Abstract
Purpose – The purpose of this paper is to measure the impact of customer loyalty programs on relationship quality, relationship commitment, and loyalty.
Design/methodology/approach – A survey with 480 qualified observations from department store customers in Taiwan was conducted. A structural equation modeling approach was used.
Findings – Customer loyalty programs have a partially supported positive impact on relationship quality; service quality has a positive impact on relationship quality; customers with a positive relationship quality impact their relationship commitment; the higher the relationship commitment, the higher the loyalty; and a customer loyalty program partially supports a positive impact on loyalty.
Originality/value – The paper shows that customer loyalty programs have positive influences on loyalty. However, short-term customer loyalty programs, namely, Minimum Purchase Gift Cards, displayed no significant influence on loyalty. The incentive of short-term customer loyalty programs is not sufficient for loyalty.
Keywords Customer loyalty program, Loyalty, Relationship commitment, Relationship quality, Taiwan, Consumer behaviour, Consumer loyalty
Paper type Research paper

Introduction
The retail business is not as simple as “Displaying goods in an open store” to satisfy customer needs. Meeting the diverse customer demand to achieve customer loyalty is an important issue for management today. Customer loyalty becomes possible through the development of long term, mutually beneficial relationships with customers.

The authors would like to thank the Editor and the reviewers for their helpful comments on earlier drafts of this paper.
One of the most valuable marketing strategies that executives can exploit is a customer loyalty program, which is a promotional plan designed to increase loyalty by providing incentives to customers through added benefits (Yi and Jeon, 2003). Customer loyalty programs are a widely used marketing tool to increase sales and maintain a stable market share. Many retailers, such as department stores and grocery stores, have adopted customer loyalty programs as a useful strategic tool that most consumers actively enjoy. However, most retailers launch loyalty programs simply to “follow the competitors” (O’Malley, 1998), and do not understand the value that can be provided to customers or the impact on the organization. Therefore, this study aims to investigate whether retailers that launch annual customer loyalty programs effectively increase loyalty.

This research focuses on the antecedents of relationship quality, namely, customer loyalty programs and service quality, as well as relationship quality consequences, explicitly, relationship commitment and loyalty. The purpose of this study includes:

- Examine the impact of customer loyalty programs on relationship quality.
- Examine the impact of service quality on relationship quality.
- Examine the impact of relationship quality on relationship commitment.
- Examine the impact of customer loyalty programs on loyalty.
- Provide recommended strategies for retailers in preparing customer loyalty programs.

Literature review and hypotheses development

The impact of customer loyalty programs on relationship quality

Relationship quality is the level of relationship between a business and the customer (Crosby et al., 1990). This level determines how well an organization meets the customer’s needs. The service industry contains features that allow customers to have an ambiguity toward its consumer services. These ambiguities may imply ineffective services or negative effects, such that the “relationship quality” helps lower these ambiguities (Crosby et al., 1990).

Yi and Jeon (2003) believe a customer loyalty program is a marketing plan designed to increase loyalty by providing incentives to customers through added benefits. Currently most customer loyalty programs are broadly designed into three categories:

1. Gift cards with minimum purchase.
2. Member rebates (including gift cards, exclusive member discounts, high-consumer benefit programs).
3. Lottery draws.

There are five elements in the perceived value of customer loyalty programs: “Cash value”, “Choice of redemption option”, “Aspiration value”, “Relevance”, and “Convenience” (Yi and Jeon, 2003).

Shoemaker and Lewis (1999) believe that customer loyalty programs enhance customer satisfaction so that when a problem occurs between the relationship of the customer and service provider, a good customer loyalty program reduces dissatisfaction. This confirms the importance of the customer loyalty program on customer relations. Good customer loyalty programs not only improve consumer acceptance that is reflected in increased sales, they also encourage participation through increased interaction.
between the business and customer. In addition, the customers believe that they can receive higher economic value, diverse rewards, and an opportunity to win a prize through the implementation of customer loyalty programs. Therefore, when a customer provides a higher rating to a business loyalty program, they also reflect a higher level of trust. This study proposes the following assumptions based on the above-mentioned facts:

H1. Customer loyalty programs have a significant positive impact on customer satisfaction.

H2. Customer loyalty programs have a significant positive impact on trust.

The impact of service quality on relationship quality
To survive in this competitive market, companies should continue to improve their service performance (Kim et al., 2007). Service quality is known by both academics and practitioners to contribute to customer satisfaction and market share (Cameran et al., 2010; Hu et al., 2009; Mohamad and Awang, 2009; Parasuraman et al., 1985; Zeithaml, 2000). The pursuit of service quality has become an essential factor for all businesses that are driven by the need to remain competitive (Hu et al., 2009).

Furthermore, service quality is one of the antecedents of customer satisfaction and loyalty (Herington and Weaven, 2009; Hu et al., 2009; Jamal and Anastasiadou, 2009; Mohamad and Awang, 2009). High level of service performance is believed to be an effective way to improve customer satisfaction, trust, and loyalty (Huang and Liu, 2010; Kim et al., 2007). Moreover, the relationship quality model proposed by Crosby et al. (1990) state that the professionalism of the service provider has a positive impact on relationship quality. The better professional service provided the higher acceptance the customer will have toward the assurance of service quality. In other words, the customer’s perception of service quality assurance positively influences the relationship quality. This study proposes the following assumptions:

H3. Service quality will positively impact the degree of customer satisfaction.

H4. Service quality will positively impact trust.

The impact of relationship quality on relationship commitment
Commitment is an emotional link between the individual and the organization (Akehurst et al., 2009). Relationship commitment is defined as an exchange partner believing that a continuing relationship with another party is so vital as to warrant maximum endeavors at maintaining it; in other words, the committed party accepts that the relationship is worth working on to guarantee that it endures indefinitely (Morgan and Hunt, 1994). Relationship commitment is affective loyalty to maintain an ongoing relationship with their partner, and could be intensified by trust that is the aggregate evaluation of customer’s satisfaction (Bennet and Cadogan, 2001; Moliner et al., 2007; Morgan and Hunt, 1994).

Gundlach et al. (1995) pointed out that relationship commitment is important in the success of relationship exchange, and is a strong indicator of the relationship quality. Trust is the foundation of long-term relationships and an important factor of relationship commitments (Sirdeshmukh et al., 2002). Morgan and Hunt (1994) express that relationship commitment is willingly placed with the greatest effort, as it is an important factor in trust and maintaining relationships between trading partners. When one party perceives the relationship is important, a relationship commitment exists.
The meaning is defined as “A persistent demand present when maintaining important relationships.” Hennig-Thurau et al. (2002) studied three different service industries, finding that customer satisfaction will directly affect relationship commitment. According to these two dimensions of relationship quality (satisfaction and trust) and the facts in relationship commitment reviewed in this paper, we know that satisfaction, trust and commitment are closely related (Anderson and Srinivasan, 2003; Hennig-Thurau et al., 2002; Moliner et al., 2007; Morgan and Hunt, 1994; Wu et al., 2008). We therefore propose the following assumptions:

H5. Customer satisfaction has a positive impact on the relationship commitment.

H6. Customer trust has a positive impact on the relationship commitment.

Loyalty
Customer loyalty is defined as a held commitment to re-buy or re-patronize a preferred product consistently in the future (Ganesh et al., 2000; Jamal and Anastasiadou, 2009; Kim et al., 2007; Oliver, 1999; Stank et al., 1999, 2003). Loyal customers tend to have a higher level of recommendation intention and repurchase intention (Bowen and Shomaker, 1998; Chi et al., 2009; Hennig-Thurau et al., 2002; Kim et al., 2007; Singh and Sirdeshmukh, 2000; Stank et al., 1999, 2003; Yu and Dean, 2001). Loyalty increases repurchase behavior because loyal customers demonstrate greater resistance to counter persuasion and negative word of mouth. Loyal consumers might be less price sensitive, and decrease the risk of defection due to competitors’ promotional activities (Stank et al., 2003).

Oliver (1999) believes that customer loyalty is the repeat purchase intention of a customer toward a service or product no matter the varying influencing situations or marketing activities. Bettencourt (1997) found that relationship commitment had a strong positive effect on loyalty; the higher the customer commitment, the more willing the customer is in providing word-of-mouth recommendations for the business. Therefore, this study proposes the following hypothesis:

H7. The higher the customer’s relationship commitment, the higher the customer loyalty.

Yi and Jeon (2003) believe a customer loyalty program is a useful marketing tool designed to increase loyalty by providing incentives to consumers through added benefits. A successful customer loyalty program further strengthens the relationship between existing customers, lengthening customer life cycle, and increasing its share of customer expenditure. The overall objectives of these programs are to enhance consumer repeat purchase behavior and increase customer conversion costs of switching stores by stimulating product or service usage (Magi, 2003). Magi (2003) also found that retail loyalty programs had a high degree of influence on customers’ share-of-purchase and share-of-visits. In this study, we propose the following assumptions:

H8. Customer loyalty programs have a positive impact on customer loyalty.

Research framework and methods
This study focuses on the antecedents of relationship quality (customer loyalty program and service quality), as well as relationships consequences (relationship commitment and loyalty). This study proposes a conceptual framework, as shown in Figure 1.
This study uses software SPSS version 12.0 and AMOS version 5.0 for statistical analysis. To test the hypotheses presented in this study, the following statistical methods were used: reliability analysis, factor analysis, and path analysis.

This research targets department store customers in Taiwan. Surveys to collect data from consumers as they were leaving department stores in Taiwan were conducted. The study population consists of shoppers of major department stores in a Taiwan city. Potential respondents were approached and asked to participate in a short interview. They were told that the research was being conducted by universities, and the individual results were to be kept strictly confidential. A total of 600 surveys were conducted, 528 were collected for a recovery rate of 88 percent. By deducting incomplete surveys, 480 qualified surveys remained for an effective collection rate of 80 percent. In the sample, a total of 141 were male (29.4 percent) and 338 female (70.4 percent). The highest concentration of ages was between 18 and 35 years, representing 136 people (65.9 percent).

Data analysis

Factor analysis and reliability analysis

After testing, the customer loyalty programs scale (Minimum Purchase Gift Card, Membership Card Rebate, and Lottery Draw) deleted “Minimum Purchase Gift Card one item”, “Membership Card Rebate three items,” and “Lottery Draw two items” for a total of six items, leaving nine items on the scale. Using the largest variance in the orthogonal rotation factor analysis to extract the three factors larger than one, the cumulative explained variance was 75.579 percent. Because the composition of each factor's Cronbach's Alpha value was greater than 0.7, this indicates a good and credible scale. In addition, the dimensions of each factor are consistent with the original design of this study, proving that this scale has appropriate constructive validity. The original design of the department store service quality scale was constructed with six items. After statistical analysis, no item was deleted with an eigenvalue of 3.679 for a cumulative
explained variance of 61.309 percent. Because the composition of each factor has a Cronbach's Alpha value of 0.861, this indicates the scale is reliable.

The relationship quality scale contains customer satisfaction (five items) and trust (five items). After trial testing, three items of customer satisfaction were deleted leaving a remainder of seven questions. Using the largest variance in the orthogonal rotation factor analysis to extract the two factors larger than one resulted in a cumulative explained variance of 75.579 percent. Because the composition of each factor had a Cronbach’s Alpha value greater than 0.7, this shows that the scale is reliable.

Through factor analysis, the relationship commitment scale has an eigenvalue of 3.705 and a cumulative explained variance of 74.101 percent. Because the factor composition has a Cronbach’s Alpha value of 0.912 and is consistent with the original design, this proves the scale is reliable. In addition, the customer loyalty program scale has an Eigenvalue of 6.293 and a cumulative explained variance of 69.918 percent. Because the factor composition has a Cronbach’s Alpha value of 0.946 and is consistent with the original design, this proves that the scale is reliable.

**Customer perceived value for customer loyalty programs**

This study uses ANOVA analysis to find the significant perceived differences between the customer loyalty programs (Minimum Purchase Gift Card, Membership Card Rebate, and Lottery Draw) of three department stores in a Taiwan city. For commercial confidentiality, A, B, and C represent the names of the three department stores.

There is a significant difference ($F = 9.975, p < 0.001$) of the perceived value of the Minimum Purchase Gift Card for the customers of the three department stores. The Duncan test in Table I indicates that the customers of department store A have a significantly higher perceived value of the Minimum Purchase Gift Card than those of department store C. Department store B has a significantly higher perceived value than department store C.

There is a significant difference ($F = 3.15, p < 0.05$) in the perceived value of Membership Card Rebates for the customers of the three department stores. The Duncan test in Table I indicates that the customers of department store A have a significantly higher perceived value of Membership Card Rebates than department store C. Department store B has a significantly higher perceived value than department store C.

There is a significant difference ($F = 25.9, p < 0.001$) in the perceived value of Lottery Draw for the customers of the three department stores. The Duncan test in Table I indicates that the customers of department store A have a significantly higher perceived value of the Lottery Draw than department store C. Department store B has a significantly higher perceived value than department store C.

<table>
<thead>
<tr>
<th>Perceived value of customer loyalty program</th>
<th>Average</th>
<th>Store A</th>
<th>Store B</th>
<th>Store C</th>
<th>$F$-value</th>
<th>Duncan test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Purchase Gift Card</td>
<td></td>
<td>5.19</td>
<td>5.28</td>
<td>4.77</td>
<td>9.975***</td>
<td>(A, C), (B, C)</td>
</tr>
<tr>
<td>Membership Card Rebate</td>
<td></td>
<td>5.27</td>
<td>5.20</td>
<td>4.97</td>
<td>3.135*</td>
<td>(A, C), (B, C)</td>
</tr>
<tr>
<td>Lottery Draw</td>
<td></td>
<td>4.40</td>
<td>5.24</td>
<td>4.58</td>
<td>25.900***</td>
<td>(A, B), (B, C)</td>
</tr>
</tbody>
</table>

**Note:** Significance at: $^* p < 0.05$, $^{**} p < 0.01$ and $^{***} p < 0.001$
Analysis of theoretical models and goodness of fit

This study uses the AMOS version 5.0 to verify the structural equation modeling (SEM) and uses the maximum likelihood to analyze the theoretical models for goodness of fit. The use of SEM estimates the effects simultaneously and is thus more true to the simultaneous nature of the impact of these variables in the research model. It also allows for convenient estimation of the effects of individual predictors (Ou et al., 2006).

The theoretical model fit analysis achieved significant results: $\chi^2 (3) = 7.492$ ($p = 0.058$), with a standard $\chi^2$-value ($=2.497$) between the acceptable range of 1 and 3. In addition, GFI = 0.996 is higher than the accepted standard value of 0.9; here, the closer the value is to 1, the better indication of goodness of fit. AGFI = 0.953 and CFI = 0.998 is higher than the accepted standard value of 0.9; RMSEA = 0.056 is lower than the accepted standard value range of 0.08; the mean residual square root of RMR ($=0.01$) is lower than the acceptable standard value 0.05. A value close to 0 suggests a better goodness of fit. Overall, we found that the model had an acceptable goodness of fit.

Significance of hypotheses

The impact of customer loyalty programs on relationship quality

In the impact of customer loyalty programs on satisfaction, Minimum Purchase Gift Cards had a significant positive effect on satisfaction ($\gamma = 0.247, p < 0.001$), Membership Card Rebate had no significant effect on satisfaction ($\gamma = -0.055, p > 0.1$), and Lottery Draw had a significant positive effect on satisfaction ($\gamma = 0.382, p < 0.001$). From this, we see that $H1$ “customer loyalty program has a significant positive impact on customer satisfaction” is partially supported.

In the impact of customer loyalty programs on trust, Minimum Purchase Gift Cards had no significant effect on trust ($\gamma = 0.061, p > 0.1$), Membership Card Rebates had a significant positive effect on trust ($\gamma = 0.107, p < 0.05$), and Lottery Draws had a significant positive effect on trust ($\gamma = 0.186, p < 0.001$). From this, we see that $H2$ “customer loyalty program has a significant positive impact on trust” is partially supported.

The impact of service quality on relationship quality

In the impact of service quality on satisfaction, service quality had a significant positive effect on satisfaction ($\gamma = 0.293, p < 0.001$). From this, we see that $H3$ “service quality has a significant positive impact on satisfaction” is true. In the impact of service quality on trust, service quality had a significant positive effect on trust ($\gamma = 0.518, p < 0.001$). From this, we see that $H4$ “service quality has a significant positive impact on trust” is true. Thus, service quality has a significant positive impact on relationship quality.

The impact of relationship quality on relationship commitment

In the impact of customer satisfaction on relationship commitment, satisfaction had a significant positive effect on relationship commitment ($\beta = 0.642, p < 0.001$). From this, we can see that $H5$ “Customer satisfaction has a positive impact on the relationship commitment” is true. Moreover, in the impact of trust on relationship commitment, trust had a significant positive effect on relationship commitment ($\beta = 0.331, p < 0.001$). From this, we can see that $H6$ “Customer trust has a positive impact on the relationship commitment” is true. Therefore, relationship quality has a significant positive impact on relationship commitment.
The impact of relationship commitment on customer loyalty
Relationship commitment had a significant positive impact on the loyalty ($\beta = 0.331, p < 0.001$). From this, we can see that $H7$ “The higher the customer’s relationship commitment, the higher the customer loyalty” is true.

The impact of customer loyalty programs on loyalty
Membership Card Rebates in customer loyalty programs had a significant positive impact on loyalty ($\gamma = 0.096, p < 0.01$); Lottery Draws had a significant positive impact on loyalty ($\gamma = 0.111, p < 0.001$). However, the Minimum Purchase Gift Card had no significant impact on loyalty ($\gamma = 0.040, p > 0.1$). From this, we can see that $H8$ “customer loyalty programs have a positive impact on customer loyalty” is partially supported.

Path analysis is found in Table II.

Conclusions
The impact of customer loyalty programs on relationship quality
The results showed that the hypothesis “customer loyalty programs had a significant positive impact on customer satisfaction” was partially supported; the customer loyalty program’s significant positive impact on trust was also partially supported.

Shoemaker and Lewis (1999) suggested a satisfactory customer loyalty program reduces customer dissatisfaction and reinforce satisfaction. However, a poorly designed customer loyalty program may produce adverse effects. The study results show that Minimum Purchase Gift Cards and Lottery Draws in customer loyalty programs have a positive significant impact on customer satisfaction, while Membership Card Rebates showed no significant results. Therefore, “customer loyalty programs have a significant positive impact on customer satisfaction” was only partially supported. This may be the result of customer dissatisfaction with poorly designed Membership Card Rebates.

In addition, for Minimum Purchase Gift Cards, no significant impact on department store customers’ trust was observed. This indicates trust may not be

<table>
<thead>
<tr>
<th>Path</th>
<th>Hypothesis</th>
<th>Standardized coefficient</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Purchase Gift Card</td>
<td>$H1$</td>
<td>0.247 **</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>$H1$</td>
<td>-0.055</td>
<td>Not supported</td>
</tr>
<tr>
<td>Lottery Draw</td>
<td>$H1$</td>
<td>0.382 **</td>
<td>Supported</td>
</tr>
<tr>
<td>Minimum Purchase Gift Card</td>
<td>$H2$</td>
<td>0.061</td>
<td>Not supported</td>
</tr>
<tr>
<td></td>
<td>$H2$</td>
<td>0.107 *</td>
<td>Supported</td>
</tr>
<tr>
<td>Lottery Draw</td>
<td>$H2$</td>
<td>0.186 ***</td>
<td>Supported</td>
</tr>
<tr>
<td>Service quality</td>
<td>$H3$</td>
<td>0.293 ***</td>
<td>Supported</td>
</tr>
<tr>
<td>Service quality</td>
<td>$H4$</td>
<td>0.518 ***</td>
<td>Supported</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>$H5$</td>
<td>0.642 ***</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>$H6$</td>
<td>0.331 ***</td>
<td>Supported</td>
</tr>
<tr>
<td>Relationship commitment</td>
<td>$H7$</td>
<td>0.648 ***</td>
<td>Supported</td>
</tr>
<tr>
<td>Minimum Purchase Gift Card</td>
<td>$H8$</td>
<td>0.040</td>
<td>Not supported</td>
</tr>
<tr>
<td></td>
<td>$H8$</td>
<td>0.096 **</td>
<td>Supported</td>
</tr>
<tr>
<td>Lottery Draw</td>
<td>$H8$</td>
<td>0.111 ***</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Notes: Significance at: * $p < 0.05$, ** $p < 0.01$ and *** $p < 0.001$; $R^2$: Trust, 0.535; satisfaction, 0.510; relationship commitment, 0.363; loyalty, 0.736

Table II. Path analysis
formed by the design of Minimum Purchase Gift Cards. We believe the incentive of short-term marketing activities, such as Minimum Purchase Gift Cards, is not sufficient for trust. Trust is the result from the customers’ faith and confidence after receiving service from a provider (Huang and Liu, 2010; Morgan and Hunt, 1994). When the customer affirms the department stores’ loyalty program is fair and just, the generated trust toward the department store is positive. However, when customers feel distrust toward the design of loyalty programs, their consumption behavior reflects this.

The impact of service quality on the relationship quality
Study results show a significant positive impact of service quality on customer satisfaction; hence, there is a significant relationship between service quality and satisfaction (Anderson and Narus, 1990; Cameran et al., 2010; Crosby et al., 1990; Herington and Weaven, 2009; Hu et al., 2009; Jamal and Anastasiadou, 2009; Parasuraman et al., 1988). Service quality has a significant positive impact on trust, which is aligned with the view of Nicholson et al. (2001) that the customers’ perception of service quality affects the level of trust given a service provider.

The impact of relationship quality on relationship commitment
This study found that both the impact of customer satisfaction and trust positively and significantly impact the relationship commitment. This aligns with previous findings of customer satisfaction and trust having a significant positive impact on relationship commitment (Bennet and Cadogan, 2001; Hennig-Thurau et al., 2002; Moliner et al., 2007; Morgan and Hunt, 1994).

The impact of relationship commitment on customer loyalty
Results show that the higher the relationship commitment, the higher the loyalty. This confirms previous findings that relationship commitment has a significant positive impact on loyalty (Bennet and Cadogan, 2001; Bettencourt, 1997; Evanschitzky et al., 2006).

The relationship between customer loyalty programs and customer loyalty
Successful loyalty programs further strengthen the relationship between existing customers, increase customer life cycles, increase the share of customer expenditure, and thereby strengthen customer loyalty. Magi’s (2003) study pointed out that retail loyalty programs have a large influence on customers’ share-of-purchase and share-of-visits. To verify the impact of department store customer loyalty programs on loyalty, we found that the design of Membership Card Rebate and Lottery Draw had a significant positive impact on customer loyalty. However, only Minimum Purchase Gift Cards displayed no significant influence. We believe the incentive of short-term customer loyalty programs, such as Minimum Purchase Gift Cards, is not sufficient for customer loyalty. If customer loyalty programs are not designed to meet customer demands, they will not be recognized by customers, let alone build their loyalty.

Managerial implications
Retailers’ sales come from long-term customers. Therefore, organizations need a loyal customer base for profits and sustainable growth. Based on the results of this study, we propose the following management recommendations.
First, we found that Membership Card Rebate and Lottery Draw of customer loyalty programs had a significant positive impact on loyalty. However, only Minimum Purchase Gift Cards displayed no significant influence on loyalty. In the design of Minimum Purchase Gift Card, customers may question the sincerity of the department stores’ rebate and impact their level of trust. For example, vouchers provided only for high minimum expenditure or restrictions on the purchase of items are sources of gaining customers’ distrust. We recommend that the minimum purchase amount for vouchers should be lowered so that consumers are motivated to purchase again. Costs can be shared with suppliers based on a suitable ratio so that both parties achieve desired results.

Second, consumers usually show high expectations and dependency on the rebate gifts of customer loyalty programs provided by the retailers. Therefore, the gifts chosen should try to meet consumer expectations as closely as possible. Consumers may criticize these gifts as useless and trivial from the consumers’ self-interest perspectives; therefore, organizations should listen to the advice of customers and sales representatives in choosing suitable gifts to win consumer satisfaction and trust.

Third, relationship commitment significantly impacts customer loyalty; hence, the higher the commitment, the more willing the customer is to spread word of mouth and provide recommendations. This study suggests that retailers should provide appropriate responses to customer feedback, as well as frequent non-commercial activities to enhance customer interaction and corporate reputation. Examples include: public welfare activities, social group management, and society activities. A fruitful, long-term relationship can be enhanced through the interaction between the customer and business.

Finally, marketing activities must be designed to meet customer spending habits and consumption levels, especially for customer loyalty programs. For retailers to establish good customer loyalty, not only is service quality, relationship quality, and good customer relationship management important, but the design of customer loyalty programs must also be able to provide differentiation. Retailers are recommended to gather customers’ data, such as share of wallet, travel time to the store, lifetime duration, or even customer loyalty card portfolios, and then make use of these data to segment. With the information, retailers can embark on tailored incentives and promotional strategies to attract distinctive segments and restore their patronage (Meyer-Waarden, 2007). For instance, based on the information from customer loyalty programs, providing priority parking permits to premium customers or customers of long travel time to the store is recommended. The travel time to a store is assumed to measure the effort, both physical and psychological, to reach a retailer (Darley and Lim, 1999; Ou and Abratt, 2006). Travel time has negative effects on the utility. However, the negative impact of travel time could be partly compensated by ease of parking. It is appropriate for restaurants, department stores, and grocery stores. Another example would be sending different direct mails to different targeted audiences based on their annual consumption in Membership Card Rebate activities. This allows these premium customers to receive preferential treatment when shopping at the store in comparison to regular members. Moreover, the rebate gifts to premium customers should be different from regular members and the gifts to different age levels should be different so that customers can experience the thoughtfulness and importance that the retailer places on these activities. These loyal customers will decide to shop at these retailers first, which allows a long-term relationship to grow between consumer and business.
Research limitations
In this study, all variables were measured at one point in time in this research, thus essentially from a static perspective (Bloemer and de Ruyter, 1998; Ou and Abratt, 2006). Given the emphasis on the practical application of data collection, dynamic relationship quality over time was not surveyed here. It is recommended that further interpretation of the findings for other circumstances should be made with caution.

Recommendations for future research
First, because most existing relationship quality studies are quantitative, it requires more qualitative studies to obtain more detailed insights into the variables that impact relationship quality. The complex constructs involved in relationship quality, its inherent dimensions, its antecedents, and its consequences call for significantly more qualitative enquiries to make richer theory available (Athanasopoulou, 2009). Second, future study may investigate whether the relationships between customer loyalty programs and consumer behavior vary across different retailers (for example, convenience stores, discount outlets, bookstores, and grocery stores), and different industries (for example, restaurants, airlines and electronic commerce). Especially, for electronic commerce, trust of online retailers is more difficult to build than bricks-and-mortar stores, because the lack of human interaction and physical facilities make online retailers less certain to customers than bricks-and-mortar stores. Customer loyalty programs could play a part in easing customers’ uncertainty toward virtual retailers and developing trust between shoppers and online retailers. Virtual retailers could issue co-brand loyalty cards with prestige financial institutes to promote trust and reputation. Analyzing the relationships between customer loyalty programs, trust, corporate reputation, and inter-purchase time for online retailers is highly recommended.

Given the diversity of service industries, researchers may assess how the model works in varying service industry contexts (Hu et al., 2009; Ou et al., 2006). The possible links between customer loyalty programs and consumer behavior could be examined in future research for better understanding of relationship marketing. The nature of relationship quality in various contexts remains a vital issue for future marketing studies.

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