitable customer loyalty for the 21st century", Journal of Retailing, Vol. 80, No. 4, pp. 317-330.

23. Kumar Rai, A., Srivastava, M. (2012), "Customer Loyalty Attributes: A Perspective", NMIMS Management Review, Vol. 22, pp. 49-76.

24. Kursunluoglu, E. (2014), "Shopping centre customer service: creating customer satisfaction and loyalty", Marketing Intelligence & Planning, Vol. 32, No. 4, pp. 528-548.

25. Lacey, R., Suh, J., Morgan, R. (2007), "Differential Effects of Preferential Treatment Levels on Relational Outcomes", Journal of Service Research, Vol. 9, No. 3, pp. 241-256.

26. Lal, R., Bell, D. E. (2003), "The Impact of Frequent Shopper Programs in Grocery Retailing", Qualitative Marketing and Economics, Vol. 1, No. 2, pp. 179-202.

27. Leenheer, J., van Heerde, H., Bijmolt, T., Smidts, A. (2007), "Do loyalty programs really enhance behavioral loyalty? An empirical analysis accounting for self-selecting members", International Journal of Research in Marketing, Vol. 24, No. 1, pp. 31-47.

28. Leenheer, J., Bijmolt, T. H. A. (2008), "Which retailers adopt a loyalty program? An Empirical Study", Journal of Retailing and Consumer Services, Vol. 15, No. 5, pp. 429-442.

29. Lin, Z., Bennett, D. (2014), "Examining retail customer experience and the moderation effect of loyalty programmes", International Journal of Retail and Distribution Management, Vol. 42, No. 10, pp. 929-947.

30. Maegi, A. W. (2003), "Share of wallet in retailing: the effects of customer satisfaction, loyalty cards and shopper characteristics", Journal of Retailing, Vol. 79, No. 2, pp. 97-106.

31. Mauri, C. (2003), "Card loyalty. A new emerging issue in grocery retailing", Journal of Retailing and Consumer Services, Vol. 10, No. 1, pp. 13-25.

32. Melnyk, V., Bijmolt, T. (2015), "The effects of introducing and terminating loyalty programs", European Journal of Marketing, Vol. 49, No. 3/4, pp. 398-419.

33. Melnyk, V., van Osselaer, S. M. J. (2012), "Make me special: Gender differences in consumers' responses to loyalty programs", Marketing Letters, Vol. 23, No. 3, pp. 545-559.

34. Meyer-Waarden, L. (2007), "The effects of loyalty programs on customer lifetime duration and share of wallet", Journal of Retailing, Vol. 83, No. 2, pp. 223-236.

35. Meyer-Waarden, L. (2008), "The influence of loyalty programme membership on customer purchase behaviour", European Journal of Marketing, Vol. 42, No. 1/2, pp. 87-114.

36. Meyer-Waarden, L., Benavent, C., Casteran, H. (2013), "The effects of purchase orientations on perceived loyalty programmes' benefits and loyalty", International Journal of Retail & Distributional Management, Vol. 41, No. 3, pp. 201-225.

37. Meyer-Waarden, L. (2015), "Effects of loyalty program rewards on store loyalty", Journal of Retailing and Consumer Services, Vol. 24, pp. 22-32.

38. Nunes, J. C., Dreze, X. (2006), "Your Loyalty Program is Betraying You", Harvard Business Review, Vol. 84, No. 4, pp. 124-131.

39. Oliver, R. (1999), "Whence consumer loyalty?", Journal of Marketing, Vol. 63, No. 4. pp. 33-44.

40. Patak M., Lostakova, H., Curdova, M., Vlckova, V. (2014), "The E-Pharmacy Customer Segmentation Based on the Perceived Importance of the Retention Support Tools", Procedia-Social Behavioral Sciences, Vol. 150, pp. 552-562.

41. Reichheld, F. (1996). The Loyalty Effect: The Hidden Force Behind Growth, Profits and Lasting Value. Cambridge, MA: Harvard Business School Press.

42. Reinartz, W. J. (2006), "Understanding Customer Loyalty Programs", in Krafft, M., Mantrala, M. K. (Eds.), Retailing in the 21st Century: Current and Future Trends, Springer, Berlin, pp. 361-379.

43. Sharp, B., Sharp, A. (1997), "Loyalty programs and their impact on repeat-purchase loyalty patterns", International Journal of Research in Marketing, Vol. 14, No. 5, pp. 473-486.

44. Smith, A., Sparks, L. (2009), "Reward redemption Bahaviour in Retail Loyalty Schemes", British Journal of Management, Vol. 20, No. 2, pp. 204-218.

45. Uncles, M. (1994), "Do you or your customers need a loyalty scheme?", Journal of Targeting, Measurement, and Analysis for Marketing, Vol. 2, No. 4, pp. 335-349.

46. Uncles, M. D., Dowling, G. R., Hammond, K. (2003), "Customer loyalty and customer loyalty programs", Journal of Consumer Marketing, Vol. 20, No. 4, pp. 294-316.

47. van Heerde, H., Bijmolt, T. A. (2005), "Decomposing the Promotional Revenue Bump for Loyalty Program Members Versus Nonmembers", Journal of Marketing Research, Vol. 42, No. 4, pp. 443-457.

48. Verhoef, P. C. (2003), "Understanding the effect of customer relationship management efforts on customer retention and customer share development", Journal of Marketing, Vol. 67, No. 4, pp. 30-45.

49. Villacé-Molinero, T., Reinares-Lara, P., Reinares-Lara, E. (2016), "Multi-Vendor Loyalty Programs: Influencing Customer Behavioral Loyalty?", Frontiers in Psychology, Vol. 7, Art. 204.

50. Ye, L., Barat, S. (2012), "Effects of Coupons on Consumer Purchase Behavior: A Meta- Analysis", Journal of Marketing Development and Competitiveness, Vol. 6, No. 5, pp. 131-145.

51. Yi, Y., Jeon, H. (2003), "Effects of loyalty programs on value perception, program loyalty, and brand loyalty", Journal of the Academy of Marketing Science, Vol. 31, No. 3, pp. 229-240.

52. Wierich, R., Zieleke, S. (2012), "How retailer coupons increase attitudinal loyalty – the impact of three coupon design elements", European Journal of Marketing, Vol. 48, No. 3/4, pp. 699-721.

53. Worthington, S., Parker, C. (2000), "When lemonade is better than whisky: investigating the equitableness of a supermarket's reward scheme", International Journal of Retail & Distribution Management, Vol. 28, No. 11, pp. 490-498.

54. Wright, C., Sparks, L. (1999), "Loyalty saturation in retailing: exploring the end of retail loyalty cards?", International Journal of Retail & Distribution Management, Vol. 27, No. 10, pp. 429-440.

**Endnotes**

1  Deloitte (2018), "Deloitte Global Powers of Retailing 2018", available at: https://www2.deloitte.com/content/dam/Deloitte/at/Documents/about-deloitte/global-powers-of-retailing-2018.pdf/ (Accessed on: April 22, 2019)

2  IDC Industry Research (2018), "Preparing for the Future of Grocery Shopping", available at: https://www.loyalty.com/home/thankyou/preparing-for-the-future-of-grocery-shopping (Accessed on: March 14, 2019)

3  Buckingham, D., Coupe, M. (2013), "Building stronger customer relationships with Sainsbury's", available at: http://www.i-2-c.co.uk/wp-content/uploads/2014/12/Building-Stronger-Customer-Relationships-with-Sainsburys.pdf (Accessed on: April 22, 2019)

4  The retail chain is not named according to their wishes.

5  Catalina (2010) „Exploring The Frequency Factor", available at: https://www.catalina.com/insights/research-studies/exploring-the-frequency-factor/(Accessed on: April 22,2019)

6  Source: company's internal data

*Zrinka Filipović*

# Razlike u kupovnom ponašanju između potrošača koji koriste i koji ne koriste kupone na računu u programima vjernosti u maloprodaji

## Sažetak

Unatoč popularnosti programa vjernosti još uvijek postoje kontradiktorni podatci o utjecaju programa vjernosti na ponašanje potrošača. Cilj je ovog rada istražiti utjecaj „kupona na računu" kao oblika novčanih nagrada za vjernost potrošača i to u smislu njihova ponašanja u maloprodaji. Vjernost potrošača koja se ogleda kroz njihovo ponašanje je vrlo važna za svako poduzeće jer ona pokazuje tendenciju potrošača da kupuju na redovnoj osnovi. Istraživanje je provedeno na uzorku od 750 kartica vjernosti dobivenih od maloprodajnog lanca. Rezultati su pokazali da su kuponi na računu, kao oblik novčane nagrade, utjecali na smanjivanje vremenskog razmaka između kupovina, kao i na volumen kupovine i prosječnu potrošnju.

**Ključne riječi**: programi vjernosti, novčane nagrade, vjernost potrošača u smislu njihovog ponašanja, kuponi na računu