Are Tesco customers exhibiting a more social type of loyalty towards Tesco and Tesco Clubcard? A critical analysis of the nature and type of Tesco customer loyalty to Tesco in Dundee.

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Declaration

I declare that the following thesis is all my own work and has not been copied or plagiarised from any other source. I have read and understood the University's Academic Deceit Policy and Procedures and have fully complied with all of its requirements in this thesis. The thesis does not contain material accepted for any other degree or diploma at any University.

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Abstract

The aims of the thesis are two-fold. The first aim is to evaluate the antecedents which influence loyalty to Tesco and Tesco Clubcard, contending that customer loyalty is influenced by factors of both a social and marketing nature. The second aim is to assess the nature and type of loyalty exhibited by Tesco customers towards Tesco and Tesco Clubcard. These two aims derive from the research question 'What are the antecedents of loyalty exhibited by Tesco customers towards Tesco and Tesco Clubcard?' and are integrated in the research hypotheses to be addressed in the research: H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard, was *supported*; H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard, was *supported*; H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard, was *not supported*. The context to this research is that loyalty to grocery retailers is argued to be based on satisfaction, trust and commitment, with loyalty programmes playing an 'incentivising' role in customer loyalty. Using 600 questionnaires conducted at 2 Tesco formats, Tesco Extra and Dundee Riverside Extra in Dundee, Scotland with Tesco customers and 20 interviews at the homes of female Tesco customers aged 51 and over, the research drew a number of conclusions. The first conclusion from the research is that there are significant positive relationships between all the tested antecedents (satisfaction, trust, commitment, recommendation, emotional attachment and passion) and loyalty, indicating a level of respondent loyalty which has a 'social' dimension to it. However, customer loyalty towards Tesco and Tesco Clubcard is not particularly 'social' in nature, it was premised on the antecedents of happiness/satisfaction, trust and to a lesser extent commitment with grocery shopping viewed as a practical activity and different from a social relationship. The second conclusion was that Tesco customers

were spuriously loyal to Tesco and Tesco Clubcard, loyal because of convenience and to a lesser extent incentives. By convenience the research revealed Tesco's ability to create an environment which encouraged customers to rely on their convenient store location and accessible opening hours, operating a near monopoly with its 8 stores across all retail formats in convenient locations in Dundee and Broughty Ferry and the ease in which customers can use Tesco Clubcard and the lack of effort required to access offers. The third conclusion was that Tesco customers were more loyal to Tesco than Tesco Clubcard with the majority of interviewees referring to Tesco and Tesco Clubcard being 'one entity'. This underlines the perceived limited capacity of Tesco Clubcard to increase frequency to or spend in store and the importance of the peculiarities of Tesco as a grocery retailer in Dundee. By peculiarities this research referred to Tesco's retail dominance in Dundee in terms of market share, number and location of stores, the staff employed, it's varied online and offline 'grocery package' and its use of the media to remind customers that they are attempting to build a relationship, almost social in nature with their customers, a fact acknowledged by a number of interviewees. The fourth conclusion was that females, particularly those aged 51 and over were the most loyal to Tesco and Tesco Clubcard, argued to be because it was in their nature to invest time and effort into maintaining relationships and friendships which translated into their shopping behaviour. The final conclusion was in terms of the characteristics of a Tesco customer most likely to be loyal, someone who always used Tesco, driving past other grocery retailers to patronise a Tesco store, would recommend Tesco to others, had a family member employed or previously employed by Tesco, owned and always used their Tesco Clubcard, preferred Tesco as a grocery retailer and would not switch their current loyalty from Tesco, frequented the store 1-3 times a week and were aged between 58 and 63. These conclusions contribute to existing research in the areas of customer loyalty and loyalty programmes in three parts. First, this study consolidates and takes research forward in the areas of loyalty

programmes, customer loyalty and the role of age and gender in customer loyalty. Second, the research identifies the peculiarities of Tesco in Dundee and the capacity of these peculiarities to engender convenient loyalty among customers. Finally, as one of only a handful of studies on Tesco and Tesco Clubcard the results should prove useful to academics and practitioners alike given the high levels of interest into why Tesco and Tesco Clubcard are so successful in the UK grocery retail sector.

Chapter One: Introduction

1.1 Research background

The contextual background to this research is one of Tesco's dominance in the UK grocery retail sector (Lyons, 2007, Davey, 2006, Anon, 2005bc, Palmer, 2005). In 2009 Tesco had 20 million customers and 18 million households patronising a Tesco store (Davey, 2009) drawn from a wide cross-section of the UK population (Findlay and Sparks, 2008). In terms of overall customer spend £1 in £7 spent in the UK is on Tesco products or services (Smith and Wood, 2008). In Dundee (including Broughty Ferry), Tesco has a dominant position since its take over of Wm Low in 1994 (Fernie and Woolven, 1995, Sparks, 1995) with 8 Tesco stores which include the Extra, Superstore, Metro and Express formats. In Scotland as a whole, Tesco had a 31% share of the food market in 2006 (in the UK the figure was also 31% (Anon, 2006b), declining slightly to 30.7% in January 2009 (Berwin, 2009)) and possessing the largest market share in 14 of the 16 postcode areas in 2009 (MacDonald, 2009). This dominant position has been supported by its Tesco Clubcard, the popularity of which is illustrated by 1 in 2 households in the UK possessing a Tesco Clubcard (Davey, 2009) and it having 16 million members (Anon, 2009) since its introduction in 1995.

The success of Tesco as a grocery retailer in the UK provided this research with an area in which to investigate and explore the issues surrounding their success, specifically the nature and type of loyalty customer's exhibit towards Tesco and the role Tesco Clubcard plays in this loyalty. Although research into customer loyalty and loyalty programmes is

not new in academic circles, there remain a number of gaps in the literature which will be addressed by this research.

Discussion of which antecedents make an individual loyal in a marketing context has been prevalent in academic literature since the 1980's (Fullagar and Barling, 1989). It is considered to depend on one or a combination of multiple dimensions which include attitude and behaviour (Jayanti et al, 2004, Raymond, 2000, Debling, 1998, Ha, 1998, Baldinger and Ruben, 1996, Dick and Basu, 1994, Williams, 1992, Rothschild and Gaidis, 1981, Jacoby and Chestnut, 1978), customer satisfaction (Hogarth et al, 2004, Bloemer and De Ruyter, 1998, Mittal and Lassar, 1998), trust and commitment (Adamson et al, 2003, Morgan and Hunt, 1994) and a level of emotional attachment and dependency (Wong, 2004, Griffin, 2002, Yu and Dean, 2001).

Research into the dimensions of social relationships, i.e. between two human parties, reveal similarities to marketing relationships, with a requirement of satisfaction (Sprecher, 1999, Berg, 1984, Rusbult, 1983, Cate et al, 1982), trust and commitment (Gonzaga et al, 2001, Sprecher, 1999, Rempel et al, 1985, Rusbult, 1983) attachment (Feeney and Noller, 1990, Shaver and Hazan, 1988, Hazan and Shaver, 1987, Morris, 1982, Parks and Stevenson-Hinde, 1982) and emotion (Keltner and Kring, 1998, Baumeister et al, 1995, Nesse, 1990). The only explicit difference appears to be the aspects of love (Shaver and Hazan, 1988, Hendrick and Hendrick, 1986, Hendrick et al, 1984, Lee, 1973) and its composite components, passion (Aron and Westbay, 1996,

Sternberg, 1986, Tennov, 1979) and intimacy (Fletcher et al, 1999, Fletcher et al, 1994, Sternberg, 1986, Sternberg and Grajek, 1984, Fletcher and Stricker, 1982).

Based on the similarities between social and relationship marketing in terms of the antecedents of loyalty, this research intends to investigate customer loyalty in the grocery retail sector from both perspectives. Although such research is not new, Zineldin (2002); Kanter (1994), Frazier (1983) and Guillet de Monthoux (1975) have examined buyer/seller relationships in terms of romance, specifically marriage. The marriage metaphor as a method to examine business relationships has also been examined by Johnston and Hausman (2006), Dwyer et al (1987) and Levitt (1983), with Iacobucci and Ostrom (1996) with Wish et al (1976) examining relationship marketing in terms of interpersonal and social relationships. However, such research is not exhaustive either with Hart et al (1999) arguing that customer loyalty is still relatively unexplained, with little research into comparing and contrasting the antecedents of each relationship between social and marketing relationships (Kanter, 1994, Frazier, 1983, and Guillet de Monthoux, 1975).

This research will build on the work of authors such as Cedrola and Memmo (2010), Ndubisi and Madu (2009), Yavas and Babakus (2009), Ndubisi (2006), Snipes, et al (2006), Harmon and Hill (2003), Bendall-Lyon and Powers (2002), Rusbult et al (1986) and Rempel et al (1985) who revealed gender impacted on levels of customer loyalty, arguing females exhibit higher degrees of loyalty than males. The role of gender was investigated further through the work of Patterson (2007) who revealed that female

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loyalty was especially true among the older, more mature females of 38 and over. This research has been conducted in a variety of contexts, loyalty cards in Italy (Cedrola and Memmo, 2010) and the UK (Harmon and Hill, 2003), banking in Malaysia (Ndubisi and Madu, 2009), the service sector in Australia (Patterson, 2007) and customer satisfaction in the USA (Snipes et al, 2006). However this research is not exhaustive, especially in the grocery retail sector in the UK where little research has been conducted on the role of age and gender on customer loyalty and hence this research will assess if the conclusions of previous studies can be applied to the grocery retail sector in the UK.

When compared to the firm, Tesco Clubcard has received less criticism in the literature, appearing, at least superficially, as being different from other loyalty programmes, less susceptible to the limitations levelled at loyalty programmes and capable of creating "an environment that encourages loyalty", Duffy (2003, p.484) where the necessary components of convenience, relevance, aspirational value, cash value and the choice of redemption (O'Brien and Jones, 1995) are combined with a 'community' orientation integrated from top down and bottom up in the organisation. However, Tesco Clubcard is arguably still susceptible to the assertion that, like any other loyalty programme, it is capable of creating no more than an incentivised and spurious loyalty (Bridson et al, 2008, Leenheer et al, 2007, Rowley, 2007, Divett et al, 2003, Uncles et al, 2003, Yi and Jeon, 2003, Wright and Sparks, 1999, Duffy, 1998, O'Malley, 1998, Evans et al, 1997, Jones and Sasser, 1995). According to Meyer-Waarden (2007) and Lewis (2004) there is still a lack of empirical discussion on loyalty programmes and in particular Tesco Clubcard and hence why this research wishes to investigate whether previous academic

research findings that customers exhibit 'incentivised' loyalty towards loyalty programmes is replicated for Tesco Clubcard or if Tesco customers are loyal because of incentives or for another reason(s), namely convenience, habit, no choice, price or are emotionally loyal.

One area of 'community' which is investigated in this research is the Tesco Clubs and the role they play in supporting Tesco Clubcard and their influence in generating customer loyalty. This research will build on the work of Roos et al (2005), Gustafsson et al (2004), Stauss et al (2001) and Liebermann (1999) who examined customer clubs predominantly in the car industry and found a link between membership and increased patronage and retention. This research attempts to understand if Tesco Clubs are well subscribed amongst Tesco customers and based on levels of subscription, the role club membership plays in a Tesco customer's loyalty.

1.2 Research approach

Following a review of the literature the study developed the research question 'What are the antecedents of loyalty exhibited by Tesco customers towards Tesco and Tesco Clubcard?' which is addressed through two aims. The first aim is to evaluate the antecedents which influence loyalty to Tesco and Tesco Clubcard, contending that customer loyalty involves antecedents from both the social relationship and marketing relationship literature. The second aim is to assess the nature and type of loyalty exhibited by Tesco customers towards Tesco and Tesco Clubcard.

To tackle the aims of the research the study incorporates a mixed method approach, using, in the first instance interviewer-completed questionnaires with a quota sample of 600 Tesco customers at 2 Tesco formats, Tesco Extra and Dundee Riverside Extra over six days in September and October 2006. To examine the themes to emerge from the quantitative research 20 semi-structured interviews were conducted in April 2008 with females aged 51 and over who were customers of Tesco stores in Dundee.

1.3 Structure of the thesis

To address the aims of the research the thesis is structured as follows: Chapter Two reviews the literature concerning the nature and type of customer loyalty in the grocery retail sector, providing an in-depth review of theoretical and empirical literature in the areas of customer relationships, social relationships and the nature and type of loyalty. This chapter draws parallels between social relationships and Relationship Marketing (RM) in terms of relationship phases and processes and the antecedents involved in engendering loyalty prior to examining the nature and type of customer loyalty examining the loyalty models of amongst others, Sopanen (1996ab), Walker and Knox (1995) and Dick and Basu (1994).

Chapter Three evaluates academic discussion surrounding loyalty programmes which exist in the UK and in particular the grocery retail sector, analysing the rationale and potential limitations of such schemes as well as the impact of loyalty cards, particularly Tesco Clubcard on customer loyalty and the type of loyalty it is capable of engendering using the model of, amongst others, Sopanen (1996ab) to provide academic context. Specific attention is given to Tesco Clubcard and the dimensions, for example Tesco

Clubs, which differentiate it from other loyalty programmes in the grocery retail sector, suggesting that Tesco Clubcard has the potential, at least in theory, to create more than a spurious level of customer loyalty.

Chapter Four examines the research methodology employed. In this chapter the research method is justified, with the quantitative and qualitative methods explained and questions used, evaluated and discussed in the context of the literature. The chapter describes the survey design which comprised interviewer-completed questionnaires and semi-structured interviews and outlines the pre-testing procedures before discussing the sampling framework.

Chapter Five presents the quantitative analysis of data relating to respondents' shopping profiles and the nature of their loyalty towards a 'preferred' grocery retailer and Tesco Clubcard. The chapter investigates the data on frequency of shopping, preferred grocery retailer and factors which are the most and least important in a respondent's choice of grocery retailer before discussing respondent's definitions of loyalty. The chapter then provides a comparative analysis of the nature of a customer's loyalty towards their preferred grocery retailer and Tesco Clubcard, discussing the antecedents of satisfaction, trust, commitment, passion and emotional attachment as well as recommendation with the variables age, gender, frequency of shop, store type and preferred grocery retailer tested for significance. Correlations are also used to test relationships between antecedents and loyalty to address the aims and hypotheses of the study.

Chapter Six presents the quantitative results on the type of loyalty, Tesco customers have towards Tesco Clubcard and their preferred grocery retailer. The chapter investigates loyalty programmes, in terms of loyalty card ownership and customer's rationale for using the Nectar and Somerfield Savers cards and why respondents use Tesco Clubcard and their opinions on what Tesco gains from Tesco Clubcard. The chapter then provides insight into the type of loyalty respondents have towards Tesco Clubcard and their preferred grocery retailer, discussing the antecedents of convenience, incentives, price, no choice and habit, with the variables age, gender, frequency of shop, store type and preferred grocery retailer tested for significance. Correlations are also used to test relationships between antecedents and loyalty to Tesco Clubcard to address the aims and hypotheses of the study.

Chapter Seven presents the qualitative results on the nature and type of loyalty towards Tesco Clubcard and preferred grocery retailer among female Tesco customers aged 51 and over. The chapter investigates the three themes to emerge from the quantitative analysis, namely that respondents were of the opinion that they have more of a relationship and more loyalty to Tesco than Tesco Clubcard; that there was a high level of loyalty to Tesco and Tesco Clubcard which is premised more on satisfaction, trust and to a lesser extent commitment rather than any emotional attachment or passion; and that the loyalty exhibited towards Tesco and Tesco Clubcard was not incentivised, rather was based on convenience. The subsequent discussion of the qualitative data will be couched in terms of the aims and hypotheses of the study.

The final chapter discusses the main contributions of this research. This chapter provides a summary of the findings and the contributions of the research in the context of the grocery retail sector. The chapter also considers the extent to which the research aims and hypotheses have been addressed. The final section considers the limitations, both methodological and in terms of the analysis, and recommendations for further research.

Chapter Two: Literature Review of Social and Customer Relationships

2.1 Introduction

The purpose of this chapter is to review the literature concerning loyalty and customer loyalty in the grocery retail sector. The literature review will assess loyalty concepts in relation to Tesco and Tesco Clubcard in order to develop a theoretical and methodological basis for this research. The chapter comprises an in-depth review of theoretical and empirical literature in the areas of customer relationships, social relationships and the nature of grocery retail loyalty.

2.2 Customer Relationship Marketing examines the theoretical literature in the broad field of Consumer Relationship Marketing (CRM) focusing on the behavioural component of *key customer focus* (Sin et al, 2005) and the implications CRM has for customer loyalty in the grocery retail sector.

2.3 Social Relationships provides an analysis of the inter-disciplinary literature on loyalty, in order to elicit key dimensions and meaning. This section will draw parallels between social relationships and marketing relationships in terms of relationship phases and processes and the antecedents involved in engendering loyalty. The literature review will examine the antecedents of loyalty both shared and unique to the marketing relationship and social relationship disciplines, prior to an analysis into the nature and type of customer loyalty in the grocery retail sector. The intention of this section is to assess whether the social relationship antecedents of intimacy and passion could be readily applied to current theory on customer loyalty and marketing relationships, complimenting the existing antecedents of satisfaction, trust and commitment and therefore address the first aim of this research, to evaluate

the antecedents which influence loyalty to Tesco and Tesco Clubcard, contending that customer loyalty involves antecedents from both the social relationship and marketing relationship literature and partially address the second aim, to assess the nature and type of loyalty exhibited by Tesco customers towards Tesco and Tesco Clubcard.

2.4 Summary provides a summary of the social relationship and marketing relationship literature before the review assesses the nature and type of customer loyalty towards the firm in **2.5 Loyalty Defined**. The section examines the loyalty models of Sopanen (1996ab), Walker and Knox (1995) and Dick and Basu (1994) reviewing the antecedents of the type of loyalty, specifically, convenience, incentives, habit, no choice, price and emotional and the key antecedents of the nature of loyalty namely, satisfaction, trust and commitment to partially address the second aim, to assess the nature and type of loyalty exhibited by Tesco customers towards Tesco and Tesco Clubcard. **2.6 Gaps in the literature** identify gaps in the literature, which the thesis attempts to address, and the chapter concludes with a summary in **2.7 Conclusion**.

2.2 Customer Relationship Marketing

The phrase 'customer relationships' first appeared in the marketing literature in the 1940's with the research of Culliton (1948), (Little and Marandi, 2003). However, it was not until the late 1970's and early 1980's that RM emerged through the research of, amongst others, Dwyer et al (1987) and Berry (1983ab). The fact that research began on customer relationships before RM illustrates the subtle differences between them and points to the difficulties in providing a suitable and comprehensive definition of Customer Relationship Marketing (CRM), (Nevin, 1995) as both

'customer relationships' and 'RM'; although different in phraseology, essentially mean the same, that of focus on and fulfilment of, customer needs (Mitussis et al, 2006, Little and Marandi, 2003, Healy et al, 2001, Gruen, 1995, Berry, 1983ab). With regards to the difference(s) between CRM and RM, authors such as Payne (2000), Jackson (1985) and Berry (1983ab), have attempted to distinguish between the two and provide an adequate definition. However a universally accepted definition is problematic due to firstly the phrases CRM and RM often being used in an interchangeable fashion (Paravatiyar and Sheth, 2000) as a result of close similarities between the two concepts. Secondly, because concepts affecting customers, namely relationships, retention and loyalty are often confused in the literature (Barnes et al, 2004, Barnes, 2003, Reinartz and Kumar, 2002, Barnes, 2001, Barnes, 1994).

Both CRM and RM are concerned with 'relationships' and can be evaluated on two levels. The first and more basic level is simply in terms of adding value (Zineldin, 2006, Clemmet, 1998) where the organisational motivation is to create a sustainable competitive advantage (Fraser-Robinson, 1997, Gronroos, 1997 and 1995, Heskett et al, 1994, Christopher et al, 1993 and 1991). The second level is where an organisation attempts to support the value concept with customer service "to improve customer satisfaction so that the bonds are strengthened and customer loyalty thereby achieved" (Ravald and Gronroos, 1996, p.19). In other words retailers can give the impression they 'add on' value to increase patronage and attempt a level of loyalty, or retailers can pay more than lip service to adding value by interpreting value in terms of the emotional and functional wants of a customer (Barnes, 2003) to engender a relationship where customers perceive contact as a serious attempt to reward their patronage (Barnes, 2003). Retailers who attempt to construct successful and

'valuable' loyalty relationships include the antecedent's satisfaction, trust, commitment, mutuality, a level of involvement or intimacy and loyalty (Couper, 2006, Mitussis et al, 2006, Wilson, 1995, Morgan and Hunt, 1994, Hague and Flick, 1989).

The relationship has a 'bond' between parties (Mitussis et al, 2006, Arndt, 1979), in the case of CRM, this 'bond' is between the final customer and the organisation, and regarding RM it is between numerous inter-related parties (Gronroos, 1997), or markets (Christopher et al, 1991), best illustrated by the six markets model[4]. Herein lies the subtle difference: although broadly similar it appears RM is more concerned with the relationship(s) between stakeholders in marketing transactions (Mitussis et al, 2006, Morgan and Hunt, 1994), is more strategic in nature (Zablah et al, 2004), and arguably more emotional and behavioural in nature (Sin et al, 2005, Yau et al, 2000). In other words RM is concerned with networks and interdependent relationships (Mitussis et al, 2006). CRM in contrast, is concerned with the relationship between the customer and the organisation (Tuominen et al, 2004, Verhoef, 2003, Tynan, 2000) with a commitment to retention and the lifetime value of customers (Ahmad and Buttle, 2002), achieved through targeting and personalising the customer message and a two-way flow of communication (Evans et al, 2004, Little and Marandi, 2003).

Although it is difficult for one definition to encapsulate the essence of CRM, it is nevertheless important to attempt a definition from which the analysis can progress. The definition provided by Gronroos (1997, p.327) is helpful in revealing the meaning

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[4] The model has six distinct, yet inter-related markets: Customer markets, Internal markets, Referral markets, Supplier markets, Recruitment markets, Influence markets (Christopher et al, 1991).

of CRM even though it refers to "other partners", which points to RM and the strategic associates of the six markets model (Christopher et al, 1991). According to Gronroos (1997, p.327) the purpose of CRM is "to establish, maintain and enhance relationships with customers and other partners, at a profit so that the objectives of the parties involved are met. This is achieved by mutual exchange and fulfilment of promises". This definition emphasises the 'mutual' nature of the relationship, but does not address the dimension that relationships are usually long-term, therefore a more appropriate definition would be that of Sin et al (2005, p.1266) who assert that CRM is "a comprehensive strategy and process that enables an organisation to identify, acquire, retain, and nurture profitable customers by building and maintaining long-term relationships with them". This definition is a more useful basis upon which to develop the examination of CRM and its underlying principles as it makes implicit reference to the nature of CRM, that of achieving "a much closer 'fit'…between the needs and characteristics of the consumer and the organisation's 'offer'" (Christopher et al, 2002, p.17), where an organisation recognises the need for understanding of "its customers, their individual preferences, expectations and changing needs" (Mitussis et al, 2006, p.575).

2.2.1 Customer focus

According to Sin et al (2005, p.1266) CRM is premised on "four behavioural components: *key customer focus*, *CRM organisation*, *knowledge management*, and *technology-based CRM*". Although the four aspects are inter-related, it would appear that the three other components support the *key customer focus*[5], i.e. to achieve a

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[5] By key customer the research means a customer's value and profitability to the firm. A key customer is someone who frequently patronises the store, spends increased amounts year on year and across all product categories. This is in contrast to a non-key customer who is more occasional in his/her patronage and does not spend increased amounts in store year on year (Sin et al, 2005).

customer focus an organisation requires technology, knowledge management and organisational commitment from the top down and bottom up. Therefore, for the purpose of this study the aspect of *key customer focus* will be examined in more depth, in contrast to the other three components, as a means to respond to the aims of this thesis, that of examining the nature of loyalty in terms of being more social than simply marketing based and the nature and type of loyalty exhibited by Tesco customers towards Tesco and Tesco Clubcard. *Key customer focus* places emphasis on being consumer-centric[6] (Sin et al, 2005, Knox et al, 2003), which embodies the aspects of personalisation and bespoke offers (Sin et al, 2005, Little and Marandi, 2003, Hart, 1995), aspects directly related to loyalty programmes (Capizzi and Ferguson, 2005).

When one examines the other three components suggested by Sin et al (2005), its consequences for CRM are clear, for instance, the *technology-based CRM* component has received academic attention because of its emphasis on information which is vital to the understanding and individual treatment of customers (Sisodia and Wolfe, 2000). Without customer information the achievement of consumer intimacy would be more difficult (Mitussis et al, 2006) and therefore it is arguably the basis from which organisations "maintain and expand mutually beneficial relationships" (Zikmund et al, 2002, p.3). *Technology-based CRM* also provides the basis from which *key customer focus* operates, which in turn has implications for customer loyalty. For example, the Tesco Clubcard generates data, leading to the identification

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[6] The understanding of individual consumer needs, wants and resources and the satisfaction of such individual needs and wants (Sin et al, 2005, Sheth et al, 2000).

and subsequent targeting of shoppers (Humby[7] et al, 2003). *Knowledge management* emphasises the learning and sharing aspects of information, the two-way flow of communication (Evans et al, 2004), which are integral to the building and maintenance of relationships. With regards to Tesco and Tesco Clubcard, "that knowledge comes from the data" (Humby et al, 2003, p.16) which is then successfully monitored and maintained (Miranda and Konya, 2008) through the aspect of the *CRM organisation* which is concerned with the whole organisation and the commitment, relationships and structure therein (Sin et al, 2005, Endacott, 2004, Evans et al, 2004). In other words, for CRM to be successfully implemented and maintained, an organisation must be consumer-centric (Sin et al, 2005, Lawer, 2004, Knox et al, 2003) both internally, i.e. a level of organisational commitment from the top down and bottom up (Jernigan et al, 2002) and externally, i.e. through integrating CRM with IT systems (Stefanou et al, 2003) to improve communications and/or developing the value added through "understanding not only customer purchasing patterns and trends but attitudes and preferences as well" (Stefanou et al, 2003, p.620).

The *key customer focus* is based on a number of inter-related concepts which are, customer-centric (Sin et al 2005, Sheth et al, 2000, Knox et al, 2003), key customer lifetime value identification (Sin et al, 2005, Venkatesan and Kumar, 2004, Bhattacharya and Sen, 2003, Jain and Singh, 2002), personalisation (Sin et al, 2005, Little and Marandi, 2003, Hart, 1995) and interactive cocreation marketing (Sin et al, 2005, Fox and Stead, 2001, Morgan and Hunt, 1994). Consumer-centric marketing emphasises the targeting of key customers based on value and profitability to the organisation (Christopher et al, 2002), i.e. customers the company wishes to maintain

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[7] One must qualify the objectivity of statements attributed to Clive Humby (Chairman of Dunnhumby), in light of Dunnhumby being the marketing analysts for Tesco and Tesco owning 83% of Dunnhumby (MoneyWeek, 2007).

and cultivate and those they wish to jettison (Newell, 2000) which, in the opinion of Lawer (2004, p.4), works particularly well for Tesco through "effectively combin[ing] a powerful service and relational consumer/market orientation with a highly fine-tuned micro-marketing capability using Clubcard".

Once key customers have been identified the organisation assesses their lifetime value potential, in other words "the sum of all future net incomes expected from a customer, translated into present-day terms" (Tapp, 2005, p.59). Those customers selected to have a 'relationship' with are then communicated to, in a customised and personalised manner, a tailored approach that is considered one-to-one marketing (Humby et al, 2003). Once this personalised relationship is created, it is vital for the organisation to not only maintain communication with the customer, but to include an element of cooperation and mutuality to the communication (Sin et al, 2005) in order to enhance the customer experience, levels of satisfaction, trust, commitment and ultimately loyalty (Hogarth et al, 2004, Bloemer and De Ruyter, 1998, Morgan and Hunt, 1994, Anderson and Sullivan, 1993) and avoid the charge of simply 'adding on' a customer focus.

The *key customer focus* aspect of CRM is a useful tool for marketing managers, allowing the collected customer information to be interpreted and developed into meaningful interactions. The information is shared both internally and externally to the organisation which enable the "delivering [of] superior and added value to selected key customers through personalized/customized offerings" (Sin et al, 2005, p.1267). It is this instrument of CRM, which is directly related to and underpins loyalty programmes, particularly Tesco Clubcard, in that it allows marketing

managers to identify key customers, discusses customer lifetime value, customisation and interaction to enable and enhance customer loyalty (Sin et al, 2005, Fox and Stead, 2001, Morgan and Hunt, 1994). However, use of *key customer focus* only allows the possibility for loyalty and the opportunity for enhancing customer loyalty, its use is by no means a guarantee of customer loyalty.

Research on *key customer focus* does not discuss the type of loyalty incurred and whether CRM has the capability to cultivate 'strong' or 'pure' loyalty (Humby et al, 2003), (termed supra-loyalty by Rafiq and Fulford, 2005 and emotional loyalty by Sopanen, 1996ab) where consumers trust the organisation, feel committed and are willing to provide positive referrals (Bickmore and Picard, 2005) or 'championing'[8] as argued by Humby et al (2003). The aspect of referrals is an important indictor to a customer's confidence in an organisation, where "a satisfied client tells a 'suspect' of his or her acquaintance about your products or services, and recommends them in such glowing terms" (Davies, 1992, p.99).

In the case of this research on Tesco, it is argued that there are two types of referral customers, those willing to provide referrals and 'mentors', who are "trusted advocate[s] of the brand" (Humby et al, 2003, p.140) and persuade others to become involved, particularly prevalent in Tesco Clubs (Humby et al, 2003) which is discussed in **Chapter Three**. The success of the 'referral relationship' is based on two aspects, the first is 'knowledge based trust' (Tzokas and Saren, 2004) where customers trust is founded on the organisation using the knowledge it possesses on individual customers to improve the relationship and the second is the organisation's

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[8] Where customers act as ambassadors for the Tesco brand, similar to advocates in the 'ladder of loyalty' (Payne et al, 1995), recommending Tesco on the basis of perceived value (Humby et al, 2003)

understanding of what knowledge is critical to the customer relationship (Tzokas and Saren, 2004). Whatever the level of referral, its existence in developing a customer focus is vital (Kleinberg and Badgett, 2007) as it creates a level of trust and believability (Griffin, 2002) amongst existing and prospective customers. Referrals may also indicate a level of customer passion about the organisation and its product and services and intimate a relationship between store and customer which may have links to the social relationship literature.

2.3 Social Relationships

The discussion of what constitutes a relationship and which antecedents make an individual loyal in a marketing context has been prevalent in academic literature since the 1980's (Fullagar and Barling, 1989). It is considered to depend on one or a combination of multiple dimensions which include attitude and behaviour (Dick and Basu, 1994, Jacoby and Chestnut, 1978), customer satisfaction (Hogarth et al, 2004, Bloemer and De Ruyter, 1998, Mittal and Lassar, 1998, Anderson and Sullivan, 1993), trust and commitment (Adamson et al, 2003, Morgan and Hunt, 1994) and a level of emotional attachment and dependency (Wong, 2004, Griffin, 2002, Yu and Dean, 2001). When one examines the dimensions of social relationships, i.e. between two human parties, there appears to be a number of similarities, with a requirement of satisfaction (Sprecher, 1999, Berg, 1984, Rusbult, 1983, Cate et al, 1982), trust and commitment (Gonzaga et al, 2001, Sprecher, 1999, Rempel et al, 1985, Rusbult, 1983), attachment (Feeney and Noller, 1990, Shaver and Hazan, 1988, Hazan and Shaver, 1987, Morris, 1982, Parks and Stevenson-Hinde, 1982) and emotion (Keltner and Kring, 1998, Baumeister et al, 1995, Nesse, 1990). The only explicit differences appear to be the aspects of love (Spreecher, 1999, Shaver and Hazan, 1988, Hendrick

and Hendrick, 1986, Hendrick et al, 1984, Lee, 1973) and its composite components, passion (Aron and Westbay, 1996, Sternberg, 1986, Tennov, 1979) and intimacy (Fletcher et at, 1999, Fletcher et al, 1994, Sternberg, 1986, Sternberg and Grajek, 1984, Fisher and Stricker, 1982).

Research, which examines marketing relationships in a social context, is neither exhaustive nor new. Stoltman and Morgan (2002), Zineldin (2002), Kanter (1994), Frazier (1983) and Guillet de Monthoux (1975) have examined buyer/seller relationships in terms of romance, specifically marriage, yet as argued by Zineldin (2002, p.549) "never present a sufficient explanation of why a business relationship is like a love affair or a marriage relationship". Zineldin (2002) did provide an explanation, concluding that there are four stages to both a business relationship and a marriage, each susceptible to similar action and influences (see **Table 1** in **2.3.1 Relationship phases**). The marriage metaphor as a method to examine business relationships has also been examined by Johnston and Hausman (2006), Dwyer et al (1987) and Levitt (1983) and adds to the discussion on social and marketing relationships. Levitt (1983) discussed that the sale between buyer and seller consummated the courtship and initiates the marriage; Dwyer et al (1987) developed Levitt's (1983) work and applied the theory to the B2B and B2C markets. Johnston and Haussman (2006) developed this research, arguing that businesses are involved in an interpersonal network of relationships which go through the stages single-hood, honeymoon, couple-hood, additions to the relationship and adulthood. Iacobucci and Ostrom (1996) and Wish et al (1976) examined RM in terms of interpersonal and social relationships, concluding that the factors of cooperation and interdependence are vital to successful marketing relationships.

The research on social relationships is, however predominantly focused on same sex friendships (Berg and McQuinn, 1986), which as a result means that analysis of the intimacy and passion dimensions are relatively limited. Within this context a social relationship is usually understood as a connection or partnership between individuals of the same or opposite sex in a situation of friendship (close or casual) and/or marriage (Sternberg, 1986). It is viewed in terms of a long-term bond or commitment (Gonzaga et al, 2001, Lee, 1977), similar to the jointness and shared responsibility (Sierra and McQuitty, 2005) dimensions of a consumer relationship with a grocery retail outlet and is founded on interdependence (Thibaut and Kelley, 1959) and the theory of social exchange (Rempel et al, 1985, Foa and Foa, 1974, Blau, 1964, Homans, 1961). Both social relationship and marketing relationship theories as observed in **Table 1, 2.3.1 Relationship phases**, discuss the rationale for a relationships occurrence and continuance (Bruhn, 2003), the evaluation by relationship parties in terms of comparing alternatives (Thibaut and Kelley, 1959) and the mutuality and 'give and take' aspects of a relationship. The "reciprocal exchange of positive and valuable information [which] enhances the trust, commitment and satisfaction with the relationship" (Auh, 2005, p.82).

According to Levitt (1983, p.111) "the sale merely consummates the courtship, how good the marriage is depends on how well the relationship is managed by the seller", which underlines that a relationship has to be more than a periodic 'adding of value' to customer exchanges, rather, like a social relationship the 'value' should be starting point, with customers at the "hub of it" (Pressey and Mathews, 2000, p.273). It is argued by Dwyer et al (1987) that there are comparable dimensions between a marital relationship and the relationship between buyer and seller. Fundamentally both

exhibit costs in fiscal terms and of sacrifice through reduced options (Sheth and Parvatiyar, 1995ab), and benefits such as mutual 'satisfaction' (Rusbult, 1983) and an increased likelihood for a bespoke 'return'. In other words analysis and comparison of relationships in the social and marketing contexts reveal similarities. Both are founded on the integral components of trust, commitment and collaboration (Zineldin, 2002), both relationships rely on some form of 'bond' (Auh, 2005, Van Vugt and Hart, 2004) and both relationships are cyclical in nature (Zineldin, 2002). This argument is supported by Grossman (1998, p.29), who states "marketing relationships, like interpersonal relationships can be examined in phases".

2.3.1 Relationship phases

Personal and consumer relationships are argued to go through three specific phases (see **Table 1**) which are dependent upon mutual satisfaction, trust and commitment (Grossman, 1998). The first phase is *courtship* (or discovery, Zineldin, 2002), which is where parties involved retrieve and exchange information (Grossman, 1998). The second phase is *maintenance* (termed the development phase by Zineldin, 2002), which is where the partnership is developed if it proves beneficial to the parties involved (Ellram, 1990). The relationship is strengthened through the mutual sharing of experiences, with trust an integral component to the *maintenance* phase of the relationship (Grossman, 1998). Trust is an indicator of confidence one person has in another, argued to depend on predictability, dependability and faith (Rempel et al, 1985). Commitment (Zineldin, 2002, Grossman, 1998) is another critical component to the *maintenance* phase of the relationship, and has been referred to as the "implicit or explicit pledge of relational continuity between exchange partners" (Zineldin, 2002, p.553). Parties who are committed are more likely to remain in the partnership

over the long-term (Knapp and Taylor, 1994), so long as the relationship is profitable to both (Morgan and Hunt, 1994). The existence of trust and commitment in the relationship is important for *loyalty* to exist (Kalafatis and Miller, 1998, Dwyer et al, 1987, Scanzoni, 1979), which is the final stage of a relationship cycle. In the *Loyalty* phase the affiliation between all parties is 'more' mutual in nature, strengthened by "commitment, experiences, expectation, flexibility, adaptations, capability and ability of creating added value together" (Zineldin, 2002, p.554).

Table 1 Comparison between relationship and social marketing

	Relationship Marketing	Social Marketing	Similarity
Phase	Discovery	Romance, sometimes called courtship	Two parties are attracted to each other, accumulate knowledge, communicate and reduce uncertainty about the relationship (Zineldin, 2002).
Phase	Development	Engagement	The relationship is developed in terms of mutual benefit, further knowledge is accumulated and adaptions in behaviours and compromise take place (Zineldin, 2002).
Phase	Commitment	Marriage	A pledge or bond is made between parties based on trust, satisfaction, respect and mutual benefit and the relationship is taken forward (Zineldin, 2002).
Phase	Loyalty	Old-married	"Commitment, experiences, expectations, flexibility, adaptions, capability and ability of creating added value together are very high" (Zineldin, 2002, p.554). At this stage of the relationship emphasis is less on the individual and more on the partnership. The relationship is familiar and comfortable (Zineldin, 2002).
Phase	Switching	Divorce	One or more of the parties are attracted by alternative offers which break the commitment, or there has been a breakdown in trust and/or parties are no longer satisfied with the value from the relationship (Zineldin, 2002).

In each of the stages, it appears social and marketing relationships share similarities. During the courtship stage (Grossman, 1998, or discovery, Zineldin, 2002), both social and retail partners "seek out information from the other person, and provide information that makes them attractive to the other" (Grossman, 1998, p.30) and parties store such information, learning from each interaction in order to appear more 'attractive' (Grossman, 1998) the next time. If, however, the information received by

parties does not meet their requirements, the relationship would dissolve at this stage (Zineldin, 2002), i.e. not progress beyond the initial date/sales encounter. Relationships have to be maintained, or they will 'break up', which means parties must continue to reaffirm allegiances, building trust and commitment, which underlines the long-term nature of a relationship as "trust is not likely to appear early in a relationship because there is little basis in past experience for its development" (Rempel et al, 1985, p.95). As a consequence of the long-term nature and number of stages attributed to relationships, there is an increased likelihood for divorce to occur. However as argued by Zineldin (2002) this is not the only route for a relationship to take, alternatives could be for parties to continue as normal, betray one another or avoid divorce through the strengthening of psychological 'bonds' and becoming loyal to each other and as a consequence, the relationship (Inalhan and Finch, 2004). Regarding the penultimate phase of the relationship cycle if customers are loyal then the aspects of "mutual interdependence, social bonds, complex psychological and interpersonal relationships" (Zineldin, 2002, p.555) will exist. The fact that loyalty depends on a number of antecedents gives rise to the observation there will be degrees and levels of loyalty.

As consumers of marketing and social relationships progress through the various stages or phases, levels of trust, satisfaction and commitment are argued to increase on an incremental and gradual basis (Zineldin, 2002). Equally relationships can be casual (Rubin, 1973), last a long period of time (Gonzaga, et al, 2001) or end in divorce if the parties are dissatisfied or exhibit low levels of commitment, or trust is broken (Grossman, 1998). In other words both social and marketing relationships are subject to similar parameters, outcomes and the same fragility of divorce. Social

relationships are certainly not the bastion of close relationships (Weber and Harvey, 1994, Berg and McQuinn, 1986) where parties have an unwavering level of loyalty. Although Grossman (1998, p.28) argues that the buyer/seller relationship "is less intense, requires less commitment and is not as emotionally involving as a marriage", it would appear, certainly on a superficial level, that a customer could exhibit a similar level of relationship to a store as they could to a person of same or opposite sex because both types of relationships share similar hierarchies and variety of dimensions. The extent to which this similarity between the two relationships goes beyond a superficial level will be revealed when one examines the antecedents of love which is synonymous with marriage and more associated with social rather than marketing relationships.

2.3.2 Attachment and Love

Research into the antecedent of love reveal that "romantic love is an attachment process" (Hazan and Shaver, 1987, p.511) where attachment is categorised into three components, the first is confidence in the availability of the attachment person, the second is the length of time associated to gaining confidence in that individual and the third is the experience itself (Bowlby, 1973). Literature on the concept of attachment and its impact on human behaviour have focused predominantly on young children (Bowlby, 1980, Ainsworth et al, 1978, Bowlby, 1969). Research conducted on adult relationships has focused on romantic attachment (Morris, 1982 and Weiss, 1982) and the specific component of love (Hazan and Shaver, 1987). The work of Hazan and Shaver (1987) propose three styles of attachment in love relationships involving adults and builds on the research of Bowlby (1980) who asserts that there are 3 types of attachment among infants: avoidant; anxious-ambivalent and secure. In contrast,

Hendrick and Hendrick (1986) propose a link between love and attachment based on the 3 primary and 3 tertiary love styles of Lee (1973). Although such research is limited in its focus and supporting empirical evidence (Feeney and Noller, 1990), it appears that the stronger the level of attachment, the more secure an individual is (Feeney and Noller, 1990), which has positive implications for the length and nature of the relationship.

2.3.3 Love

Although authors such as Zineldin (2002), Pare (1990) and Sellers (1989) have made reference to love and romance in a retail context, when discussing customer relationships with retailers it is usually confined to loyalty. This implies, although certainly does not prove, that a consumer cannot exhibit the same psychological and behavioural relations with a grocery retailer as they do with a friend or partner. However this argument is open to interpretation. There is the perspective that the concept of love is often referred to as being "blind, irrational, and disconnected from what seems to be true and real" (Gonzaga, et al, 2001, p.247), similar to the irrational consumer who will purchase on impulse or cannot rationalise why a store was patronised or a product purchased (Solomon, 2008). Alternatively there is the view that love is an antecedent, which is empirically difficult to 'define'. This point of view is supported by the argument that there is no 'classical' definition of love (Aron and Westbay, 1996), but simply because there is not 'one' accepted definition, does not mean that love is a concept unquantifiable in nature. Rather, both love and loyalty have similar degrees and multiple distinctions (Dwyer et al, 1987). Therefore the real debate surrounds what types of love exist and what antecedents relate to love.

Research conducted by Berscheid and Walster (1978) made a distinction between companionship love and passion love, Rubin (1973) conducted research on the issue of and differences between love and liking and disparity between close and casual relationships. Similarly to the concept of loyalty, individuals can exhibit love to varying degrees, whether it is liking, empty, romantic, infatuated, companionate, fatuous, consummate or nonlove (Sternberg, 1986) and be based on one or more independent, yet at times, inter-related antecedents. There are the dimensions developed by Lee (1977) and later by Hendrick and Hendrick (1986), which categorised primary and secondary love into three specific categories or styles. Primary love, which had the styles of eros (passionate), ludus (game-playing) and storage (friendship). Secondary love had mania (dependent), pragma (formulaic) and agape (selfless) styles (Lee, 1977 and 1973). There are also the aspects of passion, intimacy and commitment, the 'triangular theory of love' proposed by Sternberg (1986). Equally there are the viability, intimacy, passion, care, satisfaction and conflict dimensions proposed by Davis and Latty-Mann (1987) to distinguish between love and friendship (Hendrick and Hendrick, 1989).

Love can therefore contain a number of aspects, which indicate strength and type, and therein lies the difficulty in producing a definitive model. Despite the attempts of Aron and Westbay (1996) to draw together previous studies to construct a model in terms of how individuals understand and define love, concluding the dimensions of passion, commitment and intimacy were necessary prequisites for love to exist, there is no universal agreement. According to Hendrick and Hendrick (1989, p.793) love "means different things to different people in different relationships at different points in time".

Although love does have a number of antecedents, there appears to be some commonality between the perspectives and studies, i.e. there is a need for commitment (Aron and Westbay, 1996, Hendrick et al, 1988, Sternberg, 1986), a degree of intimacy (Aron and Westbay, 1996, Aaker and Davis, 1992, Aron and Aron, 1991, Hendrick et al, 1988, Davis and Latty-Mann, 1987, Sternberg, 1986) and a passion dimension (Aron and Westbay, 1996, Hendrick et al, 1988, Davis and Latty-Mann, 1987, Sternberg, 1986, Hendrick and Hendrick, 1986, Lee, 1977). In other words the models proposed by Aron and Westbay (1996) and Sternberg (1986) would appear to indicate the fundamental aspects of love, but this does not mean other aspects such as trust (Dwyer et al, 1987, Rempel et al, 1985, Scanzoni, 1979) and satisfaction (Hendrick et al, 1988) are not important to the long-term stability of a relationship. According to Rempel et al (1985, p.95) "trust is certainly one of the most desired qualities in any close relationship", which is linked to increased self-disclosure, reducing risk and increasing security between partners (Larzelere and Huston, 1980). Equally satisfaction is important to a relationship; linked to self-disclosure (Hendrick, 1981) it affects "the levels of love or investment that initially predicted satisfaction" Hendrick et al, 1988, p.981). Rather than being irrelevant to the maintenance of relationships, as Lund (1985) argues, trust and satisfaction are simply not deserving of focus in their own right and hence why they are discussed in conjunction with commitment, intimacy and passion.

2.3.3.1 Commitment

It is argued by Gonzaga et al (2001, p.247) that "love serves as a commitment device", and similarly to loyalty, operates on the basis of individuals exhibiting the components of trust and commitment (Spreccher, 1988, Lund, 1985, Hendrick and

Hendrick, 1983). However, according to Sternberg (1986, p.123) "the decision to love does not necessarily imply a commitment to love", rather as the relationship develops over time partners may become more committed to maintain the love in the relationship (Sternberg, 1986), an argument supported by Gonzaga et al, (2001, p.248) who states "as interdependence, commitment, and trust grow between partners, they become more likely to ignore romantic alternatives, sacrifice for the relationship, and display increasing amounts of prorelationship behavior". In other words it is not the case that without love there can be no commitment and equally, without commitment there can be no love. Rather the relationship between commitment and love would appear to be of a 'holding together' nature similar to the relationship between trust and love where "it develops as the relationship matures" (Rempel, 1985, p.96). According to Rempel et al (1985) the aspects of predictability, dependability and faith are necessary for trust to exist, aspects developed and experienced within a relationship over time, which in the context of love and commitment can 'hold' a relationship together through difficult periods (Sternberg, 1986). However, commitment as an antecedent to love does not work in isolation. For an individual to love there has to be the combined aspects of passion and intimacy (Aaker and Davis, 1992, Sternberg, 1986).

2.3.3.2 Intimacy and Passion

Intimacy in a relationship can be associated to a level of 'emotional investment' (Sternberg, 1986), where increased levels of investment can lead to higher degrees of satisfaction (Van Yperen and Buunk, 1990) and commitment (Rusbult, 1983). Levels of intimacy usually distinguish casual from close relationships (Stephen, 1984, Lloyd et al, 1982) because a close relationship intimates that the parties have 'known' each

other for a period of time and have indulged in a degree of self disclosure (Altman and Taylor, 1973), that it to say providing information about one's self typically "in the presence of another person" (Hendrick et al, 1988, p.981). Self-disclosure is argued to be closely related to trust in that "it is built gradually through repeated encounters involving the potential for rejection or ridicule" (Rempel, 1985, p.97); faith, in terms of emotional security (Rempel, 1985) and satisfaction (Hendrick, 1981) both in terms of being a contributory factor and as a projected outcome (Hendrick et al, 1988). The closer an individual is to another, the more likely they are to disclose personal information, which would indicate a level of satisfaction and trust (Hendrick et al 1988).

The dimension of intimacy may be as a result of passion within a relationship or vice versa as the role of passion is "highly and reciprocally interactive with intimacy" (Sternberg, 1986, p.122) where passion is "a state of intense longing for union with the other" (Hatfield and Walster, 1981, p.9) or intense emotion in the context of passionate love or 'limerence' (Tennov, 1979). To use the research of Sternberg (1986) passion is the 'hot' component in contrast to the 'warm' intimacy. Passion is central in a relationship and an indictor of relationship quality (Fletcher et al, 1994) and is considered the motivational antecedent in a loving relationship, constituting the third component of 'The Triangle of Love' (Sternberg, 1986). Passion is usually associated with, although not exclusively, the physical attraction between opposite sexes (Aaker and Davis, 1992, Berg and McQuinn, 1986, Sternberg, 1986), or sexuality (Aron and Westbay, 1996). However, passion can be a level of attraction and/or the need for affiliation (Sternberg, 1986) which develops over a period of time, according to Sternberg (1986, p.119) it evolves from "motivational involvement in the

relationship; and the decision/commitment component as deriving largely, although not exclusively, from cognitive decision in and commitment to the relationship". In other words the more involved and attracted an individual becomes in an entity, the more committed they are, increasing the likelihood of self-disclosure or intimacy which reinforces the passion towards that entity.

2.4 Summary

Research into the dimensions of social relationships, i.e. between two human parties, reveal similarities to marketing relationships, with a requirement of satisfaction (Sprecher, 1999, Berg, 1984, Rusbult, 1983, Cate et al, 1982), trust and commitment (Gonzaga et al, 2001, Sprecher, 1999, Rempel et al, 1985, Rusbult, 1983), attachment (Feeney and Noller, 1990, Shaver and Hazan, 1988, Hazan and Shaver, 1987, Morris, 1982, Parks and Stevenson-Hinde, 1982) and emotion (Keltner and Kring, 1998, Baumeister et al, 1995, Nesse, 1990). The only explicit difference appears to be the aspects of love (Shaver and Hazan, 1988, Hendrick and Hendrick, 1986, Hendrick et al, 1984, Lee, 1973) and its composite components, passion (Aron and Westbay, 1996, Sternberg, 1986, Tennov, 1979) and intimacy (Fletcher et al, 1999, Fletcher et al, 1994, Sternberg, 1986, Sternberg and Grajek, 1984, Fletcher and Stricker, 1982).

The research has attempted to illustrate that the three components of Sternberg's (1986) 'Triangle of Love', that of commitment, intimacy and passion are not confined to the domain of physical and sexual relationships. Rather the three components, particularly the latter two, complimented by the antecedent's satisfaction and trust can be readily applied and are indeed important to marketing relationships and ultimately loyalty. Both social and marketing relationships are determined by the notion of

encouraging the respective parties involved to stick by each other, trust and depend on each other and continue or maintain the relationship, in other words, loyalty (Taylor et al, 2004, Adamson et al, 2003, Pedersen and Nysveen, 2001, Morgan and Hunt, 1994, Davies, 1992, Beatty et al, 1988). The more loyal a person is to another or a person is to a store the stronger the relationship. Based on the similarities between social and marketing relationships in terms of the antecedents of loyalty, this research intends to investigate customer loyalty in the grocery retail sector testing H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard to investigate whether customer loyalty has a social dimension which in part may explain the success of Tesco as a grocery retailer.

2.5 Loyalty defined

What constitutes loyal behaviour and the antecedents which make up loyalty has been a much debated topic with no definitive answer. According to East et al (2000, p.286). research into customer loyalty has "a choice: either to treat loyalty as having a number of specific forms or to see it as complex and use definitions that combine more than one meaning". The latter argument is supported by McMullan (2005, p.470), who argues, it is not enough to examine loyalty only in terms of attitude and behaviour, as this neglects "the complex inter-relationships between the two dimensions, and the dynamic processes by which loyalty is initiated and sustained". Therefore, a more appropriate definition of loyalty is perhaps "in terms of not just behaviour but also of commitment and belief. In other words, loyalty is retention with attitude" (Clarke, 2001, p.162). Such a definition, however, overlooks the components of satisfaction, trust and attachment, which are deemed necessary pre-requisites for loyalty to exist (Mittal and Lassar, 1998, Morgan and Hunt, 1994, Selnes, 1993). The definition from

Raymond (2000, p.2) may be more appropriate, where loyalty is "considered synonymous, with concepts such as commitment, place attachment, involvement, and satisfaction", yet this definition is deficient with respect to the dimension of trust. It would appear that the concept of loyalty has a number of integral components, the reason for stating 'it would appear' is because the field of customer loyalty remains in some respects unexplored (Hart et al, 1999).

Customer loyalty can be to the store, to the firm and/or to the brand (Demoulin and Zidda, 2008, Bloemer and Odekerken-Schroder, 2002, Flavian et al, 2001, Knox and Denison, 2000, Knox, 1997, MacIntosh and Lockshin, 1997, East et al, 1995, Walker and Knox, 1995, Dunn and Wrigley, 1984). These phrases are not mutually exclusive however and are often used as the context in which to explain the nature and type of customer loyalty, i.e. whether loyalty is related to a specific store and its inter-related variables of staff, store satisfaction, store layout, access to transport and to a lesser extent distance to store (Demoulin and Zidda, 2008, Flavian et al, 2001, Gendall et al, 2000, MacIntosh and Lockshin, 1997, East et al, 1995), or whether customer loyalty is to the firm. To ascertain the type of customer loyalty whether it is to the store or the firm usually depends on the research methodology employed. In terms of this research, the focus is predominantly on loyalty to Tesco rather than the specific Tesco stores because in previous studies (Turner, 2009, Turner and Wilson, 2006) and the pre-test study of this research, respondents did not distinguish between loyalty to specific stores in Dundee, rather they were loyal to Tesco. This is perhaps as a result of the 8 conveniently located Tesco stores in Dundee and Broughty Ferry and not necessarily generalisable to the rest of the UK therefore this review will include literature which examines firm as well as store loyalty.

2.5.1 Types of loyalty

Analysis into the types of customer loyalty was conceptualised by Dick and Basu (1994), where in addition to using cognitive and behavioural characteristics the aspect of relative attitudes was included (Evans and Moutinho, 1999, Dick and Basu, 1994). This 'model of loyalty' (see **Figure 1**), or attitude-behaviour typology (Bloemer et al, 2000) is categorised in terms of attitude and repeat patronage. The higher the repeated behaviour combined with a high relative attitude, the higher the probability for customer loyalty (Rowley, 2005bc, Rowley and Dawes, 2000, Zins, 2001, Evans, 1999, Dick and Basu, 1994, Assael, 1992). According to Dick and Basu (1994) the higher the level of commitment, the more likely a consumer is to overcome barriers and pursue a relationship with the organisation, which is an illustration of a customers movement towards 'true' or 'pure' loyalty (Humby et al, 2003, Yu and Dean, 2001, Evans and Moutinho, 1999), (termed supra-loyalty by Rafiq and Fulford, 2005 and emotional loyalty by Sopanen, 1996ab) achieved "when repeat patronage coexists with high relative attitude" (McMullan, 2005, p.472). The 'model of loyalty' attempts to identify antecedents, their impact and consequences (Rowley, 2000a) through four categories. The first, *loyalty* (or as defined by O'Brien and Jones (1995), sustainable loyalty), which is considered a positive relationship between a consumers relative attitude and repeat patronage (Aasael, 1992). Second, *latent loyalty* is where a customer exhibits high relative attitude combined with a low level of repeated patronage. Third, *spurious loyalty* (similar to Sopanen's (1996ab) inertia loyalty) is where a customer has a low relative attitude, yet high repeated patronage. In other words there is only temporary loyalty, with customers open to switching among competitors (Findlay and Sparks, 2008, O'Malley, 1998). Fourth, *no loyalty* which is where the customer has neither a high relative attitude nor a high propensity for repeat

patronage (Rowley, 2005bc, Rowley and Dawes, 2000, Evans, 1999, Evans and Moutinho, 1999, Dick and Basu, 1994).

Figure 1 The Dick and Basu 'model of loyalty' (1994)
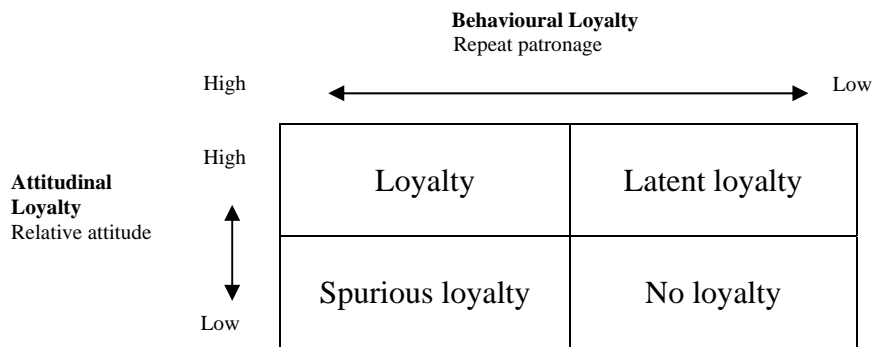
Adapted from: Dick and Basu (1994)

The Dick and Basu 'model of loyalty' (1994) is valuable to our understanding of loyalty in that it is dependent "not only on positive attitudes towards the store or brand, but also on differentiated attitudes towards the alternatives" (Evans, 1999, p.134). The 'model of loyalty' has also enabled further research into loyalty and its antecedents, with Oliver (1999) contributing 'action' to compliment the other stages of the 'four-stage model', that of, *cognitive*, "a weak form of loyalty" (Pedersen and Nysveen, 2001, p.147), normally associated to 'rational' customer decisions (Rowley, 2000a). *Affective* loyalty defined as a "customers' feelings toward, and commitment to, a product" (Pedersen and Nysveen, 2001, p.147), and *conative* loyalty defined as "customers' behavioural intention to keep on using a product in the future" (Pedersen and Nysveen, 2001, p.148). In the case of Rowley and Dawes (2000) the 'model of loyalty' (Dick and Basu, 1994) has allowed the development of the *no loyalty* construct, examining this in terms of the *disengaged*, who are neutral and uninterested customers (Rowley and Dawes, 2000). The *disturbed*, defined as existing customers

who although continuing their patronage of the store are questioning their assumptions regarding the brand (Rowley and Dawes, 2000). The *disenchanted* were defined as customers who are less loyal than they used to be (Rowley and Dawes, 2000) and the *disruptive* were defined as "previous customers who have strong negative attitudes and behaviours in respect of the brand" (Rowley and Dawes, 2000, p.543). In addition, the model proposed by Dick and Basu (1994) has acted as the basis for the assertion by Rowley (2005c) that there are further segments to loyalty, that of inertial (also discussed by Wernerfelt, 1991) and positive orientation.

The 'model of loyalty' has, however, been criticised through the research of East (1997) on the grounds that feelings and thoughts are interlinked, therefore the argument of attitude triggering behaviour is flawed. Bloemer et al (2000) found only one quarter of their 2000 respondent sample supporting Dick and Basu's (1994) assertion "that the attitudinal and behavioural aspects of loyalty work together to produce loyalty effects" (Bloemer et al, 2000, p.289). Criticism was later cited by Riley et al (2001) on the basis that the model did not examine the role of the supplier in the loyalty relationship between buyer and seller. Despite such criticism, the 'model of loyalty' has provided insight and understanding into the types of customer loyalty towards retail stores.

Perspectives of the type and nature of customer loyalty has been the subject of numerous studies since Dick and Basu's (1994) research. Walker and Knox (1995) and their 'Diamond of loyalty', developed the work of Dick and Basu (1994) making the distinction between loyalty to store and loyalty to the firm through examining loyals, habituals, switchers and variety seekers. The research of Sopanen (1996ab)

although not the earliest is arguably the most significant to this research, providing a more detailed range of 'types of loyalty'. Sopanen (1996ab) propose six different categories, ranging from no 'real' loyalty to a more 'sustainable' (O'Brien and Jones, 1995) form of customer loyalty. The first is *monopoly loyalty* (similar to Rowley's (2005c) captive loyalty), where there are no available choices. The second type is *inertia loyalty* (which is the same as Coyles and Gokey's (2005) inertia customers, and similar to 'habit' loyalty (Hill and Alexander, 2000, Walker and Knox, 1995, Fairlie, 1990)), where customers do not actively seek substitutes, however may be attracted to leave their current provider (Findlay and Sparks, 2008, O'Malley, 1998). The third type is *convenience loyalty*, where loyalty is solely defined by location. The fourth type is *price loyalty*, where customers are influenced by the lowest price (also termed 'Purge loyalty' by Humby et al, 2003). The fifth type is *incentivised loyalty*, where loyalty relates to the benefits gained from reward cards and programmes. The final type is *emotional loyalty* (termed 'supra-loyalty' by Rafiq and Fulford, 2005 and 'pure' loyalty by Yu and Dean, 2001, Evans and Moutinho, 1999), which is argued to be a stronger type of loyalty compared to the other five types, where customers are influenced by factors such as brand.

With the exception of emotional loyalty (Sopanen, 1996ab) none of these types of loyalty are likely to prove particularly emotive in terms of customer loyalty, instead customers are merely exhibiting a loyalty of convenience, which is both short-term and susceptible to competitor offers and the consequences of switching (Finlay and Sparks, 2008, Aydin and Ozer, 2005). This statement is supported by the four-phase model of Oliver (1999), who argues customer loyalty is influenced by a number of characteristics, which in turn have the ability to sustain and maintain consumer

activity. In other words loyalty, whether it is social or marketing in orientation, is dictated by involvement. On one level there is the argument that the more a consumer becomes involved with the product/service, the more likely they are to reject the advances of competitor offerings (Oliver, 1999). On another level, there is the aspect of involvement itself, and what constitutes consumer involvement, whether it is simply satisfying consumer needs, meeting expectations (Oliver, 1999), exceeding customer expectations (Gould, 1995), or a level of attachment and belief (Griffin, 2002, Pritchard et al, 1999, Dick and Basu, 1994) and emotion (Egan, 2000). In other words, there is a debate, similar to that of 'value' discussed earlier, in terms of levels of involvement and whether the involvement is sustainable, and capable of more than simply stimulating behavioural loyalty.

The research of Walker and Knox (1995) and their 'Diamond of loyalty' (see **Figure 2**), which Sopanen (1996ab) built upon, grouped customers into categories based on the conditions of brand commitment and brand support (Knox, 1997, Walker and Knox, 1995). The dimensions identified were: *loyals* (similar to that of Coyles and Gokey, 2005 and Rafiq, 1997), *habituals* (similar to the inertia customers of Coyles and Gokey, 2005, and the habit customers of Hill and Alexander, 2000), *switchers* (similar to the promiscuous consumer of Rafiq, 1997) and *variety seekers* who exhibit low allegiance because of their fundamental need to seek change. As it may be observed there have been a number of studies into types of consumers, which reveal similarities, yet some differences, which are not merely confined to the terminology used, rather there has been further insight and development of varying categories of customer type.

Figure 2 Brand loyalty matrix the diamond of loyalty
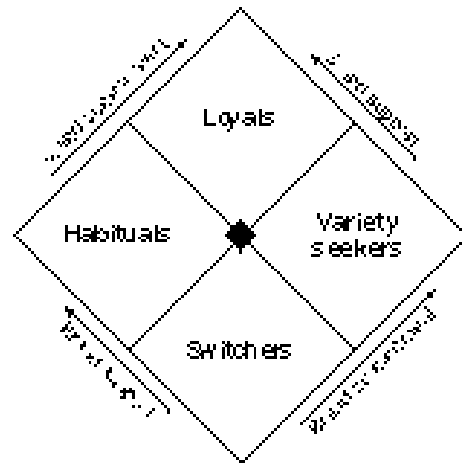
© Walker and Knox (1994)

Rafiq (1997) has used similar definitions in terms of content, although perhaps not in exact word definition, arguing that there are three types of customer with specific reference to the grocery retail sector, which are: *loyals* (also found by Walker and Knox, 1995); *secondary shoppers* and *promiscuous shoppers*. Hill and Alexander (2000), and their research into types of consumer loyalty reveal similarities to the definitions of Sopanen (1996ab), that of *monopoly* or captive (Rowley, 2005c) loyalty, *habitual loyalty* and *incentivised loyalty*, where the variations occur are with regards to *cost of change loyalty*, and *committed loyalty* (similar to Coyles and Gokey's (2005) emotive customers and Rowley's (2005c) committed customer).

The research of Rafiq (1997, p.54) defines *loyals* as those "who do their main shop and spend the majority of their budget with their preferred store", whereas the *promiscuous shopper* "will frequently change where they do their main food shopping". The *secondary shopper* is by contrast, a consumer who prefers one store but regularly purchases in other retail outlets (Rafiq, 1997). According to Hill and

Alexander (2000, p.14-17) *committed loyalty* is the highest level of loyalty where customers "believe that their chosen supplier is the best in its field". The other two categories are the *loyalty of habit* (similar to Sopanen's (1996ab) inertia loyalty) which is likely to result in low allegiance (Hill and Alexander, 2000) simply because it is loyalty by convenience (Sopanen, 1996ab). The other category of *cost of change loyalty* (similar to the concept, transactional costs) is argued to create a degree of allegiance (Hill and Alexander, 2000); however it is more likely that customers are exhibiting a resentful loyalty (Hill and Alexander, 2000) where they are financially or physically compelled to remain with their existing provider. In other words, customers are loyal because of the perceived risk of switching (Fournier et al, 1998).

The distinctions of all the aforementioned authors are relevant to this study and indicate that customers can exhibit varying degrees of loyalty in both social and marketing relationships. In the case of research on the latter, recent studies on consumer types by Coyles and Gokey (2005) and Rowley (2005c), although exhibiting similar categories, both provide new loyalty types and therefore further insight into consumer behaviour and loyalty. Coyles and Gokey (2005) found the downward migrators consumer type spends less than they previously did and the deliberator customer's types reassess their purchases. Rowley (2005c) found the convenience-seeker, who, although similar to the convenience loyalty category of Sopanen (1996ab), is not solely loyal because of location. The other category is the contented consumer (which is not the same as a customer of habit), one who has a positive attitude to the store and its product/services, judging on its merits (Rowley, 2005c).

From a review of the literature into types of consumer loyalty, one can observe both similarities and subtle differences, but what is consistent between and among studies are a hierarchy of shoppers and a hierarchy of shopping loyalty. As a customer move from a suspect (or potential customer (Bruhn, 2003)) to a partner (or enthusiast, Bruhn, 2003)), the level of loyalty also increases. As loyalty intensifies, continually reinforced and strengthening levels of trust and commitment to the organisation (Christopher et al, 1993) levels of passion may be stimulated and nurtured, with customers advocating the merits of the organisation to others because they feel a certain closeness and/or bond to the organisation (Griffin, 2002). Equally research into consumer types reveals the fragile nature of loyalty, where customers could switch at a moments notice (Rowley, 2005ac), underlining the need for organisations to exert more effort into engendering loyalty among customers to consolidate existing attitudes and behaviours and build towards creating relationship 'affect' (Bagozzi et al, 1999) between buyer and seller. As asserted by Kandampully (1997) organisations must be perceived by customers to be giving loyalty before they can expect to receive behavioural, let alone attitudinal loyalty from customers.

2.5.2 Attitude and behaviour

According to Rundle-Thiele (2005) the loyalty concept evolved in the 1940's, and was perceived at first to be a uni-dimensional theory, "focusing primarily on the behavioural patterns of consumers" (Raymond, 2000, p.2), which then developed into two separate ideas (Raymond, 2000) and were analysed as such (Day, 1969, Pessemier, 1959). On the one hand there was 'brand preference', developed by Guest (1944) and on the other hand there was 'share of market' (Rundle-Thiele, 2005), which originated from the research of Cunningham (1956). These two concepts later

become known as attitudinal and behavioural loyalty and have acted as the basis for the progression of research into loyalty (McMullan, 2005, Goldberg, 1982). Definitions and differentiation of the two concepts can be distinguished by the degree of psychological input (Ha, 1998). The aspect of behavioural loyalty "has to do with customer habits", where as attitudinal loyalty "represents a psychological disposition towards a certain retailer" (Anond, 2005, p.18), influenced significantly by brand equity and trust (Taylor et al, 2004). Such definitions have not changed greatly over time. Ha (1998) defined behavioural loyalty as purchase behaviour, with attitudinal behaviour observed as more cognitive, i.e. a deeper meaning attributed to purchases and the purchase process. However, with regards to attitude, it has to be remembered that although the cognitive[9] component is important, it neither affectively defines attitude, nor does it fully explain the development of affective loyalty (Pedersen and Nysveen, 2001). As previously discussed in relation to Oliver's (1999) 'four stage model', it is argued [rightly] by Fishbein and Ajzen (1975 and 1972) that the affective[10] and conative[11] components are more significant than the cognitive in attitude theory, fundamentally because the cognitive component is "a weak form of loyalty" (Pedersen and Nysveen, 2001, p.147).

Most notably the work of Knox and Walker (2001), Oliver (1999), Bloemer and Kasper (1995), Jacoby and Chestnut (1978), Jacoby and Kyner (1973) and Day (1969) have combined the behavioural and attitudinal components of loyalty to present what is called 'composite' loyalty (Rundle-Thiele, 2005, Bowen and Chen, 2001). However, it appears there is debate surrounding the aspects of stages and whether

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[9] Customers rational orientation towards products (Pedersen and Nysveen, 2001)
[10] Customers commitment to re-purchase or re-patronise (Fock et al, 2005)
[11] Customers behavioural intention with regards to product/service consumption (Pedersen and Nysveen, 2001)

loyalty can be observed as a succession of steps and what comprises 'composite' loyalty (Rundle-Thiele, 2005). It is argued by Rundle-Thiele (2005) that the interpretation of 'composite' loyalty being simply attitudes, intentions and repeat purchasing is a little general as "customers may exhibit or possess different degrees of loyalty across the different types of loyalty" (Rundle-Thiele, 2005, p.494). Rather, 'composite loyalty' should be viewed according to (Bowen and Chen, 2001, Wong et al, 1999, Pritchard and Howard, 1997) as not only a combination of attitude and behaviour but also "customers' product preferences, propensity of brand-switching, frequency of purchase, recency of purchase and total amount of purchase" (Bowen and Chen, 2001, p.214).

Others, such as Lutz (1991), Ajzen and Fishbein (1980) and Fishbein and Ajzen (1972 and 1975) "stripped attitude back to its evaluative meaning and treated cognitive and behavioural factors as separate concepts, which were linked to attitude in a casual model" (Bloemer et al, 2000, p.289) and called it the 'theory of reasoned action'. This model is an attitude model which can "provide a description of how consumer information processing, including cognitions and emotions, influence consumer choice processes" (Arnould et al, 2002, p.459), through the variables of "attitude towards the behaviour, subjective norm and intention to perform the behaviour" (Ha, 1998, p.53). In other words an explanation of how a consumer comes to exhibit certain purchasing behaviour (Ajzen and Fishbein, 1980).

Whether we adopt the perspective of 'composite loyalty' or the 'theory of reasoned argument' to explain attitudinal and behavioural loyalty it is accepted that loyalty has to "go beyond regular purchasing" (Evans and Moutinho, 1999, p.117) and is not

merely the act of repeated purchase behaviour (Bolton et al, 2000, McIlroy and Barnett, 2000, Dowling and Uncles, 1997, Gilbert, 1999, 1996ab). Rather, loyalty must comprise an attitudinal and behavioural aspect to be called 'true' or 'pure' loyalty (Yu and Dean, 2001, Evans and Moutinho, 1999). However an understanding of attitude and behaviour alone does not provide a comprehensive understanding of the loyalty concept. To do this one has to understand that customers are loyal for a number of reasons, perhaps because of employees (Smith et al 2004, Wong, 2004, Swan et al, 1999, Saunders et al, 1992), and/or customer service (Butcher et al, 2001, Heskett et al, 1997, Javalgi and Moberg, 1997), brands (De Wulf et al, 2005, Barnes, 2003, Rundle-Thiele and McKay, 2001, Ewing, 2000, Baldinger and Ruben, 1996, Day, 1969, Cunningham, 1956, Brown, 1952) and/or environmental factors such as the store and its location (Miranda et al, 2005).

Equally customers are loyal because of a number of antecedents, arguably satisfaction, trust and commitment (Alexander and Colgate, 1998). The link or relationship created between the organisation and customer(s) (Gronroos, 1997, Christopher et al, 1991) incorporates the work of Auh (2005), Rempel et al (1985), Foa and Foa (1974) and Blau (1964) on social exchange theory[12] and Inalhan and Finch (2004) and Zineldin (2002) and their research into social bonds[13]. With respect to there being a 'social' dimension to the interaction (Auh, 2005), research is supported by Van Vugt and Hart (2004), Gabbott and Hogg (1998) and Gifford (1997). In other words loyalty is more than simply attitude and behaviour, it is "a deeply held commitment to rebuy or repatronize a preferred product/service

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[12] The mutual exchange of value (Bagozzi, 1999) where present and future actions rely on past response behaviours and understanding (Johnson and Selnes, 2004, Rempel et al, 1985, Rotter, 1980) of each other.
[13] The creation of some mutual interdependence (Zineldin, 2002), a relationship which is more than simply convenience based, it is attitude based.

consistently in the future, thereby causing some-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour" (Oliver, 1997, p.392). The loyal characteristics vary amongst the retail customer base for the simple reason that no two customers are alike; each possesses a fluctuating level of loyalty in terms of satisfaction, trust and commitment. It is with regard to the characteristics of the individual, most noteably gender that has received some attention in the literature in the context of loyalty cards in Italy (Cedrola and Memmo, 2010), banking in Malaysia (Ndubisi and Madu, 2009), the service sector in Australia (Patterson, 2007) and customer satisfaction in the USA (Snipes et al, 2006). With the exception of Cedrola and Memmo (2010) all the authors found gender impacted levels of customer loyalty with females argued to exhibit higher degrees of loyalty than males (Ndubisi and Madu, 2009, Yavas and Babakus, 2009, Ndubisi, 2006 Snipes, et al, 2006, Bendall-Lyon and Powers, 2002, Rusbult et al, 1986 and Rempel et al, 1985) with Patterson (2007) revealing that this was especially true among the older, more mature females of 38 and over. Given that this research is not exhaustive, especially in the grocery retail sector in the UK where little research has been conducted on the role of age and gender in customer loyalty the research will test H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard to see if the conclusions of previous studies can be applied to the grocery retail sector in the UK.

2.5.3 Satisfaction

Satisfaction is considered distinctive when contrasted with "concepts such as quality, loyalty and attitude" (Taylor et al, 2004, p.218), however it is similar to the attitude and behaviour debate, with respect to it containing two aspects, the cognitive and the

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affective (also referred to as emotional, Cronin et al, 2000). This gives rise to the debate as to whether satisfaction contains an emotional element or is indeed itself an emotion in its own right (Wong, 2004). Olive (1997, p.319) argues that the former argument is correct, albeit not entirely, rather emotion "coexists alongside various cognitive judgements in producing satisfaction", where higher levels of emotion are linked to promiscuous behaviour (Egan, 2000). On this basis satisfaction can be defined as "the outcomes of the subjective evaluation that the chosen alternative (the store) meets or exceeds expectations" (Engel et al, 1990, p.481). In other words a consumer's perception of the firm or store has a bearing on trust and levels of commitment, however "for commitment to exist, there must be satisfaction" Alexander and Colgate (1998, p.226).

Consumer's cognitive judgement is argued to centre on quality (Beerli et al, 2004, Oliver 1999, Andreassen and Lindestad, 1998, Oliver, 1997, Oliver, 1993, Cronin and Taylor, 1992). It is proposed by, amongst others, Taylor and Baker (1994) that the quality aspect, both functional[14] and technical[15] (termed hard and soft attributes by Auh (2005) is an attitude which influences a consumers levels of satisfaction which in turn leads to a particular behaviour, whether that is to remain or leave. However, one must remember that quality alone is not the sole influence. Customers judgement on the perceived value (Andreassen and Lindestad, 1998) and the corporate image (which is argued by Andreassen and Lindestad, 1998 to be more influential than satisfaction), influence customer expectations and in turn customer loyalty.

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[14] Concerning delivery of the particular service (Wong, 2004, Mittal and Lassar, 1998).
[15] Concerns what the organisation delivers (Wong, 2004, Mittal and Lassar, 1998).

The 'gap' between consumer expectations and perceptions in terms of organisational performance (Anderson et al, 1994) is observed through the 'Perceived Quality' model (Grossman, 1988), which argues "perceived quality is a function of expected quality […] and experienced quality" (Andreassen and Lindestad, 1998, p.11). A customer's perception of quality is termed service quality (Aydin and Ozer, 2005) and is argued to positively influence loyalty (Ruyter et al, 1997, Zeithaml et al, 1996) because it enhances a consumer's inclination to repeat purchase and positively recommend the organisation (Venetis and Ghauri, 2000). A measurement of service quality is through the SERVQUAL model[16] (Parasuraman et al, 1988) with its components of reliability, assurance, responsiveness, tangibles and empathy, although such aspects influence satisfaction, they do not necessarily influence loyalty (Mittal and Lassar, 1998). This is why trust is so vital to maintain customer loyalty, if consumers exhibit lower levels of satisfaction this could be partially offset by increased levels of credibility, i.e. the trust one party has in the other.

Hart and Johnson (1999) argue that trust operates between the loyalty and satisfaction relationship, in other words satisfaction is said to have a direct and influential impact on customer loyalty to the firm and the store (Bennett and Rundle-Thiele, 2004, Taylor, 2004, Martensen et al, 2000, Mittal and Lassar, 1998, Soderlund, 1998, Oliver, 1997, Hill, 1996), word-of-mouth and consumer switching patterns (Chiu et al, 2005, Wong, 2004). In the grocery retail industry, Juhl et al (2002) and Magi and Julander (1996) both found a significant relationship between loyalty and satisfaction, which have consequences for the firm's profitability (Griffin, 2002, Anderson et al, 1994). However it is not as simple as arguing satisfaction catalyses loyalty, it would

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[16] A model which uses 22 quality criteria, assessed through a 5 point scale which addresses, from a customers perspective, "the discrepancy between the expected and perceived [levels of] service" (Bruhn, 2003, p.196).

depend on the type of satisfaction being exhibited by consumers. According to Bloemer and De Ruyter (1998) there is latent and manifest satisfaction. Latent satisfaction is where the consumer simply accepts the firm and is not committed, whereas manifest satisfaction involves more explicit consumer evaluation which in turn induces increased likelihood for commitment. Therefore if a customer merely exhibits latent satisfaction they are less likely to be committed, most probably have low levels of trust for the firm and as a consequence are either not loyal or are promiscuous (Benady and Brierley, 1999).

It is argued that there is a non-linear relationship between loyalty and satisfaction (Oliva et al, 1992), where customer satisfaction acts as reinforcement for consumer decisions (De Ruyter and Bloemer, 1999), resulting in varying conclusions of satisfaction such as contentment, pleasure and relief (Oliver, 1997, 1989). Questioning the influence of satisfaction on loyalty is supported by the opinion of Mittal and Lassar (1998) and Rust and Zahorik (1993) to varying degrees. Rust and Zahorik (1993) argue satisfaction does not necessarily equate to loyalty, as satisfied customers still switch and dissatisfied customers still remain loyalty to their current supplier. This argument is supported by the work of Oliver (1999) and Buttle (1997) who argue satisfaction may not result in customer retention, and dissatisfaction equally does not mean customer defection. In contrast, Mittal and Lassar (1998, p.446) found a relationship between loyalty and satisfaction, with the caveat that "a high satisfaction rating was not a guarantee of loyalty". In other words, satisfaction does have an influence on loyalty, albeit, not as potent as when combined with trust and commitment, and it does influence organisational strategy through customer

service programmes and schemes "that foster relational bonds" (Lam and Burton, 2006, p.39) and reassure customers of service quality.

2.5.4 Trust

It could be argued that trust is a self-fulfilling prophecy, as consumers become more committed, levels of trust increase which leads to improved levels of customer involvement (Delgado-Ballester and Munuera-Aleman, 2001). As the customer becomes more involved they become more loyal, which has implications for the long-term profitability of the firm (Tapp, 2005). However, this cycle requires taking into account the issue of satisfaction and the role it plays with trust (Garbarino and Johnson, 1999), in particular interpersonal trust (Geyskens et al, 1996) and commitment (Alexander and Colgate, 1998) in customer intentions.

It is argued that without [affective] commitment we would be unable to define the degree of consumer loyalty to the firm or store (Mattila, 2004, Bloemer and De Ruyter, 1998); equally without trust there can be no commitment between buyer and seller (Gilliland and Bello, 2002, Egan, 2000, Morgan and Hunt, 1994). Therefore, it is relevant to discuss trust and commitment together in the context of a loyalty relationship since commitment is an "emotional or psychological attachment" (Pritchard et al, 1999, p.334) and trust is the vulnerable aspect of the attachment (Singh and Sirdeshmukh, 2000).

Research into the relationship between trust and [affective] commitment as a measurement of customer loyalty can be traced back to the research of Allen and Meyer (1990), and acted as the basis for the work of Morgan and Hunt (1994) and

their 'commitment and trust relationship' model (see **Figure 3**). The 'commitment and trust relationship' model emphasises the importance of communication to enable trust (Adamson et al, 2003) represented by the arrow flow from left to right, where aspects on the left denote strategy and dimensions on the right are outcomes (Morgan and Hunt, 1994). Commitment and trust are interpreted to be the "mediating variables" (Palakshappa and Gordon, 2005, p.79) between antecedents (shared values, communication, opportunistic behaviour, relationship benefits and termination relationship costs), (Holdford and White, 1997) and consequences (acquiescence, propensity (to leave), uncertainty, functional conflict and cooperation), (Morgan and Hunt, 1994). The 'commitment and trust relationship' model revealed commitment "to positively influence acquiescence, while trust is suggested to positively influence functional conflict. Negative relationships are proposed between commitment and the propensity to leave the relationship and between trust and uncertainty" (Palakshappa and Gordon, 2005, p.80).

Figure 3 The 'commitment and trust relationship' model
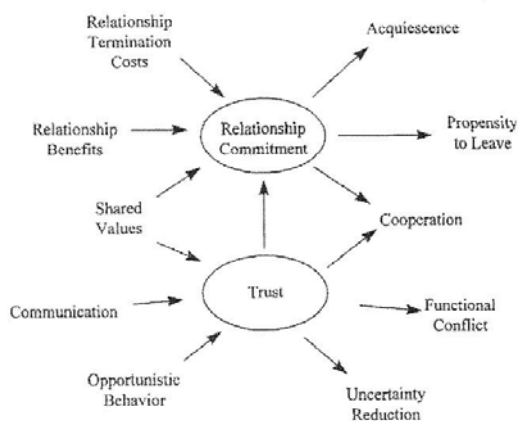
Morgan and Hunt (1994, p.22)

Commitment was found to be the "key mediator of the relationship between the customer's evaluations of a firm's performance and the customer's intentions" (Fullerton 2005, p.1373), which is supported by the research of Garbarino and Johnson (1999) and Pritchard et al (1999). However, commitment does not operate in isolation, Morgan and Hunt (1994) argue that trust is the major determinant of customer commitment, an assertion supported by the work of Kwon and Suh (2005), Taylor et al (2004), Adamson et al (2003) and Chow and Holden (1997). In other words, there is a debate whether trust is a pre-requisite for commitment or whether commitment is required before customers exhibit trust in an organisation (Egan, 2000).

Trust is considered an equally important antecedent of loyalty to that of attitude and behaviour (Hess and Story, 2005, Harris and Goode, 2004, Delgado-Ballester and Munuera-Aleman, 2001, Reichheld et al, 2000, Fournier, 1995) because in order to get a consumer to invest in a relationship, the organisation must be trusted (Griffin, 2002). Trust is not only important in its capacity to retain, it is necessary in reducing a consumers perception of risk (Selnes, 1998) and its capacity to create and maintain sustainable relationships (Ribbink et al 2004, Singh and Sirdeshmukh, 2000, Rousseau et al, 1998) through constructing positive attitudes towards the firm, the stores and its products and brands which creates a commitment between buyer and seller (Delgado-Ballester and Munuera-Aleman, 2001). According to Ndubisi (2006) trust along with commitment, conflict handling and communication are the underpinning components of consumer loyalty. This is an argument supported by Kavali et al (1999), Szmigin and Bourne (1998) and to a lesser extent Rust et al (2004) whose research revealed that building relationships is characterised by trust,

commitment and equity, which underlines the inter-related nature of loyalty, where commitment demonstrates a high degree of trust and vice versa.

Trust has been the subject of a number of studies ranging from its role in brand credibility (Delgado-Ballester and Munuera-Aleman, 2001, Raimondo, 2000), its part in the relationship between satisfaction and loyalty (Singh and Sirdeshmukh, 2000, Hart and Johnson, 1999), its influence in terms of cognitive and behavioural constructs in small to medium sized business (SME's), (Sharif et al, 2005) and its impact on customers relationships with firms and brands (Fournier et al, 1998, Aaker, 1997, Berry, 1995). The potential of trust influencing customer loyalty has been of particular interest to academics and is perhaps best illustrated by the research of Reast (2005) and Sharif et al (2005), who argue there are two dimensions to trust. The two dimensions are the conative (termed benevolence by Sharif et al, 2005) which is based on credibility and provides consumers with confidence (Reast, 2005) and the cognitive component, which is grounded more on customer satisfaction through reliability (Colwell and Hogarth-Scott, 2004) and reassures customers with regards to their expectations (Reast, 2005). The consequence of satisfaction is a result of a consumer's interaction and experience of the product/service, influenced by direct and indirect contact (Delgado-Ballester and Munuera-Aleman, 2001, Krishnan, 1996, Ravald and Gronroos, 1996, Rempel et al, 1985). However, it is debatable whether trust through satisfaction is stronger through social similarity between and among individuals (Roy and Dugal, 1998, McAllister, 1995) or individual consumption which is argued to be closer to the consumer which in turn proves more certain (Doney and Cannon, 1997, Dywer et al, 1987).

The discussion of whether trust is stronger between a group of individuals or the individual centres on the definition of trust, which has not altered substantially over the years; Rotter (1967) argues that when an individual relies on another's word it constitutes trust. In the opinion of Mooreman et al (1992, p.315) "trust is a willingness to rely on an exchange partner in whom one has confidence", according to Doney and Cannon (1997) trust must contain the elements of credibility and benevolence while Lewicki et al (1998, p.439) argues it is the "confidence in other's intentions and motives". In other words it is credibility, which is the "inherent characteristic of any valuable social interaction" (Delgado-Ballester and Munuera-Aleman, 2001, p.1241). It acts as a 'security blanket' for consumers, which provide them with a reason for continued commitment, whether that is through 'trusted others' (Doney and Cannon, 1997) or self-consumption. The relationship therefore works on a practical and emotional level, it reassures consumers they have made the correct decision, facilitates confidence and reinforces product/service satisfaction. In other words, trust would appear to come from within the individual and the group, which is reinforced by individual consumption and group reassurance, indicating that trust is equally strong within the individual and between the group members.

2.5.5 Commitment

Customer commitment can be termed a "customer's commitment to do business with a particular organisation, purchasing their goods and services repeatedly, and recommending the services and products to friends and associates." (McIlroy and Barnett, 2000, p348). When one compares this to a definition of loyalty, the "reflection of a customer's subconscious emotional and psychological need to find a constant source of value, satisfaction and identity" (Jenkinson, 1995, p.116), it

appears that "whilst it may be unreasonable for a commercial enterprise to expect its customers to be 'loyal', it is feasible to aim for customer commitment" (Hill and Alexander, 2000, p.18). At its most fundamental, commitment is psychological attachment (Guillian and Feldman, 1993, Debling, 1998, O'Reily and Chatman, 1986) and is seen as an implicit or explicit agreement between the buyer and seller (Dwyer et al, 1987). It is an important construct in the understanding of loyalty, which is perceived "as the psychological (meaning longer-term, deep-rooted and evaluative) component[s] of brand loyalty" (Debling, 1998, p.41).

Commitment is an attitude construct (Gilliland and Bello, 2002, Reichheld, 1996, Petty and Krosnick, 1995, Jacoby and Chestnut, 1978, Day, 1969) which is associated with a sharing of values (which can be viewed as distinct from the antecedents of satisfaction and quality, Oliver, 1999), in a 'sharing' relationship (Alexander and Colgate, 1998). Commitment is more than a form of attachment, where customers exhibit a preference based on an evaluation of the competitors (Griffin, 2002) and/or a resistance to change (Taylor et al, 2004). If customers are merely attached or loyal because of inertia or habit (Coyles and Gokey, 2005, Magnusson et al, 2001, Egan, 2000, Hill and Alexander, 2000, Cumby and Barnes, 1998, Sopanen, 1996ab, Fairlie, 1990), loyalty would be more whimsical, which is not 'pure' loyalty (Yu and Dean, 2001, Evans and Moutinho, 1999, Humby et al, 2003) which underlines the need for some form of commitment between the parties (Allen and Meyer, 1990, Meyer et al, 1993) to be termed truly 'loyal' behaviour. Customers can exhibit varying degrees of commitment in a marketing relationship, ranging between affective and continuance (Fullerton, 2005), affective, calculative[17] and normative[18], according to Martens et al

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[17] The level of satisfaction with the relationship exchange (Jernigan et al, 2002).

(2002), affective, continuance and normative (Meyer and Allen, 1997) and moral[19], calculative and alienative[20] (Penley and Gould, 1988).

As it may be observed there is a degree of consensus to the dimensions of commitment, the first of which is affective commitment which is the strongest attachment, based on trust, relationism, shared values and benevolence (Fullerton, 2003, Garbarino and Johnson, 1999, Gilliland and Bello, 2002, Morgan and Hunt, 1994). The second is continuance commitment, which, by contrast is dependent on lack of choice, dependence and costs of switching (Fullerton, 2003, Garbarino and Johnson, 1999, Dwyer et al, 1987), where customers are argued to be committed because they fear ending the relationship, and are merely loyal as a means of reducing the risk (Fournier et al, 1998). Of the other dimensions, it is argued by Jernigan et al (2002, p.566) that "moral and calculative commitment seem similar to affective and continuance commitment", whereas the concepts of normative (commitment because of obligation, Meyer and Allen, 1997) and alienative (committed due to a lack of choice, Jernigan et al, 2005) are more 'stand alone' concepts.

Although Divett et al (2003), Egan (2000) and Morgan and Hunt (1994) have examined the link between commitment and loyalty, and share the opinion that commitment is a necessary pre-requisite to customer loyalty, the main debate is regarding the point, are consumers committed or simply exhibiting inertia (Egan, 2000, Cumby and Barnes, 1998). If customers exhibit continuance commitment, they will display spurious loyalty (Bloemer and De Ruyter, 1998) despite appearing committed. It therefore requires more than commitment, as a consumer could be

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[18] A level of satisfaction based on obligation (Meyer and Allen, 1997).
[19] The level of acceptance and identification with the aims of an organisation (Jernigan et al, 2002).
[20] A level of satisfaction based on a lack of choices (Jernigan et al, 2002).

committed yet exhibit polygamous loyalty (Romaniuk and Dawes, 2005, Uncles et al, 2003). Commitment has to be affective, it has to be viewed in the context of shared values and mutual objectives, where, as a consequence, consumers receive value for money and companies gain the future value of customers (Humby et al, 2003) in terms of financial spend, customer commitment, adding value and recommending to others. According to Reichheld (2006) the ultimate test of a strong relationship is a customer's willingness to recommend an organisation. Committed customers provide positive word of mouth which is viewed as a credible source of communication (Lacey and Morgan, 2009, Reichheld and Sasser, 1990) to both acquire and retain other customers. Word of mouth referrals can be both positive and negative and are usually discussed in terms of having three effects: on the recipient, a call to action for the individual; on the referrer through reinforcement of his/her own actions; and the referral's effect on attracting new customers to the organisation (Helm, 2003). Referrals in isolation do not create value and make an individual loyal; however they can assist in engendering a positive relationship between a customer's relative attitude and repeat patronage (Assael, 1992), indicating a desire to become more involved with the organisation, disclosing information (intimacy) and recommending to others (passion).

2.6 Gaps in the literature

As a result of this literature review into social and marketing relationships and the dimensions of nature and type of loyalty, the thesis has identified 2 gaps, which will be addressed through the fieldwork. Firstly, based on the similarities between social and marketing relationships in terms of the processes and antecedents of loyal behaviour, specifically satisfaction (Sprecher, 1999, Berg, 1984, Rusbult, 1983, Cate

et al, 1982), trust and commitment (Gonzaga et al, 2001, Sprecher, 1999, Rempel et al, 1985, Rusbult, 1983) attachment (Feeney and Noller, 1990, Shaver and Hazan, 1988, Hazan and Shaver, 1987, Morris, 1982, Parks and Stevenson-Hinde, 1982) and emotion (Keltner and Kring, 1998, Baumeister et al, 1995, Nesse, 1990), this research intends to test H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard to investigate whether there was a social (emotional attachment and passion) dimension to customer loyalty.

Secondly, the research identified that previous research into the role of gender and particularly age on customer loyalty by authors such as Cedrola and Memmo (2010), Ndubisi and Madu (2009), Yavas and Babakus (2009), Ndubisi (2006), Snipes, et al (2006), Harmon and Hill (2003), Bendall-Lyon and Powers (2002), Rusbult et al (1986) and Rempel et al (1985) had not been exhaustively researched and therefore this research intends to test H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard to ascertain if the conclusions of previous studies can be applied to the grocery retail sector in the UK.

2.7 Conclusion

The chapter has provided a review of existing literature in the area of CRM, focusing on the concept of *key customer focus*, prior to comparing loyalty in the context of marketing and social relationships. The literature argues that the dimensions of social relationships, i.e. between two human parties, reveal similarities to marketing relationships, with a requirement of trust and commitment (Gonzaga et al, 2001, Sprecher, 1999, Rempel et al, 1985, Rusbult, 1983), satisfaction (Sprecher, 1999,

Berg, 1984, Rusbult, 1983, Cate et al, 1982) attachment (Feeney and Noller, 1990, Shaver and Hazan, 1988, Hazan and Shaver, 1987, Morris, 1982, Parks and Stevenson-Hinde, 1982) and emotion (Keltner and Kring, 1998, Baumeister et al, 1995, Nesse, 1990). The only explicit difference appears to be the aspects of love (Shaver and Hazan, 1988, Hendrick and Hendrick, 1986, Hendrick et al, 1984, Lee, 1973) and its composite components, passion (Aron and Westbay, 1996, Sternberg, 1986, Tennov, 1979) and intimacy (Fletcher et al, 1999, Fletcher et al, 1994, Sternberg, 1986, Sternberg and Grajek, 1984, Fletcher and Stricker, 1982). Based on an analysis of both types of relationships and their respective stages in **Table 1** it was observed that both social and marketing relationships share similar steps of evolution and antecedents and therefore provide a basis from which this research into Tesco and Tesco Clubcard emerges.

Both social and marketing relationships were argued to be determined by the notion of encouraging the respective parties involved to stick by each other, trust and depend on each other and continue or maintain the relationship, in other words, loyalty (Taylor et al, 2004, Adamson et al, 2003, Pedersen and Nysveen, 2001, Morgan and Hunt, 1994, Davies, 1992, Beatty et al, 1988). In terms of customer loyalty the review, using the work of amongst others, Sopanen (1996ab), Walker and Knox (1995) and Dick and Basu (1994), identified the nature and types of loyalty. Providing a context by discussing attitudinal and behavioural loyalty the review linked into firm versus store loyalty prior to discussing the types of loyalty which organisations are capable of creating with their customers, namely price, habit, choice, convenience, incentives and emotional loyalty. The review rounded off the narrative by making reference to the influence of age and gender on customer loyalty before examining the

nature of this loyalty, examining the antecedents of satisfaction, trust and commitment. The characteristics of loyalty were discussed throughout the **Chapter** and form the basis of the research which will be tested in the field to evaluate the aims and hypotheses of the research.

Chapter Three: Literature Review of Loyalty programmes

3.1 Introduction

The purpose of this chapter is to review the existing literature concerning loyalty and customer loyalty in the context of loyalty programmes. The literature review will assess loyalty concepts in relation to Tesco Clubcard in order to develop a theoretical and methodological basis for this research. The chapter comprises an in-depth review of theoretical and empirical literature in the areas of grocery retail loyalty and customer perceptions of loyalty programmes in general and Tesco Clubcard specifically.

3.2 Loyalty in retail analyses loyalty tactics and loyalty programmes in the context of grocery retailing. The section evaluates academic discussion surrounding types of loyalty programmes, prior to an analysis of the rationale and potential limitations of such schemes. In **3.3 Loyalty programmes defined** the review will examine the impact of loyalty programmes on customer relationships and loyalty and illustrate that if the loyalty programme is perceived as a promotional gimmick (Wright and Sparks, 1999) there will be little opportunity to create sustainable behavioural let alone attitudinal loyalty. Specific attention is given to Tesco Clubcard and the dimensions which differentiate it from other loyalty programmes in the grocery retail sector, suggesting that Tesco Clubcard has the potential, at least in theory, to create more than a superficial level of customer loyalty.

3.4 Gaps in the literature identify gaps in the literature, which the thesis attempts to address, and the chapter concludes with a summary in **3.5 Conclusion**.

3.2 Loyalty in retail

This research is founded on the basis that customers wish a relationship with retailers and desire to be rewarded for their loyalty (Noble and Phillips, 2004, Beck, 2002). However one could argue the opposite that customers see shopping as a chore and neither perceives a relationship or desire relationships with retailers. The nature of customer relationships and loyalty is therefore complex and operates to varying degrees (Sirohi et al, 1998, Mason, 1991, Hozier and Stern, 1985, Frank, 1967) which means retailers must be equipped with suitable tactics and strategies vis-à-vis developing sustainable, long-term loyalty among its customer base. Klynveld Peat Marwick Goerdeler (KPMG) has defined four such types of loyalty tactics as 'purge', 'push', 'pull' and 'pure' (Humby et al, 2003). These tactics, although relatively basic and lacking conceptualisation, are helpful to this research in that they reflect the type of customer loyalty discussed by Sopanen (1996ab), Hill and Alexander (2000), Walker and Knox (1995) and Fairlie (1990), namely *monopoly*; *inertia*; *convenience*; *price*; *incentivised*; and *emotional*. Similar to previous research KPMG's four loyalty tactics range from engendering 'weak' to 'relatively strong' loyalty and can be used by grocery and non-grocery retailers, the tactics are not mutually exclusive.

The first loyalty tactic is 'purge' loyalty, where a retailer operates a price discounting strategy, whereby people are attracted and remain with the firm because of the low prices (Mintel, 2004, Humby et al, 2003). This strategy is utilised all too often (Fournier, 2002) by the major grocery retailers, whether they incorporate the merits of a loyalty programme or not. ASDA/Wal-Mart abandoned its trial loyalty programme in 1999 in favour of using 'purge' loyalty, through its 'roll back' strategy (Addley, 2000) as their principal retention and acquisition strategy. Safeway (who were

purchased by Morrisons in 2004, a company who have never operated a loyalty programme (Addley, 2000)), in contrast, previously used a 'pull' strategy, with its ABC[21] loyalty card. However in 2000 and after five years in circulation, turned instead to 'purge' loyalty (Papworth, 2005), using the "saved costs to finance [this] short-term price cutting" (Seth and Randall, 2001, p.41). Tesco use 'purge' loyalty selectively, reducing the prices across its product brand and own-brand ranges periodically (Humby et al, 2003) and arguably combine every day low pricing (EDLP) with in-store promotions (Anon, 2003). Tesco also uses its Tesco Clubcard[22] promotions to compliment in-store price reductions in an attempt to make consumers insensitive to the price (Cortinas et al, 2008, Shabi, 2003, Bloemer and Odekerken-Schroder, 2002) reductions of its competitors.

If we were to consider 'purge' as the starting point in a scale ascending towards strong and sustainable consumer loyalty, the finish would be 'pure'. Pure loyalty "means strengthening the existing bond between the customer and the retailer, so the retailer can find out what the customer wants, and give that customer more of it" (Humby et al, 2003, p.10). To successfully execute this tactic, retailers, such as Tesco, use the Tesco Clubcard database to profile customers and enable more effective targeting (Cortinas et al, 2008, Rowley, 2005ab, Evans et al, 2004, Rapp and Decker, 2003, Rowley, 1999, Davies and Worrall, 1998, Dowling and Uncles, 1997) and personalisation of offers (Capizzi and Ferguson, 2005). The two-way flow of communication between retailer and consumer (Davies, 1992) where the customer receives appropriate 'fair rewards' (Lacey and Sneath, 2006) in exchange for information can be viewed as simply 'purge' loyalty, where the loyalty programme

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[21] For every £1 spent in store, customers receive 1 point (Rafiq, 1997).
[22] "The first £10 gives the shopper 2 points, every £5 spent thereafter gives 1 point" (Rafiq, 1997, p.50).

"collect[s] consumer data and offer[s] associated price savings" (Harmon and Hill, 2003, p.167). However, if the tactic is used effectively, where the organisation makes an effort to involve the consumer and encourage a sense of belonging (Clayton-Smith, 1996, Uncles, 1994), the consumer could reciprocate by spending more cognitive effort (Wirtz, 2003, Hague and Flick, 1989). In other words if the organisation makes a genuine effort to treat and reward the customer in an appropriate and timely manner (Dowling and Uncles, 1997, Bootzin et al, 1991), and is perceived as such by the consumer, there is an increased likelihood for a more sustainable form of loyalty. According to Kandampully (1997, p.92) "firms should give loyalty before they can expect it from customers".

The other two loyalty strategies suggested by KPMG are 'pull' and 'push', the first of which is where customers are attracted by the offer, "buying one product means they get an offer on another" (Humby et al 2003, p.11). This strategy is similar, although not the same as the 'BOGOF' (Buy one get one free) used by grocery retailers, and/or incentivised loyalty (Hill and Alexander, 2000, Sopanen, 1996ab), which are used by Sainsburys and Tesco in a loyalty programme context. The objective of a 'pull' strategy is essentially to "increase the number of purchases or the frequency of their purchases or even both" (Rowley, 2005b, p.195), with the added opportunity to both cross-sell (Dowling and Uncles, 1997) and up-sell. However, similar to the strategy of 'pure' loyalty, this strategy could merely engender increased customer spend and re-purchasing, in other words, 'temporary' as opposed to 'long-term' loyalty (Stauss et al, 2005, Divett et al, 2003, Rowley, 1999, O'Malley, 1998). This strategy could encourage customers to be 'locked in', where the customer may "downplay the negative aspects" (Mitchell and Kiral, 1998, p.315) of their interaction with their

favoured retailer because of the risk associated to 'leaving' the relationship in terms of rewards and/or the costs involved in switching among competitors (Kim et al, 2004, Lee et al, 2001, O'Malley, 1998). Equally, a consumer may accept the negative aspects of the relationship not because they are 'locked in', rather they wish to maintain an internal balance and avoid cognitive dissonance (Arnould et al, 2002, Festinger, 1957). In other words, the customer simply wishes to avoid risk or is merely loyal out of habit or inertia.

'Push' loyalty means, "creating a scheme to encourage us to use a way of shopping that we would not have done before – pushing customers through new channels, or trying to create new types of behaviour" (Humby et al, 2003, p.11). It can be argued that all the grocery retailers adopt this loyalty strategy to varying degrees through their website presence, offering incentives (Rowley, 2005b, Humby et al, 2003) and availability 24 hours a day, 7 days a week, to encourage consumer patronage online and perhaps as a consequence (and complimented by favourable opening hours) reinforce off-line shopping. The reverse argument, that offline loyalty transfers to online loyalty has also been argued to exist (McLuhan, 2005, Rafiq and Fulford, 2005). However, as with previous loyalty strategies, the degree of use has implications for success. On the one hand 'push' loyalty could simply be used to increase consumer spend online which in turn improves organisational profitability (Parker and Worthington, 2000). On the other hand this strategy could be used to its fullest potential by using a relatively new consumer channel, such as the Internet "for building customer and brand relationships, and for collecting customer data" (Rowley, 2005b, p.200), reinforcing and complimenting the retention work of existing channels to develop and strengthen customer loyalty.

It would appear that in grocery retailing, loyalty programmes are not only a 'pull', or 'incentivised loyalty' (Sopanen, 1996ab, Hill and Alexander, 2000), strategy, where customer loyalty is achieved through the rewards gained from loyalty programmes (Dowling and Uncles, 1997, MacKenzie, 1995). In the case of the Nectar card and the Tesco Clubcard, they appear to utilise the 'push' loyalty strategy through, although certainly not exclusive to, their respective websites, with Tesco Clubcard combining online and offline transactional data. There is an argument that the 'pure' loyalty strategy intimated by KPMG is also used by Tesco Clubcard, not simply through its ability to capture data (Seth and Randall, 2001, Parker and Worthington, 2000, Worthington, 2000, Evans, 1999) as Nectar card has similar capabilities, but through its ability to operate "seamlessly between online and in-store modes", where "they have customer profiles that transcend channels" (Rowley, 2005b, p.200).

Tesco Clubcard would appear to operate using the 'pull', 'push' and 'pure' loyalty strategies (Rowley, 2005ab, Humby et al, 2003) which raises two areas for investigation in the literature review. The first of which concerns the distinctive nature of the Tesco Clubcard in comparison to other loyalty programmes and the nature and type of loyalty it is capable of engendering. The second surrounds the ability of the Tesco Clubcard itself to create and sustain a two-way communication with customers, which not only adds value but also is capable of stimulating "both the rational and emotional benefits" (Clayton-Smith, 1996, p.35), i.e. the ability of Tesco Clubcard to stimulate consumer behaviour in not only a behavioural sense but potentially in terms of attitude.

3.3 Loyalty programmes defined

The objective of loyalty programmes is relatively simple to state but more complex to understand. From a consumer perspective, Graeff and Harmon (2002), through their research in the USA, observed that consumers perceive grocery loyalty programmes as having four aims, for the purpose of collecting information: 'database marketing', providing personalised promotions; 'Promotions and discounts', to encourage repeat patronage; 'Loyalty and competitiveness'; and to charge higher prices to non-card holders 'Higher prices'. Similar findings have been revealed through research in the UK by Turner and Wilson (2006), Banasiewicz (2005), Hickman (2005), Rowley (2005bc), Powell (2004), Uncles et al (2003), Smith et al, (2003), McIlroy and Barrett (2000), Evans (1999), Wright and Sparks (1999), O'Malley (1998), Dowling and Uncles (1997), Rayer (1996) and Hochman (1992). The result is a number of definitions between 1996 and 2005 regarding the meaning and purpose of a loyalty programme. It appears, however, that over the years not only has the wording changed, but also the emphasis. Following the introduction of the Tesco Clubcard in February 1995, Rayer (1996, p.8) asserted that a loyalty programme is a "mechanism for identifying and rewarding loyal customers". O'Malley (1998, p.47) referred to loyalty programmes as rewarding "customers' repeat purchasing and encouraging loyalty by providing targets at which various benefits can be achieved", Evans and Moutinho (1999, p.117) described the loyalty programme as having "the potential to attract customers but also to retain them, and if this potential is realised, the loyalty scheme can become a significant part of traditional sales promotion discounting approaches"; Uncles et al (2003, p.298) argued loyalty programmes "strengthen commitment and create velvet handcuffs to bond the customer to the brand"; and

according to Duffy, (2005, p.284) they "keep customers longer, thereby increasing overall sales and profits".

What is interesting from this selection of loyalty programme definitions is that over the years the wording in academic literature has generally moved away from describing the loyalty programme as a mechanism to retain customers to an instrument, which 'ties in' consumers. Of course this observation is far from clear, particularly when one uses the quote from Boedeker (1997, p.251), "continuing relationships clearly are one objective of regular customer cards", which indicates the latter point at an earlier time. Nevertheless, generally the direction of academic definitions has flowed towards 'tieing customers in', which indicates that loyalty programmes have more to do with consolidating and 'locking in' customers rather than simply providing another reason to patronise that firm (Duffy, 2005, Gustafsson et al, 2004, Noordhoff et al, 2004, Rowley, 1999). The reasons for this becomes clear when one examines the technological advancements, which have enhanced the analysing aspect of loyalty cards (Divett et al, 2003) and focused the attention of organisations on who their best customers are (Capizzi and Ferguson, 2005). However, the extent to which this change in emphasis in the academic literature is a reflection of a genuine motivation on the part of organisations to 'care' for their customers, or merely a move from 'locking' or 'tieing in' customer spend (Benady and Brierley, 1999) in the short term to more of a long term loyalty strategy remains to be seen. In the words of Rick Ferguson of Colloquy magazine, the purpose of present day loyalty programmes are to "move your customers along a relationship chain from causal shoppers and disloyal consumers to real brand loyalists, where they

get stuck in what we call a 'spin cycle' of shopping frequently and responding to offers" (Shabi, 2003, p.7).

3.3.1 Types of loyalty programmes

The debate surrounding the nature and ability of loyalty programmes to create attitudinal loyalty or even behavioural loyalty which is sustainable (Divett et al, 2003, Palmer et al, 2000, O'Malley, 1998) is in part due to the different types of cards in circulation, their functions, rewards and the perceptions of the rewards fairness (Lacey and Sneath, 2006). At its most fundamental, loyalty programmes operate on the principal that on the one hand companies receive the benefits of customer information (although not necessarily knowledge) through the data collected (Seth and Randall, 2001, Parker and Worthington, 2000, Worthington, 2000, Worthington and Hallsworth, 1999, Worthington, 1998, Evans, 1999) which in turn allows the firm to target and segment existing customers more effectively and efficiently (Berman, 2006, Rowley, 2005bc, Evans et al, 2004, Rapp and Decker, 2003, Palmer et al, 2000, Rowley, 2000b, O'Malley, 1998, Dowling and Uncles, 1997). On the other hand customers "earn some promotional currency […] that is usable in the future for certain rewards" (Duffy, 2005, p.285). However, the question is whether this is in fact mutually beneficial which constitutes a genuine relationship or simply a marriage of convenience, where customers remain promiscuous (Benady and Brierley, 1999), using loyalty cards frequently (Miranda and Konya, 2008) and organisations are simply motivated by increased profits and profitability (Heskett, 2002, Parker and Worthington, 2000, Reicheld, 1996, Reicheld and Sasser, 1990).

The type and nature of a loyalty card influences its success. According to Capizzi and Ferguson (2005, p.73) customers seek "a sophisticated and differentiated rewards program", therefore it is not enough for it simply to be an instrument to 'incentivise' (Sopanen, 1996ab) loyalty which is motivated by the need to increase sales (Dowling and Uncles, 1997). Rather the nature of the programme should be a "pro-active loyalty (-card)" (Noordhoff et al, 2004, p.354). It is argued that organisations should give careful consideration to the "overall value proposition" (Capizzi and Ferguson, 2005, p.73) evaluating whether the loyalty programme is opting in[23] or automatic[24], anonymous[25] or personalised[26], flat rate[27] or top-down[28] with rewards-on-demand[29] or cumulative[30] (Humby et al, 2003, Porter, 1993). In terms of opting-in, it could be argued that a consumer indicating the preference to join a loyalty programme makes them more likely to have a preference and in turn liking for that programme (Mulhern and Duffy, 2004, Wirtz, 2003, Evans, 1999). Equally it could be argued that consumers are only interested in the benefits offered, and are merely loyal for the length of time the offer exists (Parker and Worthington, 2000). If a consumer is indicating an interest in a loyalty programme by 'opting-in', the organisation should respond by attempting to build a relationship with the consumer through personalising the offer, making it more relevant to their needs (Capizzi and Ferguson, 2005, O'Malley, 1998) which in turn is more likely to be received favourably by consumers (O'Malley, 1998, O'Brien and Jones, 1995). If, however, the relationship is not maintained, with customers being taken for granted, it could lead to consumer

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[23] Where a customers choose to become involved in the scheme or programme.
[24] This is where a customer is automatically involved and the onus on them whether or not to actively participate. This type of programme is termed an 'open loyalty programme' by Butscher (2002).
[25] A programme which operates on the principal of non-disclosure of personal data or information.
[26] Operates on attaining customer data and information.
[27] All customers receive a standard rate. In the case of Tesco Clubcard 1 point for every £1 spent, since May 2009, 2 points for every £1 spent.
[28] Customers receive rewards as a direct consequence of spend.
[29] Allows customers to 'take' their rewards when they choose.
[30] In this instance customers can redeem their rewards on a periodic and pre-determined time.

malaise, and ultimately the questioning of their participation in such programmes. This is illustrated by Knox et al (2003, p.289) in the context of the Sainsburys 'Nectar card', "fifty per cent of people loved the level of personalization, but 50 per cent hated it and thought it was an invasion of their privacy".

The argument whether to have rewards on the basis of spend (also termed 'plateau, perks and prizes' (Barlow, 1992)) or providing a flat rate depends on the product, the intended rewards and the levels of involvement. According to Kivetz and Simonson (2002) where there is a higher reward requirement to a loyalty programme, the reward should also be high; in other words, the reward should reflect the consumer effort. Awarding monetary or non-monetary rewards (sometimes referred to as soft benefits, (Capizzi and Ferguson, 2005, Mulhern and Duffy, 2004)) based on spend has the capabilities to drive consumers up the loyalty ladder (Uncles et al, 2003, Kivetz and Simonson, 2002), giving them something to aspire to whilst adding value (Capizzi and Ferguson, 2005, Clemmet, 1998). However, it could equally lead to frustration (Stauss et al, 2005, Colman, 2001) and 'turn off' consumers, particularly if the rewards are difficult to achieve or are perceived as meaningless (Stauss et al, 2005). The 'down-side' of frustration could be partially offset through incorporating the rewards-on-demand approach, where customers have perceived control (Humby et al, 2003) and are able to chart their progress through receiving statements from the organisation (Jang and Mattila, 2005). Equally, this approach could further compound the issue of frustration if the loyalty programme provider is unable to redeem rewards on demand (Humby et al, 2003) and satisfy the customer. A more appropriate method suggested is the strategy of cumulative rewards, where the organisation has control over the allocation of reward and provides the benefits on a timely basis (Jang and

Mattila, 2005, Bootzin et al, 1991, Dowling and Uncles, 1997) such as the quarterly statements received by Tesco Clubcard members. It has to be remembered that such rewards must enhance consumer satisfaction and not detract from it, so a customer is neither dissatisfied nor less committed (Duffy, 2005, Jang and Mattila, 2005, Van Heerde and Bijmolt, 2005, Evans, 1999). It is difficult enough to create loyalty through a loyalty programme without giving consumers an excuse to leave or become less engaged (Evans, 1999, Duffy, 1998).

How the customer is rewarded also differs between loyalty programmes in terms of type, whether it is discount-led[31], points-led, information-led[32] or privilege-led[33] (Humby et al, 2003). Tesco Clubcard is a points-led loyalty programme where customers collect 'points' as currency, "collect[ing] and spend[ing] their units of value, either at a fixed or variable issuing rate, or at a fixed or variable redemption rate" (Humby et al, 2003, p.30). When operating a points-led programme it is argued that redemption should be transparent and timely, avoiding delays (Dowling and Uncles, 1997, Bootzin et al, 1991). This statement is supported by Jang and Mattila (2005) who argue that some consumers prefer instant rather than delayed gratification, in other words there is the potential for customers to resent waiting an extended period of time for a reward which may lead to frustration with the loyalty programme (Stauss et al, 2005, Colman, 2001). In order to reach its full potential however, this strategy would require to be supported by personalised, relevant correspondence in the form of statements (O'Malley, 1998, Dowling and Uncles, 1997) and/or promotional material, such as the 'Four Christmases a year' (Tapp, 2005) quarterly

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[31] Tiered pricing, one price for customers and another price for members (Humby et al, 2003)
[32] Information, advice and assistance is the 'reward' for members (Humby et al, 2003)
[33] Membership allows access to rewards which are 'rare' value or otherwise difficult to attain (Humby et al, 2003)

statement and Tesco Clubcard magazine mailing to Tesco Clubcard members (Bruhn, 2003). The emphasis is on the two-way flow of communication with the risk and effort on the part of the consumer being kept to a minimum (Jang and Mattila, 2005, O'Malley, 1998). Finally, there is the reward itself, which is of critical importance to the perception of customer value, as customers are motivated to participate by reward (Humby et al, 2003, Uncles, 1994) and "become more loyal if given the right rewards" (Reed, 1999, p.113). This perhaps explains why Tesco relaunched their Tesco Clubcard in 2009 with 'double points' for Tesco customers, an attempt to add value to the reward.

According to Noordhoff et al (2004) rewarding customers is one of the three purposes of a loyalty programme, the other two being identification (in the case of Tesco Clubcard, a barcode which acts as a unique customer identifier) and memory (for Tesco Clubcard this is the Tesco Clubcard database which is managed by Dunhumby[34]). Such a reward should have the provision of choice and represent value in terms of the proportion of customer spend (Gremler and Brown, 1999, O'Malley, 1998). It is this aspect of value and the receipt of benefits, which has the potential to improve customer satisfaction, which in turn nurtures loyal behaviour (Sharp and Sharp, 1997). However, it is not simply the reward, as argued by Banasiewicz (2005); the programme must take into account the aspects of financial return (also supported by research conducted by O'Brien and Jones (1995)), frequency and message.

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[34] The organisation who manages Tesco Clubcard data, Tesco owns 83% of Dunnhumby (MoneyWeek, 2007)

3.3.2 Loyalty programmes

Loyalty cards[35], or 'points cards'[36] as termed by Wright and Sparks (1999), are an instrument to create or stimulate more sustainable customer loyalty, providing "psychological reassurance of being tangible – something consumers can put in their wallet" (Benady and Brierley, 1999, p.112), and not something which is an inconvenience for a customer (Anon, 1999a), with their implications for consumer loyalty the subject of academic research in a variety of contexts (see **Table 2**). However, there is a debate surrounding the effectiveness of loyalty cards in a market exhibiting signs of entering the mature phase of its life-cycle (Capizzi and Ferguson, 2005). If everyone owns at least one loyalty card (Bellizzi and Bristol, 2004) and simply use those for the purpose of making savings (Harmon and Hill, 2003) this may lead to consumers becoming loyal to the card and not the organisation (O'Malley, 1998). This debate has centred around loyalty programmes in general, but for the purpose of this study a distinction will be made between customer cards, store cards and the Tesco Clubcard to understand the debate and assess whether the criticism levelled at loyalty programmes is reflective of certain cards and programmes or the whole loyalty programme genre.

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[35] For the purpose of this research are considered as "contact cards like magnetic stripe require fixed electrical contact between the card and the card reader for passing information" (Coyle-Camp, 1994, p.8).
[36] "Points are awarded to customers depending on how much they spend in a particular store. These points can then be redeemed for a discount on future purchases at the store in which they were earned or claim other rewards" (Wright and Sparks, 1999, p.432).

Table 2 Academic discussion of loyalty programmes

Author and Year of publication	Academic contribution
Wendlandt and Schrader (2007)	Examined reactance towards loyalty programmes and concluded that although contractual bonds provoked reactance, social-psychological bonds neither increased reactance, nor customer perceived utility of the program.
Banasiewicz (2005)	Examined the importance of appropriate planning and informational backing to a loyalty programmes success.
Smith et al (2004)	Have examined the employee dimension of loyalty programmes, arguing that the employee is crucial to the success of such schemes.
Graeff and Harmon (2002) and Parker and Worthington (2000)	Examined the ethical aspects of loyalty programmes such as invasion of privacy and 'false rewards'.
Turner (2009), Bridson et al (2008), Turner (2008), Leenheer et al (2007), Rowley (2007), Turner and Wilson (2006), Stauss et al (2005), Divett et al (2003), Uncles et al (2003), Yi and Jeon (2003), Wright and Sparks (1999), Duffy (1998), O'Malley (1998), Evans et al (1997), Jones and Sasser (1995)	Assessed the effectiveness of loyalty cards and programmes, concluding the such programmes are 'add-on' devices capable of only achieving 'spurious' loyalty Among customers.
Bridson et al (2008), and Demoulin, and Zidda(2008)	Assessed the relationship between loyalty cards and customer satisfaction.
Liu and Brook (2009), Liu (2007), Meyer-Waarden (2007), Lewis (2004), Bell and Lal (2002)	Assessed the relationship between loyalty programmes and customer behaviour and lifetime value.
Boedeker (1997)	Examined the effects of loyalty cards on customers in Finland and argued that the benefits were at the low, 'technical' level.
Reinartz and Kumar (2003), Sharp and Sharp (1997)	Examined the loyalty programme in the context of 'returns', questioning the cost-effectiveness of such programmes in terms of customer profitability and loyalty.
Smith and Sparks (2009ab), Meyer-Waarden (2008), Miranda and Konya (2008), Jang and Mattila (2005), Dowling and Uncles (1997), O'Brien and Jones (1995)	Examined loyalty schemes in terms of rewards and found customers favour immediate monetary rewards rather than points based programmes.
Harmon and Hill (2003)	Investigated gender and its relationship to the use of coupon(s) received from loyalty programmes, revealing that females were more likely to use coupons and exhibit loyal characteristics than their male counterparts.
Magi (2003), McGoldrick and Andre (1997)	Examined the relationship between loyalty cards and customer share, findings were inconclusive regarding a positive relationship between the two factors.
Gable et al (2008), Miranda, and Konya (2008), Rowley (2005b), Rafiq (1997) and Hochman (1992)	Evaluated loyalty programmes in the grocery retail sector and a general sense, providing contextual background and comparisons between schemes.
Noordhoff, et al (2004)	Conducted a comparative analysis of the loyalty card in Singapore and the Netherlands among grocery shoppers and found a loyalty cards influence to be both behavioural and attitudinal in terms of customer loyalty.
Palmer et al (2000)	Discussed the use and usability of the loyalty programme in the hotel sector, concluding that a loyalty programmes success depends on the hotel (similar to Magi's (2003) findings that success depends on the consumer segment).
Vesel and Zabkar (2009), Clayton-Smith (1996)	Examined the loyalty programme in the DIY retail segment. Clayton-Smith (1996) found a relationship between card ownership and amount spent and frequency of visit. The research also revealed that those respondents who owned a card were more likely to be loyal. Vesel and Zabkar (2009) found a positive relationship between quality of the programme and customer loyalty.
Butscher (2002)	Examined the relationship between loyalty programmes and clubs, analysing loyalty programmes in terms of limitations and benefits and providing case study support, one of which the Volkswagen (VW) Club overlaps with the work of Stauss et al (2001).
Rosenbaum et al (2005), Rowley (2005a) and Byrom (2001)	Investigated the relationship between loyalty programmes and the community, revealing that communal schemes engender a stronger loyalty among participants.
Roos et al (2005), Gustafsson et al (2004) and Stauss et al (2001)	Examined Customer Clubs and their effects on customer behaviour. Roos et al (2005) in research into the telecommunication industry found a link between club membership and retention. Gustafsson et al (2004) in the same sector were unable to discover the effect of club membership on loyalty. Stauss et al (2001) found a link between customer satisfaction and Volkswagen (VW) Club transactions and customer satisfaction and retention.

3.3.3 Loyalty programmes in grocery retail

Prior to examining grocery retailing it should be noted that reference will be made to non-food retailers for two reasons, in the first instance as a comparison, secondly as Tesco is no longer simply a grocery retailer, although it is still classified as one (Humby et al, 2003). In the retail environment customers "do not become especially attached to a given product or service" (Divett et al, 2003, p.120), they neither exhibit fidelity towards a firm or a store, nor emotional commitment. Instead, customers, according to Mike Goodliman's (Director of Verdict) 'How Britain Shops' report "are becoming increasingly promiscuous", (Divett et al, 2003, Anon, 2000a, p.1), a fact supported by the KPMG study in 2003 which revealed that only 2% of consumers remain faithful[37] (Matheson, 2003). According to Huddleston et al (2004) and O'Malley (1998) customers of grocery retailers show spurious loyalty, where loyalty programmes reward a customers repeat purchasing and not attitudes (Meyer-Waarden, 2008). Rather than monogamy or fidelity, we have polygamy (Uncles et al, 2003) or infidelity, where consumers exhibit preferences or leanings towards certain firms, which is why "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 behaviour" (Humby, et al, 2003, p.9). This is why Tesco refer to their Tesco Clubcard rewards as a 'thank you', tied up with their 'Every little helps' slogan (Humby, et al, 2003). In other words, retailers need to provide rewards, which instil behavioural loyalty amongst customers as it is not natural for customers to perceive themselves to be exclusively monogamous in a retail context (Divett et al, 2003). According to Wright and Sparks (1999) supermarkets

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[37] In the context of the KPMG study, faithful meant never shopping around.

have been unable to make customers 100% loyal in a behavioural context let alone an attitudinal one.

Based on the literature it is clear that the examination of customer loyalty and the loyalty card is neither a new discussion in academic circles, with research dating back to 1988, nor is this evaluation and pursuit of loyalty through the use of loyalty programmes a new phenomenon in the retail and grocery retail environment. According to O'Malley (1998, p.47) loyalty programmes "have been around in one form or another since the early 1970's", although it could be argued that such programmes have been in existence since 1844 when the 'Co-op dividend' was introduced by the Rochdale Society of Equitable Pioneers (Anon, 1998b). The 'Co-op dividend' or 'Divi' currently operates on the basis of monetary[38] rather than 'dividend'[39] returns, where customers can now choose between receiving 'rewards' in the form of cash, vouchers or make a donation to a charity (Anon, 1998b). Ironically, one of the early loyalty programmes operating on a 'points' basis in the UK was the 'Green Shield trading stamps scheme', which "collapsed in 1977 after Tesco withdrew from the scheme in its bid to reposition the store more up market" (Rafiq, 1997, p.44). This was not the main reason for Tesco's move away from stamp based schemes, rather Tesco were losing both customers and competitiveness, with the stamps perceived as costly and counter-productive (Humby et al, 2003).

Since the 1980's the loyalty programme has increased in popularity among the retail community as a method of moving the customer up the loyalty ladder (Rafiq, 1997) through providing incentives (Magelonsky, 1997) and using the information generated

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[38] For every £1 spent customers receive 5p (The co-operative, 2009).
[39] Customers receive financial return based on in-store spend (Anon, 1998b).

from the card "to bridge the gap between customer and supplier" (Shaw and Stone, 1988, p.63). One of the more successful international programmes in the non-grocery sector was when American Airlines introduced its AAdvantage Programme in 1981 (O'Malley, 1998). This frequent flyer programme attempted to cultivate loyalty and relationships with customers, according to Duffy (2005, p.284) "the frequent flier programs represented the first widespread attempts to get consumers to consolidate their buying behaviour with a single brand in a given category". This format has been replicated (a cited weakness of loyalty schemes, that of the ease in which programmes can be copied (Uncles et al, 2003, Parker and Worthington, 2000)) throughout the 1980's and 1990's in the service sector and among other airlines.

The use of loyalty programmes, as a means to encourage loyalty was not confined to the non-grocery retail sector, in February 1995 Tesco "secured first move advantage" (Witthaus, 2005, p.44) by introducing the concept into grocery retail with its Tesco Clubcard (Passingham, 1998). The Tesco Clubcard was claimed to be "a way of saying thank you to our customers" (Bevan, 2005, p.133) and was judged an initial success during its trial in 3 Tesco stores during 1994, where "out of every £10 spent by customers, £6 was spent by Clubcard holders" (Humby et al, 2003, p.52). Tesco Clubcard which offers customer one point for every pound spent (changed in May 2009 following the relaunch of Tesco Clubcard, to two points for every pound spent) initiated a trend in the grocery sector. Tesco Clubcard was later followed by the Safeway ABC card (launched in 1995, withdrawn in 2000), Sainsburys 'Reward Card' (subsequently called Nectar card, launched in September 2002) and more recently the Somerfield Saver Card[40], which unlike other loyalty cards in the grocery

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[40] Customers receive "instant discounts at the checkout and members-only in-store discounts" (Anon, 2004c, p.1)

retail sector, "offer[ed] immediate rewards and incentives for customers, rather than a points-based system" (Anon, 2005a, p.1). The Somerfield Saver Card, launched in 2004 yet withdrawn in 2006, received three million subscriptions in its first year (Anon, 2005a). By contrast the Nectar card registered 13 million customers in its first year (Matheson, 2003), a figure inflated by Sainsburys offer in May 2000 of 500 Nectar points to Safeway ABC card holders in exchange for their replacing the ABC card with the Nectar card (Addley, 2000) and was the first loyalty program to combine with Air Miles (Capizzi and Ferguson, 2005). This growth in organisational 'take up' of loyalty programmes has been mirrored by the growth in store cards[41], with the introduction of schemes such as the Boots 'Advantage card'[42], the W H Smith card[43], BhS Choice card[44] and Argos Premier Points (Wright and Sparks, 1999), (withdrawn in July 2005, with customers allowed to redeem points up until 20th January 2006). The reason for making a distinction between store and loyalty cards is that although they are different in terms of their scope, increasingly the differences are becoming blurred (Cuthbertson, 1998). The reasons for this are not surprising as store and loyalty cards are becoming more hybrid in nature, i.e. "strengthen loyalty schemes by expanding into payment options and others chose to add loyalty benefits to existing payment cards" (Wright and Sparks, 1999, p.431) for example the Tesco credit card. A point supported by Sopanen (1996ab) who argues that both types of card are basically intended to create an 'incentivised' type of customer loyalty.

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[41] "A credit or charge card launched by a retailer" (Wright and Sparks, 1999, p.432)
[42] For every £1 spent at Boots, customers receive five points (Addley, 2000)
[43] For every 10p spent on purchases over £1, customers are given one point (Addley, 2000)
[44] For every £10 spent customers receive one point

The introduction of loyalty programmes "has been widely embraced here in the UK" (Dowling and Uncles, 1997, p.74) by the retail sector and customers alike. In research conducted by Maritz in 2006, it was found "about three quarters of the [sampled] respondents claiming membership" (Miranda and Konya, 2008, p.44). In 1999, retail acceptance was underlined with over 150 loyalty programmes operating in the UK (Wright and Sparks, 1999). In terms of customers, according to Rafiq (1997) the three months following the introduction of the Tesco Clubcard in February 1995 saw Tesco attract five million customers, a figure which has increased to 16 million in 2009 (Anon, 2009), with loyalty card ownership in general increasing to over 27 million people (Papworth, 2005). However, the irony is that the success of loyalty programmes has contributed in part to it receiving a mixed response among both consumers and the academic community with regards to its capacity to engender loyalty (Wendlandt and Schrader, 2007, Rowley, 2005bc, 1999, Uncles et al, 2003, Anon, 2002ab, Evans, 1999, Wright and Sparks, 1999, Anon, 1998ab, Davies, 1998, Duffy, 1998, O'Malley, 1998, Smith, no date). It is argued that "over half of those with a Sainsburys Reward card hold a Tesco Clubcard; 42% of Tesco cardholders have a Sainsburys card" (Addley, 2000, p.2). This is supported by Anon, (1998b, p.21) "I have accumulated nine 'loyalty' cards from various stores and supermarkets, does this make me more loyal or less?"

Therefore, despite the success of the loyalty programme in UK retail and in particular the grocery retail sector, in terms of customer recruitment and its ability to engender loyalty is debateable (Noordhoff et al, 2004, Divett et al, 2003, Rowley, 1999). On the one hand, there is the argument of Rob Gierkink (Chief Executive of Loyalty Management UK) that "People who visit all four of our launched sponsors are twice

as loyal – they become more engaged" (Matheson, 2003, p.1). On the other hand, academic research has found no correlation between loyalty card ownership and behavioural loyalty let alone attitudinal loyalty to the firm (Gomez et al, 2006, Palmer et al, 2000, Wright and Sparks, 1999, Jones and Sasser, 1995). Research by Divett et al (2003), Rowley (1999) and Parker and Worthington (2000, p.491) argue "involvement in the schemes and the associated rewards have become just another part of the shopping experience rather than any expression of loyalty".

3.3.4 Limitations surrounding loyalty programmes

The discussion regarding loyalty programmes and their capacity to create sustainable customer loyalty is in part due to a company's motivations behind introducing a loyalty programme, its use and ability to add customer value, in other words its capacity to 'stand out' from the loyalty card clutter. According to Hartley (1997), the loyalty card has the combined function of rewarding repetitive behaviour and collecting customer data (Hamilton and Howcroft, 1995). However in too many cases the loyalty programme is "adopted too quickly, without much thought" (Dowling and Uncles, 1997, p.81), is perceived by organisations as a cost and not an investment and used to enhance their market share (Wansink, 2003, Evans and Moutinho, 1999) which makes the creation of 'true' customer value difficult to achieve (Liljander and Roos, 2002). This creates an environment where, in the opinion of Carlos Criado-Perez (Chief Executive of Safeway), "people have lost interest in (loyalty cards) points and don't think they give value" (Anon, 2000b, p.3) preferring lower prices instead (Anon, 2003, Eurofoods, 2002, Anon, 2002a). In the opinion of Divett et al (2003, p.118) "we cannot buy loyalty (at least not directly)", which adds support to the claim that the term 'loyalty' cards may indeed be a misnomer (Jardine, 2000).

According to Humby (2004) and Humby et al (2003) loyalty programmes have the potential to create and destroy the value intended for consumers. However it is the ability of loyalty programmes to destroy customer value through a number of limitations which has received the most academic attention. Such limitations are well documented, Stauss et al (2005), Humby et al (2003), Uncles et al (2003), Byrom (2001), Boedeker (1997) and Jones and Sasser (1995) have categorised the main failings of loyalty programmes into six distinct areas: 'false loyalty' (Jones and Sasser, 1995); 'zero sum game' (Humby et al, 2003, Mazur, 1995); price cuts are more effective (Benady, 2009, Taylor, 2009, Fournier, 2002, Anon, 1999b); the costs (O'Malley, 1998, Dignam, 1996, Reed, 1995); data overload (Rowley, 2005b, Uncles, 1994); and the invasion of privacy (Stauss et al, 2005, Graeff and Harmon, 2002, Grossman, 1998).

The first criticism of loyalty programmes is that they create 'false loyalty' (Jones and Sasser, 1995), also termed 'bribery' (Humby et al 2003). If loyalty programmes do not encourage, as Smith et al (2004), Duffy (1998) and Uncles (1994) put it, a 'sense of belonging' among customers (Uncles, 1994), then the card is nothing more than a medium to receive rewards, a promotional gimmick (Wright and Sparks, 1999). According to Butscher (2002, p.3) loyalty programmes simply "provide price discounts - and discounts are the last thing that creates loyalty among customers". Such a perception of loyalty programmes creates an environment where customers are loyal to the rewards, or loyal to the card (Ergin et al, 2007, Dowling and Uncles, 1997, McKenzie, 1995, Rothschild and Gaidis, 1981) and not to the company and may switch to whoever offers the best deal and/or "simply produce the right card for whichever shop they are in" (Addley, 2000, p.2).

The second criticism levelled at loyalty programmes is that it is a 'zero sum game' (Humby et al, 2003, Mazur, 1995). Because of the number of loyalty programmes in operation in the UK, according to Byrom et al (2001), the number of members is more than 40 million, their capacity to engender behavioural, let alone attitudinal loyalty is diminished (Noordhoff et al, 2004) and outweighed by its cost (the fourth criticism of loyalty programmes). According to Parker and Worthington (2000, p.490) "if shoppers are rewarded for their loyalty in all stores, then there is no reason to be loyal to any one in particular". Research conducted by Magi (2003) revealed that 49% of survey participants possessed at least two loyalty cards, a trend which is supported by research in 1999, where it was observed that customers possessed 2.2 loyalty cards on average (Wright and Sparks, 1999), a figure that had declined from the average 3.5 cards held by customers in 1995 (Reed, 1995). Although the average number of cards in an individual's possession may have declined, the percentage of the UK population owning a loyalty card and using it regularly has continued to increase from 52% in 2004 (Higher Education Careers Professionals, 2006) to 85% in June 2006 (Anon, 2006b). It is argued that when the retail sector in which you operate is dominated by loyalty programmes, their perceived benefits for customers and firms alike are reduced (Demoulin and Zidda, 2008, Gustafsson et al, 2004, Palmer et al, 2000, Gilbert and Karabeyekian, 1995, Mowlana and Smith, 1993) mainly due to "the ease with which competitors can copy the initiative" (Parker and Worthington, 2000, p.490). According to Tapp (2001, p.253), with a plethora of loyalty cards in the retail sector customer's could experience "'loyalty overload', causing customer confusion and apathy" or simply produce the relevant loyalty card depending on the firm they are patronising (Ergin et al, 2007).

The third criticism, which is compounded by the second, is the assertion that loyalty programmes are not as effective as price cuts (Taylor, 2009, Humby et al, 2003). Although it is argued that loyalty programmes have the potential to make customers less receptive to price cuts (Shabi, 2003), in 1999, research conducted by Mintel revealed that a third of customers preferred a reduction in prices to the points and rewards generated by loyalty programmes (Mintel, 2001). Research conducted by KPMG in 2002 revealed similar findings, with 30% of respondents indicating preference to lower prices instead of accumulating 'loyalty' points (Matheson, 2003). In 2004, a similar observation was made "arguing that most shoppers prefer immediate price discounts" (Anon, 2004b, p.2), or "the perception of lower prices" (Cannon, 2003).

The fourth criticism of loyalty programmes surrounds the cost of implementation and maintenance, which, is a partial explanation for the preference among some organisations, most notably ASDA/Wal-Mart, Morrison's/Safeway, Somerfield, Aldi and Lidl to adopt a price reduction strategy. In the opinion of Hochman (1992) return on investment when implementing a loyalty programme may take three to four years, a point illustrated by Reed (1995) who states Tesco's initial investment in Tesco Clubcard was £10 million, a figure dwarfed by the non-grocery retailer Shell's investment in their 'Smart card' loyalty programme which cost between £20 and £40 million (Dignam, 1996). In addition there is the cost of withdrawing the programme, not only in financial terms but also in terms of its impact on corporate reputation, a fact, which underlines the point that to enable success an organisation must perceive their loyalty program as an investment and not simply because it generates information (Evans et al, 2004).

The penultimate criticism from the literature concerns the amount of data generated from loyalty programmes. It is not disputed that "knowing who the best customers are, what they buy, and how often provides a secret weapon" (Stone, 1994, p.37). Loyalty programmes indeed have the potential to "gain information and communicate with customers" (Parker and Worthington, 2000, p.490) which can be used as a competitive advantage (Wrigley and Lowe, 2002). However, it is argued that the potential is not being realised through organisations either being overwhelmed by the data, 'data overload' (Evans et al, 2004), or "not making appropriate use of data" (Rowley, 2005b, p.196), through a lack of understanding, a lack of effort, or difficulties interrogating the data (Rowley, 2005b), in other words, the data is valueless. A further perspective is provided by Dowling and Uncles (1997, p.81) who argue that the value of the data collected from the loyalty programme is over-emphasised, as it is "only one source of market research information", i.e. providing data on the behaviour of your customers, not the purchasing behaviour of your competitors customers. This criticism has two dimensions, in the first instance data does not necessarily equate to understanding (Tapp, 2005) and in the second instance the data does not operate in isolation, although providing a useful predictor, it only provides a snapshot of customer behaviour (Assael, 1992 and 1983).

Finally, critics of loyalty programmes argue that they encourage a 'Big Brother' culture (Humby et al, 2003, Graeff and Harmon, 2002) and create the possibility for identity theft (Duffy, 2005) appearing intrusive and manipulative, where the "provisions for privacy protection are violated" (Stauss et al, 2005, p.232). Because loyalty programmes operate on the basis of data provided through the self-disclosure of customers, it is important for organisations to treat such data with respect for two

reasons. The first, previously discussed in **Chapter Two**, is that a customer's willingness to disclose information about his or herself is linked to satisfaction with an organisation (Hendrick, 1981), trust (Rempel, 1985) and is a form of intimacy with an organisation (Aron and Westbay, 1996, Davis and Latty-Mann, 1987, Sternberg, 1986). If an organisation misuses such customer data there is the potential for a more sustainable level of loyalty to be destroyed. The second is the potential for customers to reconsider the information flow due to a perceived loss of control with regards to the information they provide and who it is shared with and where the information will be stored (Graeff and Harmon, 2002). An argument supported by Grossman (1998, p.30) who states in the context of a customer's disclosure of information, "suspicion over the method by which the information was acquired develops". However, research conducted by Graeff and Harmon (2002, p.308), revealed "relatively few privacy concerns related to retailer loyalty cards such as supermarket discount cards to collect personal information". This is perhaps because customers are compensated with benefits for providing personal information (Lacey and Sneath, 2006).

It is argued that loyalty programmes are not a medium to encourage trust and nurture a sense of belonging and emotional attachment among card holders (Wendlandt and Schrader, 2007, Smith et al, 2004, Byrom, 2001, Wright and Sparks, 1999, Uncles, 1994), and are therefore limited in their capacity to create sustainable loyalty among consumers and grocery shoppers in particular. Rather loyalty programmes create repeat purchasing loyalty, founded on incentives (Rowley (2005bc), Uncles et al (2003), Wright and Sparks (1999), Duffy (1998), O'Malley (1998), Clayton-Smith (1996)). However, one has to investigate whether this is the case across all loyalty programmes, or whether Tesco Clubcard is the exception to the rule.

3.3.5 Loyalty programmes have loyalty potential

Greenberg (2006), Noordhoff et al (2004), Duffy (2003), Bolton et al (2000ab), Sharp and Sharp (1997) and Uncles (1994) all found that loyalty programmes could have a positive impact on increasing customer loyalty if implemented correctly (Greenberg, 2006) and adhering to the principles of being unique, relevant, easily understood, with rewards attained and redeemed quickly (Kenley, 2005). According to Keh and Lee (2006, p.127) loyalty programmes "serve as reinforcers that encourage consumers to continue their behaviour". This is emphasised by Gilbert (1999, p.128) who states "loyalty cards aim to build greater customer loyalty and retention; develop methods of creating longer-term relationships and lead ultimately to increased sales and profits". In the opinion of Uncles (1994, p.341) consumers' attraction to loyalty programmes concern a 'sense of belonging' (Uncles, 1994), a feeling "that the retailer is prepared to listen, is willing to innovate on behalf of customers, and is caring, concerned and considerate". Duffy (2003, p.484) in a study of the loyalty programme of a non-grocery retailer, reported that Barnes & Noble had "created an environment that encourages loyalty", where the "loyalty programme elevates the relationship with its customer. The brand experience itself attracts customers and keeps them loyal. The loyalty program maximizes share of customer". In the case of Barnes & Noble there had been organisational effort to create a rational and emotional 'bond' with the customer which is vital for sustainable loyalty (Humby et al, 2003). A 'bond', which as we will observe in **3.3.6.1 Tesco and customer clubs**, could be enhanced with the support of 'Clubs'.

Loyalty programmes have the potential to improve retention rates among existing customers through either adding value with an appropriate and attractive offering (Liu

and Brock, 2009, Anon, 2006a) or a "psychological reluctance to defect created by a loyalty strategy" (Duffy, 2003, p.481). However, to realise such potential it is argued that loyalty programmes should incorporate the components of convenience, relevance, aspirational value, cash value and the choice of redemption (O'Brien and Jones, 1995). These components have been examined in the criticisms of loyalty programmes (**3.3.4 Limitations surrounding loyalty programmes**), as loyalty programmes often lack relevance and value, motivated by the reward "of information, I buy knowledge through it, not loyalty" (Purdie, 1996, p.11). In other words there are not enough loyalty programmes, which realise their potential. This raises the issue whether it is the loyalty programme genre or specific loyalty schemes, which cause consumer dissatisfaction and or frustration (Stauss et al, 2005).

It is argued that as loyalty increases so does the level of satisfaction and the potential for customer referrals (Bloemer and Odekerken-Schroder, 2002, Heskett et al, 1994). However, others argue there needs to be something more than simply rewards to ensure loyalty, Mulhern and Duffy (2004) and Humby et al (2003) have discussed the need for integration of organisational strategy with the management of the loyalty programme and the programme itself. Salanova et al (2005), Boedeker (1997), Heskett et al (1994), Christopher et al (1993) and Berry and Parasuraman (1991) emphasise the importance of staff. Rafiq and Fulford (2005), Hogarth et al (2004), Noordhoff et al (2004) and Rust and Zahorik (1993) discuss customer satisfaction, which includes the elements of approachability and friendliness with not only the loyalty programme, but with the firm and the store (Mitchell and Kiral, 1998, Bloemer and De Ruyter, 1998). These authors argue customer satisfaction communicates value, quality and convenience which are important to customer firm

and store decisions (Mitchell and Kiral, 1998, Buttle, 1985, Tigert, 1983). Anon (2006a) and Capizzi and Ferguson (2005, p.78) discuss the 'wow' factor, the enhanced value propositions that seek to leverage the consumer's desire for new, value-added, emotional, experiential, unique and compelling rewards". From this academic debate it appears that a loyalty programme in its basic form (that of an information gatherer and generator of rewards) is not enough, there needs to be an integrated CRM approach to its implementation and maintenance, and an attempt at creating a "pro-active loyalty (-card) programs…to enhance customer's loyalty and retention" (Noordhoff et al, 2004, p.354).

3.3.6 Tesco Clubcard and realising loyalty

As asserted by Gray (1997, p.1) "it's the quality of the programme that makes the difference", and differentiates loyalty cards and programmes from one another. In the case of the Tesco Clubcard it is more than simply a point rewarding medium (Worthington and Hallsworth, 1999). The Tesco Clubcard is a loyalty programme, which has been 'relatively' successful in terms of customer participation, one in two households have a Tesco Clubcard (Davey, 2009) with sixteen million people Tesco Clubcard members (Anon, 2009). The term 'relatively' is used because according to figures in 2009 Tesco Clubcard membership is equal with the non-grocery retailer Boots (sixteen million members of the Boots Advantage card) and higher than the grocery retailer Sainsburys Nectar card (eleven million members), (Benady, 2009). Tesco Clubcard has, however, had an impact in terms of it being more than merely a loyalty programme aimed at building perceptions, managing the experience and offering enhanced value (Rowley, 2005b). Tesco Clubcard is "based on a clear view of what loyalty means and how it can be directed to increase customer goodwill"

(Humby et al, 2003, p.15). It adheres to the principal of developing "a system through which customers are continually educated about the rewards of loyalty and motivated to earn them" (O'Brien and Jones, 1995, p.75), supported by its Clubs, Tesco Clubcard 'partners' and organised Tesco community (Rowley, 2005b, Humby et al, 2003). The intentions of Tesco are more than encouraging and maintaining loyalty, they seek to earn customer behavioural loyalty (Powell, 2004, Mazur, 1995), through the Tesco Clubcard Charter[45] and its business ethos to "create value for customers to earn their lifetime loyalty… understand customers better than anyone" and "deepen an existing customer relationship by offering relevant rewards that reinforce the brand values" (Humby et al, 2003, p.15). This, however, was not always the case for Tesco; initially "the investment in [the] Tesco Clubcard was driven not by the idea of loyalty from a discount card, but by the power of the data gathered" (Tapp, 2005, p.78) and is therefore susceptible to the criticism that it creates false loyalty (Jones and Sasser, 1995) and invades an individuals privacy (Stauss et al, 2005).

As we have observed, the loyalty programme has become something of "a paradox… in that such programmes have often been introduced as part of a relationship marketing strategy, yet have been associated with a decline in customers' perceptions of the quality of their relationship with the firm" (Palmer et al, 2000, p.54). However, it could be argued that the Tesco Clubcard not only attempts to incorporate the aspects of an effective loyalty programme outlined earlier, that of identifying and subsequently personalising and appropriately rewarding customers on a continual and consistent basis (Humby et al, 2003), it has been integrated into the organisation, with staff prompting customers for their Tesco Clubcard and influencing promotions, stock

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[45] A declaration of Tesco's promised to Tesco Clubcard members, intended to engage and treat members as 'stakeholders' (Humby et al, 2003)

and inventory management (Blythman, 2005, Tapp, 2005). Tesco Clubcard has the potential to create a relationship, where there is "a deeply held commitment to rebuy or repatronise a preferred product/service consistently in the future" (Uncles et al, 2003, p.296). The motivation behind such efforts, however may not be to develop sustainable relationships, rather "as Tesco prefers to put it: 'Clubcard helps us understand our customers better'" (Blythman, 2005, p.256), i.e. minimising wastage and tailoring promotional messages to increase customer spend.

Figure 4 The Tesco Clubcard customer contract
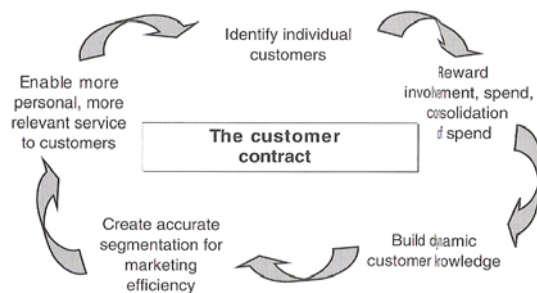
Humby et al (2003, p.73)

The strengthening of existing relationships (Ravald and Gronroos, 1996) in an attempt to create an affinity (Fock et al, 2005, Horne and Worthington, 1999, Worthington and Horne, 1995) where consumers have a sense of "cohesiveness, social bonding, identification" (Macchiette and Roy, 1992, p.48) is not performed by the loyalty programme alone, however in the case of the Tesco Clubcard, it appears to be the starting point. If we revisit the CRM literature, mentioned in **Chapter Two**, it was argued that CRM is founded on "four behavioural components: *key customer focus*, *CRM organisation*, *knowledge management*, and *technology-based CRM*" (Sin et al, 2005, p.1266), the Tesco Clubcard fulfils each of these categories, although not alone,

it is supported by the organisational mechanisms of the firm, each store, employees, customer service and loyalty clubs (Roos et al, 2005, Guenzi and Pelloni, 2004, Smith et al, 2004, Haussman, 2003, Stauss et al, 2001, Goodwin and Gremler, 1996). In order to be 'successful' the loyalty programme has to be integrated not only in the retail calendar (Humby et al, 2003), but also in the organisational structure where employees (from top management, down) understand the goals and objectives of the loyalty programme and are involved in the process "the RCC [Regular customer cards] may be seen to enhance this aspect of relationship marketing as well" (Boedeker, 1997, p.253). According to Reed (1999, p.114) "to have a real impact on this area of behaviour, a scheme has to become part of customer service".

Tesco Clubcard benefits from providing appropriate, timely rewards which have tangible value but more importantly is the associated Tesco brand name, as argued by Miranda and Koyna (2008, p.46) "there must be strong "attitudinal commitment" to a store or product for true loyalty to exist". According to Petty and Cacioppo (1981) the 'elaboration likelihood model' indicates that "the more relevant the consumers perceive a facility (like a tie-up between supermarket and the speciality firm's loyalty programme) in meeting their needs…the more likely they will be influenced by stimuli…that are contextual to that facility" (Miranda and Konya, 2008, p.46). The impact of Tesco's dominant position in the grocery retail sector in the UK (Lyons, 2007, Davey, 2006, Anon, 2005bc, Palmer, 2005) is clear. Tesco have 20 million customers and 18 million households patronising a Tesco store in 2009 (Davey, 2009) drawn from a wide cross-section of the UK population (Findlay and Sparks, 2008). In terms of overall customer spend £1 in £7 spent in the UK is on Tesco products or services (Smith and Wood, 2008). In Scotland, Tesco has a particularly dominant

position since its take over of Wm Low in 1994 (Fernie and Woolven, 1995, Sparks, 1995) with 31% of the food market in 2006 (in the UK the figure was also 31% (Anon, 2006b), declining slightly to 30.7% in January 2009 (Berwin, 2009)) and possessing the largest market share in 14 of the 16 postcode areas in 2009 (MacDonald, 2009).

The attraction of the firm or specific store influences the successes of the loyalty program (Leenheer et al, 2007, Mauri, 2003), which is further enhanced by the relationship locking capabilities of customer clubs (Gustafsson et al, 2004). In other words the peculiarities of Tesco, their offering customers a choice of retail format[46], and range of brand and own brands and Tesco Clubcard benefit Tesco because they offer convenience, service and assortment (Desjardins, 2005, Uusitalo, 2001, Richardson, 1997). However the dominant position of Tesco has led the grocery retailer to being accused of operating a monopoly (Rowley, 2009, Simms 2007ab), an accusation denied by Tesco. Dating back to 1997 Tesco have been criticised for unfair competition and putting smaller High Street stores out of business and creating unemployment. According to Corporate Watch (1997, p.1) "44,000 food shops closed between 1976 and 1989, mostly grocers and coops". Tesco have also been criticised for increasing traffic, lowering the margins of suppliers, encouraging intensive agriculture and having labour relations problems in the UK and US (Wikepedia, 2009, Corporate Watch, 1997). Perhaps the most damning criticism is that Tesco brainwash their customers, creating an environment which manipulates customers, spending millions of pounds on aggressive advertising of both Tesco and Tesco Clubcard and

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[46] Tesco Extra, Tesco Superstore, Tesco Metro, Tesco Express, Tesco.com, Tesco Home Plus

using the data to profile customers and influence their purchase behaviour (Pragma Consulting, 2009, Wikipedia, 2009, Corporate Watch, 1997).

When compared to the firm, Tesco Clubcard has received less criticism in the literature, online forums praise the scheme, and in May 2009 the programme was relaunched with 'double Tesco Clubcard points'. The only negative issues which surround the programme are the invasion of privacy and the wider issue of customer profiling (Pragma Consulting, 2009, Wikipedia, 2009, Corporate Watch, 1997). Despite receiving less criticism than Tesco, and appearing at least superficially as being different from other loyalty programmes, less susceptible to the limitations levelled at loyalty programmes and capable of creating "an environment that encourages loyalty" (Duffy, 2003, p.484) where the necessary components of convenience, relevance, aspirational value, cash value and the choice of redemption (O'Brien and Jones, 1995) are combined with a 'community' orientation integrated from top down and bottom up in the organisation, Tesco Clubcard is however, arguably still susceptible to the assertion that, like any other loyalty programme, it is capable of creating no more than an incentivised and spurious loyalty (Bridson et al, 2008, Leenheer et al, 2007, Rowley, 2007, Divett et al, 2003, Uncles et al, 2003, Yi and Jeon, 2003, Wright and Sparks, 1999, Duffy, 1998, O'Malley, 1998, Evans et al, 1997, Jones and Sasser, 1995). According to Meyer-Waarden (2007) and Lewis (2004) there is still a lack of empirical discussion on loyalty programmes and in particular Tesco Clubcard and hence why this research wishes to investigate whether previous academic research findings that customers exhibit 'incentivised' loyalty towards loyalty programmes is replicated for Tesco Clubcard. The research will test H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard in Dundee

to ascertain if Tesco customers are loyal because of incentives or for another reason(s), namely convenience, habit, no choice, price or are emotionally loyal.

3.3.6.1 Tesco and Customer Clubs

As we have observed, Tesco Clubcard does not operate in isolation, it is supported by a number of variables all of which have been discussed earlier in the **Chapter** with the exception of the Tesco Clubs. The concept of customer 'clubs' is not a new one, the mail-order industry used them in the 1970's (Tapp, 2005) and the airline industry have been operating such 'clubs' since the 1980's (Davies, 1992), motivated by the desire to increase customer retention and subsequently loyalty (Reichheld and Sasser, 1990) through increased knowledge and understanding of customers (Stauss et al, 2001). According to Butscher (2002) customer clubs share similar characteristics, (and therefore similar limitations and potential for success), to loyalty programmes in that to be successful they should be managed and planned and used to communicate with customers on a regular basis, as it is the "dialogue-orientated communication and exclusive value-driven benefits [that] are the pillars of the club's aim of establishing an emotional relationship with members" (Butscher, 2002, p.16).

Customers clubs are defined by Berry (2002, p.71) as having the ability "to not only open the front door for new customers, but also to close the back door to existing customers", in other words 'clubs' are both a retention and acquisition instrument. They can enable existing loyalty tactics (Rowley, 2005a), embodying "the very essence of the lifetime/loyalty concept" (Davies, 1992, p.109) and increasing customer loyalty through "creating an emotional relationship" (Butscher, 2002, p.5). However to prove effective the club has to "offer[s] real and perceived value to

members" (Butscher, 2002, p.16), creating loyalty discounts and offers are not enough, they require to be of value, be exclusive and combined correctly (Butscher, 2002). If the club exhibits similar limitations to the loyalty programme, where there is a lack of personalisation, appropriateness or the rewards are not relevant or not worth the effort of the customer, the programme will quickly lose its ability to reinforce behavioural, let alone attitudinal loyalty. In other words the club plays an "important psychological and behavioural force contributing to group stability and integrity in a member's group loyalty" (Van Vugt and Hart, 2004, p.586).

In the grocery retail sector, customer clubs have reflected the trends in the airline industry, the financial sector, banking and the media (Stauss et al, 2001), being utilised to further personalise and individualise the product/service offering (Davies, 1992). However, not to the extent that there is an "express check out dedicated for loyalty 'club' members" (Bellizzi and Bristol, 2004, p.150). Rather Tesco introduced in 1999 'Tesco Clubcard Deals' which incorporated a seasonal magazine and allowed customers to use points towards a range of rewards across a number of club 'partners' (Humby et al, 2003). These 'Tesco Clubcard Deals' acted as a means to communicate with customers which leads to increased knowledge which in turn has the potential to engender the elements integral to customer loyalty, that of satisfaction, trust, commitment, positive referrals, a preference for the organisation and intention for repatronage over the long term (see **Figure 5**). Essentially, customer clubs retain customers both directly where the consumer is loyal because of club membership, and indirectly where, the customer is loyal because of the enriched individualised approach (Stauss et al, 2001).

Figure 5 Customer club retention chain
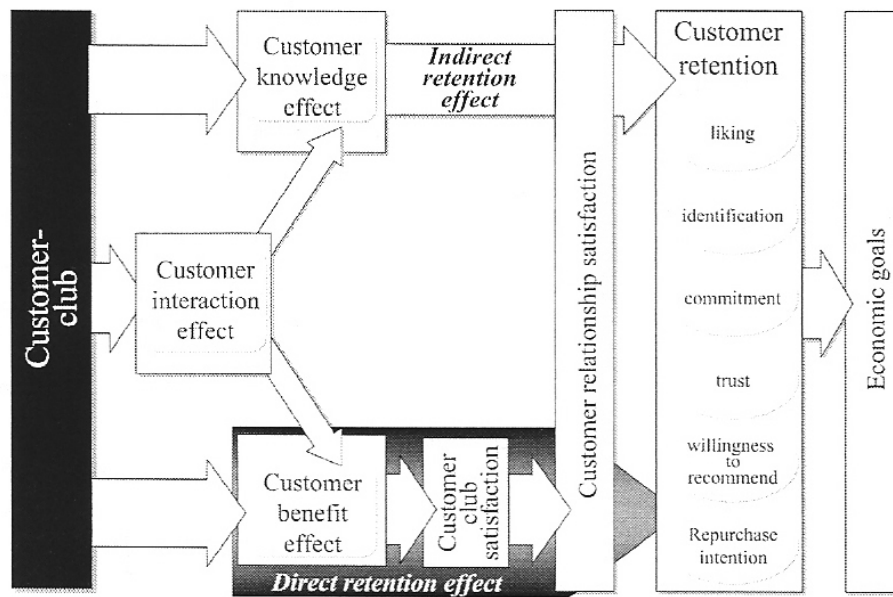
Stauss et al (2001, p.10)

As the research has observed in relation to loyalty programmes, customers are loyal for a number of reasons and exhibit varying degrees and types of involvement. The same could be argued for clubs with either active or passive customers (Stauss et al, 2001, Roos et al, 2005). A customer's level of involvement has implications for levels of commitment and ultimately loyalty among customers. A passive customer is neither involved or committed whereas an active customer is more likely to be involved and perhaps 'passionate' about the firm which has implication for word of mouth referrals (Kim et al, 2001, Davies, 1992, Richins 1983) and opportunities for customers cross (Dowling and Uncles, 1997) and up-selling. Therefore clubs have a dual role in customer loyalty and the sustaining of such loyalty. There is the affective role, where customers remain with the organisation simply because of the club. Alternatively there is the calculative role, where the club acts as another reason for consumers to stay with the firm (Roos et al, 2005). In the case of Tesco, the clubs

appear to compliment Tesco Clubcard and the overall value proposition (Humby et al, 2003, Johnson et al, 2001, Stauss et al, 2001).

The 'Baby and Toddler'[47], 'World of Wine'[48], 'Food'[49], 'Healthy Living'[50], and 'Gi Diet' customer clubs[51] operate in the way illustrated by Stauss et al (2001) complimenting the Tesco Clubcard, adding value, satisfaction and personalisation to customers (Johnson et al, 2001, Stauss et al, 2001, Bolton et al, 2000ab), for free, with the exception of the 'Gi Diet' which has a subscription fee of £2.99 a week (Tesco, 2006e). The charging of a fee is argued to "filter out casual customers and ensure that a customer is genuinely committed" (Mulhern and Duffy, 2004, p.66) specifically in terms of attitudinal (similar to the distinction 'affective' by Gustafsson et al, 2004) commitment (Dick, 1995) as consumers are 'investing' financially. Similar to the argument concerning self-disclosure, if a consumer displays a degree of intimacy with the organisation, 'putting' a part of themselves into the transaction, whether it is financial, time or information based, they are more likely to be committed (Dick, 1995, Hendrick et al, 1988, Hendrick, 1981).

It is a customer's perception of the club adding value to the social exchange (Rempel et al, 1985, Foa and Foa, 1974, Blau, 1964) which influences their satisfaction (Gustafsson et al, 2004, Stauss et al, 2001) and contributes to their continued participation not only with the club but also with the organisation as a whole. Put simply, a club could prove just another reason for customers to remain with the

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[47] A free service which provides offers and guidance for Tesco Clubcard members on issues of childcare (Tesco, 2006d)
[48] A free service which provides advice on wine and offers to club members (Tesco, 2006b)
[49] A free service which offers recipes and cooking ideas to Tesco Clubcard members (Tesco, 2006a)
[50] A free service offering suggestions and deals for Tesco Clubcard members on health and lifestyle (Tesco, 2006c)
[51] Offers advice and information to members on healthy eating and living (Tesco, 2006e)

organisation; alternatively they could engineer a stronger rational and emotional 'bond' between customer and organisation (Auh, 2005, Van Vugt and Hart, 2004, Humby et al, 2003).

Customer clubs such as the Tesco 'Baby and Toddler', 'World of Wine', 'Food', 'Healthy Living' and 'GI Diet' customer clubs have the ability to supplement the existing loyalty program and therefore strengthen the relationship between buyer and seller (Humby et al, 2003). This only occurs if the customer desires a commitment (Grossman, 1998, Morgan and Hunt, 1994). If, as Roos et al (2005) argue, customers are merely passive, the club may have a lesser effect, either being perceived as a further 'lock in' much like price reductions or further sales promotions, or have no effect at all.

3.4 Gaps in the literature

With regards to the second section of the literature review, that of customer loyalty in the grocery retail sector and the role and influence of loyalty cards, although there have been numerous studies conducted on loyalty programmes in terms of their use and relevance for example, Ergin et al (2007), Wendlandt and Schrader (2007), Banasiewicz (2005), Rowley (2005bc), Stauss et al (2005), Uncles et al (2003), Evans (1999), Wright and Sparks (1999), Duffy (1998), O'Malley (1998), Rafiq (1997), the research into Tesco Clubcard is far from exhaustive. In fact, according to Meyer-Waarden (2007) and Lewis (2004) there is still a lack of empirical discussion of loyalty programs in general. The current literature lacks an in-depth evaluation of Tesco Clubcard in terms of which customer segment are the most likely to be loyal and the type of loyalty being shown towards Tesco Clubcard. These 'gaps' will in part

be addressed by this research, partially through the second aim, to assess the nature and type of loyalty exhibited by Tesco customers towards Tesco and Tesco Clubcard and through H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard.

The second area of deficiency in the literature concerns the Tesco Clubs and the role they play in supporting Tesco Clubcard and their influence in generating customer loyalty. This research attempts to examine whether Tesco Clubs are popular amongst Tesco customers and if so, the role membership plays in customer loyalty, building on the work of Roos et al (2005), Gustafsson et al (2004), Stauss et al (2001) and Liebermann (1999) who examined customer clubs predominantly in the car industry and found a link between membership and increased patronage and retention.

The third gap in the literature concerns the relationship between age and gender and loyalty card usage in the grocery retail sector. This research will build on the work of authors such as Rusbult et al (1986) and Rempel et al (1985) who examined the role of gender in customer loyalty, finding that although females were generally more loyal than males and in the case of Harmon and Hill (2003) more likely to use their loyalty programme coupons, their degree of significance in satisfaction and perceptions of quality varied. The research will also develop the work of Patterson (2007) who revealed that female loyalty was especially true among the older, more mature cohorts of 38 and over. Previous research has been conducted in a variety of contexts, loyalty cards in Italy (Cedrola and Memmo, 2010) and the UK (Harmon and Hill, 2003), banking in Malaysia (Ndubisi and Madu, 2009), the service sector in Australia (Patterson, 2007) and customer satisfaction in the USA (Snipes et al, 2006).

However this research is not exhaustive, especially in the grocery retail sector in the UK where little research has been conducted on the role of age and gender and customer loyalty and hence this research will assess if the conclusions of previous studies can be applied to the grocery retail sector in the UK.

3.5 Conclusion

From a review of the literature, it has been revealed that retailers have a number of strategies to engender both short and long term loyalty to the firm, loyalty programmes are one such method. Loyalty programmes in the grocery retail sector have been in circulation since 1844 and generally regarded as promotional tools (Wright and Sparks, 1999), used to maintain retention rates among customers, accumulate customer information and assist category management (Blythman, 2005). Loyalty programmes such as Tesco Clubcard are argued to engender no more than an incentivised type of loyalty, characterised by six areas of deficiency: 'false loyalty' (Jones and Sasser, 1995); 'zero sum game' (Humby et al, 2003, Mazur, 1995); price cuts are more effective (Benady, 2009, Taylor, 2009, Fournier, 2002, Anon, 1999b); the costs (O'Malley, 1998, Dignam, 1996, Reed, 1995); data overload (Rowley, 2005b, Uncles, 1997); and are an invasion of privacy (Stauss et al, 2005, Graeff and Harmon, 2002, Grossman, 1998). However, a distinction has been made in this research between loyalty cards in general and Tesco Clubcard, making reference to the role and nature of the Tesco Clubcard customer contract, Tesco Clubs and arguing that if integrated fully and part of an organisation-led CRM approach loyalty programmes have the potential to be more than just another incentivised reward scheme. The review has demonstrated that Tesco Clubcard and the uniqueness of Tesco in the grocery retail sector, namely its dominant market share and its supporting

'club network', it could prove capable of engendering more than 'incentivised loyalty' (Powell, 2004, Hill and Alexander, 2000, Sopanen, 1996ab), observations which will be tested in the field to address the aims and hypotheses of the research.

Chapter Four: Methodology

4.1 Introduction

This chapter discusses the research question and hypotheses, followed by an explanation of the method and design employed in the study and the type of analysis used to assess the data. **4.2 Research aims and hypotheses** examine the methodology, providing a definition and explanation of the research question and hypotheses. **4.3 Research design** discusses and justifies the research design used in the study. This section also discusses data analysis and the interpretation of the quantitative data using SPSS. **4.4 Survey method** justifies the method used in this study, which comprises an interviewer-completed questionnaire and semi-structured interviews. Discussion of the data collection procedures used, including pre-testing, sampling procedures and the use of fieldworkers is also included in this section of the methodology. The **Chapter** concludes in **4.5 Conclusion** with a summary.

4.2 Research aims and hypotheses

The research methodology for this study can be separated into two distinct, yet inter-related domains, the research question which emerged, "from an increasing understanding of the empirical evidence and is refined as the research progresses" (Lee, 1999, p.24) and the methodology which, according to Jankowicz (1995, p.174) is the "analysis of, and rationale for, the particular method or methods used in a given study, and in that type of study in general". The aims of the thesis are two fold. The first aim is to evaluate the antecedents which influence loyalty to Tesco and Tesco Clubcard, contending that customer loyalty is influenced by antecedents of both a social and relationship marketing nature. The second aim is to assess the nature and

type of loyalty exhibited by Tesco customers towards Tesco and Tesco Clubcard. Research methodology attempts to progress the conceptual framework of a study building upon existing theoretical literature (Nachmias and Nachmias, 1996) and can be qualitative, quantitative or in the case of this research, mixed in nature. The process of building on previous theories allows the researcher to identify key variables, set parameters and create the study's own research hypotheses (Silverman, 1994), which were:

H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard

H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard

H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard

These aims and hypotheses emerged from the literature, as identified in **Chapter**s **Two** and **Three** in terms of the nature and type of loyalty towards a customer's preferred grocery retailer and to Tesco Clubcard and are founded on theories in the areas of customer loyalty, customer relationship marketing and social relationships. The literature highlights that satisfaction, trust and commitment are the antecedents of loyalty (Adamson et al, 2003, Bloemer and De Ruyter, 1998, Mittal and Lassar, 1998, Morgan and Hunt, 1994). However as identified by Aron and Westbay, (1996), Fletcher et al, (1994), Sternberg, (1986), Sternberg and Grajek, (1984), Fletcher and Stricker, (1982), Tennov, (1979) there may be antecedents of social relationships which could be applied to customer loyalty, namely emotional attachment and passion

and hence the testing of H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard.

Despite receiving less criticism than Tesco and appearing at least superficially as being different from other loyalty programmes, Tesco Clubcard is arguably still susceptible to the assertion that, like any other loyalty programme, it is capable of creating no more than an incentivised and spurious loyalty (Bridson et al, 2008, Leenheer et al, 2007, Rowley, 2007, Divett et al, 2003, Uncles et al, 2003, Yi and Jeon, 2003, Wright and Sparks, 1999, Duffy, 1998, O'Malley, 1998, Evans et al, 1997, Jones and Sasser, 1995). Hence why this research wishes to investigate whether previous academic research findings that customer's exhibit 'incentivised' loyalty towards loyalty programmes is replicated for Tesco Clubcard. The research will test H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard in Dundee to ascertain if Tesco customers are loyal because of incentives or for another reason(s), namely convenience, habit, no choice, price are emotionally loyal.

Regarding the final hypothesis tested in this research, the consumer loyalty literature highlights that gender impacted levels of customer loyalty with females argued to exhibit higher degrees of loyalty compared to males (Cedrola and Memmo, 2010, Ndubisi and Madu, 2009, Yavas and Babakus, 2009, Patterson, 2007, Ndubisi, 2006, Snipes, et al, 2006, Harmon and Hill, 2003 and Bendall-Lyon and Powers, 2002). Patterson (2007) indicates that this was especially true among older, more mature females of 38 and over and hence why this research investigates H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard.

4.3 Research design

The primary research was used to gain data from a sample of people at "a single point in time in order to discover the ways and degrees to which variables relate to each other" (Bryman, 1988, p.11). This enables a clear understanding of what the perceptions of Tesco and Tesco Clubcard were from the perspective of Tesco customers. The chosen approach considered appropriateness and evaluated the varying instruments and methods of research, prior to selecting a quantitative approach using an interviewer-completed questionnaire and a series of semi-structured interviews with females aged 51 and over in more depth to explore themes to emerge from the quantitative research. The research acknowledges the merits of qualitative research as the sole research method as it allows the eliciting of "rich and detailed description" (McGivern, 2003, p.34) from respondents in terms of "what they, uniquely, have to offer by way of information, experiences, feelings, images, attitudes, ideas and so on" (Kent (1999, p.75). The research also acknowledges that research which uses both quantitative and qualitative methods can employ the qualitative component in the first instance. However this research used qualitative research to explore themes to emerge from analysing the data from the interview-completed questionnaire which was chosen in the first instance "to quantify data and, typically, apply some form of statistical analysis" (Malhotra and Birks, 2006, p.132), deemed the most appropriate primary method for two reasons. Firstly this study wanted to quantify "behavioural and other informant characteristics" (Birn et al, 1990, p.124). Secondly the research was conclusive rather than exploratory research (Malhotra and Birks, 2006) providing measurement, "assignment of numbers to represent properties of objects according to rules" (Kent, 1999, p.29) to support hypotheses.

4.3.1 Quantitative method

A quantitative approach using an interviewer-completed questionnaire was selected as the primary research method because in contrast to alternative methods such as the mailed and/or self-completed questionnaire, respondents are more likely to correctly interpret the questions if the fieldworker is on-hand to clarify rather than prompt (a criticism often levelled at the interview-completed questionnaire) and thus reducing the error associated with data validity (Morris, 2003).

The objectives of a questionnaire are argued to be three-fold; in the first instance it should translate the requirements of the research, i.e. testing of hypotheses into a format which is readily understood by respondents; secondly it should reduce response error; and thirdly the questionnaire should stimulate a willingness on the part of the respondents to co-operate fully and become 'involved' in the process, as a stakeholder rather than simply a numbered respondent (Malhotra and Birks, 2006, Worcester and Downham, 1978), a detached participant. Observing and treating the respondents as a 'stakeholder' in the process, attempting to "put him- or herself in the role of the respondents and attempt to see their perspective" (Fontana and Frey, 1994, p.367), enables the "avoidance of harm, fully informed consent, and the need for privacy and confidentiality" (Punch, 1994, p.89).

4.3.2 Qualitative method

For the qualitative part of the study, the semi-structured interview was selected as the most appropriate as it allowed focus and development of areas which were of interest to the study. The semi-structured interview was selected as the most appropriate method to allow the interviewer to "follow up ideas, probe responses and ask for

clarification or further elaboration" (Arksey and Knight, 1999, p.7) investigating underlying themes, which would be more difficult with other research instruments such as questionnaires. Typically, "structured questionnaires leave little room for the individual to express his or her own feelings and attitude" (Jupp, 1996, p.63). The interviews allowed the participants to speak freely about their perceptions of Tesco and Tesco Clubcard. Although respondents answered the questions posed, the interviewer was aware of the rapport element of interview design. In other words, the interviewer would not force respondents to answer questions she did not wish to answer or felt unable to answer, in addition the interviewer did not answer on behalf of those being interviewed (Arksey and Knight, 1999). This method of interviewing removed the temptation on the part of the interviewer to lead the interviewee towards certain responses (Arksey and Knight, 1999), telling the interviewer what he wanted to hear.

As this research wished to quantify and measure responses from Tesco customers (Malhotra and Birks, 2006, Birn et al, 1990), allied to the lesser issue of recruiting 'willing' participants, underlined the rationale for selecting the questionnaire and diluted the need for solely using a qualitative research instrument. The semi-structured interview was selected to develop themes to emerge from the analysis of questionnaire data as they offer, according to Robson (1993), the possibility of modifying one's line of inquiry. Although it is conceded that focus groups offer research a number of advantages (summarised as the 10S's (Zikmund, 1997)) and allow respondents to discuss with one another, revealing potentially useful information, it was decided not to use focus groups because participants could 'wander' too far from the topic area and the difficulties associated to the whole

process, from recruiting suitable and willing participants for such an exercise (Edmunds, 1999) through to the interpretation of the results (Threlfall, 1999). Regarding recruitment, in this study respondents were relatively 'time poor', therefore the use of focus groups was deemed a further obstacle to elicit fruitful information.

4.4 Survey method

According to Cohen & Manion (1980, p.76) the ideal questionnaire should be "brief, attractive, asks unambiguous questions, is interesting and easy to complete, can be analysed with little effort and interpreted without difficulty to provide clear and concise information on which to base decisions". The design of the questionnaire and interview schedule for this research considered structural issues which included the wording and types of questions, the length and the question sequence to ensure that respondents understood the purpose and content, where the process was easy for respondents to provide a 'true' response (Birn et al, 1990) and which had been pre-tested (Proctor, 2000). Churchill (1991, p.370) argues that if "respondents are unable to articulate their answers on an issue; they are likely to ignore it and also refuse to cooperate with the other parts of the survey". These observations underline the need to pre-test questions and ensure the wording was both relevant to the research and to the respondents understanding. In the case of this research wording of questions in the questionnaire followed the rules of being "short, specific, clear, unambiguous, and about a single issue" (Birn et al, 1990, p.95). Questions in both the interviews and questionnaires were all pertinent to the testing of the research aims and hypotheses. Obviously, no unnecessary questions were included in the interview or questionnaire, nor were numerous questions used when one would suffice (Churchill, 1991) because

of the potential negative implications particularly on questionnaire length and the subsequent time taken for respondents to complete.

4.4.1 Survey design - questionnaire

The questionnaire length of two pages was considered prior to the final survey and pre-tested because of the risk of respondent refusal. The link between refusal rate and length of questionnaire was researched in 1988 and revealed a 21% refusal rate for surveys 5 minutes or less, compared to a 41% refusal rate for surveys between 6 and 12 minutes (Churchill, 1991). In the pre-test the average time taken for respondents to complete the questionnaire was 4 minutes, which was considered low enough so as not to incur a high refusal rate. It was acknowledged that respondent's refusal to complete a questionnaire is not simply determined by time but also the issue of sensitive and/or personal topics (Malhotra and Birks, 2006, Churchill, 1991). Therefore, following a pre-test, the questionnaire ensured that topics and questions and the wording of such topics and questions did not cause offence or have implications for respondent refusal.

The sequence of questions followed a logical structure as argued by Birn et al (1990, p.94) "if the questions flow pleasantly and logically, the interviewer will maintain rapport and collect the data required". The interview and questionnaire followed a 'funnel' type approach (Chisnall, 2001, Churchill, 1991, Birn et al, 1990), which is usually associated with personal and telephone interviews (Proctor, 2000). The research applied the principal of 'funnelling'[51] beginning with general questions, prompting respondents for personal details prior to moving into shopping patterns

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[51] "asking the most general questions first…[to] minimise[s] the possibility that early questions will bias responses to later questions" (Proctor, 2000, p.166).

before examining customer loyalty to preferred grocery retailer, loyalty programmes and then Tesco Clubcard, i.e. focused down into the main objectives of the study and testing of the hypotheses through an interview divided into two sections and a questionnaire divided into five sections.

The first section (Section A: Customer information) of the questionnaire outlined below, evaluated customer demographics or classification questions (Birn et al, 1990), as the research wished to investigate hypothesis H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard. It was decided not to include household composition in this section because Tesco Clubcard ownership is usually one per household. This section used multichotomous questioning, having fixed-alternatives where respondents "are asked to choose the alternative that most closely corresponds to their position on the subject" (Churchill, 1991, p.374).

Respondent Questionnaire

Section A: Customer information

| A1 | | Male ☐ | Female ☐ | |
| A2 | Your age group is | 16-30 ☐ | 31-50 ☐ | over 51 ☐ |

The second section (Section B: Shopping profile) assessed frequency of shopping, preferred grocery retailer and factors which influence choice of store. This section used multichotomous questioning to allow respondents a fixed set of choices based on the research of Sopanen (1996ab) which was amended following the pre-test study. Although the research sample was of Tesco customers, it was deemed relevant to examine customers preferred grocery retailer because a previous exploratory study in Dundee revealed that of a sample of 120 Tesco customers only 69 preferred Tesco to other retailers (Turner, 2009), a result expected to be higher given they were

customers of Tesco and because of Tesco's dominant position in Dundee with 8 stores. The research underlined the point that simply because you patronise a firm does not mean you prefer that firm and in turn does not make you more or less loyal.

Questions B3 and B4 on factors which influence choice of firm was founded on the research (although not exclusively) conducted on the type of loyalty exhibited by Tesco customers. By loyalty type this research means whether customer preference is as a result of *reputation* (similar to the emotional loyalty where customers are influenced by the quality of the brands and brand name, Sopanen, 1996ab); *choice*, following the pre-test, this option no longer reflected the 'monopoly' loyalty defined by Sopanen (1996ab), rather it considered the internal aspect of choice of firm, that of product and merchandise range; *price* (Sopanen, 1996ab), *convenience* (Sopanen, 1996ab); *habit* (Hill and Alexander, 2000, Walker and Knox, 1995, Fairlie, 1990), and is similar to inertia (Sopanen, 1996ab) and *incentives* (Sopanen, 1996ab). It is acknowledged that a limitation of using multichotomous questions and in particular questions B3 and B4 may underestimate the complexity (Churchill, 1991) of the subject matter and neglect other pertinent choice of firm criteria such as quality (found to be an important determinant in the research of, amongst others, Buttle (1985) and Tigert (1983)). However, as the research attempted to implicitly map the six options in questions B3 and B4 to the loyalty types of Sopanen (1996ab) evaluated later in Section C and Section E it was deemed appropriate and relevant to the research, albeit not an exhaustive list of factors influencing firm preference.

Respondent Questionnaire

Section B: Shopping profile

B1   How often do you shop for groceries?   1-3 times a week ☐   4—7 times a week ☐

                                                          Once a fortnight ☐   Once a month ☐

B2   Who is your preferred grocery retailer?   Tesco ☐   ASDA ☐ Sainsburys ☐

                                                               Other (please specify) ……………………..

B3   Which of the following factors is the most important in your choice of this store?

     Reputation ☐   Choice ☐ Price ☐ Convenience ☐ Habit ☐ Offers ☐

B4   Which of the following factors is the least important in your choice of this store?

     Reputation ☐   Choice ☐ Price ☐ Convenience ☐ Habit ☐ Offers ☐

The third section (Section C: Customer Loyalty) provides an insight into the nature and type of loyalty exhibited by respondents towards their preferred grocery retailer. Question C1 prompted respondents for their definition of loyalty and was an open-type of question, because a customers answer may be varied, and thus making the use of a fixed-choice response format (Kent, 1999) problematic. The remaining questions in this section were predominantly based on the closed type, incorporating the use of a likert scale. The five point likert scale consists of two dimensions, the "declarative statement and a list of response categories ranging from "strongly agree" to "strongly disagree"" (Peterson, 2000, p.75) and was selected not simply because it is the most popular scale used (Oppenheim, 1992, Birn et al, 1990), rather because the items allow for "an expression of intensity of feeling" (Churchill, 1991, p.425). It is acknowledged that the overall total from each respondent may derive from different response combinations (Kent, 1999), however this particular problem is partially offset through the data being analysed on a case-by-case basis and viewed as ordinal data (Kent, 1999).

Question C2(a) follows up respondent's definitions of loyalty to ascertain levels of agreement to the question 'I consider myself loyal to my preferred grocery retailer'. The purpose of these two questions (C1 and C2(a)) were firstly to observe if participants understand what loyalty means and secondly if they consider themselves to be loyal. Responses to these questions provide a basis from which we understand the nature and type of this loyalty. The content of the questions C2(b) through to C2(g) are derived from the literature review which indicates certain antecedents are involved in customer loyalty. These antecedents were argued to be satisfaction (Hogarth et al, 2004, Sprecher, 1999, Bloemer and De Ruyter, 1998, Mittal and Lassar, 1998, Berg, 1984, Rusbult, 1983, Cate et al, 1982), trust and commitment (Adamson et al, 2003, Gonzaga et al, 2001, Sprecher, 1999, Morgan and Hunt, 1994, Rempel et al, 1985, Rusbult, 1983), and the composite components of social relationships, passion (Aron and Westbay, 1996, Sternberg, 1986, Tennov, 1979) and intimacy or emotional attachment (Fletcher et at, 1999, Fletcher et al, 1994, Sternberg, 1986, Sternberg and Grajek, 1984, Fisher and Stricker, 1982). The series of questions C2(b) through to C2(g) are replicated in Section E, and are included to test levels of agreement to the antecedents of loyalty and partially address H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard.

The questions C2(h) through to C2(l) are based on the work of, amongst others, Sopanen (1996ab), Hill and Alexander (2000), Walker and Knox (1995) and Fairlie (1990) into types of customer loyalty, namely *choice*; *habit*; *convenience*; *price* and *incentives*, with questions C2(a), C2(m) and C2(n) more reflective of *emotional loyalty* (Sopanen, 1996ab), in that a respondents indication to patronise a store in the

future, and given the opportunity to 'go back in time' would still do so, is a type of loyalty which is stronger than the other five suggested types.

Respondent Questionnaire

Section C: Consumer Loyalty

C1   In your own words, what does loyalty mean to you in your life?
....
....

C2   Please indicate your level of agreement with the following statements by ticking one of the following:
Strongly Agree (**SA**) Agree (**A**) Neutral (**N**) Disagree (**D**) Strongly Disagree (**SD**)

		SA	A	N	D	SD
(a)	I consider myself loyal to my preferred grocery retailer	☐	☐	☐	☐	☐
(b)	I am satisfied with my preferred grocery retailer	☐	☐	☐	☐	☐
(c)	I trust my preferred grocery retailer	☐	☐	☐	☐	☐
(d)	I am committed to my preferred grocery retailer	☐	☐	☐	☐	☐
(e)	I would recommend my preferred grocery retailer	☐	☐	☐	☐	☐
(f)	I am passionate about my preferred grocery retailer	☐	☐	☐	☐	☐
(g)	I am emotionally attached with my preferred grocery retailer	☐	☐	☐	☐	☐
(h)	I shop at my preferred grocery retailer as I have no choice	☐	☐	☐	☐	☐
(i)	I shop at my preferred grocery retailer out of habit	☐	☐	☐	☐	☐
(j)	I shop at my preferred grocery retailer because of convenience	☐	☐	☐	☐	☐
(k)	I shop at my preferred grocery retailer because of price	☐	☐	☐	☐	☐
(l)	I shop at my preferred grocery retailer because of incentives	☐	☐	☐	☐	☐
(m)	If I could go back in time, I would still choose my preferred grocery retailer	☐	☐	☐	☐	☐
(n)	In the future I would still choose my preferred grocery retailer	☐	☐	☐	☐	☐

Section four (Section D: Loyalty Programmes) was used to examine respondent behaviour towards loyalty programmes in the grocery retail sector, through fixed alternative and open questioning. The rationale behind this section was two-fold. Firstly responses indicate ownership of loyalty cards, allowing a comparison of Tesco Clubcard to the Nectar and Somerfield Saver cards, and an indication of popularity. Secondly using questions D2 through to D5, the research was able to assess respondent's reasons for using the loyalty programmes of other grocery retailers and contrast responses to the results for question E2, again to give an indication of how

Tesco Clubcard compares to other grocery retail loyalty programmes in terms of respondents reasons for use. From the literature it appears that there are different types of loyalty programmes, the ones which are simply promotional gimmicks (Wright and Sparks, 1999) and those, namely Tesco Clubcard, which could potentially "deepen an existing customer relationship by offering relevant rewards that reinforce the brand values" (Humby et al, 2003, p.15). As a result of this distinction in the literature it was considered important for this research to understand the debate and assess whether the criticism levelled at loyalty programmes was reflective of certain cards and programmes or the whole loyalty programme genre.

Respondent Questionnaire

Section D: Loyalty Programmes

D1   I own the following grocery retail loyalty cards

           Somerfield Saver card ☐   Nectar card ☐

           Tesco Clubcard ☐

D2   What are your reasons for using the Nectar card?
....
....

D3   Are there any other reasons for your use of the Nectar card?
....
....

D4   What are your reasons for using Somerfield Saver card?
....
....

D5   Are there any other reasons for your use of the Somerfield Saver card?
....
....

The final section (Section E: Tesco Clubcard), examined the nature and type of respondents loyalty towards Tesco Clubcard. The section began with two open questions, the first (E1) is similar to questions D2 and D4 which ascertained respondents main reason for using the Nectar and Somerfield Saver cards, incorporated so that a comparison of a customers rationale for use could be

performed. The second open-ended question (E2) prompted respondents to indicate what they thought Tesco gains from Tesco Clubcard. This question was not included in Section D for users of Nectar or Somerfield Saver cards as the aim of this research is to examine Tesco Clubcard rather than comparing loyalty programmes in the grocery retail sector in terms of rationale for continued circulation. It was, however, considered important to contrast reasons for respondent's use of the respective loyalty programmes and what they thought Tesco gained from their use of Tesco Clubcard as this assists the research in making the distinction between schemes and gain insight into whether respondents perceive Tesco Clubcard as different in terms of its use.

Question E1 was included so that the research could investigate whether respondents thought Tesco was attempting to create a 'true' relationship based on the premise that "firms should give loyalty before they can expect it from customers" (Kandampully, 1997, p.92), or whether the relationship was more a convenient one, which although based on mutual exchange, did not involve any real loyalty between the parties. Using an open-question in this context was because the research wished "to ensure that answers [were] not unduly influenced by the presence of predetermined answer alternatives" (Peterson, 2000, p.30), where the respondent was allowed freedom to express their opinion and focus on the subject (Kent, 1999).

The questions E3(a) through to E3(r) used a likert scale format involving both positive and negatively worded questions, as this "forces the respondent to consider each item carefully, rather than to respond automatically to them all in the same way" (Moser and Kalton, 1992, p.362). The likert scale is also argued to be easy to understand by respondents of all ages (Tull and Hawkins, 1993). The nature of the

questions E3(a) (with the exception of E3(l), E3(m) and E3(o)) through to E3(q) follow the same format to those used in Section C: Customer Loyalty, except in Section E, the focus is concerned with 'Tesco Clubcard' rather than 'preferred grocery retailer'. A further difference between Section C and Section E is the inclusion of the question E3(r) "I would still use Tesco Clubcard even if the incentives were less" in order to further investigate the type of loyalty exhibited by respondents, thus addressing H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard.

Questions (E3(l) through to E3(r)) are concerned with the Tesco Clubcard as a reward medium on two inter-related levels. On one level the research investigates the impact of Tesco Clubcard on the frequency of visit and amount of consumer spend in-store and whether customers are satisfied with the appropriateness and timeliness of rewards. On a second level Tesco Clubcard 'points' are assessed in terms of their impact on 'cross-selling' Tesco financial products/services. The rationale behind selecting Tesco financial services was not simply because of its success in terms of customer 'take-up', nor the fact that without Tesco Clubcard, Tesco would have been less able to target customers "who trusted their preferred supermarket to offer them more than fresh food and chilled meals" (Humby et al, 2003, p.2). The main reason, which will be discussed in more depth in **4.4.3 Pre-testing**, was because all 30 respondents used in the pre-test indicated that using financial services rather than products and services was a better indicator. Prior to asking the questions on financial services respondents were asked whether they purchased Tesco financial services.

The final question E3(s) prompted respondents to indicate which Tesco Club they were a member of, if respondents were not a member of any of the four Tesco Clubs this section would be left blank. This question was included (and is supported by questions E3(p) and E3(q)) to assess customer's levels of passion and emotional attachment, i.e. if a customer becomes involved in purchasing Tesco financial services and is a member of Tesco Clubs this is a possible indication of increased attraction and/or affiliation (Sternberg, 1986) to Tesco and/or Tesco Clubcard.

Respondent Questionnaire

Section E: Tesco Clubcard

E1   What do you think Tesco gain from the Tesco Clubcard?
....
....

E2   What is the main reason for using the Tesco Clubcard?
....
....

E3   Please indicate your level of agreement with the following statements by ticking one of the following:
     Strongly Agree (**SA**) Agree (**A**) Neutral (**N**) Disagree (**D**) Strongly Disagree (**SD**)

		SA	A	N	D	SD
(a)	I am satisfied with Tesco Clubcard	☐	☐	☐	☐	☐
(b)	I trust Tesco Clubcard	☐	☐	☐	☐	☐
(c)	I am committed to Tesco Clubcard	☐	☐	☐	☐	☐
(d)	I would recommend Tesco Clubcard to others	☐	☐	☐	☐	☐
(e)	I am passionate about Tesco Clubcard	☐	☐	☐	☐	☐
(f)	I am emotionally attached to my Tesco Clubcard	☐	☐	☐	☐	☐
(g)	I use Tesco Clubcard because I feel I have no choice	☐	☐	☐	☐	☐
(h)	I use my Tesco Clubcard out of habit	☐	☐	☐	☐	☐
(i)	I always use my Tesco Clubcard when making purchases	☐	☐	☐	☐	☐
(j)	I use Tesco Clubcard because it is convenient to do so	☐	☐	☐	☐	☐
(k)	I use Tesco Clubcard because of its implications on the price of products	☐	☐	☐	☐	☐
(l)	Owning a Tesco Clubcard makes me use the store more often	☐	☐	☐	☐	☐
(m)	Owning a Tesco Clubcard makes me spend more	☐	☐	☐	☐	☐
(n)	I use Tesco Clubcard because of the incentives	☐	☐	☐	☐	☐
(o)	The offers I receive are appropriate and timely	☐	☐	☐	☐	☐
(p)	I buy Tesco financial services because of the points I receive	☐	☐	☐	☐	☐
(q)	I would buy Tesco financial services even if there were no points	☐	☐	☐	☐	☐
(r)	I would still use Tesco Clubcard even if the incentives were less	☐	☐	☐	☐	☐

(s)   I am a member of   Tesco Food Club ☐ Tesco Baby and Toddler Club   ☐

              Tesco Wine Club ☐ Tesco Healthy Living Club   ☐

The quantitative research was analysed using the SPSS (Statistical Package for Social Sciences) version 16 as it is argued to be "the most widely available and generally used comprehensive statistical computer package available to the marketing teacher and practitioner" (Armstrong and Everett, 1990, p.46). The data was analysed using significance testing and Spearman's Correlation Matrix in order to reveal relationships between aspects of the questionnaire.

4.4.2 Survey design - interview

The interview schedule was divided into two sections, the first section posed demographic and classification questions (Birn et al, 1990) and the second section posed ten open ended questions (see **Table 3)** which explore the themes to emerge from the quantitative analysis. These three themes were that respondents were of the opinion that they had more of a relationship and more loyalty to Tesco than Tesco Clubcard, that there was a high level of loyalty to Tesco and Tesco Clubcard which is premised more on satisfaction, trust and to a lesser extent commitment, rather than any emotional attachment or passion, and finally that loyalty exhibited towards Tesco and Tesco Clubcard was not incentivised, rather it was based on convenience. The questions provide explanation and add depth to the responses provided in the questionnaire which address the research aims and hypotheses from the perspective of a group (those females aged 51 and over) identified as the most likely to exhibit agreeable responses to questions on loyalty.

Table 3 Interview themes

In your own words, what does loyalty mean to you in your life?
Do you feel you have a relationship with Tesco and/or Tesco Clubcard?
Do you think relationships with Tesco and Tesco Clubcard are similar to social relationships?
What elements do you think are necessary for loyalty to exist towards a grocery retailer?
What elements do you think are necessary for loyalty to exist towards a loyalty programme?
It is argued that females are more loyal than males, do you agree with this?
Do you feel you could be passionate and emotionally attached to a grocery retailer and Tesco in particular?
Do you feel you could be passionate and emotionally attached to a loyalty programme and Tesco Clubcard in particular?
What type of loyalty do you exhibit towards Tesco?
What type of loyalty do you exhibit towards Tesco Clubcard?

4.4.3 Pre-testing

The chosen pre-testing method for the questionnaire and interview was verbal protocol, where respondents were questioned as they completed their responses and 'thought out loud' (Karabenick and Woolley, 2006, Branch, 2000, Peterson, 2000, Morrison, 1999). In contrast to alternative methods such as asking respondents to provide an interpretation to questions or observing respondent behaviour, verbal protocol-based pre-testing (Karabenick and Woolley, 2006, Peterson, 2000) was deemed the most appropriate to use. Indeed, even compared to a pilot study (considered the most effective pre-testing approach (Peterson, 2000, Moser and Kalton, 1992, Oppenheim, 1992)), this method was preferred, containing a number of the components integral to a pilot study, that of testing the wording (Oppenheim, 1992), and using similar respondents to those intended to be questioned in the main research (Peterson, 2000). The only two differences between conducting a pilot study and the pre-testing used in this research were firstly, that the pre-test process did not 'mirror' the main research process in that respondents in the main survey were not prompted to 'think out loud' and secondly in the number of respondents used. In the

case of the pre-test for the quantitative research, the number used was 30. The number 30 was considered appropriate for two reasons. Firstly it allowed perspectives from across the range of respondents to be used in the actual research, 5 males and 5 females in each of the age groups, 16-30, 31-50 and 51 and over. Secondly respondents were observed to be raising similar issues with questionnaire questions so it was the judgement of the researcher that 30 were sufficient. Regarding the qualitative research, the number was 2. The number was considered appropriate as the pre-test was only concerned with the wording rather than the themes themselves which had emerged from the quantitative research.

Pre-testing is essential to the success of research because it alerts the researcher to issues concerning the nature and type of questions (McGivern, 2003, Kent, 1999) and their sequence (Hunt et al, 1982). Perhaps more fundamentally, however, pre-testing "provides the real test of the questionnaire and the mode of administration" (Churchill, 1991, p.397). With regards to this research, the pre-test revealed 6 particular issues concerning the wording of questions, which were addressed prior to the final study. In the case of the interview no issues were raised in the pre-test.

Regarding the questionnaire, in questions B3 and B4 respondents were provided with a variety of options based on the work of Sopanen (1996ab) which was consistent with subsequent questions in Section C: Customer Loyalty and Section E: Tesco Clubcard, regarding type of customer loyalty. The options in questions B3 and B4 were: emotional loyalty which was given the title 'emotional attachment'; no choice, to reflect the monopoly type of loyalty; price; convenience; habit; and incentives. However, of the 30 respondents used in the pre-test, 28 indicated that the option 'no

choice' was superfluous, giving the reasons that customers always have a choice due to the alternative grocery retailers in Dundee and that the option of 'choice' was a more appropriate option. This point raised by participants in the pre-test is further supported when we examine the meaning of this 'option', that of 'monopoly', denotating no choice of alternatives (Sopanen, 1996ab). Clearly there were alternative stores in the Dundee grocery retail sector, namely ASDA/Wal-Mart, Somerfield, Sainsburys, Lidl and Aldi (opened in 2007). To this end the questionnaire was altered, replacing 'no choice', with 'choice' which refers to the choice of alternative stores, an option which is relevant because this option has been investigated in the research of others such as Buttle (1985) and Tigert (1983) into customer buying behaviour and shopping motives. It should be noted that pre-test participants considered questions C2(h) and E3(g) regarding 'no choice' as relevant and appropriate.

In questions B3 and B4, of the 30 respondents, 25, indicated their dislike of the option, 'emotional attachment', indicating that they would not simply patronise a store out of some psychological bond. The option was changed to 'reputation', to reflect participant comments. It should be noted that pre-test participants considered questions C2(f) and E3(f) regarding emotional attachment to be relevant and appropriate in these sections as the focus was on continued patronage. Regarding questions B3 and B4 'reputation' was judged to indicate a stronger level of preference, not simply because the store had a certain product, had a convenient location, was less expensive or had special offers. Reputation also intimates good quality in terms of merchandise and store-image which is considered important in research conducted on the perceptions of the firm (Mitchell and Kiral, 1998, Hallsworth, 1987) and can be readily linked to the antecedents tested in this research,

that of trust, commitment, recommendation, emotional attachment and passion. It is unlikely customers will trust, be committed in the long-term, recommend and be emotionally attached and passionate about an organisation who has a poor reputation, i.e. customers may patronise a store with a poor reputation, but this patronage would certainly not be 'pure' loyalty (Rafiq and Fulford, 2005, Humby et al, 2003, Yu and Dean, 2001, Evans and Moutinho, 1999).

In question C1 "In your own words, what do you think loyalty means?" respondents, in the pre-test, referred to supermarket loyalty, i.e. responded with phrases such as 'customer service' and 'repeat patronage'. It was expected that respondents would make reference to loyalty in a more general context, perhaps alluding to social relationships and the dimensions of satisfaction (Sprecher, 1999, Berg, 1984, Rusbult, 1983, Cate et al, 1982), commitment and trust (Gonzaga et al, 2001, Sprecher, 1999, Rempel et al, 1985, Rusbult, 1983) and/or attachment (Feeney and Noller, 1990, Shaver and Hazan, 1988, Hazan and Shaver, 1987, Morris, 1982, Parks and Stevenson-Hinde, 1982). As the study wished to understand what respondents thought loyalty meant to them in general terms it was deemed necessary to allow the respondents more 'freedom' in their responses and not confine or indeed 'push' them to think simply in terms of retail loyalty. Based on the feedback from pre-test respondents the question was changed to "In your own words, what does loyalty mean to you in your life?"

In question C2(g) "I am emotionally attached with my grocery retailer" and E3(f) "I am emotionally attached to my Tesco Clubcard" were changed from "I am intimately involved with my grocery retailer" and "I am intimately involved with my Tesco

Clubcard" because all 30 respondents did not associate the word intimacy with grocery shopping. To this end and upon reflecting on the interdisciplinary literature which argues that intimacy is an investment of emotion (Sternberg, 1986) and the loyalty literature which discusses emotional attachment, it was decided to change the wording of the questions.

Question's D2 "What are your reasons for using the Nectar loyalty card?" and D3 "What are your reasons for using the Somerfield loyalty card?" only generated one reason from respondents, presumably their main reason, in the pre-test. The questions were therefore deemed restrictive and a potential limitation of the study in that those respondents may have had multiple reasons, which could either be of interest to the study or have implications for the results. To make the data as valid as possible an additional question was added for the Nectar and Somerfield loyalty programmes to allow respondents the opportunity to cite more than one reason "Are there any other reasons for your use of the Nectar card?" and "Are there any other reasons for your use of the Somerfield Saver Card?". With regards to the latter question and indeed question D4, Somerfield Saver Card replaced the pre-test questionnaires wording of "Somerfield loyalty card" on the grounds of accuracy. As the Nectar card and Tesco Clubcard had been addressed appropriately there was no reason why this should not be the case for the Somerfield Saver Card.

Question E3(r) "I am a member of a Tesco Club", where respondents were prompted to respond yes or no was changed for two reasons. Firstly, that some respondents from the pre-test interpreted this question to mean 'I am a member of Tesco Clubcard', and also, to elicit more meaningful data, i.e. rather than simply reveal if Tesco customers

were a member of a Tesco Club, it was deemed more appropriate to ask respondents of which specific Club (if any) they were a member. Subsequently, the new question E3(s) asked respondents to indicate whether they were a member of one or more of the following: Tesco Food Club; Tesco Baby and Toddler Club; Tesco World of Wine Club; and/or Tesco Healthy Living Club".

Questions E3(p) "I buy Tesco financial services because of the points I receive" and E3(q) "I would buy Tesco financial service even if there were no points" were developed as a result of respondent feedback. It was the opinion of all 30 pre-test respondents, simply having the phrase 'Tesco products and services', (the original phrasing in the questionnaire), was too vague and could lead to misinterpretation given Tesco's wide range of products and services. Rather, it was discussed that financial services was a product/service not normally associated to grocery retailers and a customers agreement that they would use this because of points indicates the attraction of Tesco Clubcard points. To ensure the validity of the questions in the final study the research team asked all respondents who owned a Tesco Clubcard whether they purchased Tesco financial services.

4.4.4 Location of survey

The questionnaires were conducted over six days in September and October 2006, the 22nd, 23rd and 24th September for Tesco Extra and the 29th, 30th September and 1st October for Dundee Riverside Extra and followed a pre-testing of the questionnaire on the 5th and 6th of August 2006. Dundee was selected as the location to survey Tesco customers as all Tesco formats (Extra[52], Superstore[53], Metro[54], Dot.com[55] and

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[52] Large out of town retail outlets, typically 66,00 square feet in size (Wikipedia, 2009)

the Express[56]) are present. One of the reasons for a high density of Tesco stores in Dundee is because the head office of Wm Low, whose 45 stores were purchased by Tesco in 1994, (Fernie and Woolven, 1995), was in Dundee. Although the research focused on only two formats, Dundee was viewed an appropriate location because of customer exposure to the Tesco name and shopping experience. It was anticipated that increased exposure, familiarity and interaction with Tesco would increase respondents understanding of the questions used in the research instrument which is important to enhance the level of confidence and validity of the data (Peterson, 2000, Moser and Kalton, 1992, Churchill, 1991).

The use of Tesco Express in the research was discounted because of practical and health and safety reasons surrounding the operating of a questionnaire on a petrol forecourt. Tesco.com was also omitted from the study for reasons of access. Conducting an online questionnaire with Tesco.com customers may have provided perspectives from a different 'group' of Tesco customers, however because the use of an online survey requires respondent e-mail addresses (Morris, 2003) and this study could not gain access to such information, the study instead intended to focus on the Extra, Superstore (In 2009 became Dundee Riverside Extra) and Metro. Although it was the intention of the study to examine the three formats, recommendations from the Store Manager of Tesco Metro, Dundee reduced the study's research to two stores. Tesco Metro, Dundee had concerns regarding the length of the questionnaire, asserting that this research instrument could "impede or hinder the customers that are on tight timescales". The Store Manager suggested as possible alternatives the

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[53] Large out of town retail outlets, smaller than 'Extras', typically 44,000 square feet (Wikipedia, 2009)
[54] Smaller in-town retail outlets, typically 12,000 square feet in size (Wikipedia, 2009)
[55] Tesco's online presence, which allows customers to make purchases of products via the Internet
[56] The smallest of the Tesco stores format, locations vary from city centres to petrol station forecourts, typical size is 2,000 square feet (Wikipedia, 2009).

"streamlining" of the questionnaire or using larger, alternative Tesco retail formats. Based on these recommendations it was decided to focus on Tesco Extra and Dundee Riverside Extra.

The Tesco stores involved in the research process were treated as 'stakeholders' and active participants, achieved through sending a letter of introduction with a copy of the questionnaire to the respective stores, followed by a telephone conversation where a schedule was arranged for the research to take place. The rationale behind this procedure was to answer any questions (in the case of Tesco Extra and Dundee Riverside Extra no questions were posed), which the Store and Human Resource Managers may have had concerning the research process and issues concerning the researchers interaction with Tesco customers.

The interviews were conducted over four days from 1st April – 4th April 2008 with female customers of Tesco stores in Dundee aged 51 and over. Pre-testing of the interview themes was performed on the 20th March to test clarity and understanding and no amendments were made. Respondents were customers of both Tesco Extra and Dundee Riverside Extra and recruited outside both stores during the quantitative stage of the research. Following completion of the questionnaire all respondents were asked if they would be willing to participate in a further study and if agreeable to leave their contact details, 67 agreed. Of those 47 female respondents aged 51 and over who were contacted to participate in the qualitative stage of the research 20 agreed. Those respondents were contacted via telephone to arrange a date and time for the interview to take place and all interviews were conducted at the respondent's home.

4.4.5 Sampling

In collecting the quantitative data the study assessed the relevance of both probability and non-probability sampling (Churchill, 1991). The research considered using probability sampling where the selection of participants is "independent of human judgement producing a known and non-zero probability of any one particular case in the population of cases being included in the sample" (Kent, 1999, p.131). However it was decided to incorporate a non-probability approach, where the researcher intervenes in the selection of the respondents (Kent, 1999) not simply because it was convenient (Cox and Brittain, 1996), rather it was necessary to have some control over the age and gender of the respondents (McGivern, 2003) because of the required testing of H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard.

The size of the qualitative sample was 20, derived from age and gender, and is represented in **Table 4** outlining respondent's occupation, education, household composition, whether family were employed at Tesco, preference for Tesco, frequency of visit to Tesco and ownership of Tesco Clubcard. The quantitative sample was 600 individuals also derived from the age and gender quota controls incorporated in the study and the two Tesco formats used the Tesco Extra and the Dundee Riverside Extra. The sample sizes considered the aspects of accuracy and confidence in the final results (Moser and Kalton, 1992), however because the research used a quota sample the sampling errors and confidence intervals could not be calculated (Hague and Harris, 1993, Churchill, 1991). To ensure representativeness the quantitative research based on "personal, subjective judgement" (Churchill, 1991, p.543), decided on a figure of circa 150 females and 50 males in each of the three age

bandings, 16-30, 31-50 and 51 and over, and across the two Tesco formats, Tesco Extra and Dundee Riverside Extra. The actual sample was 50 males and 146 females aged 16-30; 56 males and 156 females aged 31-50; and 49 males and 146 females aged 51 and over, supported by fieldworker observation on the demographic population of customers at the two Tesco stores over six days of fieldwork and reflective of the population of Tesco customers in terms of age and a 3:1 ratio in favour of females.

Table 4 Background of interviewees

	Age	Occupation	Income	Education	No. of persons in the household	Family employed by Tesco	Prefers Tesco	Frequency of visit to Tesco	Owns a Tesco Clubcard
A	51	Business owner	£50,000	Highers	2	No	No	1-3 times a week	Yes
B	52	Shop worker	£15,000	O grades	2	Yes	Yes	1-3 times a week	Yes
C	55	Business owner	£80,000	None	2	No	Yes	1-3 times a week	Yes
D	55	Homemaker	N/A	None	2	No	Yes	1-3 times a week	Yes
E	53	Homemaker	N/A	None	2	No	Yes	1-3 times a week	Yes
F	60	Medical	£25,000	Degree	2	Yes	Yes	1-3 times a week	Yes
G	58	Homemaker	N/A	Highers	1	Yes	Yes	1-3 times a week	Yes
H	60	Education	£35,000	Degree	2	Yes	Yes	1-3 times a week	Yes
I	52	Shop worker	£18,000	None	2	No	Yes	1-3 times a week	Yes
J	59	Insurance	£25,000	Degree	2	No	Yes	1-3 times a week	Yes
K	62	Voluntary employment	N/A	None	2	No	Yes	1-3 times a week	Yes
L	63	Retired	£15,000	None	2	No	Yes	1-3 times a week	Yes
M	62	Voluntary employment	N/A	None	2	No	Yes	1-3 times a week	Yes
N	64	Retired	£15,000	O grades	1	No	Yes	1-3 times a week	Yes
O	67	Retired	£12,000	Degree	2	No	Yes	1-3 times a week	Yes
P	62	Retired	£13,000	None	2	No	No	1-3 times a week	Yes
Q	66	Retired	£15,000	Degree	2	No	Yes	1-3 times a week	Yes
R	65	Retired	£19,000	O grades	2		Yes	1-3 times a week	Yes
S	61	Voluntary employment	N/A	None	2	No	Yes	1-3 times a week	Yes
T	65	Retired	£15,000	Highers	2	No	Yes	1-3 times a week	Yes

According to Harrell (2006, p.6) "Tesco's shoppers are the most diverse" in the grocery retail sector in terms of age and income, a statement supported in part by Blythman (2005, p.257) who argues, albeit rather stereotypically, that Waitrose are at

the wealthy end of the customer spectrum and Kwik Save are at the other end, Tesco in contrast have broad demographic groupings, namely the "'affluent urbanites', 'comfortable middle age home owners', older people in less prosperous areas and 'affluent greys' in rural communities". Such diversity, however, does not extend to the gender of Tesco shoppers, with females more likely to be responsible for the household grocery shopping than their male counterparts (Lake et al, 2006, TNS, 2006, Hare, 2003, Dholakia et al, 1995). According to the 'Where Britain Shops report 2006' by Verdict Research (2006), 56.2% of supermarket customers are likely to be female. This research is verified by Lake et al (2006) who found 58% of females compared to 24% of males claiming responsibility for the grocery shopping.

Quota sampling is "used to estimate certain facts about a defined population" (Hague and Harris, 1993, p.85) and similarly to clustering and stratification sampling vary from a simple random approach (Kent, 1999) where "each possible sample of n different units has an equal chance of being selected. This also implies that every member of the population has an equal chance of selection into the sample" (Moser and Kalton, 1971, p.81). The rationale behind selecting the quota sampling approach, in contrast to convenience or judgement sampling (Proctor, 2000), was not only because it is the most popular of methods (McGivern, 2003, Hague and Harris, 1993, Birn et al, 1990), but because it was important "to make sure that the overall sample has the same characteristics as the population" (Waters, 1998, p.78). The particular design was interlocked or interlaced (Kent, 1999) rather than independent, because as opposed to allowing the researcher more freedom it was deemed appropriate (and indeed necessary) to have tight parameters set with regards to age and gender given the research question and H_2 older females are the demographic group most likely to

be loyal to Tesco and Tesco Clubcard. It is argued that when the quota controls of an interlocking quota approach are selected with respect to the objectives of the research, they are likely to reduce the bias and increase the representativeness of the completed sample (McGivern, 2003).

In contrast to alternative methods such as convenience sampling which "attempts to obtain a sample of convenient elements" where "the selection of sampling units is left primarily to the interviewer" (Malhotra and Birks, 2006, p.363); the quota approach appeared more viable and more representative of the population (Malhotra and Birks, 2006). In addition, unlike a convenience sample, the approach used in this research has a sample design (Proctor, 2000). Although criticisms for using a quota sampling approach are far from being agreed upon in the academic community (McGivern, 2003, Moser and Kalton, 1971), it is acknowledged that the quota sampling approach could potentially suffer from sampling errors and researcher bias (Birn et al, 1990). It is argued that "quota samples have the same levels of sampling errors as random samples or twice their sampling error" (Birn et al, 1990, p.70), in other words there is a lack of clarity over the extent of sampling error, which occurs with this method probably because of an inability to estimate representativeness (McGivern, 2003). According to McGivern (2003, p.179) "quota sampling can produce a quality, representative sample, especially if care is taken to limit bias at the final selection stage". To further ensure a reduced margin of error age and gender were used as quota controls. One criticism is acknowledged however and is a limitation of the study, if the quota for a particular 'group' has been reached and another person for that group appeared, there was no opportunity for that individual to be questioned (Morris, 2003). Overall, through "training, rewards, supervision and validation of fieldwork"

(Malhotra and Birks, 2006, p.414) the study attempted to take every precaution to ensure that information was not falsified or invalid.

Two further criticisms identified by Morris (2003) and Oppenheim (1992) and addressed by this research concerning quota sampling are that researchers have their 'favoured' locations (Oppenheim, 1992) and samples are susceptible to 'interviewer abuse' (Morris, 2003). This research addressed the first criticism through only questioning customers of Tesco outside two Tesco stores in Dundee. The second criticism was addressed through two 'validity checks'. Firstly, the prompt for the respondent's postcode, to ensure some control over the process, which was checked for frequency and accuracy in the context of the Tayside area, in other words validating the fieldwork. Respondents were also asked if they would be willing to participate in future research and if agreeable to provide contact details, name, address and telephone number, 67 respondents provided details. Secondly, the adoption of a 'good practice' approach to the employment of fieldworkers, which included designing an appropriate job description and consideration of fieldworker characteristics and the recruitment process (Malhotra and Birks, 2006).

4.5 Conclusion

This chapter has provided the justification for, and a description of, the methodology and research design used to examine the research aims and hypotheses. The research instrument of interviewer-completed questionnaires and semi-structured interviews has been evaluated in terms of comparisons with other research methods and in terms of its appropriateness to be used in the research. Research design and data analysis has been discussed, with questions critically assessed for inclusion in the

questionnaire and interview. The data collection and sampling procedures have been critically assessed with regard to rationale and justification for inclusion in the study, with an evaluation of the use of pre-testing and fieldworkers. The methodology in terms of feasibility and limitations were considered throughout the course of the **Chapter**.

Chapter Five: Analysis and discussion of quantitative data relating to the nature of customer loyalty to Tesco and Tesco Clubcard

5.1 Introduction

This chapter is concerned with respondents' shopping profiles and the nature of their loyalty towards a 'preferred' grocery retailer and Tesco Clubcard. **5.2 Customer shopping profiles** investigates the data on frequency of shopping, preferred grocery retailer and factors which are the most and least important in a respondent's choice of grocery retailer. **5.3 Customer loyalty** discusses the nature of a customer's loyalty towards their preferred grocery retailer and Tesco Clubcard, including a qualitative analysis of the meaning of loyalty to respondents. The chapter concludes in **5.4 Conclusion** with a summary.

5.2 Customer shopping profiles

The age and gender distribution of the sample in Section A: Customer Information will be examined in terms of significance throughout the **Chapter** in order to satisfy H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard.

In Section B: Shopping Profile of the questionnaire, respondents were asked to indicate the frequency of their grocery retailer patronage and which grocery retailer they preferred. Both these variables are used later in the **Chapter** and in conjunction with age, gender and store format to assess their significance in a Tesco customer's loyalty to their preferred grocery retailer and Tesco Clubcard. Using descriptive statistics to examine the frequency of respondents grocery shopping, the research reveals 499 respondents

frequent the Tesco store every 1-3 days, 46 had a shopping frequency of 4-7 days, with 42 respondents frequenting Tesco once a fortnight and 13 respondents shopping once a month (see **Table 5**). No variable was significant. Examining the data to observe for variations in terms of preferring Tesco the findings do not reveal major differences between the samples (see **Table 6**) which is not surprising given that only 34 respondents of the total sample of 600 preferred a grocery retailer other than Tesco. In fact all responses to the quantitative questions were compared in terms of the complete sample and those who preferred Tesco and owned a Tesco Clubcard to investigate whether those respondents who arguably demonstrate a higher degree of involvement to Tesco (preferring Tesco and owning a Tesco Clubcard) were more likely to agree to statements. The difference in levels of agreement between the complete sample and those who own a Tesco Clubcard and also prefer Tesco was minimal, meaning ownership of a Tesco Clubcard and preference for Tesco as a grocery retailer makes little difference to responses and as a result this comparison will not be investigated in **Chapter**s **Five** and **Six**. This result is perhaps not surprising given 566 respondents preferred Tesco and 531 respondents owned a Tesco Clubcard.

Table 5 Frequency of shopping based on the variables of age and gender

	Males aged 16-30	Males aged 31-50	Males aged 51 and over	Females aged 16-30	Females aged 31-50	Females aged 51 and over	Total
1-3 days	42	49	38	112	125	133	**499**
4-7 days	3	3	3	13	19	5	**46**
Once a fortnight	5	2	7	12	9	7	**42**
Once a month	0	2	1	6	4	0	**13**
Total	**50**	**56**	**49**	**143**	**157**	**145**	**600**

* 4 missing data

Table 6 Frequency of shopping based on the variables of age and gender of those customers who preferred Tesco

	Males aged 16-30	*Males aged 31-50*	*Males aged 51 and over*	*Females aged 16-30*	*Females aged 31-50*	*Females aged 51 and over*	**Total**
1-3 days	39	46	36	101	117	126	**465**
4-7 days	3	3	3	13	17	5	**44**
Once a fortnight	5	2	6	9	8	6	**36**
Once a month	0	2	1	6	2	0	**11**
Total	**47**	**53**	**46**	**129**	**144**	**137**	**556**

* 4 missing data

The findings from this research would appear to contrast with the assertions of Blythman (2005, p.17) who argues "where people once shopped for food fairly frequently – if not daily, probably every other day – supermarkets have institutionalised the one-stop shopping trip, a weekly expedition to stock up for the next seven days" and Humby et al (2003) who state customers on average visit a grocery retailer once a week. The reasons why this research has found such a high frequency of customer visits to store can be explained perhaps by the peculiarities of Dundee. Based on previous research on Tesco in Dundee (Turner, 2009, Turner and Wilson, 2006), the accessible locations and the number of stores[57] were argued to influence the frequency of shopping at Tesco stores in Dundee on the basis of convenience.

5.2.1 Customers preferred grocery retailer

Tesco proved to be the most popular grocery retailer among respondents, regardless of age and gender (see **Table 7**), with 566 of the total sample of 600 selecting Tesco. However, this result is arguably not surprising given the survey was conducted outside Tesco stores. Regarding the other grocery retailers, 20 respondents chose ASDA, 12

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[57] In Dundee there are 8 stores across all four formats: Tesco Extra, Tesco Metro, Tesco Express, Tesco Superstore. Dundee Hawkhill Express; Dundee Strathmartine Express; Dundee Metro; Dundee Riverside Extra; Dundee Extra; Dundee South Road Extra; Broughty Ferry Express; and Broughty Ferry Dalhousie Esso Express. Tesco Superstore Dundee (Lochee) closed in 2009.

opted for Sainsburys, with 12 choosing "Other" (5 noted Morrisons, 4 Lidl and 3 not specifying); two respondents left this question blank. No variables were significant.

Table 7 Preferred grocery retailer based on the variables of age and gender

	Males aged 16-30	*Males aged 31-50*	*Males aged 51 and over*	*Females aged 16-30*	*Females aged 31-50*	*Females aged 51 and over*	**Total**
ASDA	1	2	1	8	6	2	**20**
Tesco	47	53	46	129	144	137	**556**
Sainsburys	1	1	1	3	3	3	**12**
Other	1	0	1	6	0	4	**12**
Total	**50**	**56**	**49**	**146**	**153**	**146**	**600**

Two hundred and seventy eight respondents at both Tesco Extra and Dundee Riverside Extra preferred Tesco as their grocery retailer. Despite Tesco being the most preferred grocery retailer with only 34 respondents choosing an alternative, this does not mean that customers will be loyal to the firm or a particular store. Simply because customers 'shop' in a retail outlet does not necessarily equate to preference and consequently loyalty. As explained by authors such as Coyles and Gokey (2005) and Sopanen (1996ab), customers may exhibit habit and/or incentivised loyalty, which is different from committed loyalty. A customer could prefer one particular grocery retailer yet continue his or her patronage of another store because of habit, convenience or a lack of choice (Hill and Alexander, 2000, Sopanen, 1996ab), factors examined in **Chapter Six** when the research examines the type of customer loyalty to Tesco and Tesco Clubcard. The result, however unsurprising, does indicate a strong preference for Tesco among the respondents.

5.2.2 Factors influencing choice of store

When the research investigates participant responses to question B3, that of the most

important factors in choice of store, the first observation to be made is that the majority of respondents (400) selected only 1 factor, 101 respondents chose 2 factors, 68 chose 3 factors, 20 selected 4 factors, 9 chose 5 factors and 2 chose all 6 factors. The main combination of responses to question B3 was 'choice' and 'price' with 32 responses. The second observation is that there is no clear 'one factor' preference indicated, although there appears to be a distinct division in the popularity between the 6 options presented to respondents. The most important factor for respondents in their store selection was 'choice', selected by 287 respondents; 264 respondents chose 'convenience' and 225 opted for 'price'. The remaining 3 factors offered to respondents in question B3 had lower response rates, with 71 respondents choosing 'offers', and 64 choosing 'habit' and 'reputation' respectively (see **Table 8**) with the variables age (p=0.001), gender (p=0.002) and store type (p=0.001) significant.

Table 8 Most important factors influencing choice of store based on age and gender

	Males aged 16-30	Males aged 31-50	Males aged 51 and over	Females aged 16-30	Females aged 31-50	Females aged 51 and over	**Total**
Reputation	3	7	7	6	18	23	**64**
Choice	13	25	21	68	83	77	**287**
Price	18	18	15	60	54	60	**225**
Convenience	26	19	24	59	64	72	**264**
Habit	5	9	7	11	13	19	**64**
Offers	7	5	3	15	18	23	**71**
Total	**72**	**83**	**77**	**219**	**250**	**274**	

When the research investigated the significance to test for association, evidence suggests that the most influential age was 51 and over, accounting for 46.9% of the percentage total and therefore indicates those aged 51 and over were associated to the result. In terms of the significance of gender, females accounted for 79.4% of the percentage total and

therefore indicates females were associated to the result. Regarding the significance of store type, Dundee Riverside Extra accounted for 61% of the percentage total and indicates that Dundee Riverside Extra was associated to the result. These results indicate that age, gender and store type are significant factors in choice of store.

From this research it appears that the most important factors to a Tesco customer's choice of store, namely 'choice', 'convenience' and 'price' are in line with the research of Buttle (1985) who found convenience, price, choice, the store itself and quality influence store choice. Mitchell and Kiral (1998), who conducted comparative research on the grocery retailers of Tesco and Kwik-Save, revealed similar results to this research with convenience, quality and value equally important factors to Tesco and Kwik-Save customers in their choice of store. Research conducted by Cannon (2003, p.1) revealed "Price alone doesn't account for customer loyalty that Tesco enjoys" which supports the findings of this research that although popular, 'price' was neither the only factor nor indeed the most important influence on Tesco customer's choice of store.

The results for question B4, the 'least important' influences on store selection, revealed, an inversion for the results on the 'most important' influences, i.e. 'offers', 'habit' and 'reputation', scored low for 'most important', but high for 'least important' (see **Table 9**). The variables age (p=0.001), store type (p=0.002) and frequency of shop (p=0.005) were significant. When the research investigated the significance to test for association, Dundee Riverside Extra accounted for 60.3% of the percentage total which indicates that Dundee Riverside Extra is associated to the result. In terms of the significance of age,

those aged 51 and over accounted for 51.2% of the percentage total and therefore indicate that this age group were associated to the result. In terms of the significance of frequency of shop, 1-3 times a week accounted for 68.3% of the total percentage and indicates that shopping 1-3 times a week is associated to the result.

Table 9 Least important factors influencing choice of store based on age and gender

	Males aged 16-30	*Males aged 31-50*	*Males aged 51 and over*	*Females aged 16-30*	*Females aged 31-50*	*Females aged 51 and over*	**Total**
Reputation	16	15	12	40	34	29	**146**
Choice	2	1	2	7	4	10	**26**
Price	2	4	6	5	9	15	**41**
Convenience	4	13	6	12	22	18	**75**
Habit	14	19	16	56	60	50	**215**
Offers	15	10	13	27	32	37	**134**
Total	**53**	**62**	**55**	**147**	**161**	**159**	

There are two areas in which the responses to questions B3 and B4 differ. In the first instance, 554 respondents selected one factor for question B4 compared to 400 respondents who chose one factor for question B3. As a consequence, the number of combinations used in responses to question B4 is lower; only 39 respondents chose 2 factors. Of the other combinations, 4 respondents chose 3 factors, and only 1 participant chose 4 factors, 5 factors and 6 factors. Unlike responses to question B3 which had a clearly favoured combination of 'choice' and 'price', there was no major difference between those respondents who selected more than one factor. In the second instance, unlike the hierarchy of responses to question B3, the 'most important' factors, where three alternatives were clearly favoured, 'habit' was the most selected as the least important, chosen by 215 respondents. The second most selected factor was 'reputation' chosen by 146 respondents, 134 opted for 'offers', 75 respondents selected

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'convenience', 'price' was chosen by 41 participants and 'choice' was selected by 26 respondents.

The research reveals that 'choice', 'convenience' and 'price' were the most important factors and 'habit' was the least important factor for their choice of store which is supported by academic research (Mitchell and Kirel, 1998, Buttle, 1985). The research will now examine the nature of a Tesco customer's loyalty towards their preferred grocery retailer and contrast the results with loyalty towards Tesco Clubcard in order to address the aims and hypotheses of the research.

5.3 Customer loyalty

The third section of the questionnaire prompted respondents to define loyalty in their own words. The purpose of this question was to provide an indication of respondents' awareness of what loyalty meant. Of the 600 Tesco customers who participated in this research 325 expressed an opinion, 91 males from a total of 152 and 234 females from a total number of 448. Males aged 31-50 at Tesco Extra and females aged 51 and over at Dundee Riverside Extra were the most likely to express an opinion. The implications of 54% of respondents providing a definition is that the research was unable to test conclusively whether or not respondents understood what loyalty meant. Of the 34 respondents who preferred a grocery retailer other than Tesco, only 2 provided definitions of loyalty, that of "continued patronage" and "important", which are covered in **Table 10**.

Table 10 Themes from respondent's definitions of loyalty

Theme	Females	Males
Being there/sticking by and supporting someone	38	10
Trust and honesty	34	12
Consistent and Continued and returning	19	12
Faith, faithful and true	20	8
Reliable/dedicated and dependable	16	4
Important, everything	12	3
Friend and family	7	5
Rewarded	9	3
Commitment	6	4
Prices, quality, choice and value	9	1
Customer service	7	1
Other	57	28
Total	**234**	**91**

The content analysis represented in **Table 10** reveals the most frequently cited definitions of loyalty are: 'being there/sticking by and supporting someone', 'trust and honesty', 'continued and consistent patronage', 'faith' and 'dependency' which are used in the literature when attempting to define the loyalty concept (Taylor et al, 2004, Adamson et al, 2003, Pedersen and Nysveen, 2001, Morgan and Hunt, 1994, Davies, 1992, Beatty et al, 1988). A further antecedent which is often cited in the literature but was only mentioned by 10 respondents was 'commitment'. The results suggest a divergence of views on what loyalty means with little consistency in definitions. The most popular responses were 'being there for someone', or as one respondent defined "sticking to something or someone no matter what", which was used by 48 respondents and points towards an understanding that commitment (which was explicitly used as a definition by 10 respondents) must be present for loyalty to exist. These types of loyalty definitions indicate an understanding that loyalty is more than simply a repeated transaction, rather it is an "implicit or explicit pledge of relational continuity between exchange partners" (Zineldin, 2002, p.553). The existence of commitment in a relationship, whether it is in

the marketing relationship or social marketing discipline, is a necessary pre-requisite for loyalty of a considerable level to exist; equally there is a requirement for trust between the parties (Kalafatis and Miller, 1998, Dwyer et al, 1987, Scanzoni, 1979).

Fifteen respondents thought loyalty was important and incorporated all components, "everything". Twelve respondents thought loyalty meant family and friends and a further 12 stated loyalty meant, "being rewarded for your custom", similarly 10 respondents stated "prices and quality" with a typical response being "the best prices are offered and quality". Eight respondents defined loyalty as "good service" with a typical response being "Good service, treat me as an individual and recognise my needs". Those 30 respondents are indicating more of an 'incentivised' definition of loyalty (Sopanen, 1996ab) where loyalty is on the basis of price or incentives (Sopanen, 1996ab) and/or customer service (Heskett et al, 1997) which is neither 'strong' nor sustainable in terms of loyalty (Humby et al, 2003, O'Brien and Jones, 1995).

Of the remaining 28 male respondents whose definitions were not included in **Table 10**, because of the low number of citations, some of the terminology indicates varying degrees of loyalty and the underlying aspects in creating customer loyalty, that of being long-term (Griffin, 2002), two-way communication (Adamson et al, 2003), honesty and commitment (Palakshappa and Gordon, 2005, Sternberg, 1986) and consistency and dependability (Rempel et al, 1985). Although the numbers are small, it is nevertheless important to cite all responses to give a representative picture. Only one respondent, who was male and aged 16-30, allied love with loyalty. The research found 6 respondents that

defined loyalty as meaning little or nothing to them, 3 emphasised the long-term nature of loyalty, with 2 defining loyalty as a two-way interchange, "works both ways customer/provider to be loyal to customer". Nine respondents provided a combination response, involving 1 or more of the previously discussed elements, namely "honesty and commitment" and "consistent and dependent". The remaining 8 responses were 'one-off' statements which were as follows: "without love there is no loyalty and without loyalty there is no love"; "good loyalty is more money"; "that others consider me first"; "the opposite of royalty"; "my life"; "not being unfaithful"; "Tesco stock is all I need and is close and convenient"; and "persistence".

Regarding the 57 female responses which were not included in **Table 10** because of the low number of citations, the terminology used reflects the definitions of loyalty provided by the male participants. Key phrases included rewards (Dowling and Uncles, 1997, MacKenzie, 1995), faith, honesty and commitment (Sternberg, 1986, Rempel et al, 1985), reciprocation (Mitussis et al, 2006, Wilson, 1995), putting the customer first (Evans et al, 2004, Christopher et al, 1993) and two-way communication (Davies, 1992).

The largest groupings of responses in the 'other' category from **Table 10** were the 17 respondents who cited a combination of factors; namely "Consistency and reward" and "Faith, honesty and commitment". Of those respondents who cited one specific factor, 6 defined loyalty to mean "not letting someone down" or "the fact that you are not let down", of an equal response rate (6) was reciprocation, a typical example was "what you expect of others and therefore you give it". A further 5 respondents replied that they had

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no real loyalty, with one adding that "Tesco stocks all I need and is close and convenient", 4 other respondents thought loyalty was treating customers well, putting them first. There were 6 other responses, which implied long term loyalty: 2 mentioned "loyalty to people"; 2 stated "two-way communication" and 2 said "forever". Finally there were 13 responses which were individual and did not share commonality with other definitions, the first of these comments bore some relevance to the topic of loyalty, which were: "it makes you feel validated as a person", "a sense of belonging", "is a good thing to have from others", "transferable", "getting the best out of a situation", "sticking to principles", "pleasant manner", "a person emotional, not attached to shopping", "feeling valued by retailer", "I like people to be loyal it shows integrity", "every little helps". The remaining 2 responses bore little or no real relevance to the question posed, "at the moment, a rest for my husband", "keeping the family silver".

What the research concludes from the 325 respondents who provided definitions of loyalty is that there is no clear pattern, respondents all have individual views of what loyalty meant to them. The research cannot conclude that all respondents understand what loyalty means (by this we mean the way in which this researcher understands loyalty) which may have implications for subsequent responses to questions on loyalty. Although it should be noted that a number of respondents cited definitions discussed in the marketing relationship, loyalty and social relationship literature.

5.3.1 Nature of customer loyalty

In order to address the aims and hypotheses of this research this section of the analysis and discussion will examine 9 questions on the nature of loyalty towards Tesco

customers preferred grocery retailer and 7 questions pertaining to the nature of customer

loyalty towards Tesco Clubcard. Prior to evaluating each antecedent in turn, its

relationship to loyalty and the significance of age, gender, store type, frequency of shop

and preferred grocery retailer, the research assessed internal consistency through a

validity/reliability test, illustrated in **Table 11** and **Table 12**. As it can be observed from

Table 11, Cronbach's α of 9 items tested pertaining to preferred grocery retailer,

produced a figure of 0.911 which indicates a valid test model, in particular the variables

emotion and satisfaction proved the most valid/reliable. In contrast **Table 12** tested 7

items pertaining to Tesco Clubcard and indicated a figure of 0.893, which although lower

than the previous test result also indicates a valid test model. Similarly to the previous

result relating to preferred grocery retailer, the variables emotion and satisfaction proved

the most valid/reliable.

Table 11 Validity check using Cronbach α test – nature of loyalty and preferred grocery retailer

Dimensions	Mean	Standard deviation	Cronbach's α
Loyalty	2.20	0.848	0.896
Satisfied	1.93	0.632	0.901
Trust	2.23	0.804	0.894
Commitment	2.61	0.938	0.887
Recommend	2.21	0.840	0.894
Passion	3.23	1.032	0.893
Emotion	3.64	1.097	0.905
Go back in time	2.38	0.872	0.898
In the future	2.20	0.804	0.897
Overall (9 items)			**0.911**

Table 12 Validity check using Cronbach α test – nature of loyalty and Tesco Clubcard

Dimensions	Mean	Standard deviation	Cronbach's α
Loyalty	2.16	0.856	0.893
Satisfied	1.99	0.706	0.879
Trust	2.27	0.861	0.871
Commitment	2.57	0.987	0.862
Recommend	2.34	0.931	0.875
Passion	3.38	1.089	0.871
Emotion	3.68	1.079	0.890
Overall (7 items)			**0.893**

Providing a summary of the data relating to loyalty antecedents we can observe the highest level (88%) of agreement or strong agreement was with 'satisfaction'; the lowest level (14%) of agreement or strong agreement was with 'emotional attachment'. The variables age, store preference and frequency of visit are significant occasionally, with gender significant on a number of occasions. This would imply that gender plays a role in the loyalty of Tesco customers towards their preferred grocery retailer and thus informing H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard. With regards to the research aims and H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard the more 'social' aspects of loyalty, namely passion and emotional attachment have a lower level of agreement which implies that Tesco customers are not of a view that they were particularly passionate or emotionally attached to their preferred grocer retailer. It should be noted however that there was a high level of neutrality. By 'relatively high level', the research refers to the 45% of respondents, (64 males and 199 females out of a total 582 respondents) who provided a neutral response to being passionate about their preferred grocery retailer and the 33% of respondents, (47 males and 145 females out of a total 580 respondents) who were neutral in the context of emotional attachment towards their preferred grocery retailer. Such results indicated that respondents either did not associate 'passion' and 'emotional attachment' to grocery retail shopping or did not consider themselves passionate or emotionally attached to their preferred grocery retailer, which in the majority of cases was Tesco.

In terms of Tesco Clubcard, the research reveals similar results to that of preferred

grocery retailer with the highest level (80%) of agreement or strong agreement with satisfaction. The lowest level (11%) of agreement or strong agreement was for emotional attachment. Similarly to results for preferred grocery retailer, the variables preferred grocery retailer and more often gender were significant and therefore informing H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard. There was also high levels of neutrality to two question in particular (46 males and 164 females were 'neutral' towards being passionate and 37 males and 137 females were 'neutral' about being emotionally attached to Tesco Clubcard). Such figures would indicate that there is a limited social dimension to Tesco customer's loyalty towards Tesco and Tesco Clubcard which has obvious implications for the research aims and H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard.

Tesco customers were more likely to be satisfied, trust, recommend, be passionate and emotionally attached to their preferred grocery retailer (which in the case of 566 of the 600 respondents questioned was Tesco) than to Tesco Clubcard. These results would appear to indicate that customers feel less strongly in terms of loyalty towards Tesco Clubcard than they do to their preferred grocery retailer, an observation which is supported by the literature (Duffy, 2005, Gustafsson et al, 2004, Noordhoff et al, 2004, Rowley, 1999).

5.3.1.1 Nature of Tesco customer loyalty towards preferred grocery retailer

When the research investigates the nature of respondent loyalty to their preferred grocery retailer, it appears that the majority of respondents agree or strongly agree that they are

loyal regardless of age or gender, with a low level of strong disagreement. The variables

of age, gender and preferred grocery retailer were significant in the loyalty of a Tesco

customer (see **Table 13**). When the research investigated the significance to test for

association, females were associated to loyalty with 74.1% of the percentage count.

Regarding age, using the test for association, 35.8% were aged 31-50 which indicates this

age group were associated to loyalty. In terms of the variable preferred grocery retailer, to

investigate the significance to test for association, 92.9% favoured Tesco which indicates

that preferring Tesco is associated to customer loyalty.

Table 13 Statistics relating to loyalty to preferred grocery retailer

Question	Number of those of Strongly Agreed/Agreed	Age and gender	Number of respondents	Significant variables
I consider myself loyal to my preferred grocery retailer	397 (66%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	83 28 28 27 314 88 110 116	Gender , p=0.001 Age, p=0.001 Preferred grocery retailer, p=0.003

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

When the frequency of responses are analysed it appears females aged 31-50 and 51 and

over are more likely to agree or strongly agree compared to all other demographic

groupings who are more likely to agree or remain neutral. This finding was expected and

is consistent with the literature. Ndubisi and Madu, (2009), Yavas and Babakus, (2009),

Ndubisi, (2006), Patterson, (2007), Snipes et al, (2006), Harmon and Hill (2003),

Bendall-Lyon and Powers, (2002), Rusbult et al (1986), Rempel et al (1985) have all

observed females exhibiting stronger loyalty tendencies when compared to males. The

figures must be taken in context, however, simply because the majority (397, 83 males

and 314 females) of respondents agreed or strongly agreed with the statement that they

were loyal does not give an indication of the nature of that loyalty. To be able to provide insight into relative attitude and therefore address the aims of the research and test H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard, the research has to consider responses to the other questions concerning the nature of loyalty, starting with satisfaction.

5.3.1.2 Levels of satisfaction towards preferred grocery retailer and Tesco Clubcard

Respondents considered themselves satisfied with their preferred grocery retailer, with the majority (88%) agreeing or strongly agreeing. As it may be observed from **Table 14**, gender was significant. When the research investigated the significance to test for association, females were associated to satisfaction with preferred grocery retailer, accounting for 74.2% of the total percentage. Females aged 51 and over were the most likely to agree or strongly agree to being satisfied, 132 agreeing or strongly agreeing, with only 1 disagreeing, this individual who disagreed preferred Tesco as their grocery retailer.

Table 14 Statistics relating to satisfaction with preferred grocery retailer and Tesco Clubcard

Question	Number of those of Strongly Agreed/Agreed	Age and gender	Number of respondents	Significant variables
I am satisfied with my preferred grocery retailer	526 (88%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	125 45 46 34 401 132 137 132	Gender, p=0.001
I am satisfied with Tesco Clubcard	423 (80%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	105 31 43 31 318 82 122 114	Gender, p=0.003 Preferred grocery retailer, p=0.001

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

When the research investigates responses to question E3(a) "I am satisfied with Tesco Clubcard", three observation can be made. The first is that levels of agreement are not as high as they were with the question C2(b) "I am satisfied with my preferred grocery retailer" 80% compared to 88%, (see **Table 14**); the second is that there appears to be a gender difference in responses with the majority of males agreeing, with the second most popular response being neutral. In contrast the majority of females agreed, with the second most popular response being strongly agreed. The third observation is that among females aged 31-50 and 51 and over who preferred ASDA and Sainsburys there was a tendency to favour 'neutral' as a response. The variables of gender and preferred grocery retailer were significant. When the research investigated the significance of gender to test for association, females accounted for 74.3% of the total percentage indicating that females were associated to satisfaction with Tesco Clubcard. Using the test for association on preferred grocery retailer, Tesco accounted for 94.5% of the percentage total which indicates preferring Tesco was associated to satisfaction with Tesco Clubcard.

Simply because the majority of respondents agreed or strongly agreed with the statements "I am satisfied with my preferred grocery retailer" and "I am satisfied with Tesco Clubcard" does not mean respondents are loyal (Bridson et al, 2008 and Demoulin and Zidda, 2008), as customers can be satisfied with a grocery retailer and loyalty programme yet still remain promiscuous and open to switching behaviour (Findlay and Sparks, 2008, O'Malley, 1998). Satisfaction is certainly important, however it is more accurate to argue that satisfaction does not create loyalty in isolation (Hart and Johnson 1999, Mittal and Lassar, 1998, Rust and Zahorik, 1993) it requires the composite antecedents of trust and commitment (Kwon and Suh, 2005, Palakshappa and Gordon, 2005, Taylor et al, 2004, Adamson et al, 2003, Delgado-Ballester and Munuera-Aleman, 2001, Morgan and Hunt, 1994).

5.3.1.3 Levels of trust towards preferred grocery retailer and Tesco Clubcard

Although the agreement level was not as high as with loyalty and satisfaction, the majority of respondents (68%) agreed or strongly agreed that they trusted their preferred grocery retailer (see **Table 15**). The majority of males regardless of age agreed or were neutral to the question "I trust my preferred grocery retailer". Females share a similar trend in responses with the exception of those aged 51 and over who were more likely to strongly agree than remain neutral. No variables were significant.

Table 15 Statistics relating to trust with preferred grocery retailer and Tesco Clubcard

Question	Number of those of Strongly Agreed/Agreed	Age and gender	Number of respondents	Significant variables
I trust my preferred grocery retailer	408 (68%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	89 29 33 27 319 110 105 104	None
I trust Tesco Clubcard	323 (61%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	73 18 28 27 250 71 91 88	Preferred grocery retailer, p=0.001

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

Similarly to the question on satisfaction with Tesco Clubcard, the majority (61%) of respondents, albeit on a lower level, agreed that they trust Tesco Clubcard, however this level of agreement was lower (see **Table 15**) than the responses to the question "I trust my preferred grocery retailer". The research reveals that preferred grocery retailer was significant. When the research investigated the significance to test for association, Tesco accounted for 94.5% of the percentage total indicating that preferring Tesco was associated to trusting Tesco Clubcard.

In order to demonstrate some form of sustainable loyalty, it is important that the majority of respondents indicate a level of agreement that they trust their preferred grocery retailer (Benady and Brierley, 1999). Trust is considered pivotal to understanding customer loyalty (Harris and Goode, 2004, Oliver, 1997) not only because of its capacity to retain customers and reduce the perception of risk (Selnes, 1998) but also its capacity to create and maintain sustainable relationships (Ribbink et al 2004, Singh and Sirdeshmukh, 2000, Rousseau et al, 1998). Trusting the organisation arguably gives rise to an increased

likelihood for self-disclosure and increased security between partners (Larzelere and Huston, 1980) as well as customer referrals (Bickmore and Picard, 2005, Humby et al, 2003). However, when examining respondent levels of agreement on issues concerning trust, this should be compared with levels of commitment, as it is argued without trust there can be no commitment between buyer and seller (Gilliland and Bello, 2002, Egan, 2000, Morgan and Hunt, 1994) and as a result no 'pure' levels of loyalty (Humby et al, 2003, Yu and Dean, 2001, Evans and Moutinho, 1999). It should also be noted that although the majority of respondents agreed or strongly agreed that they trust their preferred grocery retailer, when asked to indicate the factors which were important in their choice of store (Question B3 of the questionnaire) reputation was only considered the most important factor in store choice by 64 respondents. An organisation's reputation arguably has a bearing on levels of trust in terms of believability (Griffin, 2002) and credibility (Delgado-Ballester and Munuera-Aleman, 2001, Raimondo, 2000) therefore the findings from this research perhaps indicate that a customers motivation to patronise a store is not particularly because of trust in the grocery retailers reputation.

5.3.1.4 Levels of commitment towards preferred grocery retailer and Tesco Clubcard

The majority of respondents were 'neutral' or agreed to the question "I am committed to my preferred grocery retailer", with only 44% agreeing or strongly agreeing and female's aged 51 and over the most likely to be committed (see **Table 16**). Forty three percent (71 males and 178 females from a total of 585) of respondents were neutral to the question "I am committed to my grocery retailer". When the research compares the results for 'commitment' with responses to the questions on satisfaction (majority agreed or strongly

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agreed) and trust (majority agreed or were neutral) the level of agreement is statistically

less strong. This is not to say that respondents are not committed, the result does however

have implications for the nature of loyalty among Tesco customers towards their

preferred grocery retailer, i.e. respondents are satisfied, have trust but are less committed.

No variable was significant.

Table 16 Statistics relating to commitment with preferred grocery retailer and Tesco Clubcard

Question	Number of those of Strongly Agreed/Agreed	Age and gender	Number of respondents	Significant variables
I am committed to my preferred grocery retailer	263 (44%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	52 19 17 16 211 62 71 78	None
I am committed to Tesco Clubcard	233 (44%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	36 8 15 13 197 48 77 72	Gender, p=0.001 Preferred grocery retailer, p=0.001

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

Analysis of the question "I am committed to Tesco Clubcard" reveals the same

percentage level of agreement (44%) to preferred grocery retailer (see **Table 16**) which is

unlike previous questions where the frequency and strength of agreement is stronger for

preferred grocery retailer when compared to Tesco Clubcard. From the results it appears

that females are more likely to agree with the statement than males, however the largest

number of respondents, similarly to responses on levels of commitment towards the

preferred grocery retailer, were neutral and agree. Preferred grocery retailer and gender

proved significant in a customer's commitment to Tesco Clubcard. When the research

investigated the significance to test for association, the most influential gender in commitment to Tesco Clubcard were females accounting for 74.1% indicating females were associated to commitment to Tesco Clubcard. In terms of preferred grocery retailer, Tesco accounted for 94.7%, which would indicate that preferring Tesco was associated to commitment to Tesco Clubcard.

In the research of Adamson et al, (2003) Divett et al (2003), Egan (2000) and Morgan and Hunt (1994) commitment is observed as the pivotal component in the pursuit of customer loyalty (Fullerton, 2005). However the nature of customer loyalty is not simply determined by respondent's levels of commitment, it involves the other composite components of satisfaction and trust. Therefore just because levels of agreement to the questions on commitment to preferred grocery retailer and commitment to Tesco Clubcard are not strong does not mean respondents are not loyal. Equally it could be argued that even if levels of agreement were high respondents could be simply exhibiting inertia (Egan, 2000, Cumby and Barnes, 1998). If customers exhibit continuance commitment, they will display spurious loyalty (Bloemer and De Ruyter, 1998) despite appearing committed. It therefore requires more than commitment, as a consumer could be committed yet exhibit polygamous loyalty (Romaniuk and Dawes, 2005).

In terms of the research it has been revealed that satisfaction, trust and to a lesser extent commitment were important antecedents to create loyalty towards a preferred grocery retailer and Tesco Clubcard. Gender proved to be a significant variable on more occasions than other variables and respondents proved more satisfied, trusting and

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equally as committed to their preferred grocery retailer than Tesco Clubcard. The fact those respondents were satisfied, trusting and relatively committed to Tesco and Tesco Clubcard means a level of 'loyalty' exists. However, it would appear that respondents are not exhibiting supra-loyalty (Rafiq and Fulford, 2005) or emotional loyalty (Sopanen, 1996ab). What the nature of this 'loyalty' is with regards to the aims of this research will become clearer when the research investigates the more 'social' components of loyalty, that of passion and emotional attachment and a further indication of levels of commitment, that of recommendation.

5.3.1.5 Levels of recommendation of preferred grocery retailer and Tesco Clubcard

The majority (69%) of respondents agreed or strongly agreed they would recommend their preferred grocery retailer (see **Table 17**). Amongst males there was a tendency to agree with the statement followed by a neutral response, the exception were males aged 51 and over where the reverse was true, with 21 respondents neutral and 15 agreeing. Similarly to males, females would most likely agree with the statement, the second most popular response was neutral, and similarly to previous questions, females aged 51 and over were the group most likely to strongly agree with the statement. Gender was a significant variable in responses. When the research investigated the significance to test for association, females accounted for 74% of the total percentage therefore providing evidence that females were associated to recommending their preferred grocery retailer.

Table 17 Statistics relating to recommending preferred grocery retailer and Tesco Clubcard

Question	Number of those of Strongly Agreed/Agreed	Age and gender	Number of respondents	Significant variables
I would recommend my preferred grocery retailer	411 (69%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	84 31 32 21 327 111 108 108	Gender, p=0.000
I would recommend Tesco Clubcard to others	314 (59%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	68 21 31 16 246 64 97 85	Gender, p=0.000 Preferred grocery retailer, p=0.000

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

The majority (59%) of respondents were likely to agree or strongly agree with the statement "I would recommend Tesco Clubcard to others". This pattern is similar to the frequency of responses to the question "I would recommend my preferred grocery retailer", although the number of neutral responses is slightly higher to the question concerning Tesco Clubcard. **Table 17** shows that similarly to the previous question on commitment, gender and preferred grocery retailer proved significant variables. When the research investigated the significance to test for association, females accounted for 74.2% of the total percentage providing evidence that females were associated to recommending Tesco Clubcard. Investigating the significance to test for association, Tesco accounted for 94.5% of the total percentage and indicates that preferring Tesco is associated to recommending Tesco Clubcard.

Respondent levels of agreement with the statement "I would recommend my preferred grocery retailer" and "I would recommend Tesco Clubcard" indicates a level of trust,

commitment (Bickmore and Picard, 2005) and a degree of passion, because it is an indication of attraction and/or the need for affiliation (Sternberg, 1986). Davies (1992, p.99) argues that "customers require to be satisfied as well as have confidence in the organisation in order to feel compelled to recommend that organisation". Based on the findings that respondents agree they are satisfied, trust and would recommend their preferred grocery retailer, yet are somewhat indifferent regarding commitment indicates a level of loyalty. However, in order to satisfy the aims and hypotheses of this research it is necessary to examine levels of passion, emotional attachment and past and future patronage as this provides further indication of a customers willingness to pursue a relationship with the organisation and confirm whether the nature of this loyalty is latent, spurious or a more emotional type of loyalty (Sopanen, 1996ab).

5.3.1.6 Levels of passion towards preferred grocery retailer and Tesco Clubcard

Responses to the question 'I am passionate about my preferred grocery retailer' revealed the majority (79%) disagreed or strongly disagreed with the statement (see **Table 18**). The frequency of results presented a pattern of males and female's first choice being neutral, followed by strongly disagree or disagree. The exception to this trend were females aged 31-50 and 51 and over who after neutral were more likely to agree than disagree. Gender was a significant variable. When the research investigated the significance to test for association, the most influential gender was females accounting for 73.9% of the total percentage which provides evidence that females are associated to being passionate about their preferred grocery retailer.

Table 18 Statistics relating to passion towards preferred grocery retailer and Tesco Clubcard

Question	Number of those of Strongly Agreed/Agreed	Age and gender	Number of respondents	Significant variables
I am passionate about my preferred grocery retailer	124 (21%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	22 6 6 10 102 29 34 39	Gender, p=0.005
I am passionate about Tesco Clubcard	90 (17%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	18 5 7 6 72 16 31 25	None

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

Only 17% of respondents agreed or strongly agreed with the statement "I am passionate about Tesco Clubcard". Generally respondents were 'neutral' with the second most favoured response being disagree. When the research compares responses to the question "I am passionate about my preferred grocery retailer" although the trend is similar, there would appear to be a higher frequency of disagreement regarding Tesco Clubcard. This pattern of disagreement appeared to increase as male respondents got older which was not the case for females. As it can be observed from **Table 18**, compared to other measures of loyalty, levels of agreement are particularly low, with no significant variables. As with previous questions there was a slightly higher level of agreement to being passionate about their preferred grocery retailer than Tesco Clubcard.

In contrast to previous responses concerning the antecedents pertinent to customer loyalty, there was an increased level of disagreement among respondents towards being passionate about their preferred grocery retailer and Tesco Clubcard. Only 21% of

respondents agreed or strongly agreed that they were passionate about their preferred grocery retailer and 17% agreed or strongly agreed that they were passionate about Tesco Clubcard. However this does not necessarily mean that customers are not passionate. Rather, if the research investigates the results for this question in tandem with responses to the question on recommendation of preferred grocery retailer and Tesco Clubcard, it would appear that there is indeed a level of passion as 68% of respondents would recommend their preferred grocery retailer and 59% of respondents would recommend Tesco Clubcard.

The fact that the majority of Tesco customers are willing to recommend is an indication of a customer's closeness or passion towards the organisation (Griffin, 2002). This however does not explain the reasons why there was such a high level of disagreement to being passionate about Tesco and Tesco Clubcard when compared to other questions concerning the nature of customer loyalty. It could be explained simply by customers not being passionate about their grocery retailer and Tesco Clubcard, or perhaps do not associated being passionate with shopping or motives to shop. Although the literature review has argued that passion does not have to be exclusively associated with physical attraction between opposite sexes (Aaker and Davis, 1992, Sternberg, 1986) and can be applied to the marketing relationship field in the form of referrals and positive word of mouth (Bickmore and Picard, 2005, Humby et al, 2003, Davies, 1992), respondents may not have made the association. Despite the pre-test revealing that the terminology used in the questionnaire was appropriate and understood, with the research team on hand to explain the questions, there is a possibility that respondents did not make the link

between passion and grocery shopping. To explore the social antecedents of relationships with preferred grocery retailer and Tesco Clubcard further the research will examine emotional attachment.

5.3.1.7 Levels of emotional attachment towards preferred grocery retail and Tesco Clubcard

Upon analysis of responses to the question on emotional attachment to preferred grocery retailer there is a tendency for respondents regardless of age or gender to favour a strongly disagree response, followed by neutral. The exceptions to this trend are females aged 16-30 and aged 51 and over who were more likely to respond neutral followed by a response of disagree. Nevertheless, when compared to responses to previous questions on the nature of loyalty, a level of 14% is the lowest in terms of agreement to questions relating to preferred grocery retailer (see **Table 19**). There were no significant variables.

Table 19 Statistics relating to emotional attachment to preferred grocery retailer and Tesco Clubcard

Question	Number of those of Strongly Agreed/Agreed	Age and gender	Number of respondents	Significant variables
I am emotionally attached with my preferred grocery retailer	81 (14%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	12 3 3 6 69 19 22 28	None
I am emotionally attached to my Tesco Clubcard	61 (11%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	9 1 4 4 52 11 21 20	None

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

With regards to the question "I am emotionally attached to my Tesco Clubcard" similarly

to the previous question on emotional attachment to preferred grocery retailer, there was a low frequency of agreement (11%), the lowest of all the questions posed in this questionnaire, with a high level of neutrality and strong disagreement regardless of age and gender. There were no significant variables.

It is perhaps unsurprising that respondents exhibited such a low level of agreement to the statement "I am emotionally attached to my preferred grocery retailer" and "I am emotionally attached to my Tesco Clubcard" as, similarly to being passionate, shoppers perhaps do not see themselves in such a 'state' when dealing with groceries. Research into emotional attachment has predominantly been conducted between individuals (Morris, 1982 and Weiss, 1982) and not between an individual and a company and therefore despite pilot testing the questions where participants did not propose any changes to the wording it may be the case that despite understanding the question, respondents did not consider themselves emotionally attached or maybe respondents simply do not associate emotional attachment with shopping.

Investigating this result in contrast with the other antecedents being investigated, namely, satisfaction, trust, commitment, recommendation and passion it would appear that the respondent's loyalty is not especially 'social' in nature and that they are more loyal to Tesco than Tesco Clubcard. Although respondents were not particularly passionate and were not emotionally attached, there was an indication that respondents were willing to recommend both Tesco and Tesco Clubcard. To further understand levels of attachment towards their preferred grocery retailer the research investigated the extent to which they

were willing to patronise their preferred grocery retailer in the future and if they were to go back in time would still patronise their preferred grocery retailer.

5.3.1.8 Levels of loyalty through past and future patronage of preferred grocery retailer

Tesco customers indicated they would continue to patronise their preferred grocery retailer and if they could go back in time would still select their preferred grocery retailer is demonstrating a level of loyalty and attachment. However this level of loyalty could be simply repeat purchasing, a lack of choice and/or inertia rather than a more significant level of customer loyalty (Dick and Basu, 1994). Investigating responses to the question "If I could go back in time, I would still choose my preferred grocery retailer", it was revealed that the majority (55%) of respondents agreed or strongly agreed with the statement. There was a gender division in terms of the responses, where the majority of males chose neutral then agree, whereas the majority of females selected agree then neutral (see **Table 22**). There were no significant variables.

Table 20 Statistics relating to future patronage and returning to preferred grocery retailer

Question	Number of those of Strongly Agreed/Agreed	Age and gender	Number of respondents	Significant variables
If I could go back in time, I would still choose my preferred grocery retailer	330 (55%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	71 26 24 21 259 87 82 90	None
In the future I would still choose my preferred grocery retailer	396 (66%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	90 33 33 24 306 105 102 99	Frequency of shop, p=0.001

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

With regards to the question "In the future I would still chose my preferred grocery retailer", there was a pattern of agreement with the majority (66%) of respondents agreeing or strongly agreeing (see **Table 20**). Only frequency of shop was a significant variable. When the research investigated the significance to test for association, frequency of shop 1-3 a week accounted for 83.3% and therefore provided evidence that shopping 1-3 times per week is associated to future store patronage. Although age and gender were not significant, among those females aged 16-30 who preferred ASDA and Sainsburys there was a tendency to select 'neutral' over 'agree'.

The implications of these results on customer loyalty are that both females and males are likely to remain loyal to their present grocery retailer in the future, but if given the opportunity to go back in time males in particular were indifferent to still selecting the same grocery retailer. These results are in line with previous responses to questions regarding loyalty to Tesco and Tesco Clubcard in that although respondents are loyal; this loyalty is behavioural in nature and not particularly emotive. It could be argued that the reasons for future patronage are because of monopoly, inertia, convenience, price, or incentives (Sopanen, 1996ab) which will be investigated in **Chapter Six**. What the results do indicate is that customers do not perceive themselves as attached to their grocery retailer whether that is Tesco or not or Tesco Clubcard. To investigate H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard and H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard in greater depth it is necessary to conduct correlations using Spearman's rho to analyse the relationships between the

antecedents and loyalty.

5.3.1.9 Correlation analysis using Spearman's rho in terms of the nature of loyalty towards preferred grocery retailer and Tesco Clubcard

The research has revealed that respondents are most likely to be satisfied, trust and recommend and to a lesser extent be committed to their preferred grocery retailer and Tesco Clubcard with gender the most significant variable. To assess the relationships each antecedent had on loyalty, a series of correlations were conducted which were statistically significant and positive (See **Table 21**) with the strongest being r=0.690, p=0.001 between loyalty and commitment to preferred grocery retailer and the weakest being r=0.306, p=0.001 between loyalty and emotional attachment to Tesco Clubcard. What the relationships demonstrate is that there is a positive correlation between all tested antecedents and loyalty which has implications for H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard. The correlations are stronger between loyalty and the antecedents tested in the context of preferred grocery retailer compared to Tesco Clubcard a result which is supported by earlier descriptive findings. In the context of preferred grocery retailer, the strongest correlation is between loyalty and commitment, r=0.690, p=0.01, in terms of Tesco Clubcard, the strongest correlation is also between loyalty and commitment, r=0.532, p=0.01.

Table 21 Correlations using Spearman's rho between antecedents of loyalty and loyalty

	Correlation	Number
Loyalty and satisfaction with preferred grocery retailer	0.559**	596
Loyalty and trust preferred grocery retailer	0.555**	591
Loyalty and commitment to preferred grocery retailer	0.690**	585
Loyalty and recommendation of preferred grocery retailer	0.588**	592
Loyalty and passion towards preferred grocery retailer	0.554**	582
Loyalty and emotional attachment to preferred grocery retailer	0.415**	580
Loyalty and returning to preferred grocery retailer	0.475**	575
Loyalty and future loyalty to preferred grocery retailer	0.502**	581
Loyalty and satisfied with Tesco Clubcard	0.504**	513
Loyalty and trust Tesco Clubcard	0.530**	508
Loyalty and commitment to Tesco Clubcard	0.532**	480
Loyalty and recommendation of Tesco Clubcard	0.427**	493
Loyalty and passion towards Tesco Clubcard	0.427**	511
Loyalty and emotion attachment to Tesco Clubcard	0.306**	512

** Correlation is significant at the 0.01 level

The fact that commitment and loyalty was a statistically significant positive correlation in this research indicates a level of Tesco customer loyalty to both their preferred grocery retailer and Tesco Clubcard. The literature supports the findings, with commitment argued to be necessary for loyalty to occur (Kwon and Suh, 2005, Taylor et al, 2004, Adamson et al, 2003, Garbarino and Johnson, 1999, Pritchard et al, 1999 and Morgan and Hunt, 1994).

From **Table 22**, age and gender can be seen to influence the strength of the correlation between loyalty to preferred grocery retailer and the tested antecedents. This observation is supported by earlier results with older females consistently the group most likely to

agree or strongly agree with statements and females proving the significant variable in most of the questions pertaining to loyalty to preferred grocery retailer and Tesco Clubcard which has implications for H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard was supported. In every case, regarding males, with the exception of loyalty and emotional attachment, those aged 51 and over had the strongest correlations, with the highest (and the highest correlation overall) being between loyalty and commitment r=0.748, p=0.01. The same observation can be made for females with those aged 51 and over exhibiting the highest correlations, with the exception of loyalty and emotional attachment and loyalty and 'going back in time I would still choose my preferred grocery retailer'. In most cases the correlation strength amongst males aged 51 and over were stronger than for those females of the same age, the exceptions were loyalty and satisfaction, loyalty and trust and loyalty and recommendation. With reference to the other age categories, without exception, the correlations between loyalty and the tested antecedents were stronger among females. The weakest correlation was between loyalty and emotional attachment amongst males aged 31-50, r=0.283, p=0.05.

Table 22 Correlations using Spearman's rho between loyalty to preferred grocery retailer and tested antecedents by age and gender

	Males aged 16-30	Males aged 31-50	Males aged 51 and over	Females aged 16-30	Females aged 31-50	Females aged 51 and over	Number
Loyalty and Satisfaction	0.353*	0.382**	0.636**	0.520**	0.524**	0.717**	596
Loyalty and Trust	0.387**	0.540**	0.627**	0.489**	0.558**	0.648**	591
Loyalty and Commitment	0.683**	0.580**	0.748**	0.632**	0.724**	0.678**	585
Loyalty and Recommend	0.476**	0.411**	0.626**	0.622**	0.553**	0.653**	592
Loyalty and passion	0.547**	0.451**	0.614**	0.489**	0.561**	0.569**	582
Loyalty and emotion	0.539**	0.283*	0.522**	0.350**	0.408**	0.333**	580
Loyalty and back	0.435**	0.424**	0.601**	0.413**	0.520**	0.415**	575
Loyalty and future	0.387**	0.506**	0.575**	0.426**	0.533**	0.560**	581

* Correlation is significant at the 0.05 level
** Correlation is significant at the 0.01 level

In contrast to **Table 22**, **Table 23** examines correlations between loyalty and the tested antecedents in the context of Tesco Clubcard and in terms of age and gender. As it can be observed the strength of correlations overall and particularly for females is weaker than that for preferred grocery retailer. Those males aged 51 and over exhibited the strongest correlation, with the highest (and highest overall) being between loyalty and satisfaction, $r=0.680$, $p=0.01$. Regarding the females, the strongest correlation was for those aged between 31-50 between loyalty and commitment, $r=0.575$, $p=0.01$. The results are in contrast to **Table 23** where loyalty and commitment had the strongest correlation. It should be noted that, although not the strongest correlation overall, the relationship between loyalty and commitment was strong, with $r=0.661$, $p=0.01$ among males aged 51 and over and as illustrated earlier $r=0.575$, $p=0.01$ among females aged 31-50. Similarly to the results for preferred grocery retailer, the relationship between loyalty and emotional attachment to Tesco Clubcard had the weakest correlation, $r=0.180$, $p=0.05$, this time amongst females aged 51 and over.

Table 23 Correlations using Spearman's rho between loyalty to Tesco Clubcard and tested antecedents by age and gender

	Males aged 16-30	Males aged 31-50	Males aged 51 and over	Females aged 16-30	Females aged 31-50	Females aged 51 and over	Number
Loyalty and Satisfaction	0.592*	0.346*	0.680**	0.425**	0.537**	0.484**	513
Loyalty and Trust	0.479**	0.630**	0.669**	0.409**	0.566**	0.512**	508
Loyalty and Commitment	0.605**	0.373**	0.661**	0.453**	0.575**	0.496**	480
Loyalty and Recommend	0.147	0.551**	0.523**	0.433**	0.456**	0.411**	493
Loyalty and passion	0.622**	0.297*	0.465**	0.411**	0.498**	0.347**	511
Loyalty and emotion	0.414**	0.209	0.197	0.260*	0.427**	0.180*	512

* Correlation is significant at the 0.05 level
** Correlation is significant at the 0.01 level

With reference to the correlation strength between loyalty and its antecedents for both preferred grocery retailer and Tesco Clubcard the first observation to be made is that the correlations were statistically significantly and positive, but when comparing correlation strength, the weaker correlations were for passion and particularly emotional attachment which indicates that although loyalty had a social dimension to it was not particularly social in nature which supports H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard. The fact that the antecedent's passion and emotional attachment are weaker correlations to loyalty is not surprising for two reasons. In the first instance the commentary in the literature review argues that satisfaction, commitment and trust are interlinked and necessary pre-requisites for loyalty to exist (Adamson et al, 2003, Morgan and Hunt, 1994). In the second instance the descriptive analysis conducted in this research, revealed statistically higher levels of agreement from respondents to questions relating to satisfaction, trust and to a lesser extent commitment. The second observation was that although there are indeed relationships between antecedents of loyalty and preferred grocery retailer, Tesco and Tesco Clubcard the overall strength of correlations is lower

for each of the tested antecedents for Tesco Clubcard in contrast to preferred grocery retailer, with the exception of loyalty and trust. The final observation is that the correlations reveal that age and gender do indeed play a role in levels of loyalty, supported by the fact that females, particularly older females the most likely to agree or strongly agree to statements and proved a significant variable across a number of statements concerning loyalty which supports H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard. These results leads the research to conclude that in terms of the aims of this research Tesco customers do exhibit social loyalty but that loyalty was not social in nature, rather the nature of loyalty involves satisfaction, trust and to a lesser extent commitment, with customers willing to recommend both Tesco and Tesco Clubcard and would still choose their preferred grocery retailer in the future and if they were to go back in time.

5.4 Conclusion

Research into the nature of loyalty among Tesco customers revealed that the majority of respondents, regardless of age or gender, are loyal, were satisfied, trust and would recommend their preferred grocery retailer and Tesco Clubcard. However the majority of respondents were more 'neutral' regarding commitment and particularly passion towards their grocery retailer, and did not consider themselves emotionally attached to their preferred grocery retailer and Tesco Clubcard.

Tesco proved to be the most popular grocery retailer with 566 of the 600 respondents selecting Tesco, with the majority of respondents frequenting their retailer every 1-3 days. In terms of the factors which influence customers choice of store, 'choice',

'convenience' and 'price' proved the most important, with 'habit', 'reputation' and 'offers' the least important factors, results which are support by the literature. In terms of those respondents who preferred Tesco and owned a Tesco Clubcard, i.e. respondents who were more involved with the organisation, they were likely to respond to questions in the same way as the sample overall, probably as a result of the high number of respondents preferring Tesco (566) and owning a Tesco Clubcard (531). This indicates that the more a respondent is 'involved' with Tesco does not increase their levels of loyalty.

The results reveal that in terms of relationships between the tested antecedents and loyalty that respondents were loyal, satisfied, trust and would recommend both their preferred grocery retailer and Tesco Clubcard but were less committed and even less passionate, exhibiting little emotional attachment. Females aged 51 and over were the group most likely to agree or strongly agree with statements. Correlations were statistically significantly and positive but when comparing correlation strength, the weaker correlations were for passion and particularly emotional attachment which indicates that Tesco customers do exhibit social loyalty but that loyalty was not social in nature, rather the nature of loyalty involves satisfaction, trust and to a lesser extent commitment. Respondents considered themselves more loyal to their preferred grocery retailer than Tesco Clubcard. In terms of future patronage, the majority of respondents would select their preferred grocery retailer and to a lesser extent the majority would still patronise their preferred grocery retailer if they could go back in time. Age and frequency

of shop in a few cases proved to be significant variables, preferred grocery retailer and especially gender however proved significant across more tested statements.

In terms of the aims of this research Tesco customers do exhibit a degree of 'social' loyalty and that the nature of loyalty involves satisfaction, trust and to a lesser extent commitment, with customers willing to recommend both Tesco and Tesco Clubcard. Regarding the hypotheses, H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard was supported and H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard was supported.

Chapter Six: Analysis and discussion of quantitative data relating to type of customer loyalty to Tesco Clubcard

6.1 Introduction

This chapter examines the data concerning Tesco Clubcard with specific reference to the type of loyalty Tesco customers have towards the loyalty programme. **6.2 Loyalty Programmes** analyses loyalty programmes, in terms of loyalty card ownership and customer's rationale for using the Nectar and Somerfield Saver cards. **6.3 Tesco Clubcard** evaluates Tesco Clubcard in terms of its use and usefulness prior to examining the type of loyalty respondents have towards Tesco Clubcard and contrasted with their preferred grocery retailer. Unlike in **Chapter Five** where the antecedents of loyalty were examined separately and in terms of both preferred grocery retailer and Tesco Clubcard, the types of loyalty, namely, incentives, convenience, price, habit and no choice are analysed collectively so as to address H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard. Similarly, the types of loyalty towards preferred grocery retailer are analysed collectively so as to act as a contrast and in part address the second aim of this research, to assess the nature and type of loyalty exhibited by Tesco customers towards Tesco and Tesco Clubcard. The chapter concludes in **6.4 Conclusion**.

6.2 Loyalty Programmes

Not surprisingly given that the research was conducted outside Tesco stores, the most popular loyalty programme was Tesco Clubcard with 531 of the 600 respondents owning one, in addition 174 respondents owned a Nectar card and 28 owned a Somerfield Saver card (see **Table 26**). Regarding respondent ownership of more than one loyalty card, only 6 people owned a Nectar card and 4 respondents owned a

Somerfield Saver card without also owning a Tesco Clubcard. No one owned both the Nectar card and Somerfield Saver card without also owning a Tesco Clubcard. A large number of respondents (152) owned both a Nectar card and a Tesco Clubcard, 16 people owned all three-loyalty cards, and 8 people owned a Tesco Clubcard and a Somerfield Saver card (see **Table 24**).

Table 24 Ownership of loyalty cards in grocery sector

	Tesco Clubcard	*Nectar card*	*Somerfield Savers card*	*Tesco Clubcard and Nectar card*	*Tesco Clubcard, Nectar card and Somerfield Savers card*	*Tesco Clubcard and Somerfield Savers card*
Respondent ownership	531	174	28	152	16	8

When the ownership of loyalty cards based on gender and age is examined, the group least likely to own a Tesco Clubcard were females aged 16-30 with only 98 from the sample of 146 owning a Tesco Clubcard and the group most likely to own a Tesco Clubcard were females aged 31-50 with 153 from a total of 156 owning a Tesco Clubcard (see **Table 25**). Regarding Tesco Clubcard ownership and preferred grocery retailer, one observation is worth noting. Those Tesco customers who preferred Tesco as their grocery retailer appeared more likely than those who preferred another grocery retailer to own a Tesco Clubcard and a Nectar card and/or Somerfield Saver card. However, one must take into account the fact that 566 of the total sample of 600 selected Tesco as their preferred grocery retailer. With regards to the variables of store type and frequency of shop (See **Table 26**), the majority of Tesco Clubcard owners shopped 1-3 times a week regardless of store type.

Table 25 Tesco Clubcard ownership based on the variables of age, gender and preferred grocery retailer

	Males aged 16-30	*Males aged 31-50*	*Males aged 51 and over*	*Females aged 16-30*	*Females aged 31-50*	*Females aged 51 and over*	**Total**
ASDA	1	1	1	4	4	1	**12**
Tesco	39	51	42	91	142	136	**501**
Sainsburys	1	1	1	2	3	3	**11**
Other	1	0	0	1	3	2	**7**
Total	**42**	**53**	**44**	**98**	**152**	**142**	**531**

Table 26 Tesco Clubcard ownership based on the variables of store type and frequency of shop

	1-3	*4-7*	*Once a fortnight*	*Once a month*
Tesco Extra	223	29	12	1
Dundee Riverside Extra	227	16	17	6
Total	**450**	**45**	**29**	**7**

The findings from this research in terms of loyalty card ownership in the grocery retailer sector are reflective of existing research into Tesco and Tesco Clubcard in Dundee. In 2007, exploratory research conducted in Dundee revealed 99 from a sample of 120 respondents owned a Tesco Clubcard (Turner, 2009), a similar level of ownership when compared to 2006 exploratory research in Dundee where 47 out of 60 respondents owned a Tesco Clubcard (Turner and Wilson, 2006). The relatively high number of Tesco Clubcard owners is argued to be a result of an increasing trend in loyalty card use (Higher Education Careers Professionals, 2006, Byrom et al, 2001) and is consistent with the figure revealed in research (Anon, 2006b) in June 2006, of 85% of the UK population owning a loyalty card and using it regularly. The fact that Tesco Clubcard is the most frequently owned grocery retailer loyalty card, with Sainsburys Nectar card second and Somerfield Saver card third is also supported by the literature (Anon, 2006b, Hickman, 2005, Humby, 2004, Humby et al, 2003); and the finding that a considerable proportion of respondents (152) possessed more than

one loyalty card for stores in the grocery retailer sector is also supported by the literature (Magi, 2003, Addley, 2000, Wright and Sparks, 1999, Reed, 1995).

Tesco Clubcard is the most popular loyalty card in the grocery retailer sector in terms of ownership (Anon, 2006b), the extent to which this impacts on loyalty remains to be seen however. As the research observed in the literature review, ownership, particularly ownership of more than one loyalty programme does not make a customer loyal to the card or the organisation, as their reasons for use could simply be to save money (Bellizzi and Bristol, 2004, Harmon and Hill, 2003, O'Malley, 1998). This is one of the main criticisms of loyalty programmes, that it is a 'zero sum game' (Humby et al, 2003, Mazur, 1995).

6.2.1 Nectar card and Somerfield Saver card

Respondents were asked to cite their main reason and any other reasons they may have for using the Nectar card and Somerfield Saver card. The rationale for such questions was to allow respondents the opportunity to provide a list of reasons for their use of such loyalty cards. Of the 174 respondents who owned a Nectar card, 126 (99 females and 27 males) expressed an opinion, i.e. 72.4% of Nectar card owners provided a reason for use. Of the 28 participants who owned a Somerfield Saver card 26 (21 females and 5 males) expressed an opinion, which was a response rate of 92.9%. Eleven females and 2 males expressed more than 1 reason for using the Nectar card and 1 female cited a second reason for using the Somerfield Saver card, this female aged 31-50 also cited a second reason for using the Nectar card. The content analysis for responses reference Nectar card are shown in **Table 27** and the content analysis for responses reference Somerfield Saver card are shown in **Table 29**. The

responses explaining the rationale for loyalty card usage among respondents were broadly similar between the two loyalty programmes.

Table 27 Respondents reasons for using Nectar card

Theme	Number of Females	Number of Males
Points/rewards and money off	33	13
Association to other stores	11	3
Given it, availability	9	4
Used to use it, own it but do not use it	7	1
No reason	7	1
Petrol	6	0
Convenience	4	0
Habit	2	2
Other	20	3
Total	**99**	**27**

Table 28 Respondents reasons for using Somerfield Saver card

Theme	Number of Females	Number of Males
Local store	7	1
Offers	2	3
Given it, availability, simple ownership	3	1
Easier to pay, Convenience	3	0
Employed by the firm	2	0
Use occasionally	2	0
No longer in use	2	0
Other	0	0
Total	**21**	**5**

Of the 126 respondents who owned a Nectar card and provided a reason for its use, 73 respondents cite reasons such as incentives, availability and associated benefit of being able to collect rewards in other stores. In contrast, of the 26 respondents who owned a Somerfield Saver card and expressed an opinion for using the loyalty card, 8 cited the local nature of Somerfield, 5 cited offers and 4 stated it was simply available. Apart from those 5 respondents who explicitly mentioned offers as their reason for use the responses were generally not the sort you would expect for using a

loyalty card, that of rewards, whether it is points, vouchers/coupons or other associated benefits which perhaps contributed to the withdrawal of this particular loyalty card in 2006.

All responses on the Somerfield Saver card are represented in **Table 28**. However not all responses reference Nectar card ownership and usage are covered in **Table 27**, there were a further 23 responses which were either 'one-off' responses or a combination of reasons, with a lower frequency than those cited in **Table 27**. Of the remaining 3 male responses, reasons for using the Nectar card were "my wife has one", "I use it on the odd occasion in Debenhams and Sainsburys" and "its something for nothing". With regards to the remaining 20 female respondents, the largest grouping were 5 respondents who cited two reasons, 3 who cited "petrol and associated points" and 2 who cited the "points and its coverage in other stores". The remaining 4 responses were 'one off' reasons: its linkage with the "Sainsburys credit card and the points"; "employment in Debenhams, the points and store proximity'; its "coverage of stores and saving for Christmas"; and the fact that it is "available". A further 1 female cited 1 reason with 2 aspects, "Got it because I got a Tesco Clubcard and I occasionally shop in Sainsburys". The remaining 10 responses were only attributable to 1 respondent, these were: "because I like Sainsburys"; "used to have a Sainsburys visa card"; "why not"; "points from BP"; "for Sainsburys"; "choice of goods available"; "points in garages"; "it comes with the territory"; "because I got it in the post and on the rare occasion I go to Sainsburys I use it" and "to use vouchers in Debenhams".

Based on the findings it appears that respondents use the Nectar and Somerfield Saver cards for broadly similar reasons. On the one hand, the predominant reason for a respondent's use of the Somerfield Saver card was a combination of the fact that it was their local store, it was convenient, available and had associated offers. The reasons provide little indication of any strong loyalty towards the card or its use. On the other hand, a considerable number of respondents put more emphasis on the points and rewards for their use of Nectar card. This result would be expected given previous research in the area which indicates customers use loyalty cards because of the incentives (Ergin et al, 2007, Noordhoff et al, 2004, Divett et al, 2003, Parker and Worthington, 2000, Rowley, 1999, Passingham, 1998, Dowling and Uncles, 1997, MacKenzie, 1995). Fourteen respondents explicitly indicated and 7 mentioned implicitly or in combination with another factor, Sainsburys association with another retailer as the reason for using the Nectar card. Although this may have been expected given Nectar card is associated with stores such as BP and Debenhams (who withdrew from the Nectar programme in February 2008) it is nevertheless worthy of note that 16.7% of Nectar card owners do not use the card because of the direct rewards from Sainsburys which in turn are used in store. The results for the Nectar card indicate that respondents may be loyal to the card (Dowling and Uncles, 1997, McKenzie, 1995) or more likely, the direct and/or indirect rewards from that card, which is a 'false loyalty' (Graeff and Harmon, 2002, Jones and Sasser, 1995) and not a loyalty which is particularly emotive.

6.3 Tesco Clubcard

In order to evaluate whether a respondents rationale for using the Nectar and Somerfield Saver cards is reflective of the whole loyalty programme genre in the

grocery retail sector it is necessary to examine respondents reasons for using Tesco Clubcard and compare the findings to test for similarities. In Section E: Tesco Clubcard, two open-ended questions were used to prompt respondents to consider what Tesco gain from Tesco Clubcard (E1) and what their main reason, as a Tesco customer, was for using Tesco Clubcard (E2). The main responses to both questions are outlined in **Table 29** and **Table 30** respectively. Of the 531 respondents who owned a Tesco Clubcard, 320 females and 136 males responded to question E1, which was a response rate of 87.9%. Regarding responses to question E2, 326 females and 121 males responded, a response rate of 84.2%. The response rate of Tesco customers who own a Tesco Clubcard is higher than the 72.4% response rate of Nectar card owners, yet lower than the 92.9% response rate from Somerfield Saver card owners. It should be noted however that simply because a higher or lower number of respondents cite their reasons for loyalty card use does not make them more or less loyal to either the firm or the loyalty card.

Table 29 Respondent reasons for using Tesco Clubcard

Theme	Number of Females	Number of Males
Points, rewards	103	31
Money off , offers, discounts and deals	101	43
Vouchers	62	19
Because it is there, no real reasons	20	12
Airmiles	9	4
Convenience, ease of use	9	4
Habit	8	1
Other	8	22
Total	**320**	**136**

There were 8 female respondents whose responses were less frequent than those included in **Table 29**, either because responses involved two or more aspects or the

frequency was minimal. Three respondents made one of the following statements: "points and vouchers"; "offers and vouchers" and "points and money off". The remaining 5 respondents stated one-off responses: "staff discount"; "having a privilege card"; "Clubcard plus"; "a bit extra"; and "points, discounts, offers and concessions". Regarding the 22 male respondents whose reasons for Tesco Clubcard use were not included in **Table 29** this was also because they involved two or more aspects or the frequency was minimal. With regards to the former, 4 respondents stated "points and vouchers", 2 respondents responded "convenience and point's" and 1 male respondent cited "money off and belonging". One male respondent provided 1 of the following reasons for using Tesco Clubcard: "convenience and rewards", and "points and offers". A further 4 respondents stated more than 2 elements in their answer, 1 respondent stated "points, magazine and offers", another said "price, promotion, savings and discounts", 1 respondent stated "money, value and coupons" and the other respondent stated "points, rewards and money". Of the remaining 9 respondents, 2 stated they used Tesco Clubcard because of its "combination with a credit card", the remainder were one-off responses: "cheaper petrol"; "wife is a Tesco employee"; "valued"; "wife likes vouchers"; "staff discount"; "holidays" and "Clubcard Plus".

Although the research has separated the responses based on frequency of terminology the underlying trend is clear. Categorising the Tesco Clubcard returns as 'rewards', 'points', or 'vouchers', viewed as a medium to gain 'money off' or 'deals' it essentially means the same and reveals that the majority of Tesco customers (259 explicitly and 17 in conjunction with another reason) principally use Tesco Clubcard because of the incentives. Comparing the responses for Tesco Clubcard with Nectar

card and Somerfield Saver card to observe trends in reasons for use, the research found that the most popular reason for using the Tesco Clubcard and Nectar card was because of the points/rewards. This result will be analysed in more depth when the research examines the type of loyalty exhibited by respondents towards Tesco Clubcard in **6.3.3 The type of loyalty towards Tesco Clubcard and preferred grocery retailer**. However on a basic level the findings support current research in terms of customer reasons for using loyalty programs (Demoulin and Zidda, 2008, Miranda and Konya, 2008, Duffy, 2005, Divett et al, 2003, Parker and Worthington, 2000, Rowley, 1999, Dowling and Uncles, 1997, MacKenzie, 1995).

The result also provides an answer to the first part of the loyalty card equation, that the organisation rewards customer loyalty or patronage, with customers agreeing that they gain some 'currency' for their use of Tesco Clubcard (Duffy, 2005, Humby et al, 2003). To provide understanding of the second part, namely the organisation receives behavioural data in exchange (Seth and Randall, 2001, Parker and Worthington, 2000, Worthington, 2000, Worthington and Hallsworth, 1999, Worthington, 1998, Mitchell et al, 1996) respondents were prompted to indicate what they thought Tesco gains from Tesco Clubcard, results are illustrated in **Table 30**.

Table 30 Respondents opinions on what Tesco gains from Tesco Clubcard

Theme	Number of Females	Number of Males
Offers	81	17
Loyalty	74	21
Customers return	70	24
Information and market research	47	18
Nothing	12	5
Don't know	12	1
Increased Profit, and reducing costs	7	10
Increase spend and sales	4	4
Other	19	21
Total	**326**	**121**

Of the remaining 19 female responses which involved 2 or more aspects or were of lower frequency than those illustrated in **Table 30**, 5 provided a response which had two aspects to it: "sales and commitment"; "loyalty and habit"; "targeted advertising and repeat trade"; "information and repeat purchasing" and "loyalty and satisfaction". The remaining 14 responses were not particularly relevant to the question posed, although there was some commonality, 2 responded "ok", 2 responded "good", with a further respondent adding "good scheme". The remaining responses were: "its for my friend"; "convenience"; "yes"; "given it"; "can always do more"; "frustration"; "habit"; "airmiles" and "deals". Similarly to the female respondents, of the remaining 21 males whose responses involved 2 or more aspects or were of lower frequency than those illustrated in **Table 30**, 11 provided responses which contained two aspects: 4 cited the reasons "information and loyalty"; 2 responded "information and sales"; 2 argued "more customers and increased profits"; 1 respondent stated "increased customers and money"; 1 responded "information and customers"; and 1 respondent cited "loyalty and increased profits". A further 3 respondents provided a

'one off' response which were, "value", "too much" and "advantages". The remaining 7 responses were "good", "great" or "very good".

The findings indicate that respondents understand the premise and principles of loyalty programmes, namely customers earn rewards or benefits in exchange for their information (Liu, M.T. and Brock, J.L. 2009, Duffy, 2005, Seth and Randall, 2001, Parker and Worthington, 2000, Worthington, 2000, Worthington and Hallsworth, 1999, Worthington, 1998, Mitchell et al, 1996). The most popular response to the question on what Tesco gains from Tesco Clubcard was "offers" cited by 98 of those questioned. This response was considered to be a misinterpretation of the question as one cannot support or justify that Tesco 'gains' in terms of "offers". One could argue that Tesco gains information which in turn could be used to focus appropriate "offers"; alternatively the "offers" could be beneficial to Tesco in terms of the sales these "offers" generate. However in its current form, the research concluded that these responses were as a result of a misinterpretation.

The responses of 'loyalty', 'customer return' and 'information and market research' cited by 191 females and 63 males and a further 11 females and 2 males (who mentioned one of these reasons in combination with another), represent the perceived benefits of Tesco Clubcard to Tesco. These results are reflected in the literature and represent the basic premise of a loyalty programme (Duffy, 2005, Divett et al, 2003, Humby et al, 2003, Parker and Worthington, 2000, Rowley, 1999, Dowling and Uncles, 1997, MacKenzie, 1995). What the results indicate is that customers understand the aims of Tesco Clubcard and are therefore informed and able to provide an 'educated' response to questions pertaining to loyalty programmes, i.e. respondents

do not have an idealised perspective of Tesco Clubcard being a scheme which only benefits the customer. However the quantitative results do not indicate that Tesco Clubcard is a loyalty programme which is either distinguishable from other loyalty schemes in the grocery retail sector or has the potential to engender anything more than 'incentivised' loyalty (Sopanen, 1996ab). This will be investigated in more depth when the research examines how respondents use Tesco Clubcard and its influence on store visits and spend.

6.3.1 Tesco Clubcard use and relevance

Similarly to responses to the quantitative questions in **Chapter Five** questions relating to the type of loyalty towards Tesco Clubcard were compared in terms of the complete sample and those who preferred Tesco and owned a Tesco Clubcard to investigate whether those respondents who arguably demonstrate a higher degree of involvement to Tesco (preferring Tesco and owning a Tesco Clubcard) were more likely to agree to statements. As in **Chapter Five** the difference in levels of agreement between the complete sample and those who own a Tesco Clubcard and also prefer Tesco was minimal, meaning ownership of a Tesco Clubcard and preference for Tesco as a grocery retailer makes little difference to responses and as a result this comparison will not be investigated in **Chapter Six**. The research revealed that 531 respondents owned a Tesco Clubcard, but ownership does not indicate use, therefore respondents were asked to indicate their level of agreement to the statement "I always use Tesco Clubcard when making purchases". It would appear that the majority (85%) of respondents, particularly those aged 31-50, agree or strongly agree that they always use Tesco Clubcard when making purchases (See **Table 31**). This result is unsurprising because customers are prompted for their Tesco Clubcard at the

checkout, but this does not necessarily always occur during every transaction. None of the tested variables (age, gender, frequency of shop, store type, preferred grocery retailer) proved significant.

Table 31 Statistics relating to respondents always using Tesco Clubcard

Question	Number & percentage of those who Strongly Agreed/Agreed	Age and gender	Number of respondents	Significant variables
I always use my Tesco Clubcard when making purchases	450 (85%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	110 32 48 30 340 84 137 119	None

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

Although the majority of Tesco customers (110 males and 340 females) particularly those aged 31-50, agreed or strongly agreed that they always use Tesco Clubcard when making purchases, usage does not indicate the value of Tesco Clubcard in the context of engendering loyalty. To gain a better picture of respondents use and perception of Tesco Clubcard it is necessary to examine the impact of the loyalty card in the context of returns and of visits to and spend in a Tesco store.

When the research evaluated the effectiveness of Tesco Clubcard in terms of the timing and appropriateness of 'returns', respondents were generally in agreement that offers were both appropriate and timely with 54% agreeing or strongly agreeing (see **Table 32**), the only exceptions being males aged 16-30 and 51 and over who were marginally more likely to be neutral. None of the tested variables were significant.

Table 32 Statistics relating to Tesco Clubcard returns

Question	Number & percentage of those who Strongly Agreed/Agreed	Age	Number of respondents	Significant variables
The offers I receive are appropriate and timely	273 (54%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	60 15 28 17 213 55 87 71	None

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

When respondents were asked if Tesco Clubcard ownership made them use the store more often, only 36% agreed or strongly agreed. The general response was one of neutrality; the exception being females aged 16-30 who were generally more disagreeable. Overall, males and females had the highest number opting for neutral as the favoured response with levels of agreement higher among older respondents. Gender, was a significant variable (see **Table 33**). When the research investigated the significance to test for association, females accounted for 74.3% of the total percentage indicating that females were associated to using the store more often.

Table 33 Statistics relating to Tesco Clubcard and its impact on store spend and visit

Question	Number & percentage of those who Strongly Agreed/Agreed	Age	Number of respondents	Significant variables
Owning a Tesco Clubcard makes me use the store more often	193 (36%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	39 10 16 13 154 39 60 55	Gender, p=0.001
Owning a Tesco Clubcard makes me spend more	104 (20%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	24 7 11 6 80 18 25 37	None

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

When respondents were asked if Tesco Clubcard made them spend more in store, responses were similar to the previous question, yet more pronounced, with only 20% agreeing or strongly agreeing. There was a tendency for respondents to provide a neutral response, with the second most favoured response being disagreement (see **Table 33**). The exception to this were females aged 51 and over, although it should be noted that among females aged 31-50, there is only 1 response of difference between disagree and neutral which makes this group almost an exception to the general trend of responses. Although none of the variables tested were significant, when the research assesses the impact of grocery retailer preference on responses, those females aged 31-50 who preferred ASDA and females aged 51 and over who preferred Sainsburys and 'Other', exhibited a trend where disagreement was the most favoured response followed by strong disagreement. The findings reveal that 54 males and 99 females were 'neutral' to the question "Owning a Tesco Clubcard makes me use the store more often", equally respondents exhibited a tendency to be neutral to the question "owning a Tesco Clubcard makes me spend more" with 51 males and 128 females indicating such a response.

The implications for this research are two-fold. In the first instance it would appear that although 54% agreed or strongly agreed that the Tesco Clubcard rewards were appropriate and timely, respondents were indifferent on the impact of Tesco Clubcard to increase the frequency of their visits, meaning Tesco Clubcard ownership does not necessarily encourage repeat behaviour as argued by Meyer-Waarden, (2008) and Keh and Lee (2006) and as a medium in its own right may have a limited capacity in stimulating loyalty. In the second instance, which has implications for the validity of the first point, it has been argued in the literature that loyalty card points encourage

customers to collect and spend more to increase their rewards (Humby et al, 2003). However in this research respondents were either neutral or disagreed to the influence of Tesco Clubcard on increasing their store spending which means that customers are not necessarily 'buying into' Tesco Clubcard which has implications for H₃ Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard. The extent to which this hypothesis is supported will be examined when the research evaluates responses to questions concerning the type of loyalty towards Tesco Clubcard later in the **Chapter**.

Prior to asking respondents questions E3(p) and E3(q), which assess the impact of Tesco Clubcard 'points' on the purchasing of financial products/services, the research team asked if respondents purchased financial products/services and if they purchased financial products/services from Tesco. Of the 531 respondents who owned a Tesco Clubcard and purchased Tesco financial products/services, 50 respondents owned a Tesco credit-card, 129 respondents owned Tesco house insurance and 47 respondents owned Tesco car insurance. Forty three percent of respondents (226) owned Tesco financial products/services, however ownership had little impact on levels of agreement to the questions with the most frequently stated responses being disagreement and neutral (see **Table 34**). Respondents were asked to indicate their level of agreement with the statement "I buy Tesco financial services because of the points I receive" with only 17% agreeing or strongly agreeing. There is no specific pattern dependent on age and gender, which is one of the few occasions this has occurred in this analysis of the data. The variable preferred grocery retailer proved significant. When the research investigated the significance to test for association,

Tesco represented 94.4% of the total percentage indicating that preferring Tesco was associated to buying Tesco financial products/services because of the points.

Table 34 Statistics relating to the impact of Tesco Clubcard points on purchasing financial products/services

Question		Number & percentage of those who Strongly Agreed/Agreed	Age	Number of respondents	Significant variables
I buy Tesco financial services because of the points I receive		82 (17%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	17 6 6 5 65 11 31 23	Preferred grocery retailer, p=0.000
I buy Tesco financial services because of the points I receive	Who own Tesco financial products/services	39 (17%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	11 4 4 3 28 8 12 8	None

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

This low level of agreement (16%) among the whole sample and 17% among respondents who owned Tesco financial products/services, to the question "I would buy Tesco financial services even if there were no points" (see **Table 35**) may indicate that points perhaps have a bearing on the purchase of Tesco financial products/services. However, given the equally low level of agreement or strong agreement (17%) to the question "I buy Tesco financial services because of the points I receive", the low levels of agreement may have more to do with the focus of the question, namely financial products/services rather than the influence or lack of influence of points on purchasing. This is despite the questions being pre-tested with participants recommending no changes to the wording or focus. Of the variables tested, none were significant.

Table 35 Statistics relating to the non-impact of Tesco Clubcard points on purchasing financial products/services

Question		Number & percentage of those who Strongly Agreed/Agreed	Age	Number of respondents	Significant variables
I would buy Tesco financial services even if there were no points		85 (16%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	19 8 7 4 66 21 27 18	None
I would buy Tesco financial services even if there were no points	Who own Tesco financial products/services	39 (17%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	11 5 4 2 28 9 12 7	None

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

Examining the findings holistically, they indicate that the ability of Tesco Clubcard to 'incentivise' loyalty is not particularly strong. It is argued in the literature that loyalty programmes reward or provide some form of currency to customers in return for their repeated patronage (Duffy, 2005, Dowling and Uncles, 1997, MacKenzie, 1995, Bootzin et al, 1991). However loyalty cards in themselves and the rewards they provide do not necessarily encourage repeat purchasing if customers do not perceive the value in the reward (Capizzi and Ferguson, 2005, Humby et al, 2003, Clemmet, 1998, Clayton-Smith, 1996, Uncles, 1994). In terms of Tesco Clubcard the literature review in **Chapter Three** discussed the personalised and relevant nature of rewards (Humby 2004, Humby et al, 2003) and how Tesco Clubcard has clearly been successful in the UK. However its success is perhaps more to do with providing customers with targeted 'money-off' coupons than it being a medium to encourage increased frequency of visits, spend and cross selling (Dowling and Uncles, 1997) on products customers would not normally purchase. However no firm conclusions can

be made until we examine the type of loyalty respondents have towards Tesco Clubcard later in the **Chapter**.

6.3.2 Tesco Clubs

It is commented in the literature that in order for a loyalty programme to improve relationships with customers it should be part of a wider community which includes customer clubs (Gustafsson et al, 2004). According to Butscher, (2002, p.16) clubs are capable of "establishing an emotional relationship with members". As a way of complimenting the Tesco Clubcard and adding value, satisfaction and personalisation to customers (Johnson et al, 2001, Stauss et al, 2001, Bolton et al, 2000ab), Tesco introduced four clubs. However, rather than customers perceiving the Tesco Clubs as adding value to the social exchange with Tesco (Rempel et al, 1985, Foa and Foa, 1974, Blau, 1964) and therefore contributing to their continued participation with the club and the organisation as a whole, it would appear that those Tesco Clubs have made little impact with low levels of participation among the sample. Of the 531 respondents who owned a Tesco Clubcard, 148 indicated they were a member of 1 or more Tesco Clubs, the majority (102) were a member of 1 Tesco Club, and 2 people were members of all 4 Tesco Clubs. Examining the frequency of responses for each of the 4 Tesco Clubs, 72 respondents selected 'Tesco Food Club', 51 chose 'Tesco Wine Club' and 'Tesco Healthy Living Club' with 36 selecting 'Tesco Baby and Toddler Club'. The number of people associated to 'Club' themes is illustrated in **Table 38**. When the research assesses the impact of age and gender and Tesco Clubcard ownership on Club membership there is only one noteworthy influence, females across age groups were the most likely group to be members.

Table 36 Tesco Club membership

Club combination	Number of responses
Food	33
Baby	25
Wine	24
Healthy	20
Food and healthy	12
Food, Wine and healthy	10
Food and Wine	9
Wine and Healthy	4
Food and Baby	4
Baby and Wine	2
Food, baby and Healthy	2
Food, baby, Wine and healthy	2
Baby and Healthy	1
Total	**148**

When these results were assessed in the context of other questions pertaining to preferred grocery retailer and Tesco Clubcard, it is revealed that of the 600 Tesco customers sampled 94% preferred Tesco, 83% frequented a Tesco store 1-3 times per week and 89% owned a Tesco Clubcard. However when the research examined perspectives of Tesco Clubcard in terms of the rewards and the capacity of Tesco Clubcard to increase shopping frequency and spend, levels of agreement were low. The results combined with only 28% of Tesco Clubcard owners being Tesco Club members therefore indicate perhaps customers are not particularly involved with Tesco Clubcard and only use it because it is "something for nothing". As the results for **Chapter Five** indicate, there was a higher level of loyalty towards preferred grocery retailer than to Tesco Clubcard and in terms of those respondents who preferred Tesco and owned a Tesco Clubcard, i.e. respondents who were more involved with the organisation, they were likely to respond to questions in the same way as the sample overall, probably as a result of the high number of respondents preferring Tesco (566) and owning a Tesco Clubcard (531). This indicates that the more a respondent is 'involved' with Tesco does not increase their levels of loyalty.

The extent to which this pattern of response extents to the type of loyalty respondents have towards Tesco Clubcard will be examined in the next section.

6.3.3 The type of loyalty towards Tesco Clubcard

This section of the analysis and discussion will examine 9 questions on the type of loyalty towards Tesco Clubcard and 8 questions pertaining to the type of customer loyalty towards preferred grocery retailer. Prior to evaluating each antecedent in turn, its relationship to loyalty and the significance of age, gender, store type, frequency of shop and preferred grocery retailer, the research assessed internal consistency through a validity/reliability test, illustrated in **Table 37** and **Table 38**. As it can be observed from **Table 37**, Cronbach's α of 13 items tested pertaining to Tesco Clubcard, produced a figure of 0.780 which indicates a valid test model, in particular the variables 'no choice' and 'habit' proved the most valid/reliable. In contrast **Table 38** tested 6 items pertaining to preferred grocery retailer and indicated a figure of 0.575, which although lower than the previous test result does indicate a valid test model. Similarly to the previous result relating to Tesco Clubcard, the variable 'no choice' proved the most valid/reliable.

Table 37 Validity check using Cronbach α test – type of loyalty and Tesco Clubcard

Dimensions	Mean	Standard deviation	Cronbach's α
Loyalty	2.17	0.840	0.768
No choice	3.66	1.020	0.792
Habit	2.62	1.091	0.789
Convenience	2.13	1.091	0.759
Price	2.42	0.999	0.752
Incentives	2.40	1.042	0.759
Timely	2.45	0.889	0.760
Always use	1.83	0.765	0.772
Spend more	3.29	1.025	0.753
More often	2.84	1.153	0.747
Points	3.51	1.124	0.757
No points	3.38	1.014	0.767
Less incentives	2.89	1.023	0.775
Overall (13 items)			**0.780**

Table 38 Validity check using Cronbach α test – type of loyalty and preferred grocery retailer

Dimensions	Mean	Standard deviation	Cronbach's α
Loyalty	2.20	0.858	0.605
No choice	3.87	1.047	0.522
Habit	3.07	1.112	0.483
Convenience	2.42	1.010	0.488
Price	2.38	0.893	0.505
Incentives	2.69	0.972	0.524
All (6 items)			**0.575**

Providing a summary of the data relating to the type of loyalty respondents have towards Tesco Clubcard we can observe the highest level (66%) of agreement and strong agreement was with 'convenience'; the lowest level (12%) of agreement and strong agreement was with 'no choice' (See **Table 39**). Gender was the only significant variable which would imply that gender plays a role in the loyalty of Tesco customers towards Tesco Clubcard and thus informing H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard. With regards to the research aims and H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard, it was revealed that 'incentives' received the second highest level (60%) of agreement which means that Tesco customers are not particularly loyal to Tesco Clubcard because of the incentives.

Table 39 Statistics relating to the type of loyalty to Tesco Clubcard

Question	Number & percentage of those who Strongly Agreed/Agreed	Age	Number of respondents	Significant variables
I use Tesco Clubcard because it is convenient to do so	348 (66%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	82 26 32 24 266 71 105 90	None
I use Tesco Clubcard because of the incentives	306 (58%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	75 24 35 16 231 62 95 74	None
I would still use Tesco Clubcard even if the incentives were less	170 (34%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	41 14 13 14 129 35 45 49	None
I use my Tesco Clubcard out of habit	279 (53%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	63 18 20 25 216 53 83 80	Gender, p=0.002
I use Tesco Clubcard because of its implications on the price of products	232 (54%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	63 22 26 15 169 54 59 56	None
I use Tesco Clubcard because I feel I have no choice	65 (12%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	16 3 5 8 49 5 26 18	None

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

With the exception of males aged 31-50 who mainly disagreed, the majority of respondents were neutral to the question "I use Tesco Clubcard because I feel I have no choice". Only 12% of respondents agreed or strongly agreed, with no variable

significant. The responses to the question, "I use Tesco Clubcard because of its implications on the price of products" were divided in terms of age and gender, with males aged 31-50 and 51 and over, and females aged 31-50 selecting neutral, with the second most chosen response being agree, regarding males and females aged 16-30 and females aged 51 and over the reverse was true. The majority (54%) of respondents agreed with the statement regarding loyalty and price. None of the tested variables were significant. In the case of the question "I use my Tesco Clubcard out of habit" respondents, with the exception of males aged 31-50 and females aged 51 and over, responses followed a trend of agree followed by neutral with 53% agreeing or strongly agreeing. With reference to the tested variables, gender was significant. When the research investigated the significance to test for association, females accounted for 74.2% of the total percentage, indicating that females were associated to using Tesco Clubcard out of habit.

The majority (58%) of respondents agreed or strongly agreed with the statement "I use Tesco Clubcard because of the incentives", with the second most popular response being neutral, the exception to this pattern was males aged 51 and over, where most responses were neutral followed by agree. Unsurprisingly there was a high level of agreement or strong agreement with the statement, which reflects the literature in that a customer's main reason for using a loyalty card is because of incentives (Bridson et al, 2008, Leenheer et al, 2007, Rowley, 2007, Turner and Wilson, 2006, Duffy, 2005, Divett et al, 2003, Uncles et al, 2003, Yi and Jeon, 2003, Wright and Sparks, 1999, Duffy, 1998, O'Malley, 1998). To investigate the role of incentives in more detail, respondents were asked the question, "I would still use Tesco Clubcard even if the incentives were less". The general response was neutral,

with females more likely than males to agree with the statement. With only 34% of those who owned a Tesco Clubcard agreeing or strongly agreeing, it would appear that respondents were not likely to continue to use Tesco Clubcard if the incentives were less, indicating that the impact of incentives is influential to a degree. None of the tested variables were significant.

The highest level of respondent agreement was for convenience (66% agreeing or strongly agreeing), the majority of males responded agree, followed by neutral, whereas females responded agree; with the next most popular response being strongly agree. None of the tested variables proved significant.

The results indicate that Tesco customers had the highest level of agreement and strong agreement for 'convenience', where the majority of males and females regardless of age or grocery retail preference were likely to agree with the statement "I use Tesco Clubcard because it is convenient to do so". On the one hand the result that Tesco customers agree they are loyal to Tesco Clubcard because of convenience is not surprising given that Tesco have 8 stores in various locations across Dundee and Broughty Ferry incorporating all 4 Tesco formats. On the other hand, the literature indicates that customers tend to be loyal to loyalty cards because of the incentives (Stauss et al, 2005, Divett et al, 2003, Uncles et al, 2003, Wright and Sparks, 1999, Duffy, 1998, O'Malley, 1998, Evans et al, 1997, Jones and Sasser, 1995); therefore the results from this research are perhaps a little surprising. However when the research examines this result in combination with other questions it appears that respondents are loyal because of convenience and to a degree, incentives, as only 34% of the sample would still use Tesco Clubcard if the incentives were less. In

summary, although important to respondents the type of loyalty towards Tesco Clubcard is not 'incentivised' therefore H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard is not supported.

6.3.4 The type of loyalty towards preferred grocery retailer

Providing a summary of the data relating to the type of loyalty respondents have towards preferred grocery retailer, similarly to the type of loyalty Tesco customers have towards Tesco Clubcard we can observe the highest level (65%) of agreement and strong agreement was with 'convenience'; the lowest level (12%) of agreement and strong agreement was with 'no choice' (See **Table 40**). However, the second highest level (61%) of agreement was for 'price' and not 'incentives' which only received 44% of respondent agreement. Gender and frequency of shop were significant variables.

Table 40 Statistics relating to the type of loyalty to preferred grocery retailer

Question	Number & percentage of those who Strongly Agreed/Agreed	Age	Number of respondents	Significant variables
I shop at my preferred grocery retailer because of convenience	388 (65%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	101 39 29 33 287 96 103 88	None
I shop at my preferred grocery retailer because of price	367 (61%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	84 32 28 24 283 101 95 87	Frequency of shop, $p = 0.005$
I shop at my preferred grocery retailer because of incentives	264 (44%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	52 19 24 9 212 67 77 68	Gender, $p = 0.003$ Frequency of shop, $p = 0.002$
I shop at my preferred grocery retailer out of habit	202 (34%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	45 20 17 8 157 46 59 52	None
I shop at my preferred grocery retailer as I have no choice	72 (12%)	Males Aged 16-30 Aged 31-50 Aged 51 and over Females Aged 16-30 Aged 31-50 Aged 51 and over	20 9 7 4 52 15 24 13	None

1= Strongly Agree (SA), 2=Agree (A), 3=Neutral (N), 4=Disagree (D), 5=Strongly Disagree (SD)

Customers recognise they have a choice of grocery retailer therefore the least popular type of loyalty among respondents was 'no choice' with only 12% level of agreement, which is the same as Sopanen's (1996ab) *Monopoly loyalty* and similar to Rowley's (2005c) *captive loyalty*. One would have expected 'no choice' to have a low level of agreement because there are a number of grocery retailers in Dundee, namely ASDA/Wal-Mart, Somerfield, Sainsburys, Tesco, Lidl and Aldi (opened in 2007), an

observation supported by 28 of the 30 respondents used in the pre-test for this research. Examining the responses in general terms it appears males predominantly strongly disagreed and females disagreed with the question "I shop at my preferred grocery retailer as I have no choice". No variable was significant.

The majority (66%) of respondents disagreed or strongly disagreed with the statement "I shop at my preferred grocery retailer out of habit", with only 45 males and 157 females agreeing. In terms of the responses there appeared a division, with more males aged 31-50 and 51 and over and females aged 16-30 favouring a neutral response, with more females aged 31-50 and 51 and over favouring the agree response. A relatively high level of neutrality among Tesco customers indicates that the type of loyalty towards respondents preferred grocery retailer is not one of habit. This result is in line with responses to the least important factors influence choice of store in **Chapter Five** where 215 respondents indicated that habit was the least important factor in their choice of store. No variable was significant.

Responses to the question "I shop at my preferred grocery retailer because of incentives" were predominantly 'neutral' but there was a reasonably high level (44%) of agreement and strong agreement, with gender and frequency of shop proving significant. When the research investigated the significance to test for association, females accounted for 74.1% of the total percentage, indicating that females were associated to preferring their grocery retailer because of incentives. In terms of frequency of shop, testing for association, shopping 1-3 times a week accounted for 83.1% of the total percentage, indicating that shopping 1-3 times a week was associated to preferring a grocery retailer because of incentives. There was a slight

gender difference, with females aged 31-50 and 51 and over more likely to favour an agreeable response over one of disagreement to the statement.

There was more agreement (61%) among Tesco customers to the statement "I shop at my preferred grocery retailer because of price" regardless of age, gender and/or preferred grocery retailer. However it should be noted that there was still a level of neutrality among respondents, particularly among males aged 31-50 and over 51 where the response neutral came a close second in frequency to agree, with frequency of shop proving significant. When the research investigated the significance to test for association, frequency of shop 1-3 times per week accounted for 83.1% of the total percentage indicating that shopping 1-3 times a week is associated to preferring a grocery retailer because of price. These findings would indicate that price is a strong influence in the loyalty of Tesco customers to their preferred grocery retailer which is in line with responses to the most important factors influence choice of store in **Chapter Five** where 225 respondents indicated that price was the most important factor in their choice of store

The most popular type of loyalty amongst Tesco customers was 'convenience'; by convenience the research refers to 'firm loyalty' as outlined in **Chapter Two** and examines the convenient location of Tesco stores and not 'store loyalty'. The majority (65%) of males and females regardless of age or grocery retail preference were likely to agree or strongly agree with the statement "I shop at my preferred grocery retailer because of convenience". There were no significant variables and when the research compares the responses to this question with the others concerning types of loyalty to preferred grocery retailer the first and most important observation is that there was not

only higher levels of agreement, but there was a lower level of neutrality. Secondly, there was a higher degree of strong agreement from respondents which provides an indication that convenience loyalty is the predominant type among Tesco customers to their preferred grocery retailer in Dundee. The result that Tesco customers agree they are loyal to their preferred grocery retailer because of convenience is not surprising as discussed earlier and in light of the results on the most important factors influencing choice of store in **Chapter Five** where 264 respondents indicated that convenience was the most important factor in their choice of store. Although it was argued that Tesco customers had 'choice' and therefore justification for the high levels of disagreement to the question "I shop at my preferred grocery retailer as I have no choice", it is not clear how valid that choice is if Tesco is the dominant grocery retailer in terms of coverage, market share and floorspace (Lyons, 2007, Davey, 2006). Arguably Tesco operate a monopoly (Rowley, 2009, Simms 2007ab) in some parts of Scotland (MacDonald, 2009) which include Dundee.

There was a higher level of loyalty amongst customers towards Tesco than Tesco Clubcard which gives rise to the argument that perhaps respondents are loyal because of Tesco's position in the market place and its unique position in Dundee, and less to do with Tesco Clubcard and its points. This argument is supported by the fact that respondents were loyal to Tesco Clubcard because of convenience and that Tesco Clubcard neither increased in store spend or visits.

6.3.5 The relationships between type of loyalty towards Tesco Clubcard and preferred grocery retailer

To assess the relationships each loyalty type variable had on loyalty to Tesco Clubcard and thus test H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard, a series of correlations were conducted. In **Table 41** we can observe that the correlations between loyalty and convenience, loyalty and price and loyalty and incentives were statistically significant and positive. The strongest relationship is between loyalty and convenience, r=0.309, p=0.01 and the weakest positive correlation was between loyalty and incentives, r=0.242, p=0.01. Both correlations continue the trend observed in the frequency analysis, where the highest number of agreement and strong agreement was for the statement 'I use Tesco Clubcard because it is convenient to do so'.

Table 41 Correlations using Spearman's rho between type of loyalty variables and loyalty to Tesco Clubcard

	Correlation	Number
Loyalty and no choice	-0.049	509
Loyalty and habit	0.073	510
Loyalty and convenience	0.309**	497
Loyalty and price	0.284**	439
Loyalty and incentives	0.242**	506

* Correlation is significant at the 0.05 level
** Correlation is significant at the 0.01 level

The type of loyalty towards Tesco Clubcard exhibited by Tesco customers in terms of age and gender are illustrated in **Table 42**. Strength of relationship is influenced by gender with the strongest correlations most likely to occur amongst females. The strongest correlation was between loyalty and price, r=0.470, p=0.01, the second strongest correlation and reflective of the level of agreement and strong agreement

among respondents was between loyalty and convenience among males aged 51 and over, r=0.449, p=0.01. The weakest positive correlation was between loyalty and convenience amongst females aged 16-30, r=0.237, p=0.01. Such results indicate that Tesco customers are more likely to be loyal to Tesco Clubcard because of its implication on price and its convenience and not incentives which conflicts with the existing literature (Divett et al, 2003, Uncles et al, 2003, Wright and Sparks, 1999, Duffy, 1998, O'Malley, 1998, Evans et al, 1997, Jones and Sasser, 1995) and does not support H$_3$ Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard.

Table 42 Correlations using Spearman's rho between type of loyalty variables and loyalty to Tesco Clubcard dependent on age and gender

	Males aged 16-30	Males aged 31-50	Males aged 51 and over	Females aged 16-30	Females aged 31-50	Females aged 51 and over	Number
Loyalty and no choice	-0.135	-0.100	-0.014	-0.136	-0.020	-0.117	509
Loyalty and habit	-0.077	-0.006	-0.116	-0.042	0.093	0.161	510
Loyalty and convenience	0.228	0.207	0.449**	0.237*	0.352**	0.365**	497
Loyalty and price	0.393*	0.160	0.470**	0.353*	0.167	0.379**	439
Loyalty and incentives	0.226	0.233	0.130	0.357**	0.252**	0.277**	506

* Correlation is significant at the 0.05 level
** Correlation is significant at the 0.01 level

It is argued that when the retail sector in which you operate is dominated by loyalty programmes, their perceived benefits for customers and firms alike are reduced (Gustafsson et al, 2004, Palmer et al, 2000, Gilbert and Karabeyekian, 1995, Mowlana and Smith, 1993) mainly due to "the ease with which competitors can copy the initiative" (Parker and Worthington, 2000, p.490). According to Tapp (2001, p.253) such programmes could stimulate "'loyalty overload', causing customer confusion and apathy". The results from this research indicate that the impact of Tesco Clubcard is less influential that we would have expected with low levels of agreement to questions on "The offers I receive are appropriate and timely" (54%), "Owning a Tesco Clubcard makes me use the store more often" (36%) and "Owning a Tesco

Clubcard makes me spend more" (20%). In other words, the ownership of Tesco Clubcard and the 'returns' do not make a customer increase their frequency to or spend in store with Tesco customers loyal to Tesco Clubcard because of convenience and not incentives. However, one could argue that Tesco Clubcard not increasing frequency of visit is perhaps more related to the already high frequency rate of shopping amongst Tesco customers with 499 of the 600 visiting Tesco 1-3 times a week. Regarding the influence of points, respondents had low agreement with only 17% of respondents agreeing or strongly agreeing that they purchase other Tesco financial products/services because of the implications of points. However only 16% of the whole sample agreed or strongly agreed that they would still purchase Tesco financial products/services if there were no points associated which makes a conclusion on the role of points difficult. Arguably the low levels of agreement may have more to do with the focus of the question, namely financial services rather than the influence or lack of influence of points on purchasing Tesco financial products/services.

Although 60% of respondents agreed or strongly agreed that they were loyalty to Tesco Clubcard because of incentives and only 34% of respondents would still use Tesco Clubcard even if incentives were less, the results indicate that the most favoured type of loyalty (66%) was 'convenience' followed by 'incentives', 'habit', 'price' and 'no choice'. This conflicts with the literature which argues that customers exhibit incentivised loyalty towards loyalty programmes (Uncles et al, 2003, Wright and Sparks, 1999, Duffy, 1998, O'Malley, 1998, Evans et al, 1997, Jones and Sasser, 1995) and does not support H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard. In terms of Tesco Clubcard there existed statistically significant

positive correlations between loyalty and convenience, r=0.309, p=0.001, loyalty and price, r=0.284, p=0.01 and loyalty and incentives, r=0.242, p=0.01. When the correlations were examined in terms of age and gender, the strength of relationship was generally stronger among females and older respondents which support H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard.

Similarly, when the research examined the type of loyalty exhibited by Tesco customers towards preferred grocery retailer, the most favoured type of loyalty was 'convenience', followed by 'price', 'incentives', 'habit' and 'no choice'. However, unlike the results from **Chapter Five**, levels of loyalty towards Tesco and Tesco Clubcard were similar in terms of respondent agreement.

It would appear that loyalty to Tesco and Tesco Clubcard is not one of strong attachment, rather a customer loyalty which is achieved through the scheme being available and convenient. To underline the point that respondents are not necessarily buying into the 'loyalty' concept of Tesco, only 148 of the 531 respondents who owned a Tesco Clubcard, indicated they were a member of 1 or more Tesco Clubs. Such results indicate that the clubs are not complimenting the Tesco Clubcard in terms of adding value, satisfaction and personalisation (Johnson et al, 2001, Stauss et al, 2001, Bolton et al, 2000ab). In other words, it would appear as argued by Divett et al (2003, p.118) that Tesco "cannot buy loyalty (at least not directly)", which indicates that the term Tesco 'loyalty' programme, may indeed be a misnomer (Jardine, 2000).

6.4 Conclusion

Research into the type of loyalty Tesco customers have towards Tesco Clubcard and their preferred grocery retailer produced results which ran contrary to academic work on the topic. The research produced the unsurprising result that Tesco Clubcard was the most popular loyalty program in the grocery retail sector with the demographic most likely to own and use Tesco Clubcard, females aged 31-50. In terms of the rationale for loyalty card use, the results reflect academic literature with the majority of respondents indicated they use their loyalty cards, whether that is Nectar or Tesco Clubcard, because they gained some 'currency' or 'reward'. The majority of respondents thought that in return Tesco gained 'customer return', 'information and market research' and 'loyalty'.

The research revealed that the majority of respondents always used their Tesco Clubcard and generally thought the returns were appropriate and timely. However respondents did not agree that Tesco Clubcard increased spending in store, store patronage or the purchase of non-grocery products, namely financial products/services. Similarly, it was revealed that Tesco Clubs did not have a strong influence on customer loyalty with a very low rate of participation (148 members from a total of 531 Tesco Clubcard owners). The findings of this research consolidate the literature in terms of the capabilities of Tesco Clubcard to engender customer loyalty. Where the research findings differ from previous academic research is in the type of loyalty respondents had towards Tesco and Tesco Clubcard.

Respondents were loyal to Tesco Clubcard because of convenience and to a lesser extent incentives which conflicts with the literature and does not support H_3 Tesco

customers exhibit 'incentivised' loyalty towards Tesco Clubcard. In terms of preferred grocery retailer, respondents were loyal because of 'convenience' and to a lesser extent 'price'. Correlations were statistically significant and positive for loyalty and 'convenience', loyalty and 'price' and loyalty and 'incentives'. The results revealed the significance of gender with females, particularly those aged 51 and over were the most likely to agree to statements and exhibit higher levels of loyalty and strength of correlation than other groups and supports H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard. However to provide more insight into this groups perceptions of loyalty towards Tesco and Tesco Clubcard interviews were conducted, the findings of which are reported in **Chapter Seven**.

Chapter Seven: Analysis and discussion of qualitative data relating to nature and type of loyalty to Tesco and Tesco Clubcard

7.1 Introduction

This chapter is concerned with analysing the interview data collected from 20 female customers of Tesco Extra and Dundee Riverside Extra in April 2008. The rationale for this qualitative study is to generate insight into specific concepts which explain loyalty to Tesco and Tesco Clubcard. **7.2 Customer loyalty to Tesco and Tesco Clubcard** examines the three themes to emerge from the quantitative study which were discussed with females aged 51 and over, namely the nature of their relationship with Tesco and Tesco Clubcard, whether loyalty was spurious and what loyalty means to them as customers. The first theme was that respondents are of the opinion that they have more of a relationship and are more loyal to Tesco than Tesco Clubcard. Second that there was a high level of loyalty to Tesco and Tesco Clubcard which is premised more on satisfaction, trust and to a lesser extent commitment rather than any emotional attachment or passion. Third, the loyalty exhibited towards Tesco and Tesco Clubcard is not incentivised, rather it is based on convenience. **7.3 Discussion of qualitative results** discusses the findings in terms of the aims and hypotheses of the research and **7.4 Conclusion** provides a summary of the chapter.

7.2 Customer loyalty to Tesco and Tesco Clubcard

The aims of this research were firstly to evaluate the antecedents which influence loyalty to Tesco and Tesco Clubcard, contending that customer loyalty involves antecedents from both the social relationship and marketing relationship literature; secondly to assess the nature and type of loyalty exhibited by Tesco customers towards Tesco and Tesco Clubcard. The analysis and discussion of the qualitative

data is divided into three main sections which reflect the aims and hypotheses of the research. The first section investigates whether respondents perceive a relationship with Tesco and Tesco Clubcard and what their definitions of loyalty were.

The second section examines the nature of customer loyalty towards Tesco and Tesco Clubcard and whether respondents perceived a social dimension to their loyalty. This section will also evaluate respondent perceptions of the role of gender in loyalty.

The third section examines the type of loyalty respondents have towards Tesco and Tesco Clubcard, investigating the uniqueness of Tesco in Dundee. The third section will assess the impact of Tesco and Tesco Clubcard to examine whether respondents were more loyal to Tesco than Tesco Clubcard and whether the type of loyalty towards Tesco Clubcard was 'incentivised'.

Throughout this chapter representative quotes from respondents will be used which reflect the themes to emerge from the discussions with an illustrative analysis of those themes. In the case of interviewees G and L, those identified as most loyal to Tesco, their responses and characteristics will be examined to provide a more holistic picture of their perspectives of loyalty, Tesco and Tesco Clubcard.

7.2.1 Do respondents perceive a relationship with Tesco and Tesco Clubcard?

The participants were asked the question 'Do you feel you have a relationship with Tesco and/or Tesco Clubcard?' which resulted in the majority feeling they had a relationship with Tesco and Tesco Clubcard and to a lesser extent Tesco.com which had evolved through repeat patronage of Tesco stores. Although many of the

respondents felt that Tesco and Tesco Clubcard were 'one entity' the majority felt a stronger relationship with Tesco compared to Tesco Clubcard, evolved through repeated visits to Tesco. None of the respondents thought Tesco Clubcard reinforced their loyalty towards Tesco. With regards to respondents relationship with Tesco, one theme to emerge was that this relationship was based on convenience, habit/routine and the fact that Tesco were perceived as the dominant grocery retailer in Dundee, in other words respondents exhibited spurious loyalty. The majority of respondents indicated that Tesco made their grocery shopping easier and more convenient, with a typical response being:

Interviewee R: "I don't feel I've got a relationship with Clubcard apart from that I always use it and collect the points and erm use the vouchers, I do have a relationship with the store though".

When prompted to clarify why Interviewee R felt that they had a relationship with the Tesco store, the respondents added "because it's convenient and has everything I want".

Another theme to emerge was that there were some respondents who felt a particularly strong relationship with Tesco premised on having family currently employed by Tesco, as a result they chose Tesco over competitors. It should be noted however that the strength of this relationship diminished when those family members left the employ of Tesco. A typical response was:

Interviewee L: "Let me think [pause] I used to have a strong relationship with Tesco when my son and daughter worked there [pause] but that was a while ago, back then I had a routine that when I waiting for them I shopped [there] before picking them up".

Those respondents who felt they had a relationship with Tesco Clubcard and Tesco.com was also because of convenience and to a lesser extent incentives, receiving rewards and points and always using Tesco Clubcard and collecting the points. Their relationship towards Tesco Clubcard and Tesco.com was spurious. A typical response was:

Interviewee E: "Yes I feel I've got a relationship, more so with the Clubcard than Tesco [pause] we get the rewards, all done through the post so its convenient, you erm feel they do remember you as the statements are personalised with your name and stuff on it, erm Clubcard is easy to understand and you get something back, the erm mailing you get is straightforward with a section on 'green' which is helpful [pause] other schemes like erm Boots advantage card and M&S aren't as good, erm with erm Tesco, its just that I have to do the shopping so no real relationship exists erm between me and the store".

A minority of respondents did not perceive a relationship with Tesco or Tesco Clubcard, although they patronised the store, it was essentially because of habit. A typical response was:

Interviewee K: "Given the choice I would choose Tesco [pause] but this is probably because of habit and not because of any real relationship with them".

The responses to the question 'Do you feel you have a relationship with Tesco and/or Tesco Clubcard?' reveal a number of important themes to be discussed in terms of the aims and hypotheses of this research. From the quantitative research it was concluded that respondents had a stronger relationship with Tesco in contrast to Tesco Clubcard, a result broadly supported by the qualitative analysis with respondents marginally

feeling a stronger relationship with Tesco compared to Tesco Clubcard and Tesco.com. However this distinction is far from clear with the majority of respondents feeling a relationship with Tesco which includes Tesco stores, Tesco Clubcard and Tesco.com. Because of the unique nature of Tesco is would appear that some respondents do not treat Tesco and Tesco Clubcard as separate entities, rather as one concept, encapsulated by the quote from Interviewee T: "Yes, I have a relationship with Tesco and Clubcard, it's the same thing, Tesco".

The responses reveal a relationship exists with Tesco stores, Tesco Clubcard and/or Tesco.com, with the majority of respondents having a stronger relationship with Tesco compared to Tesco Clubcard. None of the respondents thought Tesco Clubcard reinforced their loyalty towards Tesco. In the case of Tesco and Tesco.com the relationship is based predominantly on convenience and the fact that Tesco had a number of stores in Dundee which is a form of spurious loyalty, low relative attitude, yet high repeated patronage (Dick and Basu, 1994). In terms of Tesco Clubcard, the relationship was based on convenience, incentives and to a lesser extent habit. It would appear that respondents appreciated the "psychological reassurance of being tangible – something consumers can put in their wallet" (Benady and Brierley, 1999, p.112), and not something which was an inconvenience for a customer (Anon, 1999a). Some respondents who indicated a relationship with Tesco cited the presence of family as the basis of their relationship and choosing Tesco over other grocery retailers but stated that they felt less of a relationship when their family members were no longer in the employ of Tesco. This finding may have implications for the first aim of this research that customer loyalty is influenced by factors of both a social relationship and marketing relationship nature, i.e. some respondents feel a

relationship with Tesco because of 'social' family relationships. Whether respondents explicitly feel a 'social' dimension to their relationship with Tesco and Tesco Clubcard will be investigated in the next section.

7.2.2 Do respondents view a social dimension to their relationship with Tesco and Tesco Clubcard?

This section explores responses to the interview question, 'Do you think relationships with Tesco and Tesco Clubcard are similar to social relationships?' Prior to asking the question, respondents were informed that by 'social relationships' the research meant sharing similarities to a relationship of friendship between two people of the same sex (Berg and McQuinn, 1986). The majority of respondents were of the opinion that there was not a social dimension to their relationship with Tesco and Tesco Clubcard premised on shopping being a practical activity, a task which has to be done out of habit and as conveniently as possible and being completely different from a social relationship. The majority of respondents had never thought of a social dimension to their shopping until asked the question by the researcher because their shopping was not based on friendship and apart from their interaction with staff in-store, the relationship was not social in nature. A typical response was:

Interviewee S: "I don't think there is a relationship with a grocery retailer, even Tesco, you see the thing with a social relationship is special, I don't think you could ever feel as strong about a store as you could a person".

The majority of respondents did however think that Tesco wanted their customers to think that the shopping experience was 'social'. Respondents indicated that Tesco constantly reminded the public that they are there, that they were the dominant

grocery retailer in the UK, always putting the customer first, personalising offers and giving the customer what they wanted.

A minority saw a social dimension to their relationship with Tesco which had similarities to a marriage, being an environment to meet people and cyclical in nature. A typical response was:

Interviewee K: "Yes, the social bit is part of the shopping environment, you can't live without shopping, it's the whole conversation with people, meeting people [pause] social relationships play a big part in shopping so I see similarities between shopping and social relationships, it's where people meet their partners, where people check out each others baskets to hmm see what they are buying and work out if they're single or not".

The findings reveal that respondents do not perceive a social dimension to their relationship with Tesco or Tesco Clubcard citing the difference in nature between shopping, i.e. an activity which has to be done, a practical task and relationships between persons, i.e. an activity which involves choice and has stronger feelings attached. Of those respondents who agreed to the question 'Do you think relationships with Tesco and Tesco Clubcard are similar to social relationships?' they discussed the 'people', 'friendship' and 'cyclical' dimensions, prevalent in the marriage concept. A minority of those respondents drew parallels to the relationship cycle discussed in **Chapter Two** that of courtship, engagement, marriage and divorce (Zineldin, 2002, Grossman, 1998). However in the majority of cases, the respondents added the reservation that they had not thought about the parallels between social and marketing relationships until asked the question by the interviewer. Although some respondents

indicated an implicit level of 'social' relationship in the previous section, patronising the store because of family members employed by Tesco, it would not appear that respondents thought their relationship with Tesco and Tesco Clubcard was a social one. Respondents did think that Tesco attempted to add a social dimension to their shopping experience through its online and offline presence and reminding customers that Tesco cared about its customers. However in the case of all respondents this message has not led to a 'social' dimension to their relationship, rather it was perceived as more of a superficial relationship with Tesco and Tesco Clubcard which will be investigated later in the **Chapter**.

7.2.3 What loyalty means to respondents

Following an analysis of respondents relationships with both Tesco and Tesco Clubcard the research investigated the nature of customer loyalty towards Tesco and Tesco Clubcard with respondents asked the question 'In your own words, what does loyalty mean to you in your life?' The rationale behind asking this question was to observe any similarities in responses between the interviews and the quantitative section of the study as the exact same question was used in the questionnaire.

The most popular responses were 'sticking by/being there/staying true for someone/family/friends over the long-term, premised on honesty and trust cited by many of the respondents. A representative quote was:

Interviewee F: "Loyalty is all about sticking by your family and friends through thick and thin".

'Being there/sticking by and supporting someone' also proved the most popular reply in the quantitative section of this research observed in **Chapter Five** cited by 38

females and 10 males out of 329 responses. The other responses from the interviewees were 'one off' responses which included having two-way communication and being treated as one would expect to be treated as stated by Interviewee L:

Interviewee L: "Being treated as you would expect to be treated yourself".

The majority of respondents thought that loyalty involved some level of long-term resilience or 'sticking by' individuals whether they were family/friends or other persons. Respondents emphasised reciprocation and/or self sacrifice, trust, commitment and a level of involvement which is reflected in the literature as important antecedents of loyalty (Mitussis et al, 2006, Wilson, 1995, Morgan and Hunt, 1994). However, similarly to the results in **Chapter Five**, responses were so diverse that there is no clear pattern emerging in terms of respondents understanding of the loyalty concept, respondents all had individual views of what loyalty means to them. The research will now investigate the nature of respondent loyalty towards Tesco and Tesco Clubcard to understand whether there is a degree of emotional attachment and passion to their loyalty.

7.2.3.1 The social nature of customer loyalty to Tesco and Tesco Clubcard

Respondents were asked if they considered themselves loyal to Tesco and Tesco Clubcard and whether this loyalty was premised on a degree of involvement, emotional attachment and/or passion. The majority of respondents stated that they were loyal and all respondents would recommend Tesco and Tesco Clubcard to others, but were neither emotionally attached nor explicitly passionate about Tesco and Tesco Clubcard. The majority were loyal to Tesco because they provided a convenient and timely service, admitting that they patronised Tesco's competitors on

an occasional basis and used other loyalty programmes. Respondents did not feel particularly attached to Tesco or Tesco Clubcard because of the alternative grocery retailers available and, because of the context, namely shopping which was perceived by some respondents as a chore. A typical response was:

Interviewee Q: "I think people discriminate where they shop and go to the stores, hmm, they go to the ones to their advantage [pause] there's lots of choice so erm you could easily go elsewhere".

There was a degree of implicit passion expressed by a minority of respondents towards Tesco in that they would not switch their loyalty away from Tesco, driving past other grocery retailers to always patronise Tesco. Representative quotes were:

Interviewee G: "Driving into Dundee I go past Lidl, Aldi and a co-op to get to Riverside [Tesco]" and

Interviewee F: "I always choose Tesco, I would always choose them over the others".

A minority of respondents indicated a level of emotional attachment to Tesco and Tesco Clubcard based on habit, with a typical response being:

Interviewee B: "I don't think I could ever be passionate about Tesco, it's because of who they are but [pause] I am involved and attached to them as I would choose Tesco over the others [pause] I always use their card and am erm in the habit of using them".

A minority of respondents replied that they did not even consider themselves loyal, preferring to be promiscuous in their shopping behaviour and indicating that even if they patronised a particular organisation over the competition this did not mean they

were loyal, instead it indicated they were exhibiting spurious loyalty. A typical response was:

Interviewee S: "I don't think myself loyal to any grocery retailer, you can stick to the one shop, but [pause] that isn't really loyalty".

The majority of respondents did not consider a social dimension to their loyalty to Tesco or Tesco Clubcard, they were loyal but this loyalty was premised on habit and convenience and shopping being a chore, not an activity which engendered emotional attachment or passion. Similarly to previous responses the majority of respondents indicated that their loyalty was spurious and based on the convenient locations of Tesco stores. A minority of respondents felt a degree of implicit passion to Tesco in that they always chose Tesco, driving past competitor stores but do not actively cite passion and emotional attachment as reasons for their loyalty to Tesco or Tesco Clubcard.

Similarly to previous responses it appeared that the majority of respondents indicated that they felt more loyalty to Tesco than to Tesco Clubcard, talking mainly in terms of Tesco, even when prompted to respond in the context of Tesco Clubcard. The exception was interviewee Q who indicated that Tesco and Tesco Clubcard were 'one entity' and that by being loyal to Tesco she was loyal to Tesco Clubcard.

7.2.3.2 The nature of customer loyalty to Tesco and Tesco Clubcard

To further investigate the research aims and hypotheses the interviewees were asked to explain what antecedents they thought were necessary for loyalty to exist towards

Tesco and Tesco Clubcard. The majority thought that loyalty consisted of being kept happy and satisfied, trust and commitment, with a typical response being:

Interviewee L: "There's probably a lot of things, let me think [pause] trust has got to be involved [pause] you have to be kept happy, erm satisfied with the company and keep going back [pause] what's the word [pause] committed".

A minority of respondents made reference to staff, convenience, obligation and habit as being essential components of loyalty to an organisation, emphasising again the theme identified earlier, that respondents thought Tesco wanted to remind customers that they are there, assisting them and delivering value. A typical response was:

Interviewee H: "I would say convenience is part of loyalty, but it's not an emotion [pause] value is part of loyalty and so is obligation, but erm loyalty brings an obligation to go the extra mile, every little helps as they say [laughter, then a pause] Tesco makes you want to reciprocate, you know, you've got loyalty if you get it in return".

A handful of respondents provided vague responses to the question, unable to provide a list and rationale for factors necessary in a customer's loyalty to Tesco and Tesco Clubcard. A typical response was:

Interviewee G: "[pause] sorry, I don't know [pause] probably lots of things".

Three key loyalty criteria emerged from the interviews. The majority of respondents explicitly stated that for loyalty to exist there had to be a combination of the antecedents trust, keeping the customer happy and satisfied and commitment which is reflected in the literature (Hogarth et al, 2004, Adamson et al, 2003, Bloemer and De

Ruyter, 1998, Mittal and Lassar, 1998, Morgan and Hunt, 1994, Anderson and Sullivan, 1993). No respondents made explicit reference to loyalty involving passion or emotional attachment which reflects the responses to the previous question and the quantitative research in **Chapter Five**. As with the responses to the previous question and intimated in other responses to questions, the majority of respondents talked in terms of Tesco and not Tesco Clubcard, even when prompted if they felt the same antecedents applied to Tesco Clubcard, typical responses were either "No, I don't think so" or "Not really". The majority of respondents did not elaborate on their reasons why, those who did, such as interviewee T referred to Tesco and Tesco Clubcard as 'one entity'.

7.2.4 Loyalty and gender

The following section was designed to investigate the role of gender in loyalty the importance of which was observed in **Chapters Five** and **Six** and is research H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard. Based on the literature (Ndubisi and Madu, 2009, Yavas and Babakus, 2009, Patterson, 2007, Ndubisi, 2006, Snipes, Thomson, and Oswald, 2006, Harmon and Hill, 2003, Bendall-Lyon and Powers, 2002, Rusbult et al, 1986, Rempel et al, 1985) the argument is that females are more loyal than males hence why participants were asked 'It is argued that females are more loyal than males, do you agree with this?'

Although all the respondents were female, not all of them agreed with the question. The majority of respondents felt that females were more loyal than males for two key reasons. The first was that it was in a female's nature to seek and maintain

relationships, responding that females were more emotional, considering the feelings of others and as a result keep friendships for longer than men. The second reason was that males were argued to seek convenience, were more fickle, not maintaining relationships over the long term and were generally devoid of strong emotional bonds. A typical response was:

Interviewee G: "Women keep their friends for longer, they still keep in touch with girls from school, men are a lot more fickle, their relationship cycle is a lot quicker [pause] men go through friends more than women and don't keep the same friends for as long".

A minority disagreed with the statement in so far as making the distinction that those younger females and males were less likely to be loyal because they were more likely to prove fickle and seek convenience. A typical response was:

Interviewee L: "Not all women are loyal, young girls aren't loyal [pause] neither are men".

The majority of respondents indicated that females were more loyal than males; this loyalty manifested itself as a result of it being in their nature to invest time and effort into maintaining relationships and friendships which translates into their shopping behaviour. Males were argued to seek convenience and seen as fickle in their maintenance of relationships both in social and marketing contexts. Some females did indicate that their loyalty was based on habit, but this was nevertheless more long term and deeper in nature than male loyalty. Females argued that in contrast males sought convenience, forming short-term, spurious relationships with individuals and stores. Many females cited friendships as examples of their loyalty, which are

discussed in the literature (Berg and McQuinn, 1986). A further observation was that a minority of respondents indicated that younger people, particularly young females, were the group least likely to exhibit loyalty, a result which was also revealed in the quantitative **Chapters** of this research.

7.2.5 The type of loyalty respondents have towards Tesco

It has been observed that females consider loyalty in the context of life to mean sticking by/being there/staying true for someone/family/friends over the long-term and perceive themselves as more loyal by nature when compared to males. In contrast and in the context of food shopping, respondents thought the social aspect of loyalty was missing. The nature of this loyalty towards Tesco and Tesco Clubcard was mainly founded on trust, being happy and satisfied and committed with implicit passion and little emotional attachment. When the research examines the type of loyalty respondents have towards Tesco the main theme to emerge was that the majority of respondents thought loyalty was premised on convenience, habit/routine and to a lesser extent price and incentives, factors which were reinforced by Tesco having a dominance in Dundee, its accessibility and creating an environment which encourages customers to rely on their convenience. By convenience respondents referred to the opening hours but mainly the location of stores, both in the city centre and out-of-town. Although all respondents acknowledged that they had a choice of grocery retailer, in contrast to the competition, Tesco not only had more stores, they were more conveniently situated, for example, ASDA is situation at either end of Dundee whereas Tesco stores surround Dundee. A typical response was:

Interviewee H: "I shop at Tesco mainly because of the convenience, erm its convenient and is always there when you need it [pause] its basically a routine of

shopping which is habit erm [pause] the less time you have the more you rely on convenience, the erm more time you have when you are older you shop out of habit which gives you loyalty".

A minority of respondents were loyal predominantly because of the product range, but also mentioned the accessibility of Tesco in Dundee. The response was:

Interviewee O: "It's easy to get to and there's a lot of choices [pause] sometimes there's too much choice and you get lost".

In terms of responses to the question 'What type of loyalty do you exhibit towards Tesco?' The majority of respondents were loyal to Tesco because of the convenience of accessing Tesco stores alone or in association with price, habit, incentives (which includes the phrases 'rewards', 'offers' and 'points') and to a lesser extent choice of products. A number of respondents cited the Tesco Clubcard 'points' which they collected and redeemed against their grocery shopping as a reason for their loyalty to Tesco which ties in with the literature (Smith and Sparks, (2009ab), Meyer-Waarden (2008), Miranda and Konya (2008), Jang and Mattila (2005), Dowling and Uncles (1997), O'Brien and Jones (1995)) and previous comments that respondents perceive facets of Tesco's offering, namely Tesco, Tesco Clubcard and Tesco.com as 'one entity'. It should be noted that respondents bundled together 'incentives', even when asked to distinguish between Tesco Clubcard points and vouchers and in-store promotions and offers which again indicates that the influence of Tesco Clubcard on customer loyalty in isolation is not particularly strong.

Convenience (location of stores and accessibility) was once again a common theme to emerge from the qualitative research with respondents often referring to Tesco's dominant position in Dundee grocery retail. The extent to which convenience influenced their loyalty towards Tesco Clubcard will be examined in the next section.

7.2.6 The type of loyalty respondents have towards Tesco Clubcard

In terms of Tesco Clubcard all respondents owned a Tesco Clubcard, none of them owned a Nectar card and a minority owned a Boots Advantage card, all respondents indicated that they always use their Tesco Clubcard whether prompted by Tesco staff or not. The majority of respondents saw Tesco Clubcard as the complete package (Tesco Clubcard, the quarterly statement, the vouchers and the magazine), not simply a plastic card and all respondents indicated that they would still patronise Tesco even if Tesco Clubcard was removed from circulation although they acknowledged that they would purchase less grocery and non-grocery products. All respondents indicated that they would not purchase products simply because of the points which combined with previous comments indicates that the loyalty respondents have towards Tesco Clubcard is not particularly strong. In terms of the Tesco Clubs respondents did not 'buy into' the concept, the majority of respondents indicated that they were neither members nor wished to be members of Tesco Clubs, the exception being Interviewee E who said "… I'm a member of two clubs, the Tesco Wine and Healthy Eating Clubs and I like the magazine".

The majority of respondents were loyal to Tesco Clubcard because it gave them something for nothing, it was convenient (as a plastic card it was easy to access and

the material and offers were sent directly to their home requiring no effort on their part) and easy to use, there were incentives for use and to a lesser extent it was used out of habit which indicates that along with price and convenient locations the Tesco Clubcard plays a supporting role with respondents loyal to Tesco rather than Tesco Clubcard. A typical response was:

Interviewee G: "I use Clubcard because it is convenient and out of habit, the incentives are important but erm it's mainly the convenience not loyalty [pause] I always use my Clubcard and have it ready even before [I'm] asked for it".

A minority of respondents indicated that they were not particularly loyal to Tesco Clubcard; this respondent argued that they were not loyal because they used a variety of grocery retailers and other loyalty programmes but could understand loyalty amongst some customers, stating:

"...I would say that if you were a shareholder you were more likely to be loyal erm as there is another reason for you to be attached, you know, a vested interest" Interviewee Q.

These responses indicate that loyalty to Tesco Clubcard was based on the convenience of use, i.e. easy to use and gave them something for nothing, incentives, i.e. points on products which they would have purchased anyway and to a lesser extent habit. Similarly to results from the quantitative section of this research, although convenience was the most popular response, incentives proved almost as popular a reason for loyalty to Tesco Clubcard. All respondents indicated that they would still patronise Tesco if the Tesco Clubcard was removed from circulation and were not influenced to purchase products because of the associated points. This finding

however does not indicate non-loyalty to Tesco Clubcard as the majority of respondents indicated they would purchase less at Tesco in terms of its grocery and non-grocery range if the Tesco Clubcard was withdrawn. Similarly to previous comments in **7.2.3 What loyalty means to respondents** and **7.2.5 The type of loyalty respondents have towards Tesco** the majority of respondents thought of Tesco Clubcard as a complete package (Tesco Clubcard, the quarterly statement, the vouchers and the magazine) and not simply a plastic card, underlining what the literature argues, that Tesco Clubcard is different from other loyalty programmes (Humby et al, 2003).

Respondents had more of a convenient loyalty towards Tesco Clubcard than an incentivised loyalty which conflicts with existing literature (Bridson et al, 2008, Leenheer et al, 2007, Rowley, 2007, Turner and Wilson, 2006, Divett et al, 2003, Uncles et al, 2003, Yi and Jeon, 2003, Wright and Sparks, 1999, Duffy, 1998, O'Malley, 1998). The research reveals that respondents valued incentives but as has been noted earlier, respondents bundled together 'incentives', Tesco Clubcard points, vouchers and in-store promotions which again indicates that the influence of Tesco Clubcard incentives on customer loyalty is not as strong as the influence of Tesco. Nevertheless, the qualitative findings reveal that respondents perceived Tesco Clubcard as a programme designed to make savings (Harmon and Hill, 2003); something for nothing, rewarding customers through points (Meyer-Waarden (2008), Miranda and Konya (2008), Jang and Mattila (2005), Humby et al, (2003), Dowling and Uncles (1997), O'Brien and Jones (1995)). The qualitative research also reveals that Tesco Clubcard has more of a supporting role to encourage repeat patronage which again is supported by the literature (Turner (2009), Bridson et al (2008), Turner

(2008), Leenheer et al (2007), Rowley (2007), Turner and Wilson (2006), Stauss et al (2005), Divett et al (2003), Uncles et al (2003), Yi and Jeon (2003), Wright and Sparks (1999), Duffy (1998), O'Malley (1998), Evans et al (1997), Jones and Sasser (1995)).

7.3 Discussion of qualitative results

The results from the interviews assist in explaining loyalty concepts pertaining to Tesco and Tesco Clubcard which develops the insight provided by the quantitative results of **Chapter**s **Five** and **Six** and addresses the aims and hypotheses of this research. In addition to providing evidence and justification for the three themes to emerge from the quantitative sections further contributions to existing research are revealed from the qualitative research, which centre around the peculiarities of Tesco as a grocery retailer in Dundee. By peculiarities this research refers to Tesco's dominant market position in the UK (Lyons, 2007, Davey, 2006, Anon, 2005bc, Palmer, 2005), Scotland (Berwin, 2009, MacDonald, 2009) and Dundee (Turner, 2008, Turner and Wilson, 2006) not only in terms of market share but in the number and location of stores, the staff employed and it's varied 'grocery package', (Desjardins, 2005, Uusitalo, 2001, Richardson, 1997). These peculiarities appear to influence the loyalty customers have towards the firm with the most loyal of respondents choosing to drive past competitors to patronise a Tesco store and would not switch their loyalty from Tesco. The peculiarities of Tesco in Dundee will be discussed later in this section following an examination of the implications of the qualitative findings in terms of the research aims and hypotheses.

The aims of this research were firstly to examine the nature and type of loyalty towards Tesco and Tesco Clubcard, contending that customer loyalty is influenced by factors of both a social relationship and marketing relationship nature; secondly to assess the nature and type of loyalty exhibited by Tesco customers towards Tesco and Tesco Clubcard. As a result of the analysis of the interviews with 20 females aged 51 and over it would appear that the nature of their loyalty towards Tesco and Tesco Clubcard was based on happiness/satisfaction, trust and commitment with little explicit passion or emotional attachment, in other words no explicit social dimension. There was however implicit passion in the form of all respondents recommending Tesco and some travelling past other grocery retailers to patronise Tesco and a social dimension with loyalty influenced by having a family member employed at Tesco, however when that family member left, loyalty was reduced. The type of loyalty toward Tesco was based on convenience, with respondents having a low relative attitude, yet high repeated patronage (Dick and Basu, 1994). This convenience was specifically the location and accessibility of stores and the type of loyalty towards Tesco Clubcard was based on convenience, incentives and to a lesser extent habit. It would appear that Tesco Clubcard plays a supporting role in customer loyalty with respondents discussing incentives in terms of the 'incentive bundle' Tesco offer (Tesco Clubcard points, vouchers and in-store promotions) not just Tesco Clubcard. Respondents demonstrated more loyalty towards Tesco than Tesco Clubcard and mainly answered questions in terms of Tesco rather than Tesco and Tesco Clubcard even when prompted to answer in terms of Tesco Clubcard. Those who did respond in the context of Tesco Clubcard did so referring to Tesco and Tesco Clubcard being 'one entity'.

In terms of the hypotheses, the qualitative research supports the quantitative testing of H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard. The qualitative findings concluded that the majority of respondents were loyal to Tesco and Tesco Clubcard because of the antecedents trust, satisfaction and commitment and would all respondents would recommend Tesco to others which is further supported by the literature (Hogarth et al, 2004, Adamson et al, 2003, Bloemer and De Ruyter, 1998, Mittal and Lassar, 1998, Morgan and Hunt, 1994, Anderson and Sullivan, 1993). Customers had limited emotional attachment to Tesco and did not explicitly consider themselves passionate. However, this does not mean that the relationship between Tesco customers and Tesco and Tesco Clubcard was devoid of a 'social' dimension. All respondents indicated a level of passion towards Tesco and Tesco Clubcard in that they would recommend Tesco, some consistently chose Tesco, not switching their loyalty from Tesco, driving past the competition to do so and only owning and using one loyalty card, Tesco Clubcard.

Regarding H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard, the qualitative findings support the quantitative results. Even though all respondents were female, some were not of the opinion that females were more loyal than males. The majority of respondents however, agreed that females were more loyal than males, which is supported by the literature (Ndubisi and Madu, 2009, Yavas and Babakus, 2009, Patterson, 2007, Ndubisi, 2006, Snipes, Thomson, and Oswald, 2006, Harmon and Hill, 2003, Bendall-Lyon and Powers, 2002, Rusbult et al, 1986, Rempel et al, 1985). The responses from interviewees centred on a woman's personality traits to be more loyal as reasons for them agreeing

with the statement that females are more loyal than males. A few respondents indicated that younger females were less likely to be loyal in marketing and social relationship contexts. However, further conclusions as to the influence of age in a customer's loyalty cannot extend beyond noting that the ages of the least and most loyal ranged from 52 to 63.

Regarding H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard the qualitative results support the quantitative analysis with loyalty based on convenience. Although the majority of respondents were loyal to Tesco Clubcard because of convenience, a number of respondents indicated the importance of incentives, not only from Tesco Clubcard but the rewards and offers bundle from Tesco as a whole, which is argued to be the reason for customers loyalty to loyalty programmes (Leenheer, 2007, Rowley, 2007, Divett et al, 2003, Uncles et al, 2003, Wright and Sparks, 1999, Duffy, 1998, O'Malley, 1998, Evans et al, 1997 and Jones and Sasser, 1995). The majority of respondents were not dependent upon the points, but they appreciated the rewards and the personalised approach. As argued by Keh and Lee (2006, p.127) the incentives served "as reinforcers than [to] encourage consumers to continue their behaviour" with the majority of respondents viewing Tesco Clubcard as a 'complete package' and not simply a "piece of plastic".

A further conclusion from the qualitative research which addresses the final theme to emerge from the quantitative research and which has not been discussed in **7.3 Discussion of qualitative results** in terms of the aims and hypotheses was that respondents were observed to have a stronger relationship and higher degree of loyalty towards Tesco than to Tesco Clubcard. Although some respondents indicated

they would purchase in lesser quantities if Tesco Clubcard was removed, the majority would still patronise Tesco. The majority of respondents discussed loyalty in terms of Tesco and not Tesco Clubcard with the exception of responses to the question 'What type of loyalty do you exhibit towards Tesco Clubcard?' The reasoning for this might be because some respondents perceive Tesco, Tesco Clubcard and other facets of the organisation as 'one entity', a fact observed by a number of interviewees in **7.2.3 What loyalty means to respondents** and **7.2.5 The type of loyalty respondents have towards Tesco** and will be investigated later in the **Chapter**. When the research analyses the responses holistically it would appear that Tesco Clubcard plays a supporting role along with price and store locations in encouraging repeat store patronage and customer loyalty.

The qualitative results were then analysed in terms of the individual responses of respondents to look for patterns and characteristics of the most and least 'loyal' Tesco shopper. It was found that although the majority of respondents were loyal, interviewees G and interviewee L exhibited characteristics which made them the most loyal to Tesco, as they indicated that they always used Tesco, driving past other grocery retailers to patronise a Tesco store, would recommend Tesco to others, had a family member employed or previously employed by Tesco, owned and always used their Tesco Clubcard, preferred Tesco as a grocery retailer and would not switch their current loyalty from Tesco, frequented the store 1-3 times a week and were aged between 58 and 63. In terms of occupation, income, education and number of persons residing in the household the interviewees shared little in common.

	Age	Occupation	Income	Education	Number of persons in the household	Family employed by Tesco	Prefers Tesco	Frequency of visit to Tesco	Owns a Tesco Clubcard
G	58	Homemaker	N/A	Highers	1	Yes	Yes	1-3 times a week	Yes
L	63	Retired	£10,000	None	2	No	Yes	1-3 times a week	Yes

Although all respondents indicated they would recommend their preferred grocery retailer, Tesco, owned and always used their Tesco Clubcard and had family members either currently or previously employed by Tesco. Only interviewees G and L stated that they would drive past other grocery retailers to patronise a Tesco and would not switch their loyalty from Tesco.

When the responses to the interview questions of interviewees G and L are analysed and compared a number of broad similarities appear: interviewee L did not think there was a social dimension to their relationship with Tesco and Tesco Clubcard and although interviewee G saw a social dimension they added that they had never thought of this prior to being asked the question; both interviewees agreed that loyalty had the key antecedents happiness/satisfaction, trust and commitment; both interviewees understood what loyalty meant; both were loyal to Tesco because of price, with interviewee G adding the dimensions of habit and convenience. Equally, there were a number of differences in their responses: interviewees G and L responses were different on females being more loyal than males with interviewee L making the point that age more than gender was a better indicator. In contrast interviewee G agreed with the statement that females were more loyal than males; and there was disagreement between the interviewees was regarding the type of loyalty they had towards Tesco Clubcard. Interviewee L was loyal because of convenience, habit and

incentives whereas interviewee G was loyal because of points, in other words incentives.

In terms of the respondents least likely to exhibit loyalty to Tesco and Tesco Clubcard, interviewees K, I and S felt that they did not have a relationship with either Tesco or Tesco Clubcard, did not relate social relationships to grocery shopping and were neither emotionally attached nor passionate, infact interviewee K did not consider herself loyal to either Tesco or Tesco Clubcard. Those interviewees viewed Tesco Clubcard as nothing more than a card which gave them something for nothing. However all three interviewees were not devoid of loyalty, they all preferred Tesco as a grocery retailer, would recommend Tesco to others, frequented the organisation 1-3 times a week and always used their Tesco Clubcard even when they were not prompted by Tesco staff. With regards to the interviewees background, despite possessing a basic education, having two persons in the household and not having family employed at Tesco, there was little commonality in terms of age and occupation which makes further generalising on the characteristics of a Tesco customer least likely to be loyal to Tesco and Tesco Clubcard difficult.

	Age	Occupation	Income	Education	Number of persons in the household	Family employed by Tesco	Prefers Tesco	Frequency of visit to Tesco	Owns a Tesco Clubcard
I	52	Shop worker	£18,000	None	2	No	Yes	1-3 times a week	Yes
K	62	Voluntary employment	N/A	None	2	No	Yes	1-3 times a week	Yes
S	61	Voluntary employment	N/A	None	2	No	Yes	1-3 times a week	Yes

Respondent's strong levels of loyalty and identification with Tesco and Tesco Clubcard, based predominantly on convenience, incentives and habit can be partially

explained through discussing the Tesco concept in the region. In Dundee there are 8 Tesco stores as well as a call centre and until 2007 a distribution centre which allow them to dominate the grocery landscape and operate a near monopoly (Smith and Wood, 2008, Simms, 2007ab). Even though respondents felt they had a choice; Tesco's position in Dundee arguably contributes towards the level of loyalty exhibited by customers as it does in other 'clone or Tesco towns' (Simms, 2007). Similarly, the choice Tesco provides customers in terms of off-line and online purchasing, brand and own-brand products, product categories[57], its in-store format and promotions and external advertising appear to have influenced customer loyalty with respondents acknowledging that they thought Tesco constantly reminded their customers that they were there, giving the customers what they wanted. An observation supported by the literature (Rafiq and Fulford, 2005 and Uusitalo, 2001). Tesco are constantly in the media, whether it involves the launch of new stores at home or abroad, a new initiative or a new promotional campaign which creates an "informational bombardment, challeng[ing] the retail status quo and creates consumer uncertainty" (Arnold et al, 1998, p.4). Such an observation was noted by Interviewee M, who argued "…they're everywhere in Dundee so use them pretty much everyday" and Interviewee A, who said "…they are the same as Tesco are everywhere". In other words, through their ability to profile customers supported by the media, gives Tesco the ability to manipulate loyalty, brain washing customers (Pragma Consulting, 2009, Wikipedia, 2009, Corporate Watch, 1997) into maintaining loyalty, albeit spurious loyalty to stores and the belief that Tesco were attempting a 1to1 relationship with them (Tapp, 2001).

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[57] Include finance and insurance, groceries and wine, entertainment and house and home.

What this qualitative research adds to the quantitative analysis apart from supporting the research aims and hypotheses is to help explain Tesco customer's loyalty and understand the relationship they have with Tesco and Tesco Clubcard, evolved through repeat patronage of Tesco stores. The research has addressed and supported the themes to emerge from the quantitative findings: that respondents have more of a relationship and more loyalty to Tesco than Tesco Clubcard; that there was a high level of loyalty to Tesco and Tesco Clubcard which is premised more on happiness/satisfaction, trust and commitment rather than any explicit emotional attachment or passion; and that the loyalty exhibited towards Tesco and Tesco Clubcard was not incentivised, rather it was based on convenience. The qualitative research also brings to the research further insight into what respondents mean by convenience and incentives. Respondents thought of convenience loyalty towards Tesco in terms of store location and accessibility and regarding Tesco Clubcard the ease of its use and the lack of effort required from respondents to access offers. Respondents discussed incentives in terms of the 'Tesco incentives bundle' which included both offers related to Tesco Clubcard and Tesco. The research also revealed the importance of the peculiarities of Tesco as a grocery retailer in Dundee in influencing respondent loyalty. By peculiarities this research refers to Tesco's dominant market position in the UK (Lyons, 2007, Davey, 2006, Anon, 2005bc, Palmer, 2005), Scotland (Berwin, 2009, MacDonald, 2009) and Dundee in particular (Turner, 2008, Turner and Wilson, 2006) not only in terms of market share but in the number and location of stores, the staff employed and it's varied 'grocery package', (Desjardins, 2005, Uusitalo, 2001, Richardson, 1997). These peculiarities appear to influence the loyalty customers have towards the firm with some respondents (G and

L) choosing to drive past competitors to patronise a Tesco store and would not switch their loyalty from Tesco.

It would appear that Tesco has created a situation where customers exhibit a hybrid level of loyalty which is based on trust, satisfaction and commitment and incorporates convenience, incentives, habit and a degree of implicit passion where customers feel Tesco attempt to build relationships with customers. This result is not without precedence, according to Arnold et al (1998) Wal-Mart did not achieve its dominant position in the US through simply being better than the competition, rather their position was achieved using a marketing strategy of dominance which influenced customer preferences. Using the terminology of Arnold et al (1998, p.3) Tesco were 'market spoilers' who "alter[ed] rather than resolve[d] the consumer's information environment". Through their dominant position in terms of market share (Lyons, 2007, Davey, 2006, Anon, 2005bc, Palmer, 2005) and holding consumer and market information Tesco were able to create ambiguity and customer uncertainty with the competition and thus shifting customer's preferences towards them (Arnold et al, 1998, Hoch and Wa, 1986) and reducing the switching behaviour of their customers (Finlay and Sparks, 2008).

7.4   Conclusion

The qualitative research addressed and supported the aims, hypotheses and themes to emerge from the quantitative findings as well as revealing further insight into what respondents mean by convenience and incentives, the importance of the peculiarities of Tesco as a grocery retailer in Dundee in a respondents loyalty and producing a profile of those customers most and least likely to be loyal to Tesco and Tesco

Clubcard. From the interviews with female customers of Tesco aged 51 and over it can be concluded that respondents had a relationship with Tesco stores, Tesco Clubcard and/or Tesco.com, with the majority of respondents having a stronger relationship with Tesco compared to Tesco Clubcard. The relationship with Tesco and Tesco.com was based predominantly on convenience and the fact that Tesco had a number of stores in Dundee. The relationship with Tesco Clubcard was based on convenience, the rewards/points, and a form of habit.

With regards to customer loyalty, respondents were loyal to the Tesco package which includes Tesco stores, Tesco Clubcard and Tesco.com and saw Tesco and Tesco Clubcard as 'one entity'. The loyalty demonstrated towards these facets of Tesco was not explicitly based on passion or emotional attachment, although some respondents indicated a degree of implicit passion and to a lesser degree emotional attachment by driving past other grocery retailers to patronise Tesco, with all respondents willing to recommend Tesco to others. Rather loyalty to Tesco was premised on happiness/satisfaction, trust and commitment, with the type of loyalty towards Tesco based on convenience, incentives and to a lesser extent habit and price. In the case of Tesco Clubcard customers were loyal because of convenience and incentives with a number of respondents citing 'points' as a reason for their loyalty. As with responses to the quantitative research in **Chapter**s **Five** and **Six** respondents felt more loyalty towards Tesco than Tesco Clubcard which is underlined by the fact that many respondents would still patronise Tesco even if Tesco Clubcard was removed from circulation. Respondents did acknowledge however they would spend less on grocery and non-grocery products if Tesco Clubcard was withdrawn. In terms of gender and its influence on loyalty the majority of respondents agreed that females were more loyal

than males, although a minority of respondents indicated that younger females and males were the most likely to be disloyal.

Results from this research identified the respondents most and least likely to be loyal to Tesco. Although all respondents preferred Tesco as a grocery retailer, would recommend Tesco and owned a Tesco Clubcard with the majority of respondents acknowledging that they were loyal to Tesco and felt they had a relationship with the firm, only a few respondents would 'go out of their way' to patronise a Tesco store. Those respondents identified as most loyal, G and L, indicated they would drive past other grocery retailers to patronise Tesco always used a Tesco Clubcard and would not switch their current loyalty from Tesco. Those respondents also had a family member employed by Tesco historically. It was revealed, however that levels of loyalty were reduced when family members left the employ of Tesco.

The qualitative results reinforce the quantitative findings in terms of the research aims and hypotheses. The research revealed that that there was a limited social marketing influence on loyalty to Tesco and Tesco Clubcard, with the nature of customer loyalty revolving around satisfaction/happiness, trust and commitment and the type of loyalty exhibited by Tesco customers towards Tesco founded on convenience and Tesco Clubcard founded on convenience and incentives. The qualitative analysis of H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard Tesco supported the quantitative findings, and thus supported the hypothesis. The qualitative analysis of H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard supported the quantitative analysis which supports the hypothesis.

The qualitative analysis of H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard supported the quantitative findings, and thus not supporting the hypothesis.

Chapter Eight: Conclusion

8.1 Thesis summary

This study tested the nature and type of customer loyalty exhibited by Tesco customers towards Tesco and Tesco Clubcard, contending that customer loyalty is influenced by factors of both a social (antecedents of passion and emotional attachment) and marketing (antecedents of satisfaction, trust and commitment) nature. The study explored the role of age and gender to ascertain if older females were the demographic group most likely to be loyal to Tesco and Tesco Clubcard and whether Tesco customers were more loyal to Tesco than they were to Tesco Clubcard; with Tesco Clubcard capable of engendered more than an incentivised type of loyalty among respondents. This chapter concludes the thesis by providing a summary of the findings and then explaining its contribution and implications for future research.

The research investigated key areas in customer loyalty having identified gaps in the literature regarding the nature and type of customer loyalty in the grocery retail sector. In the first instance it was observed that although previous research had been conducted on the similarities between social and marketing relationships (Kanter, 1994, Frazier, 1983, and Guillet de Monthoux, 1975), little had been done to compare and contrast the antecedents of each relationship and drawing parallels between love and loyalty in general terms and specifically in a grocery retail context. Second, authors such as Cedrola and Memmo (2010), Ndubisi and Madu (2009), Yavas and Babakus (2009), Patterson (2007), Ndubisi (2006), Snipes, et al (2006), Bendall-Lyon and Powers (2002), Rusbult et al (1986) and Rempel et al (1985) had discussed the implications of gender and to a lesser degree age, on customer loyalty predominantly

in the service sectors. However, this research was far from exhaustive with little research in a grocery retail context and age receiving even less academic attention across all service sectors. Third, although there had been numerous studies conducted on loyalty programmes in terms of their use and relevance (Ergin et al, 2007, Wendlandt and Schrader, 2007, Banasiewicz, 2005, Rowley, 2005bc, Stauss et al, 2005, Uncles et al, 2003, Evans, 1999, Wright and Sparks, 1999, Duffy, 1998, O'Malley, 1998, Rafiq, 1997), the research into Tesco Clubcard was far from exhaustive. In fact, according to Meyer-Waarden (2007) and Lewis (2004) there was still a lack of empirical discussion of loyalty programs in general. The literature lacked an in-depth evaluation of Tesco Clubcard in terms of which customer segment were the most likely to be loyal to the scheme and the type of loyalty it was capable of engendering.

Addressing these gaps through the aims and hypotheses of this research the first conclusion to be made is that from the quantitative results, the majority of respondents agreed they were loyal, were satisfied, trusted and to a lesser extent were committed to both their preferred grocery retailer (which in the case of 566 of the 600 respondents was Tesco) and Tesco Clubcard (which was owned and used by 531 of the 600 respondents). Respondents had an implicit level of passion, agreeing that they would recommend Tesco and Tesco Clubcard but were not emotionally attached. There were significant positive relationships between all the antecedents (satisfaction, trust, commitment, passion, emotional attachment, recommendation) tested in this research and loyalty, with the strongest correlation in terms of preferred grocery retailer between loyalty and commitment, r=0.690, p=0.01 and the strongest correlation in terms of Tesco Clubcard also between loyalty and commitment,

r=0.532, p=0.01. The qualitative results support these conclusions with the majority of interviewee's loyal, happy/satisfied, trust and were committed to Tesco with no explicit passion or emotional attachment. There was however a degree of implicit passion and to a lesser degree emotional attachment with some interviewees indicating that they drove past other grocery retailers to patronise Tesco and would not switch their loyalty from Tesco with all interviewees willing to recommend Tesco. These results indicate that loyalty to Tesco and Tesco Clubcard has a 'social' dimension to it but that loyalty was not 'social' in nature which support H_1 satisfaction, trust, commitment, emotional attachment and passion are influential in a customer's loyalty towards Tesco and Tesco Clubcard. The reasons for such results were provided by the interviewees who argued that social and grocery relationships were not perceived in the same way, with shopping being seen as a practical activity, not something which engendered emotional attachment or passion. As summarised by interviewee S: "I don't think there is a relationship with a grocery retailer, even Tesco, you see the thing with a social relationship is special, I don't think you could ever feel as strong about a store as you could a person".

The second conclusion from this research was that Tesco customers were spuriously loyal to Tesco and Tesco Clubcard, exhibiting high repeat patronage yet low relative attitude (Dick and Basu, 1994). Respondents were loyal because of convenience and to a lesser extent incentives and considered 'choice', 'convenience' and 'price' as the most important factors to their patronage of their preferred grocery retailer with 'offers', 'habit' and 'reputation' the least important factors, results which are support by the literature (Mitchell and Kiral, 1998, Buttle, 1985). In contrast to previous research (Stauss et al, 2005, Divett et al, 2003, Rowley, 2003, Uncles et al, 2003,

Wright and Sparks, 1999, Duffy, 1998, O'Malley, 1998) the type of loyalty to Tesco Clubcard was found to be convenience with the highest level of agreement and the strongest significant positive correlation between loyalty and convenience, r=0.309, p=0.01. The qualitative results support the quantitative findings and provide an explanation as to why the majority of respondents were loyal to Tesco Clubcard and Tesco because of convenience. Interviewees explained convenience in terms of Tesco creating an environment which encouraged customers to rely on their convenient store location and accessible opening hours, operating a near monopoly with its 8 stores across all retail formats in convenient locations in Dundee and Broughty Ferry and the ease in which customers can use Tesco Clubcard and the lack of effort required to access offers. These results do not support H_3 Tesco customers exhibit 'incentivised' loyalty towards Tesco Clubcard but provide insight into how Tesco Clubcard is perceived by Tesco customers in the context of loyalty to Tesco and Tesco Clubcard, which is the third conclusion.

The research concluded that Tesco customers were more loyal to Tesco than Tesco Clubcard. Interviewees answered questions on loyalty in terms of Tesco rather than Tesco and Tesco Clubcard even when prompted to answer in terms of Tesco Clubcard. Those who did respond in the context of Tesco Clubcard did so referring to Tesco and Tesco Clubcard being 'one entity'. By 'one entity' interviewees referred to their perception that Tesco stores, Tesco Clubcard and/or Tesco.com were one thing. Interviewees also bundled together 'incentives' (Tesco Clubcard points, vouchers and in-store promotions), even when asked to distinguish between Tesco Clubcard points and other Tesco offers. These results led the research to conclude that the influence of Tesco Clubcard on customer loyalty was not particularly strong with the majority of

respondents observed in both the qualitative and quantitative results to be more loyal towards their preferred grocery retailer (which in the case of 566 of the 600 respondents and 20 of the 20 interviewees was Tesco) than Tesco Clubcard developed through repeated visits to easily accessible and conveniently located Tesco stores.

The majority of interviewees indicated they would still patronise Tesco even if Tesco Clubcard was removed from circulation, acknowledging however they would spend less on grocery and non-grocery products if Tesco Clubcard was withdrawn. This finding is supported by the quantitative results which demonstrated that although the majority of respondents always used their Tesco Clubcard and generally thought the returns were appropriate and timely, respondents did not agree that Tesco Clubcard increased their frequency to or spend in store. However, the low impact of Tesco Clubcard on the frequency of visit was perhaps more related to the already high frequency rate of shopping amongst Tesco customers with 499 of the 600 visiting Tesco 1-3 times a week. Regarding the influence of points, the research found that the majority of interviewees were not dependent upon the points, but they appreciated the rewards and the personalised approach, with the majority of respondents viewing Tesco Clubcard as a 'complete package' (Tesco Clubcard, the quarterly statement, the vouchers and the magazine) and not simply a 'piece of plastic'. When this is investigated in the context of Tesco financial product/services it was revealed from the quantitative results that the 226 respondents who owned a Tesco Clubcard and purchased Tesco financial products/services did not agree that they purchased Tesco financial products/services because of the implications of points. However respondents disagreed that they would still purchase Tesco financial products/services if there were no points associated which perhaps has more to do with the focus of the

question, namely financial products/services rather than the influence or lack of influence of points on purchasing Tesco financial products/services.

The results suggest that despite being the most popular loyalty programme in terms of ownership, Tesco Clubcard was not perceived as being recognisably different from other loyalty programmes in the grocery sector with the majority of respondents citing the same reasons for using Nectar card as Tesco Clubcard. Tesco Clubcard was perceived as no less susceptible to the limitations associated to other loyalty programmes and was not assisted by Tesco Clubs which had a very low rate of participation (148 members from a total of 531 Tesco Clubcard owners in the quantitative research and 1 member from a total of 20 Tesco Clubcard owners in the qualitative research). Rather the research revealed the importance of the peculiarities of Tesco as a grocery retailer in Dundee. By peculiarities this research referred to Tesco's retail dominance in Dundee not only in terms of market share but in the number (8 including Broughty Ferry) and location of stores, the staff employed, it's varied online and offline 'grocery package' and its use of the media to remind customers that they are attempting to build a relationship, almost social in nature with their customers, a fact acknowledged by a number of interviewees. However, rather than building a social like relationship Tesco appear to have created an environment where respondents have a low relative attitude, yet high repeated patronage, in other words spurious loyalty (Dick and Basu, 1994).

The penultimate conclusion was that females, particularly those aged 51 and over were the group most likely to agree and strongly agree with statements on loyalty to Tesco and Tesco Clubcard, with females, particularly older females proving a

significant variable. The qualitative research with those females aged 51 and over support the quantitative results and provide an explanation as to why this demographic group were the most likely to be loyal to Tesco and Tesco Clubcard. The majority of interviewees explained that it was in their nature and the nature of women in general to invest time and effort into maintaining relationships and friendships which translated into their shopping behaviour. These results support H_2 older females are the demographic group most likely to be loyal to Tesco and Tesco Clubcard.

The final conclusion was in terms of the characteristics of those Tesco customers most likely to be loyal to Tesco and Tesco Clubcard. The qualitative research revealed interviewees G and L always used Tesco and Tesco Clubcard, driving past other grocery retailers to patronise a Tesco store, would recommend Tesco and Tesco Clubcard to others, had a family member employed or previously employed by Tesco, preferred Tesco as a grocery retailer and would not switch their current loyalty from Tesco, frequented the store 1-3 times a week and were aged between 58 and 63.

8.2 Contribution of the research

This thesis made a number of contributions to existing research on customer loyalty theory and practice. As one of only a handful of empirical studies on Tesco and Tesco Clubcard its principal contribution is in terms of the qualitative data and explaining why Tesco customers were loyal to Tesco and Tesco Clubcard. From the interviews with female customers of Tesco aged 51 and over the characteristics of the most and least loyal customers were identified as was the importance of the peculiarities of Tesco in Dundee in influencing loyalty towards Tesco and Tesco Clubcard.

The characteristics of those respondents identified as most loyal to Tesco and Tesco Clubcard, were those who always used Tesco, driving past other grocery retailers to patronise a Tesco store, would recommend Tesco to others, had a family member employed or previously employed by Tesco, owned and always used their Tesco Clubcard, preferred Tesco as a grocery retailer and would not switch their current loyalty from Tesco, frequented the store 1-3 times a week and were aged between 58 and 63. The research also revealed that levels of loyalty were reduced when family members left the employ of Tesco. In contrast those respondents identified as the least loyal felt that they did not have a relationship with either Tesco or Tesco Clubcard, did not relate social relationships to the grocery shopping environment and were neither emotionally attached nor passionate. However they were not devoid of loyalty, they all preferred Tesco as a grocery retailer, would recommend Tesco to others, always used their Tesco Clubcard, frequented the organisation 1-3 times a week and were aged between 52 and 62.

According to Arnold et al (1998) Wal-Mart did not achieve its dominant position in the US through simply being better than the competition; rather their position was achieved using a marketing strategy of dominance which influenced customer preferences. Similarly, Tesco's dominant position in terms of market share in the UK (Lyons, 2007, Davey, 2006, Anon, 2005bc, Palmer, 2005) and holding consumer and market information allows them to create ambiguity and customer uncertainty with the competition and thus shifting customer's preferences towards them (Arnold et al, 1998, Hoch and Wa, 1986) reducing the switching behaviour of their customers (Finlay and Sparks, 2008) and tapping into customers need for convenience. According to the interviewees from this research Tesco has done just that with the

majority of respondents and interviewees loyal and willing to recommend Tesco despite the fact that some preferred a competitor.

The research has identified that the peculiarities of Tesco in Dundee has engendered convenient loyalty among Tesco customers. By peculiarities the research means the package (utilising the four loyalty tactics defined by KPMG in **Chapter Three**, 'purge', 'push', 'pull' and 'pure', Humby et al, 2003)) offered by Tesco to customers and the 8 Tesco stores as well as a call centre and until 2007 a distribution centre which allow them to dominate the grocery landscape in Dundee and operate a near monopoly (Smith and Wood, 2008, Simms, 2007ab) in comparison to other UK towns and cities where Tesco's presence is less pronounced. According to Interviewee M "…they're everywhere in Dundee so use them pretty much everyday" and Interviewee A, who said "…they are the same as Tesco are everywhere". In other words the research has found that Tesco's dominant market position in Dundee combined with convenient store locations and formats, the provision of off-line and online purchasing, assortment and Tesco Clubcard rewards and other Tesco promotions appear to have influenced customer loyalty and encouraged them to seek convenience. Some interviewees acknowledged that they thought Tesco reinforced this convenience mentality through the media by constantly reminded customers that they were there, giving the customers what they wanted. An observation supported by the literature (Rafiq and Fulford, 2005 and Uusitalo, 2001).

From a research perspective, the findings confirm and extend the importance of the variables age and gender in customer loyalty. The literature revealed that, with the exception of Cedrola and Memmo (2010), previous research found gender impacted

levels of customer loyalty with females argued to exhibit higher degrees of loyalty than males (Ndubisi and Madu, 2009, Yavas and Babakus, 2009, Ndubisi, 2006 Snipes, et al, 2006, Bendall-Lyon and Powers, 2002, Rusbult et al, 1986 and Rempel et al, 1985) with Patterson (2007) revealing that this was especially true among older, more mature females aged 38 and over. Given that little research has been done on age and gender in the grocery retail sector let alone Tesco this research contributes to existing research by confirming, through quantitative and qualitative results, that older female respondents were the demographic group most likely to be loyal to Tesco and Tesco Clubcard because it was argued to be in their nature to do so.

From a research perspective this thesis consolidates existing literature on the capabilities of loyalty programmes to create behavioural loyalty (Stauss et al, 2005, Divett et al, 2003, Rowley, 2003, Uncles et al, 2003, Wright and Sparks, 1999, Duffy, 1998, O'Malley, 1998), Evans et al, 1997, Jones and Sasser, 1995) and takes research forward by empirically testing the type of loyalty respondents had in the context of Tesco Clubcard, revealing convenience and not incentives were the reason for their loyalty. This result conflicts with existing research (Stauss et al, 2005, Divett et al, 2003, Rowley, 2003, Uncles et al, 2003, Wright and Sparks, 1999, Duffy, 1998, O'Malley, 1998) and represents an area for future research to ascertain if the results are because of the peculiarities of Tesco in Dundee or a general trend across the UK.

The thesis confirms existing studies on which antecedents were necessary for customer loyalty to exist (Hogarth et al, 2004, Adamson et al, 2003, Bloemer and De Ruyter, 1998, Mittal and Lassar, 1998) although this research revealed that the role of commitment was not as pivotal as previous research argued (Divett et al, 2003, Egan,

2000, Morgan and Hunt, 1994). Despite this research producing a negative result in terms of finding a strong 'social' relationship between customers and Tesco and Tesco Clubcard the findings assist future research in indicating the variables to focus and not focus on. It was revealed that emotional attachment is probably an area which does not require future examination in the context of customer loyalty to grocery retailers and loyalty programmes. However this research revealed that customers had an implicit degree of passion and is perhaps an antecedent of loyalty which could be explored in more depth to explain the nature of customer loyalty not only towards Tesco and Tesco Clubcard but in more general retailing terms.

The results from this research apply to the grocery retail sector and Tesco specifically. As one of only a handful of studies conducted on Tesco and Tesco Clubcard, further research is required on different organisations in the grocery retail sector and across other retail sectors in the UK before firm conclusions can be established and to ascertain whether the findings from this research are generalisable. If the results emerging from this research are applicable to other retail sectors then they have important research implications for customer loyalty.

8.3 Thesis limitations and suggestions for future research

The study is limited with respect to three areas, which will be addressed in this section. The first limitation is that the research is not a longitudinal study. To provide a comprehensive analysis of this subject would require a more in-depth study, using longitudinal research such as by Bendall-Lyon and Powers (2002). However, due to the unwillingness of Tesco stores to participate with this research on a long-term basis, a longitudinal study would have been impractical. The second limitation of this

study is that of generalisability. The study was conducted exclusively in Dundee. For this reason it is a weakness of the study to make general statements on Tesco customer loyalty, as the perspectives used are from one area. Although Dundee has a high number of Tesco stores (currently 8 across all 4 store formats), it would be fair to conclude that areas of lower Tesco store density may create different results in terms of the nature and type of customer loyalty towards Tesco and Tesco Clubcard. Third, the research design could have been enhanced by examining the aspects of the store in more depth to investigate its relationship with customer loyalty. These limitations do not detract from the thesis and its contribution, they should however be considered for future studies and research in the area.

As a result of this study, there are future areas for research conceptually and theoretically. An interesting finding from this research was the possible relationship between family employment and loyalty to Tesco. This area presents a number of interesting arguments such as whether having a family member employed by Tesco makes the individual family members more loyal, and the consequences for loyalty towards Tesco and Tesco Clubcard in the UK if Tesco continue its store expansion.

Based on the findings from this research, female respondents, particularly females aged 51 and over, indicated a level of behavioural loyalty which suggests given a more favourable retail sector in terms of possible attachment, namely health and beauty, that research could reveal a level of loyalty which is potentially attitudinal. As the literature review observed there is a gap in current research which examines the relationship between females regardless of age and customer loyalty, therefore this could be an interesting area for future research.

A further area for research is with regards to conducting a similar type of study on another of the UK's popular loyalty programmes, Boot Advantage Card. With little previous research on this loyalty programme in general and its role in customer loyalty specifically this author recently conducted exploratory research into customer loyalty to Boots and the role of Boots Advantage Card. The research found that Boots Advantage Card played a contributory role with rewards not having a particularly strong influence on the shopping behaviour and loyalty of Boots customers. Similarly to this research, the variables age and gender proved significant with respondents loyal to Boots and Boots Advantage Card because of convenience.

A further obvious area for future research is with regard to a comparative analysis both nationally in the UK and Internationally in countries Tesco has expanded to recently. This author has recently conducted research in Malaysia to assess the impact of Tesco and Tesco Clubcard on customer loyalty to be able to provide a more comprehensive analysis of customers' loyalty taking into account geographical location and across cultural, class and economic boundaries. Initial findings support the conclusions from this research that respondents were more loyal to Tesco than to Tesco Clubcard, with use and patronage of Tesco and Tesco Clubcard based on convenience.

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Appendix

University of Edinburgh

PhD research into customer loyalty and Tesco Tesco Clubcard

Good morning/afternoon. I am carrying out research into loyalty towards Tesco Clubcard among Tesco customers and am interested in your views on the subject. I would be grateful if you could spend five minutes answering the following questions on customer loyalty and Tesco Clubcard.

Supermarket: Tesco Riverside ☐   Tesco Extra ☐

Date: _____

Respondents
Postcode: _____

Section A: Customer information

A1   Male ☐   Female ☐

A2   Your age group is   16-30 ☐   31-50 ☐   over 51 ☐

Section B: Shopping profile

B1   How often do you shop for groceries?   1-3 times a week ☐   4—7 times a week ☐

                                                  Once a fortnight ☐   Once a month   ☐

B2   Who is your preferred grocery retailer?   Tesco ☐ ASDA ☐   Sainsburys ☐

                                                  Other (please specify) ....

B3   Which of the following factors is the most important in your choice of this store?

        Reputation ☐   Choice ☐ Price ☐ Convenience ☐   Habit ☐ Offers   ☐

B4   Which of the following factors is the least important in your choice of this store?

        Reputation   ☐ Choice ☐ Price ☐ Convenience ☐   Habit ☐ Offers   ☐

Section C: Consumer Loyalty

C1   In your own words, what does loyalty mean to you in your life?

....

....

C2   Please indicate your level of agreement with the following statements by ticking one of the following:
Strongly Agree (**SA**) Agree (**A**) Neutral (**N**) Disagree (**D**) Strongly Disagree (**SD**)

		SA	A	N	D	SD
(a)	I consider myself loyal to my preferred grocery retailer	☐	☐	☐	☐	☐
(b)	I am satisfied with my preferred grocery retailer	☐	☐	☐	☐	☐
(c)	I trust my preferred grocery retailer	☐	☐	☐	☐	☐
(d)	I am committed to my preferred grocery retailer	☐	☐	☐	☐	☐
(e)	I would recommend my preferred grocery retailer	☐	☐	☐	☐	☐
(f)	I am passionate about my preferred grocery retailer	☐	☐	☐	☐	☐
(g)	I am emotionally attached with my preferred grocery retailer	☐	☐	☐	☐	☐
(h)	I shop at my preferred grocery retailer as I have no choice	☐	☐	☐	☐	☐
(i)	I shop at my preferred grocery retailer out of habit	☐	☐	☐	☐	☐
(j)	I shop at my preferred grocery retailer because of convenience	☐	☐	☐	☐	☐
(k)	I shop at my preferred grocery retailer because of price	☐	☐	☐	☐	☐
(l)	I shop at my preferred grocery retailer because of incentives	☐	☐	☐	☐	☐
(m)	If I could go back in time, I would still choose my preferred grocery retailer	☐	☐	☐	☐	☐
(n)	In the future I would still choose my preferred grocery retailer	☐	☐	☐	☐	☐

Section D: Loyalty Programmes

D1   I own the following grocery retail loyalty cards   Nectar card ☐ Tesco Clubcard ☐

                                                  Somerfield Saver card ☐

Thank you for your time.   2

D2   What are your reasons for using the Nectar card?
....
....

D3   Are there any other reasons for your use of the Nectar card?
....
....

D4   What are your reasons for using Somerfield Saver card?
....
....

D5   Are there any other reasons for your use of the Somerfield Saver card?
....
....

Section E: Tesco Clubcard

E1   What do you think Tesco gain from Tesco Clubcard?
....
....

E2   What is the main reason for using the Tesco Clubcard?
....
....

E3   Please indicate your level of agreement with the following statements by ticking one of the following:
Strongly Agree (**SA**) Agree (**A**) Neutral (**N**) Disagree (**D**) Strongly Disagree (**SD**)

	SA	A	N	D	SD
(a) I am satisfied with Tesco Clubcard	☐	☐	☐	☐	☐
(b) I trust Tesco Clubcard	☐	☐	☐	☐	☐
(c) I am committed to Tesco Clubcard	☐	☐	☐	☐	☐
(d) I would recommend Tesco Clubcard to others	☐	☐	☐	☐	☐
(e) I am passionate about Tesco Clubcard	☐	☐	☐	☐	☐
(f) I am emotionally attached to my Tesco Clubcard	☐	☐	☐	☐	☐
(g) I use Tesco Clubcard because I feel I have no choice	☐	☐	☐	☐	☐
(h) I use my Tesco Clubcard out of habit	☐	☐	☐	☐	☐
(i) I always use my Tesco Clubcard when making purchases	☐	☐	☐	☐	☐
(j) I use Tesco Clubcard because it is convenient to do so	☐	☐	☐	☐	☐
(k) I use Tesco Clubcard because of its implications on the price of products	☐	☐	☐	☐	☐
(l) Owning a Tesco Clubcard makes me use the store more often	☐	☐	☐	☐	☐
(m) Owning a Tesco Clubcard makes me spend more	☐	☐	☐	☐	☐
(n) I use Tesco Clubcard because of the incentives	☐	☐	☐	☐	☐
(o) The offers I receive are appropriate and timely	☐	☐	☐	☐	☐
(p) I buy Tesco financial services because of the points I receive	☐	☐	☐	☐	☐
(q) I would buy Tesco financial services even if there were no points	☐	☐	☐	☐	☐
(r) I would still use Tesco Clubcard even if the incentives were less	☐	☐	☐	☐	☐

(s) I am a member of Tesco Food Club ☐   Tesco Baby and Toddler Club ☐

Tesco Wine Club ☐   Tesco Healthy Living Club ☐

Thank you for your time.   3

Kara Mathieson
Personnel Manager
Dundee Tesco Extra
Kingsway
Dundee DD3 8QB

1st August 2006

Dear Ms Mathieson

I have written to you in the past with reference to using your store as a research site to investigate loyalty among Tesco customers towards Clubcard, I thank you for your prompt reply and offer of assistance. The PhD research at the University of Edinburgh has been delayed for issues concerning the sampling process and sample size; however, it is now in a position where it can be conducted at the beginning of September 2006. The research intends to question 300 respondents in order to take into account the gender and age differences of Tesco customers. Given the number of respondents involved and the consideration of time I would be obliged if we could perhaps arrange a meeting (either in person or through another medium favourable to yourself) where we could 'draw up' a schedule where the study's research team could conduct the study at your store in a manner which causes a minimum of disruption to yourselves at Tesco Extra.

I attach a copy of the questionnaire for your perusal.

I look forward to your reply.

Yours sincerely

Jason Turner
University of Abertay Dundee
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Bell Street
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E-mail: j.turner@tay.ac.uk

Lorraine McNicoll
Manager
Dundee Tesco Metro
60 Murraygate
Dundee DD1 2BB

1st August 2006

Dear Ms McNicoll

I have written to you in the past with reference to using your store as a research site to investigate loyalty among Tesco customers towards Clubcard, I thank you for your prompt reply and offer of assistance. The PhD research at the University of Edinburgh has been delayed for issues concerning the sampling process and sample size; however, it is now in a position where it can be conducted at the beginning of September 2006. The research intends to question 300 respondents in order to take into account the gender and age differences of Tesco customers. Given the number of respondents involved and the consideration of time I would be obliged if we could perhaps arrange a meeting (either in person or through another medium favourable to yourself) where we could 'draw up' a schedule where the study's research team could conduct the study at your store in a manner which causes a minimum of disruption to yourselves at Tesco Metro.

I attach a copy of the questionnaire for your perusal.

I look forward to your reply.

Yours sincerely

Jason Turner
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Julie Wanless
Personnel Manager
Dundee Tesco Riverside
Riverside Drive
Dundee DD2 1UG

1st August 2006

Dear Ms Wanless

I have written to you in the past with reference to using your store as a research site to investigate loyalty among Tesco customers towards Clubcard, I thank you for your prompt reply and offer of assistance. The PhD research at the University of Edinburgh has been delayed for issues concerning the sampling process and sample size; however, it is now in a position where it can be conducted at the beginning of September 2006. The research intends to question 300 respondents in order to take into account the gender and age differences of Tesco customers. Given the number of respondents involved and the consideration of time I would be obliged if we could perhaps arrange a meeting (either in person or through another medium favourable to yourself) where we could 'draw up' a schedule where the study's research team could conduct the study at your store in a manner which causes a minimum of disruption to yourselves at Tesco Riverside.

I attach a copy of the questionnaire for your perusal.

I look forward to your reply.

Yours sincerely

Jason Turner
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