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LOYALTY PROGRAM DROP OUT

– *IS THE PROGRAM OR THE PRODUCT TO BLAME?*

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Abstract

Despite the fact that many consumers appreciate loyalty programs, recent evidence indicates that drop out from these programs presents a serious problem to firms. Therefore, the purpose of this study was to investigate the most important reasons for loyalty program drop out. A review of existing literature allowed for the development of two main categories for the study: program and product drop out causes. Both qualitative and quantitative research methodologies were utilized to examine the main frustrations that customers felt within Food and Beverage (F&B)-related loyalty programs. First of all, focus group discussions were carried out, which identified that program drop out causes mainly included frustrations related to program procedures and the quality of reward, whereas product drop out causes generally consisted of frustrations related to a decrease in quality and a price increase. Alongside the qualitative research, a scenario-based questionnaire was administered, which resulted in 333 individual responses.

The results of the questionnaires revealed that the most important situation which resulted in drop out arose when customers experienced a decrease in quality or procedural frustrations. For this reason, firms have to develop realistic requirements for obtaining the rewards and have to deliver a consistent product quality before implementing their loyalty program. In addition, it became apparent that respondents who experienced both program- and product-related frustrations were more inclined to drop out compared to customers who only faced one drop out cause. More specifically, if program drop out causes and a decrease in product quality interacted, customers' likelihood to drop out increased. Finally, the principal conclusion of this study is that issues relating to both the program and the product can be seen to cause loyalty program drop out. By avoiding these reasons for drop out, firms can improve their loyalty programs, and, most importantly, reduce the number of drop outs.

Keywords: loyalty program, drop out, customer frustrations, hindrances, rewards, procedures

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1. Introduction

1.1 Practical Phenomenon

At a general level, loyalty is something that consumers might show to brands, services, stores, product categories and activities and is defined by Oliver (1999, p. 34) as 'a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior.' Although, consumer loyalty is very important within relationship marketing, this study is especially concerned with a strategy to create and improve such a relationship, namely; the strategy of loyalty programs. In line with previous research, loyalty programs can be described as benefits offered to customers which reward repeated purchases (Palmer, McMahon-Beattie *et al.* 2000) and aim to increase brand loyalty, decrease price sensitivity, deduce the desire to consider competitive brands, drive word-of-mouth support and/or increase the purchase behavior (Uncles, Dowling *et al.* 2003). Moreover, research done by Colloguy (2009) showed that loyalty programs still increase in popularity. Additionally, this research examined that the U.S. loyalty program memberships increased from 1.341 billion to 1.807 billion with 14.1 loyalty program memberships per U.S. household from 2006 to 2008. Above all, with the help of effective loyalty programs, firms can gain more repeat business and obtain more relevant consumer data (Liu 2007). However, besides the large number of loyalty memberships, Bolton, Kannan and Bramlett (2000) examined that forty-three percent of loyalty members did not use their loyalty-building credit card during the one-year study period.

1.2 Literature Gap

There has been extensive research on loyalty programs in general. Nevertheless, the existing literature does not emphasize the reasons for loyalty program drop out.

For instance, Stauss, Schmidt, and Schoeler (2005) provided new insights into the negative effects of loyalty programs and stated that the drop out is especially negative for the firm if the drop out occurs without providing any feedback and when it affects the use of the product or the overall relationship with the firm as well. Moreover, Liu (2007) examined the long-term impact of a loyalty program on consumer's usage levels and highlighted that consumers' drop out is natural. Likewise, the study of Noble and Phillips (2004) determined why satisfied customers do not want to engage in loyalty programs. Even so, it remains unclear whether similar reasons or frustrations result in loyalty program drop out. Since the cost of loyalty programs normally represent between 5% and 10% of incremental spending (Paytronix 2010), it is important for firms to reduce the number of loyalty program drop outs to a minimum.

1.3 Problem Statement and Sub-questions

As a response to the literature gap, the problem statement of this thesis is:

What are the main reasons for loyalty program drop out?

A series of sub-questions are formulated to answer the problem statement more specifically:

• Can the main reasons for loyalty program drop out be classified as program drop out causes and product drop out causes? *Do both drop out causes reinforce each other?*

• What are the most important frustrations in relation to program and product drop out causes? *Which of these frustrations are most prevalent in loyalty program drop out?*

• Do program drop out causes or product drop out causes have a stronger effect on loyalty program drop out? *Is the program or the product to blame?*

1.4 Theoretical contributions

Previous research has already demonstrated that most of the loyalty programs fail to achieve their goals (Dowling and Uncles 1997; Leenheer, Bijmolt *et al.* 2007). For instance, consumers do in fact experience a number of different incidents that greatly frustrate them (Stauss, Schmidt *et al.* 2005). Although, considerable research has been devoted to the

negative effects of loyalty programs, rather less attention has been paid to the reasons for loyalty program drop out. Therefore, this study will contribute to theory in the sense that it would provide useful insights in the most important reasons for drop out. Additionally, within this study, these reasons will be examined for Food and Beverage (F&B) - related loyalty programs.

1.5 Managerial contributions

The ability to measure the reasons for loyalty programs will not only help to close the gap in the academic literature but will also assist companies in choosing the right loyalty programs. Despite the fact that many consumers appreciate loyalty programs, recent evidence shows that customers experience many frustrations regarding these programs. This research also helps managers to understand the underlying reasons for drop out by classifying these reasons in program and product causes. All in all, if firms know the reasons for drop out, they can improve their loyalty programs, increase the profitability of stable customer relationships and optimize their customer segmentation.

1.6 Outline

In order to identify the scope of this research and to build a theoretical basis, a literature review is provided in the following section of this paper. Subsequently, a research design related to the conducted focus group discussions is presented. Based on this research design a conceptual framework and hypotheses are developed which will be discussed in Chapter 4. Furthermore, Chapter 5 describes the quantitative research design followed by an analysis of the gathered data in Chapter 6. A further interpretation of the findings will be discussed in Chapter 7. Moreover, the final chapter of this paper will provide a general conclusion and gives theoretical and managerial implications. Additionally, several limitations and suggestions for further research are proposed.

2. Literature Review

2.1 The rise of loyalty programs

The popularity of loyalty programs has perceived widespread attention in recent years. In the early 1930s, Raleigh cigarette coupons and stamp-based programs such as S&H Green Stamps were one of the first loyalty programs worldwide (Berman 2006). Nowadays, well-known examples of loyalty programs are the frequent-flier programs of airline companies and frequent-shopper programs offered by supermarkets (Kim, Shi *et al.* 2001). Much of the current research has been directed towards the objectives of loyalty programs (Uncles, Dowling *et al.* 2003; e.g., Hallberg 2004; Reinartz 2006). For instance, Uncles, *et al.*, (2003) stated that loyalty programs aim to increase sales by raising the number of purchases and to build a closer relationship between the brand and their customers. Additionally, Reinartz (2006) introduced objectives of loyalty programs and classified them into building true loyalty, effectiveness profits, value alignment and competitive parity. However, the main objectives of these studies differ from the study of Hallberg (2004) who highlighted that the overall objective of loyalty programs is to develop emotional loyalty among members and not just repeat buying behavior. Alongside the objectives of loyalty programs, the effectiveness of loyalty programs has become a favorite topic of analysis as well. According to Palmer, *et al.*, (2000) loyalty programs are most likely to be effective when companies can gain customer information and when they operate in a market where segmentation is possible. Moreover, Liu (2007) stressed that low- and moderate buyers purchase more and become more loyal to the firm if they participate in a loyalty program. Finally, Yi and Jeon (2003) argued that customer involvement also has an important role in the effectiveness of loyalty programs.

2.2 Typologies of loyalty programs

To create a comprehensive picture of loyalty programs, different typologies of loyalty programs are discussed. Berman (2006) and Berry (1995) provided a valuable insight into

different levels of the relationship between firm and customer. According to the study of Berry (1995), relationship marketing can be broadly divided into three different levels based on the type of bond. First of all, Berry (1995) established financial bonds, where monetary incentives are given to customers to increase the use of firms' service and products. Secondly, personalization and customization try to contain interpersonal interactions and aim to create social bonds. In other words, firms gather customers' data through a loyalty card and address the customers with personalized offers. Lastly, structural bonds are designed to offer solutions for customer specific problems. On the other hand, Berman (2006) developed four types of loyalty programs on a more specific level. More precisely, Type 1 loyalty programs consist of a membership that is open to all customers and each member receive the same discount. In fact, Type 1 programs do not focus on loyalty behavior but only reward card ownership (Berman 2006). Furthermore, Type 2 programs offer one free item after purchasing a specific number of items at a regular price (Berman 2006). For Type 3 loyalty programs, the past purchase history plays an important role since the customers earn points based on their past purchase behavior (Berman 2006). In contrast to the first three types, Type 4 loyalty programs go beyond offering discounts based on past purchases and are also able to offer specialized communications, promotions and rewards (Berman 2006). Although, both studies propose different typologies, some similarities can be identified. Whereas, Type 1 through Type 3 loyalty programs proposed by Berman (2006) try to create financial bonds (Berry 1995), the Type 4 loyalty programs aim to achieve a more social bond. In conclusion, previous studies have identified different typologies of loyalty programs; however, these typologies are not specifically defined for F&B-related programs. Nevertheless, in order to create a comprehensive view of loyalty programs within this industry, the more specific typology of Berman (2006) seems to be more appropriate for further analysis in comparison to the typology proposed by Berry (1995).

2.3 Loyalty programs from a customer and firm perspective

2.3.1 Effectiveness of loyalty programs

Apart from the typologies of loyalty programs, it is important to consider these programs from a customer and from a firm perspective. In general, successful loyalty programs increase customer retention, lifetime duration and customer share of wallet (Dowling and Uncles 1997; Meyer-Waarden 2007). Moreover, O'Brien and Jones (1995) stressed that loyalty programs can make consumers more profitable and can accelerate consumers' loyalty life cycle. On the other hand, if these programs give too much value through promotion the program might become ineffective and might not even generate any profits (Leenheer, Bijmolt *et al.* 2007). Furthermore, the type of reward does also have an influence on the profitability of loyalty programs. Kim, *et al.*, (2001) stressed that monetary rewards are the most inefficient reward types within loyalty programs. As an illustration, attractive features, such as high reward rates, are unlikely to be profitable for a firm in the long run, in contrast to nonmonetary features such as firms' own products (Reinartz 2006). Because loyalty programs reward customers for their repeated patronage, consumers tend to focus their purchases in one program to maximize the perceived benefits (Sharp and Sharp 1997). Similarly, loyalty programs create consumers' switching cost, and therefore reduce future price competition and prevent loyalty members from changing their purchase behavior (Kim, Shi *et al.* 2001; Meyer-Waarden 2007). In addition, firms that have a loyalty program show commitment towards its customers and are willing to establish a long-term relationship (Liu 2007).

2.3.2 Pitfalls of loyalty programs

Despite the large number of loyalty programs across different industries and the high number of memberships (Colloguy 2009), many loyalty programs have not been successful for firms (Berman 2006). In contrast to studies of O'Brien and Jones (1995), Kim, Shi *et al.* (2001), Verhoef (2003), Lewis (2004) and Meyer-Waarden (2007), which proved the effectiveness of

loyalty programs through an increase in customer retention, lifetime duration, share of wallet and switching cost, Bolton, Kannan *et al*, (2000), Dowling (2002), Leenheer, Bijmolt *et al.* (2007) and Liu (2007) questioned the effectiveness of these programs. For instance, within the financial service industry Bolton *et al.* (2000) found that members of loyalty programs do not weigh repurchase intention more heavily compared to nonmembers in making repatronage decisions. Additionally, loyalty programs can be more perceived as a hype, do not foster customer retention and are not cost effective (Dowling 2002). This is in keeping with the ideas expressed by Dowling and Uncles (1997) and Liu (2007) who argued that most of the loyalty programs are costly investments and require complex processes. Furthermore, firms need to bear in mind that most heavy users are multi-brand loyal and are profitable customers for competitors as well (Dowling and Uncles 1997). Although, loyalty programs are an effective way to obtain and enrich customer data, it must be kept in mind that participants of loyalty programs are often a self-selected group which are probably not representative for all customers (Dowling and Uncles 1997).

In sum, the effectiveness of loyalty programs does not only depend on creating a behavioral change and an increase in share of wallet but also depends on the type of rewards which must be profitable to the firm in the long run. For instance, firms might give more rewards away to their members than firms actually earn back through customer retention and additional revenues (Leenheer, Bijmolt *et al.* 2007). Moreover, from a customer perspective, an ineffective loyalty program might result in loyalty program drop out.

2.4 Drop out in loyalty programs

2.4.1 Identifying inactive customers

Although, determining inactive customers seems to be a simple process, distinguishing inactive customers from active customers is rather difficult since inactive customers might become active customers in the future (Reinartz and Kumar 2000). In an attempt to solve this

problem, several studies introduce a holdout period for the purchase behavior of customers. If customers show any purchase activity in this holdout period, they are defined as active; if not, they are defined as inactive (Reinartz and Kumar 2000; Wübben and Wangenheim 2008). For example, in a research of Colloquy (2009) concerning loyalty for retailers, active membership is defined as a membership that demonstrates at least one activity within a 12-month period (Colloquy 2009). However, the definition of an active member varies by industry. Wübben and Wangenheim (2008) examined that a customer remains active for 7.83 quarters for a specific airline company in contrast to an online CD retailer where customers participate on average 19.26 weeks. In addition, program activity is also related to the normal frequency of customer visits to restaurants and retailers. As an illustration, supermarkets prefer to see loyalty members multiple times per month (Colloguy 2009), while restaurant owners might be satisfied with members who visit their restaurant six times a year. This is due to the fact that customers do normally not visit a restaurant on a weekly base, and are therefore less active in a loyalty program compared to loyalty programs offered by supermarkets where customers shop multiple times a week. All in all, the above presented examples support the fact that the definition of inactive customers strongly depends on the type of industry. Nevertheless, a general hold out period which is applicable for every industry does not exist, and it would seem therefore that further investigations are needed in order to determine a specific holdout period for the F&B industry.

2.4.2 Customer frustrations due to the program

After discussing the inactivity of customers within loyalty programs, the reasons for not being an active customer anymore need to be addressed. To get a better understanding of the reasons for drop out, the reasons in this paper will be categorized as program drop out causes and product drop out causes. Although, existing research did not scientifically examine the reasons for loyalty program drop out, many authors argued several customer frustrations and

hindrances regarding relationship programs. In the field of customer hindrances, Noble and Phillips (2004) examined why satisfied customers do not want to participate in loyalty programs. Most of all, unappealing benefits were stressed for not engaging in relational exchanges followed by the hassle of carrying the card, the hassle of having to remember to bring the card and the effort and time needed for updating information and maintaining the current account (Noble and Phillips 2004). On the other hand, Stauss, *et al.*, (2005) highlighted that customers might perceive rewards as 'worthlessness' because of the low additional value of the program benefit. Furthermore, customers often complain about the difficulty to accumulate the required amount of loyalty points and about the investment of additional material or mental costs to assess the reward (Noble and Phillips 2004; Stauss, Schmidt *et al.* 2005). Additionally, the type of reward will also have an influence on customer perceptions towards a loyalty program. Barlow (2000) categorized program rewards as hard and soft benefits, where hard benefits deliver tangible rewards such as discounts and free products after earning a certain amount of points. On the contrary, soft benefits offer intangible rewards and try to create a more emotional relationship with their customers by offering an unique status, customized communication and special access (Barlow 2000). Moreover, Hennig-Thurau, Gwinner *et al.* (2002) stressed that soft benefits create a true relationship between firm and customer, whereas hard benefits lead to a more temporary behavioral loyalty and are easy to adapt by competitors. Soft benefits, such as recognition, are typically used in tier structured loyalty programs since firms increasingly segregate customers based on their level of spending or commitment by the creation of tiers (Drèze and Nunes 2008). However, due to these tiers, customers might feel discriminated and firms have to aim for equitably administered and thoroughly communicated loyalty programs in order to reduce this feeling of discrimination (Lacey and Sneath 2006). Notwithstanding the effectiveness of soft benefits, many recent studies have focused on customer preferences towards hard

benefits. Berry (1995), O'Brien and Jones (1995), Dowling and Uncles (1997) and Jang and Mattila (2005) examined that customers prefer immediate, necessary and monetary rewards over points-system, luxury and non-monetary rewards. For instance, delayed rewards will be a less powerful motivation compared to immediate rewards (Dowling and Uncles 1997; Jang and Mattila 2005). Furthermore, customers prefer incentives that promise pleasure above utilitarian incentives (Noble and Phillips 2004; Nunes and Drèze 2006). Apart from the type of reward, personal reasons for not participating in a loyalty program were documented as well. More specifically, personal reasons are not directly related to program procedures or rewards but are based on frustrations regarding loyalty programs in general. Several authors (Noble and Phillips 2004; Leenheer, Bijmolt *et al.* 2007) claimed the lack of privacy and the constant barrage of solicitations as relationship hindrances. For instance, customers might fear that if they provide personal information to a company, the company could use this information in a fraudulent manner (Noble and Phillips 2004). In addition, the emotional relationship between firm and customer might also have an influence on the activity of customers in loyalty programs. Hallberg (2004) found that the greater the emotional loyalty towards a brand, the higher the amount of purchases by customers, an effect that can be reached through the offer of soft benefits (Barlow 2000). The author further argued that loyalty marketers have to re-examine their programs to ensure that, next to the financial criteria, the emotional loyalty objectives are also being met. In summary, the proposed customer frustrations can be categorized as program drop out causes and consist of frustrations related to procedures, type of rewards, quality of rewards and personal reasons (*Appendix A*).

2.4.3 Customer frustrations due to the product

Besides customer frustrations regarding the loyalty program, the product can also be the cause for customer frustrations and dissatisfaction. Firstly, a change in customer behavior and

changes in product performance are proposed as important frustrations. Oliver (1999) argued withdrawal from the product category and changes in consumers' needs as reasons for apparent consumer disloyalty. Nevertheless, as highlighted earlier, it remains difficult to identify consumer disloyalty within loyalty programs (Wansink 2003). On the other hand, if firms can identify these non-active members, firms can examine if the drop out resulted from a change in lifestyle or from past product dissatisfaction. In case the drop out is due to product dissatisfaction, such as a decrease in quality, firms still have the opportunity to resolve the problem and to retrieve the customer, this, in contrast to a drop out which resulted from a change in lifestyle (Wansink 2003). Moreover, Rowley and Dawes (2000) stressed that non-loyal customers can be identified as customers who make infrequent purchases, defected customers and potential customers. The authors further argued three reasons for being non-loyal namely: having no interest in the product or brand; having a negative orientation towards a brand or; on the other hand, having a positive orientation towards a competitive brand (Rowley and Dawes 2000). In addition to the product performance and customer behavior, the travel time that is needed to reach a retailer and the retailers' offerings (e.g. assortment, size of store and variety of products) is important for customers in considering a loyalty membership (Noble and Phillips 2004). Whereas Noble and Phillips (2004) mainly focus on retailer performance, Stauss, *et al.*, (2005) highlighted the frustration of defocusing that occurs if firms focus too much on their loyalty program instead of on their own core service or product. Furthermore, the movement of loyalty programs from an emotional tie towards a more economic character of the relationship can result in a re-evaluation of the relationship between customer and firm. For instance, as a result of the economic character, customers now realize how much they actually spend on the products (Stauss, Schmidt *et al.* 2005). In conclusion, an overview of all product-related frustrations categorized in customer behavior, product-, retailer- and firm- performance can be found in *Appendix B*.

2.5 Loyalty programs within the foodservice industry

A large variety of firms such as airlines, hotels, and retailers increasingly use loyalty programs to administer their customers (Mimouni-Chaabane and Volle 2010). Nevertheless, to the best knowledge of the author of this research, only Jang and Mattila (2005) directly examined the effects of F&B-related loyalty programs. More precisely, this study addressed customer preferences regarding loyalty programs for fast food restaurants (e.g. McDonald's and Wendy's) and dining restaurants (e.g. Outback steak house and Red Lobster). Alongside this research, several authors refer in their study to F&B-related loyalty programs. For instance, Reinartz (2006) and Duffy (2005) referred to the loyalty program of Starbucks, who aim to increase customer loyalty for the coffee brand by offering prepaid cards and bonus points. Moreover, the reward system used by Subway; the Sub club card, is highlighted in several studies as an effective loyalty program within the F&B industry (Capizzi and Ferguson 2005; Jang and Mattila 2005; Nunes and Drèze 2006).

In summary, this literature review emphasized the effectiveness of loyalty programs from a customer and firm perspective. Furthermore, different types of loyalty programs as well as the inactivity of customers are discussed. Although several program- and product-related drop out causes are proposed, further research is needed in order to investigate the most important frustrations in relation to loyalty program drop out.

3. Research Design- Focus groups

3.1 Methodological approach

Since up to this point no research is done within loyalty program drop out, this part of the study has a mostly explorative character. In order to obtain a more specific insight into important reasons for drop out, a focus group research was adopted. 'Focus group research involves a formalized process of bringing a small group of people together for an interactive and spontaneous discussion of one popular topic of interest (Hair, Bush et al. 2000 , p.222)'. This qualitative technique is an appropriate method to collect in-depth data and to identify new ideas, thoughts, feelings and preliminary insights (Hair, Bush *et al.* 2003). For this research, three focus groups were composed and varied from six till eight individuals per group. The focus group discussions took on average one hour and were conducted at the home of the researcher. Individuals ranged in age from 22 till 79 years old with a mean of 34.48 years and approximately 71% of the focus group participants were females. Furthermore, a moderator guide was developed to provide an interviewing outline with topics, questions and sub-questions for the moderator. Additionally, the moderator guide contained introduction-, transition-, critical-, and specific questions which were mainly used to discover the familiarity of participants with F&B-related loyalty programs and the different program typologies. Moreover, the main frustrations regarding the program and product were identified and participants aimed to determine a specific hold out period for F&B-related loyalty programs. During the discussions probing questions were necessary to obtain all required information. Furthermore, based on participants' comments, the characteristics of an 'ideal' loyalty program could be defined. Finally, all discussions were recorded on video and subsequently summarized as a necessary base for a thorough focus group analysis (King 1995). Thereafter, content analysis was conducted (Krueger 1994) to discover and classify the most important loyalty program frustrations.

3.2 Focus group results

Overall, most participants took part in F&B-related loyalty programs or were at least familiar with these programs. With regard to different program typologies, 30 out of the 33 mentioned F&B-related loyalty programs showed characteristics of Type 2 programs (Berman 2006). In other words, participants often received one item for free after purchasing a certain number of products. Alongside the type of loyalty programs, participants were asked to define inactivity within these programs. As a result, participants proposed a variety of definitions such as being inactive by not using a loyalty card for a certain time period or by throwing away the card. Nevertheless, based on the current literature and focus group discussions, a definition of the inactivity of customers within F&B-related loyalty programs remains unclear. Furthermore, a fundamental part of the analysis was to verify if the participants' frustrations correspond to the categories which were derived from the literature (*Appendix A, B*). Concerning program drop out causes, participants generally experienced frustrations which were related to the procedures of loyalty programs. Of these, and corresponding with previous research, the difficulty of redeeming the benefit was mostly addressed (Dowling 2002; Noble and Phillips 2004; Stauss, Schmidt *et al.* 2005). Furthermore, comparable to the expectations of Noble and Phillips (2004) and Stauss, Schmidt *et al.* (2005), participants also stressed unappealing rewards and the worthlessness of benefits as important frustrations, which both relate to the quality of the reward. Although, focus group participants highlighted personal reasons such as irritation towards mailings and privacy concerns as a relevant cause for frustrations (Noble and Phillips 2004; Leenheer, Bijmolt *et al.* 2007), the analysis revealed that the intensity of this frustration strongly depends on the quality of the reward and the related procedures. For instance, participants became more willing to share private information in a loyalty program with accurate procedures and appealing rewards.

Apart from program-related frustrations, the results of the transcribed videos also indicated frustrations towards the product. Consistent with the research of Oliver (1999) and Wansink (2003) customer behavior (e.g. no need for the product anymore) and frustrations regarding the product quality became apparent as relevant reasons for drop out. Moreover, customers stressed that a price increase of products definitely raised their frustrations, a drop out cause which was not discussed in previous literature. Whereas participants' statements incidentally corresponded to retailer- or firm- related frustrations, Noble and Phillips (2004) and Stauss, Schmidt *et al.* (2005) highlighted customers' frustrations related to travel time and discrimination as important hindrances. Additionally, several meaningful suggestions concerning an interaction between both drop out causes emerged from the focus group discussions. For instance, participants stressed that procedural frustrations might be enhanced if they also experience a decrease in product quality.

In conclusion, the focus group analysis revealed that program-related frustrations were experienced more often compared to product-related frustrations. However, focus group participants stressed that product-related frustrations are expected to have a stronger effect on loyalty program drop out compared to frustrations which were solely related to the program. Overall, the frustrations proposed in previous literature (*Appendix A, B*) correspond to the frustrations stressed by the focus group participants (*Appendix C*), and it can be therefore concluded that customers' frustrations regarding loyalty programs can be classified as program and product drop out causes. Finally, an overview of participants' characteristics and a summary of the focus group discussions including all categorized frustrations can be found in *Appendix C*. In addition, the focus group discussions are recorded on the DVDs enclosed.

4. Conceptual framework and Hypotheses

4.1 Conceptual framework

Based on an extensive literature review and the focus group results, a conceptual framework and its underlying relationships has been developed (Figure 1).

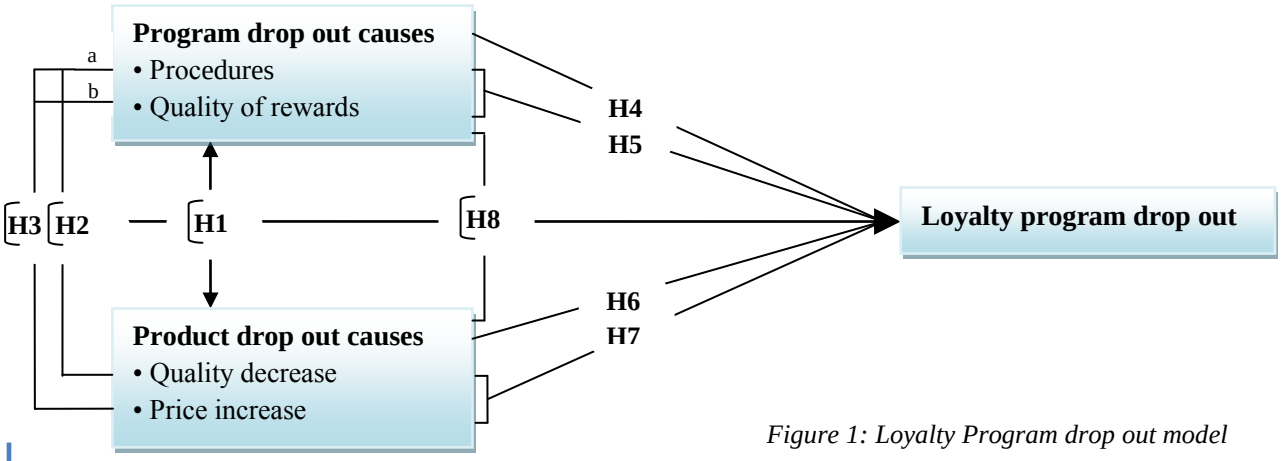


Figure 1: Loyalty Program drop out model

The proposed categorization of program and product drop out causes were proved to be appropriate during the focus group discussions and are therefore applied to this framework. During the focus group discussions, it became apparent that procedures and quality of rewards were considered as the factors which caused the most important frustration with regard to program drop out causes, and these are therefore included in the framework. Additionally, the framework shows a quality decrease and a price increase as product drop out causes. This contrasts with the focus group results, where customer behavior was discussed as the most important frustration in relation to product drop out causes. Customer behavior frustrations occur if customers do not use the product or do not visit the store anymore, which makes it a reasonable assumption that customers drop out of the program. Because this research presumes that customers use the product and that they still visit the store, customer behavior is not included in the model; instead frustrations related to a price increase are applied.

4.2 Hypotheses

Next to the relevant variables, the relationships and interactions within the framework will be further discussed through the development of hypotheses. Following the research of Noble

and Phillips (2004) and Stauss, Schmidt *et al.* (2005), customers experience more than one hindrance or concern simultaneously regarding loyalty programs. Moreover, focus group participants highlighted the fact that experiencing both product- and program-related frustrations strengthens the positive effect[1] on drop out in comparison to a frustration that occurs in only one of these areas. This leads to the following hypothesis:

H1: There is a positive interaction effect between program and product drop out causes on loyalty program drop out.

More specifically, focus group participants further indicated that product drop out causes are expected to have a stronger effect on loyalty program drop out compared to program drop out causes. Based on the proposed interaction effect it can be assumed therefore that product drop out causes reinforce program drop out causes. For this reason, it is expected that a decrease quality or a price increase, in combination with program-related drop out causes, strengthens the positive effect on loyalty program drop out. More formally:

H2: A decrease in product quality strengthens the positive effect of: (a) frustrations with procedures; and (b) frustrations with the quality of reward on loyalty program drop out.

H3: An increase in product price strengthens the positive effect of: (a) frustrations with procedures; and (b) frustrations with the quality of reward on loyalty program drop out.

In addition to the interaction effects, it is possible to uncover the main effects of loyalty program drop out as well. Although the reasons for drop out are not scientifically examined, suggestions have been made in the literature and in the focus group discussions about frustrations related to procedures and the quality of rewards (Dowling 2002; Noble and Phillips 2004; Stauss, Schmidt *et al.* 2005). The following hypothesis captures the main effect regarding program-related frustrations:

H4: Program drop out causes related to procedures and the quality of rewards will have a positive effect on loyalty program drop out.

Moreover, frustrations regarding program- and product-related drop out causes can be compared with each other. In accordance with the research of Noble and Phillips (2004) and

[1] A positive effect indicates an increase in the number of drop outs, which negatively affect firms.

the focus group results, procedural frustrations are supposed to have a stronger effect on loyalty program drop out compared to frustrations related to the type of reward. Therefore, the following hypothesis is proposed:

H5: Frustrations related to procedures of loyalty programs will have a stronger positive effect on loyalty program drop out compared to frustrations in relation to the quality of rewards.

Alongside the main effects of program drop out causes, the main effects of product drop out causes on drop out are captured as well. Frustrations related to a decrease in quality were stressed in existing literature and during focus group discussions (Oliver 1999; Wansink 2003), whereas the effect of a price increase was only highlighted by focus group participants. The following hypothesis takes this into account:

H6: Product drop out causes related to a decrease in quality and a price increase will have a positive effect on loyalty program drop out.

More specifically, a comparison between a decrease in quality and a price increase should also be considered. Since focus group participants described a decrease in quality as an important frustration, it can be assumed that this frustration has a stronger effect on loyalty program drop out compared to a price increase. This is in keeping with the ideas of Wansink (2003), who highlighted the relevance of product dissatisfaction. The following hypothesis summarizes these arguments:

H7: Frustrations related to a decrease in quality will have a stronger positive effect on loyalty program drop out compared to frustrations related to an increase in the product's price.

Whereas the focus group participants experienced program drop out causes most often, product drop out causes (e.g. a decrease in quality and a price increase) are expected to have a stronger effect on loyalty program drop out. Formally:

H8: Product drop out causes (quality decrease and price increase) have a stronger positive effect on loyalty program drop out compared to program drop out causes (procedures and quality of rewards).

All in all, the hypotheses describe the problem statement and sub-questions, and aim to discover the interaction and main effects of drop out causes on loyalty program drop out.

5. Research Design - Questionnaire

5.1 Case Scenario

In order to test the hypotheses, a qualitative research has been conducted. This has resulted in nine different scenarios being compiled and nine different questionnaires produced. In all scenarios, a description of a Type 2 loyalty program (Berman 2006) of a sandwich bar was given. More specifically, participants can redeem one free item after purchasing a certain number of sandwiches. This kind of scenario has been chosen as focus group participants indicated that this type of program is representative of most F&B-related loyalty programs. As focus group participants and previous researchers could not provide a specific holdout period, the questionnaires solely measured the intention to drop out based on the described scenario. Furthermore, the proposed scenario is in line with the effective reward system used by Subway within the F&B industry (Capizzi and Ferguson 2005; Jang and Mattila 2005; Nunes and Drèze 2006), and participants are therefore expected to easily be able to imagine the situation. Consequently, to assess the causal relationship between program- and product-related frustrations and loyalty program drop out, the independent variables have been manipulated. The variables that differ between the nine scenarios are: the type of reward; the number of purchases needed for redeeming the reward; the quality of the sandwiches; and the price of the sandwiches. Through a review of existing literature and the results of focus group interviews, the variables are composed as follows. Firstly, a free sandwich was identified as a preferable non-monetary reward as focus group participants stressed that a reward related to the firms' own products is most desirable, a viewpoint which is also supported by Reinartz (2006). In contrast, a colorful key cord was offered as a non-related reward, which has a lower value compared to the free sandwich and which is expected to be less preferable. Secondly, in the different scenarios, the variable of effort needed to redeem the reward was manipulated by varying the number of purchases between 5 and 20 sandwiches. Thirdly, price- and quality-related frustrations were tested by manipulating the price through an increase of 25% and by

decreasing the product quality. In addition, questionnaires are also covering scenarios that include the control variables of no program- and/or no product-related frustrations. These control variables are held constant in order to assess the relationship between program and product drop out causes and loyalty program drop out. More precisely, for these scenarios the condition of the loyalty program was not being changed. Furthermore, to allow for interactions and to include every treatment, the questionnaire was based on a 3 by 3 full factorial design. This design measures the effect of two independent variables at various levels to test all main effects and interactions (Malhotra and Birks 2007). Finally, *Appendix D* provides an overview of the full factorial design, the manipulated variables and an example of a questionnaire.

5.2 Questionnaire design

Each questionnaire consisted of fifteen questions, divided into three sections: scenario related questions; questions that measure external factors; and demographic questions. After the case description, respondents had to give an indication of the care they took in reading the scenario and their intention to continue with and quite with the loyalty program. Both types of questions were asked to avoid the risk of giving away the intention of the research. Furthermore, the attractiveness of the reward and the perceived effort to redeem the reward were tested to check if the manipulations of these independent variables were correctly understood by the respondents. Moreover, the attractiveness of the reward was measured to prove that the difference in perception was due to attractiveness and not to the nature of the reward. To account for the possible effects of extraneous variables, questions related to the likelihood of eating sandwiches, deal proneness, product involvement, product loyalty, willingness to seek information and loyalty program enjoyment were asked. These questions were based on scales which have been validated through use in previous studies (Raju 1980; Odekerken-Schroder, De Wulf *et al.* 2003; Hillebrand and Bloemer 2004; Leenheer, Bijmolt

et al. 2007; Danaher, Conroy *et al.* 2008). In addition, questions on age, gender, nationality and status of employment were asked using dichotomous questions and multiple choice questions in order to monitor different demographic groups. Except for the demographic questions, all questions are of the structured response type, measured on a 7-point Likert Scale which varied from 'strongly disagree' to 'strongly agree' (Blumberg, Cooper *et al.* 2005) (*Appendix D*).

5.3 Data collection

Before collecting all data, the questionnaire items were pre-tested for comprehension and ease of reading on a random sample of eighteen respondents (Malhotra and Birks 2007). Based on the pre-test results, the non-preferable reward of an American cookie, which was originally proposed, was changed to a colorful keycord since it became apparent that an American cookie as a reward registered preference rates among the respondents which were too high. After the modifications, the final questionnaires were distributed in English and Dutch through the use of an electronic survey. When following the link, participants were directed to one of the nine internet questionnaires (NetQ 2011). The advantages of using an electronic survey are the ease of conducting the survey, which can be done at a low cost and a fast speed and which guarantees the anonymity of the respondents. Moreover, due to randomization measures, all respondents had an equal chance to participate in all the possible settings. With regard to the sampling techniques, convenience sampling was employed, with the researcher sending the link to a selected group of family, friends and fellow students. Subsequently, participants were asked to forward the questionnaire link, indicating the use of the snowball sampling technique (Malhotra and Birks 2007). Finally, the link was posted on several social networking sites such as LinkedIn, Facebook and Hyves.

6. Data Analysis

In this chapter the analysis of the data and related results are presented. The first section discusses data collection, and thereafter the objective results of the statistical tests are presented. To analyze all data, PASW Statistics 18 (SPSS 18) was used.

6.1 Data

The questionnaires were online for five days at the beginning of June 2011. Filling in the questionnaire took the respondents 2-4 minutes on average (NetQ 2011). To achieve an equal number of questionnaires for each scenario, five English questionnaires and two Dutch questionnaires were distributed to students at Maastricht University. This meant that random sampling for each scenario for these seven questionnaires did not occur. Out of the 336 gathered questionnaires received, three respondents indicated that they had not read the scenario carefully and were therefore removed from the sample. In the end, a total of 333 fully-completed questionnaires with thirty-seven respondents for each scenario were present in the final sample and taken into account for the analysis. For every scenario, approximately thirty-two questionnaires were completed in Dutch, with the remaining questionnaires completed in English. Since data was collected using snowball sampling, the response rate could not easily be calculated as the number of contacted people was unknown. Nevertheless, a good indication of the response rate can be provided by dividing the number of times that the questionnaires' URL was opened (N= 533) by the number of completed questionnaires (N= 333). This calculation results in a response rate of approximately 62% (NetQ 2011). As described in Chapter 5, a manipulation check concerning the effort to obtain the reward and the attractiveness of the reward was used. The manipulation check was done by using a 7-point Likert scale in relation to the statement 'I like the reward that I will receive after collecting all stamps'. As a result, the mean scores of the questions in all nine scenarios corresponded to the intention and expectations of this manipulation. For instance, the results

of scenario D, which described the colorful key cord as an unappealing reward, show a low mean result for the attractiveness of the reward (M= 2.70), referring to the answer 'disagree' on the 7-point Likert scale used. Furthermore, the answers to the questions related to the 'intention to continue' and the 'intention to quit' the loyalty program are expected to correlate with each other. After analyzing the data, the Pearson Correlation of this bivariate correlation shows significant results of -0.818 (*Appendix E*), indicating a strong relationship between the two variables (Cohen 1988).

6.2 Descriptive analysis

In this section, respondents' characteristics are discussed using descriptive statistics and through the use of pie charts and chi-square tests. Analyzing demographic data does not help in answering the hypotheses; however it does provide a detailed overview of the sample. Of the 333 respondents, 58% of the sample consisted of females and 42% of males. Age was divided into four categories and most of the respondents (33%) were between forty and sixty years old. Furthermore, a large majority of respondents were Dutch nationals (86%) followed by the German nationals (8%). Concerning their job situation, a high number of respondents were employed (60%) while 22% of the respondents were students. The pie charts in *Appendix F* show the distributions of gender, age, nationality and job situation. In addition, chi-square tests for independence are used to cross tabulate scenario with the different demographic variables. The cross tabulation of Scenario*Age has a Pearson Chi Square below 0.05, meaning that responses according to age are significantly different across the nine scenarios (*Appendix G*). On the contrary, the cross tabulation of Scenario*Gender has a non-significant Pearson Chi Square value, showing that responses according to gender are not significantly different across the nine scenarios. Lastly, the remaining cross tabulations violated one of the assumptions of chi-square concerning the minimum expected cell frequency and therefore do not provide valid results.

6.3 Hypotheses testing

In this section, the eight established hypotheses are tested using Two-Way Analysis of Covariance and One-Way Analysis of Covariance.

6.3.1 Covariate

As discussed in the previous chapter, it is expected that the extraneous variables (preferable sandwich, deal proneness, involvement, loyalty, seeking info and program enjoyment) have an influence on the dependent variable. However, before further analysis, the assumptions of multicollinearity and the correlation among the covariables have to be tested. First of all, the Tolerance and VIP values indicate that the assumption of multicollinearity is not violated. Moreover, the covariate of program enjoyment is mostly correlated to loyalty program drop out and all covariates do not strongly correlate with each other (<0.5) (*Appendix G*). In addition, after conducting a Two-Way ANCOVA with all covariates, results show that program enjoyment is the only significant covariate and is therefore used for further analysis and assumption checks.

6.3.2 Two-Way ANCOVA

A 3 by 3 between-group Analysis of Covariance was performed to assess the effect of program- and product-related drop out causes on loyalty program drop out. Independent variables consisted of program frustrations (procedures, reward, no program frustrations) and product frustrations (quality, price, no product frustrations). Scores for the general enjoyment regarding participation in loyalty programs were used as a covariate to control for individual differences. Preliminary checks were conducted to ensure that there was no violation of the assumptions normality, linearity, homogeneity of variances, homogeneity of regression slopes and reliable measurement of the covariate (*Appendix H*). Thereafter, to test all hypotheses, a Two-Way ANCOVA was performed with a corrected model of F (1,323) = 16.63, p = 0.000, accounting for nearly 32% of the variance in loyalty program drop out (Table 1).

Tests of Between-Subjects Effects
Dependent Variable: I intend to quit participating in the loyalty program of the sandwich bar.

Source	Type III Sum of Squares	df	Mean square	F	Sig.	Partial Eta Squared
Corrected Model	447,386[a]	9	49,710	16,623	**,000**	0,317
Intercept	887,918	1	887,918	296,923	,000	0,479
ProgramEnjoyment	20,209	1	20,209	6,758	**,010**	0,020
Program	104,966	2	52,483	17,551	**,000**	0,098
Product	284,327	2	142,164	47,540	**,000**	0,227
Program * Product	36,052	4	9,013	3,014	**,018**	0,036
Error	965,899	323	2,990			
Total	7316,000	333				
Corrected Total	1413,285	332				

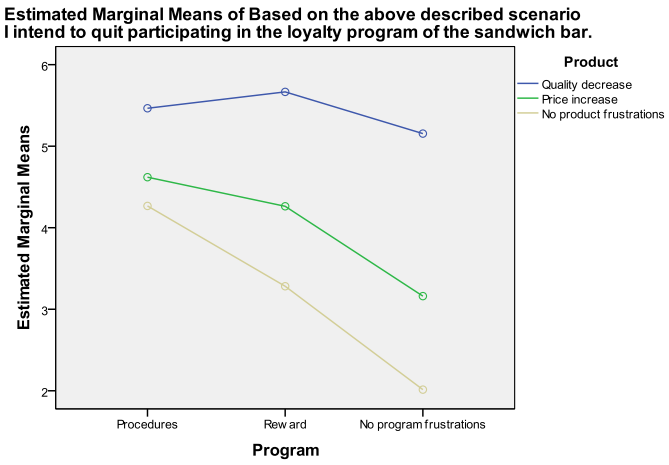
a. R Squared = ,317 (Adjusted R Squared = ,298)

Table 1: Two-Way ANCOVA

Interaction effects

The first three hypotheses tested whether there is any interaction effect. First of all, H1 stated that there is an interaction between program and product drop out causes. After adjusting for the significant covariate of program enjoyment, the interaction effect was proven to be significant: F (1,323) = 3.01, p = 0.018 with a partial eta squared of 0.036, indicating a small effect size (Cohen 1988) (Table 1).

In addition, Figure 2 displays the disordinal non-crossover interaction effect (Malhotra and Birks 2007) between program and product drop out causes. All results suggest that there exists an interaction effect, supporting H1. With regard to H2, the mean of frustrations related to procedures combined with a decrease in quality (M= 5.47) is higher than frustrations which were only related to procedures (M= 4.27). Furthermore, analysis of the pairwise comparisons using a Sidak post-hoc correction (Field 2009) provides significant evidence for this interaction effect (*Appendix I*),



Covariates appearing in the model are evaluated at the following values: I generally enjoy participating in a loyalty program. = 4,38

Figure 2: Interaction effect

supporting H2a. More specifically, the Sidak post-hoc correction is similar to the Bonferroni correction but is less conservative (Garson 2011). Considering H2b, the Sidak-corrected post-hoc comparison provides a significantly higher effect on drop out if frustrations related to the quality of the reward interact with a decrease in product quality (M= 5.67) (*Appendix I*). This in contrast to frustrations which were solely related to the quality of the reward which show a lower mean (M=3.28), which works in favor of this hypothesis. Moreover, H3 states that an increase in product price strengthens the positive effect of: (a) frustrations with procedures; and (b) frustrations with the quality of reward on loyalty program drop out. However, analysis of the pairwise comparisons using a Sidak post-hoc correction shows a non-significant interaction effect between a price increase and procedural frustrations, meaning that, H3a is not confirmed. Finally, H3b is supported since the mean of quality of the reward interacting with a price increase (M= 4.26) has a significantly higher effect on drop out than quality of the reward at an individual level (M= 3.28) (*Appendix I*). In sum, of all interactions, the interaction between the quality of reward and a decrease in product quality followed by the interaction between procedures and a decrease in product quality proved to have the strongest effect on loyalty program drop out compared to interactions which are related to a price increase.

Main effects Program drop out causes

Alongside the significant interaction effect, an analysis of simple effects is needed to obtain the results for each of the subgroups separately (Pallant 2007). Since in this study H4 through H8 aim to discover simple effects, one independent variable alone (e.g. program or product frustrations) is taken into consideration for further analysis. Firstly, in order to examine H4 and H5, the sample was split into groups according to product-related frustrations to test the simple effects of program-related frustrations. Subsequently, a separate One-Way ANCOVA

had to be conducted to explore the effect of the program variable. In answering the question of whether program drop out causes have a positive effect on loyalty program drop out, the univariate test of program drop out shows a significant effect, with F (1,107) = 14.89, p = 0.000 with a large effect size (partial eta squared = 0.218) (Cohen 1988).

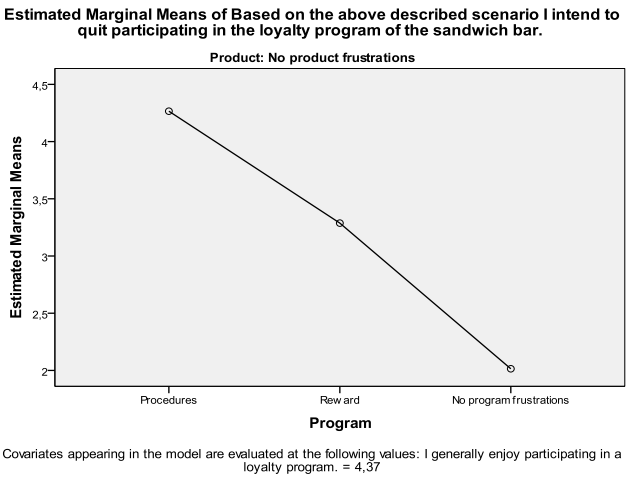


Figure 3: Main effect program frustrations

The accompanying profile plot (Figure 3) presents the mean scores of procedures (M= 4.27) and quality of rewards (M= 3.29).

Additionally, the related Sidak correction revealed that both procedures and quality of reward have a significant effect on loyalty program drop out, which supports H4 (*Appendix J*). Furthermore, H5 cannot be supported since the post-hoc comparison shows that the mean of procedures (M= 4.27) and the mean of the quality of reward (M= 3.29) are not significantly different, and therefore H5 cannot be supported (*Appendix J*).

Main effects Product drop out causes

To test H6 and H7, the sample was split into groups according to program- related frustrations to obtain the simple effects of the product variables. The univariate test of product drop out causes is significant F (1,107) = 28.55, p = 0.000, with a large effect size (partial eta squared = 0.348) (Cohen 1988). Moreover, Sidak-corrected post-hoc comparison indicates that the mean scores for both a decrease in quality (M=5.12) and a price increase (M=3.13) are shown to have a significant effect on the likelihood of quitting the loyalty program (*Appendix K*). Therefore, the analysis fully supports H6. Furthermore, the Sidak correction shows that the

mean score of a decrease in quality is significantly higher (Mean difference= 1.99), thereby supporting H7 (*Appendix K*). Figure 4 depicts an overview of all results for means in relation to product frustrations.

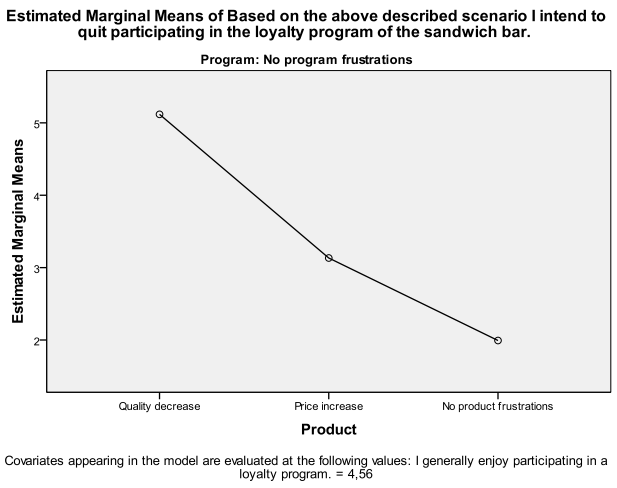


Figure 4: Main effect product frustrations

In order to answer the question of whether the program or the product is to blame, and to address the problem statement of this research, the results of H8 need to be considered. Although the Two-Way ANCOVA test (Table 1) shows that both main effects are significant (program: F (1,323) = 17.55, p = 0.000; product: F (1,323) = 47.54, p = 0.000), due the significant interaction effect, the mean difference between all variables and the control variables have to be examined based on their simple effects. In other words, the program drop out causes (procedures and quality of reward) have to be individually compared with the control variable related to the program (no program frustrations). Furthermore, the results for product drop out causes (a decrease in quality and a price increase) have to be compared with the other control variable (no product frustrations). After evaluating all analyses, the post-hoc comparisons (*Appendix J, K*) provide the following significant mean differences: procedures (Mean difference = 2.25); quality of reward (Mean difference = 1.27); a decrease in quality (Mean difference= 3.13) and a price increase (Mean difference= 1.14). By ranking these differences, it can be concluded that a decrease in quality has the highest effect on drop out, followed by procedures, quality of reward and a price increase. This, in contrast with H8 which stated that both a decrease in quality and a price increase have the strongest effect on drop out, leads to the rejection of H8.[2]

[2] The detailed results of these analyses as well as the data set itself are available on request.

7. Discussion

This chapter focuses on the subjective interpretation of the results and provides answers to the sub-questions posed earlier. In general, the results largely support the relationships shown in the conceptual framework (Figure 1). Moreover, the covariate of program enjoyment proved to have a significant influence on the relationship between drop out causes and loyalty program drop out. In other words, the intensity of customers' general program enjoyment influences the effect of drop out causes on loyalty program drop out. These findings are nearly similar to the research of Noble and Phillips (2004) and Leenheer, Bijmolt *et al.* (2007), however, these authors described customers' general program enjoyment as a relationship hindrance and not as an extraneous variable meaning for this study.

7.1 Interaction effect

The interaction effect, proposed by focus group participants and suggested in previous literature (Noble and Phillips 2004; Stauss, Schmidt *et al.* 2005), is generally supported by the data. The findings suggest that respondents who experienced both program- and product-related frustrations have a stronger intention to drop out of the loyalty program compared to respondents who are faced with only one cause for dropping out, showing that both causes for dropping out reinforce each other. More specifically, the program drop out causes, procedures and quality of reward, interacting with a decrease in product quality proved to have a stronger effect on loyalty program drop out. Interestingly, in contrast to the prediction in H3a, a price increase does not significantly strengthen the positive effect of procedural frustrations on loyalty program drop out. This insignificant result might be due to the fact that a price increase in isolation has already been shown to have a small effect on drop out. This suggestion, however, is not supported in existing literature.

7.2 Main effect

Besides the interaction effect, the primary aim of this study is to discover the main reasons for loyalty program drop out. As a first attempt, the proposed classification of program-(procedures and quality of reward) and product-related drop out causes (a quality decrease and a price increase) are proven to have significant positive effects on loyalty program drop out. Out of these causes, the analysis revealed that a decrease in product quality has the highest effect on drop out, a finding which is consistent with the focus group outcomes and the research of Wansink (2003) and Stauss, Schmidt *et al.* (2005), who stated that firms have to bear in mind customers' satisfaction with regards to their core service. Another important reason for drop out that emerged from the analysis is related to program procedures. Despite the fact that procedural frustrations and the quality of reward are not significantly different (H5), by ranking the mean differences (H8) the data analysis revealed that respondents who discovered procedural frustrations (e.g. they have to purchase 20 sandwiches to redeem the reward) have a stronger intention to drop out compared to respondents who experienced frustrations regarding the quality of the reward (e.g. provision of a colorful keycord as reward). These results are also largely consistent with the research of Noble and Phillips (2004), who showed that consumers' experiences of accumulation issues act as the most important hindrances in establishing a relationship with a firm. Moreover, in line with previous studies (Wansink 2003; Noble and Phillips 2004; Stauss, Schmidt *et al.* 2005), the quality of reward has a significant effect on drop out. Similarly, a price increase is shown to have a significant effect, as highlighted by focus group participants. Nevertheless, it should be underscored that the mean values of these frustrations are low (M= 3.29 and M= 3.31), indicating that respondents do not feel a strong intention to quit the program when they experience frustrations related to the quality of reward or to a price increase.

For this reason, further conclusions and implications mainly refer to the two most important reasons for drop out: a quality decrease and procedural frustrations. In conclusion, with regard to the problem statement of this research, it has become apparent that both program- and product-related frustrations have a strong effect on drop out. Surprisingly, an increase in product price did not significantly discourage people from participating in a loyalty program.

8. Conclusion

This chapter provides a general conclusion to the current research, gives theoretical and managerial implications, ending with a discussion of several limitations and suggestions for further research.

8.1 General conclusion

More and more companies are implementing loyalty programs in order to build closer customer relationships, competitive parity, true customer loyalty and, in particular, to increase sales by raising the number of purchases made (Uncles, Dowling *et al.* 2003; Reinartz 2006). Nevertheless, recent evidence indicates that frustrations resulting in loyalty program drop out present a serious problem since firms neglect the question of which factors cause customers to drop out of programs (Stauss, Schmidt *et al.* 2005). Until now, only partial attempts have been made to suggest possible frustrations which may be behind loyalty program drop out. Since these suggestions do not provide an adequate answer to the question of causes, one of the aims of this study was to identify the most important reasons for loyalty program drop out.

An initial literature review revealed several meaningful categories that allow for a deeper understanding of frustrations, hindrances and dissatisfaction towards loyalty programs. Thereafter, the present exploratory study took the stance of firmly supporting the proposed classification of drop out causes, and identified the most important categories and underlying frustrations. Focus group discussions were then conducted, which corresponded with the methodology used in the research of Noble and Phillips (2004), who undertook focus group discussions in order to understand more about the hindrances which prevented customers from establishing a relationship with a retailer. This study goes beyond this relationship by examining the question of why customers withdraw from loyalty programs. After identifying the most important program and product drop out causes, the frustrations related to this were

tested through quantitative research. The findings of this study indicated that the most important situation causing problems of drop out arose when the respondents experienced a decrease in product quality followed by frustrations related to procedures.

8.2 Implications

8.2.1 Theoretical implications

Although extensive research provided insights into the objectives (Uncles, Dowling *et al.* 2003; Hallberg 2004; Reinartz 2006), effectiveness (Palmer, McMahon-Beattie *et al.* 2000; Yi and Jeon 2003; Liu 2007), typologies (Berry 1995; Berman 2006) and negative effects of loyalty programs (Bolton, Kannan *et al.* 2000; Noble and Phillips 2004; Stauss, Schmidt *et al.* 2005; Liu 2007), the existing literature did not emphasize the reasons why customers quit these programs. Therefore, this study aims to contribute to the body of theory by revealing useful customer insights concerning loyalty program drop out. More specifically, this study directs attention towards the previously highly neglected area of program- and product-related drop out causes. Moreover, the proposed classification of frustrations and the conceptual framework offer important starting points for further research. In addition to the recently studied reasons why consumers do not participate in loyalty-enhancing programs (Noble and Phillips 2004), this study focuses on the reasons why participants quit such programs. Furthermore, in line with previous literature, the results of this study back up suggestions that a quality decrease and procedural frustrations have a strong effect on loyalty program drop out (Noble and Phillips 2004; Jang and Mattila 2005; Stauss, Schmidt *et al.* 2005). Nevertheless, concerns proposed by Noble and Phillips (2004) about retailer performance, such as over travel time, are not revealed in this research. Another contribution that this study makes regards the interaction between program and product drop out causes. This is in line with the suggestions of Noble and Phillips (2004), Stauss, Schmidt *et al* (2005) and Liu (2007) who stressed that a loyalty program should not be put in a ‘vacuum’ and that

frustrations related to the program and product might occur simultaneously. Finally, until now only a few researchers have examined the effect of loyalty programs within an F&B context, and therefore the current research is conducted in this field.

8.2.2 Managerial implications

Alongside theoretical implications, several managerial implications can also be drawn. As previously discussed, the cost of loyalty programs normally represents between 5% and 10% of incremental spending (Paytronix 2010) and, therefore, it is important for firms to take preventative measures to ensure that program- and product-related frustrations are avoided to the greatest extent possible. It should come as no surprise to managers that a decrease in product quality has the strongest effect on loyalty program drop out. Additionally, customers' likelihood to drop out of the loyalty program becomes even stronger if customers experience both program- related drop out causes and a decrease in product quality. For this reason, firms need to deliver a consistent and good product quality before implementing a loyalty program in order to increase the success of their loyalty programs. Nevertheless, firms still have the opportunity to resolve the problem and to retrieve lost customers because this drop out is due to a type of dissatisfaction with the product which can be recovered (Wansink 2003). Since quality reflects the basic motivation and principle behind customers purchasing the products, the quality has to remain consistent and must match to the expectations of the customers.

It is perhaps, even more important for practitioners to grasp that customer frustrations related to procedures have a strong positive effect on loyalty program drop out. The development of realistic requirements for obtaining the rewards may lead to a decrease in the number of customer drop outs. Furthermore, although the results did not display a strong effect of frustrations related to the quality of rewards on drop out, the development of an effective loyalty program still requires a thorough understanding of the expected quality of rewards by the firm's customer base. Additionally, the enjoyment of customers in relation to the general

loyalty program proved to be important in the relationship between the causes of drop out and actual drop out. Although it is difficult for firms to change the outlook and characteristics of customers, firms might increase customers' enjoyment of programs by optimizing their loyalty programs and increasing their communication with regards to procedures and benefits. In the case that loyalty programs have already been implemented, product quality and the perceived effort to obtain the reward have to be constantly monitored. By doing this, companies can recognize the first signs of avoidance behavior. All in all, if firms know the reasons for drop out and follow their associated implications, they can improve their loyalty programs, increase the profitability of stable customer relationships and could enlarge their membership bases.

8.3 Limitations and Future research

In interpreting the results of this study, several limitations and fields of further research need to be considered. First of all, the conceptual framework (Figure 1) solely depicts the relationships between program- (procedures and quality of rewards) and product-related (quality decrease and price increase) drop out causes and loyalty program drop out. A potential limitation is the omission of important variables such as other frustrations and hindrances suggested in previous literature. However, a framework which incorporates all the proposed categories would be too complex. Therefore, further work is necessary in order to allow for deeper insights into the relationships between other causes of customers dropping and loyalty program drop out. Additionally, improvements can be made with regard to the focus group discussions which were conducted. In order to identify and classify the proposed reasons for drop out, the findings were derived from a type of qualitative research which normally lacks generalizability. The small samples of friends, family and fellow students which were used, mean that the information gathered cannot be generalized to larger groups of individuals (Hair, Bush *et al.* 2000). Another shortcoming related to focus groups arises

from the researcher's lack of experience in acting in the role of moderator, and the lack of extensive formal training in this field of qualitative research (Hair, Bush *et al.* 2000). Nevertheless, using a focus group approach does not always suggest a lack of generalizability (Mook 1983), especially if this qualitative technique is integrated with a quantitative technique in undertaking the research (Hair, Bush *et al.* 2000).

In addition to the qualitative study, the quantitative research which was executed could also be improved. Since the questionnaires primarily describe Type 2 typologies (Berman 2006), future research with other typologies is needed to shed more light on this issue. Another potential limitation regarding the questionnaires regards the narrowness of the manipulated variables described. For instance, the proposed scenarios manipulated the quality of reward by only offering a free sandwich or a colorful key cord. Another illustration is the manipulation regarding a change in price. A price increase of 50% might result in a higher likelihood to drop out compared to a price increase of 25%, which was used in the current research. In order to test this manipulation more precisely, the manipulated variables should be extended. Moreover, although the interaction effects between program- and product- related frustrations are tested in this study, the interaction effects between the different program frustrations are not scientifically examined. Further research is needed to investigate whether program-related frustrations which occur simultaneously (e.g. both frustrations related to procedures and quality of reward), result in a higher likelihood to drop out of the program, compared to program related- frustrations which occur in isolation. Finally, it must be recognized that the results concerning loyalty program drop out in an F&B setting cannot necessarily be generalized to other industries. For this reason, replication of both the quantitative and qualitative research in other markets would help to make the findings more generalized.

In conclusion, despite these limitations, the current study introduces new insights into frustrations related to loyalty programs and reveals the most important reasons for customer drop out, suggesting avenues for further study. Moreover, this research can assist firms to critically examine their loyalty programs and suggest some required action that will decrease the number of drop outs in these programs. Although program-related frustrations occur more often in practice, managers need to bear in mind that a quality decrease, related to product frustrations, proved to have the strongest effect on loyalty program drop out.

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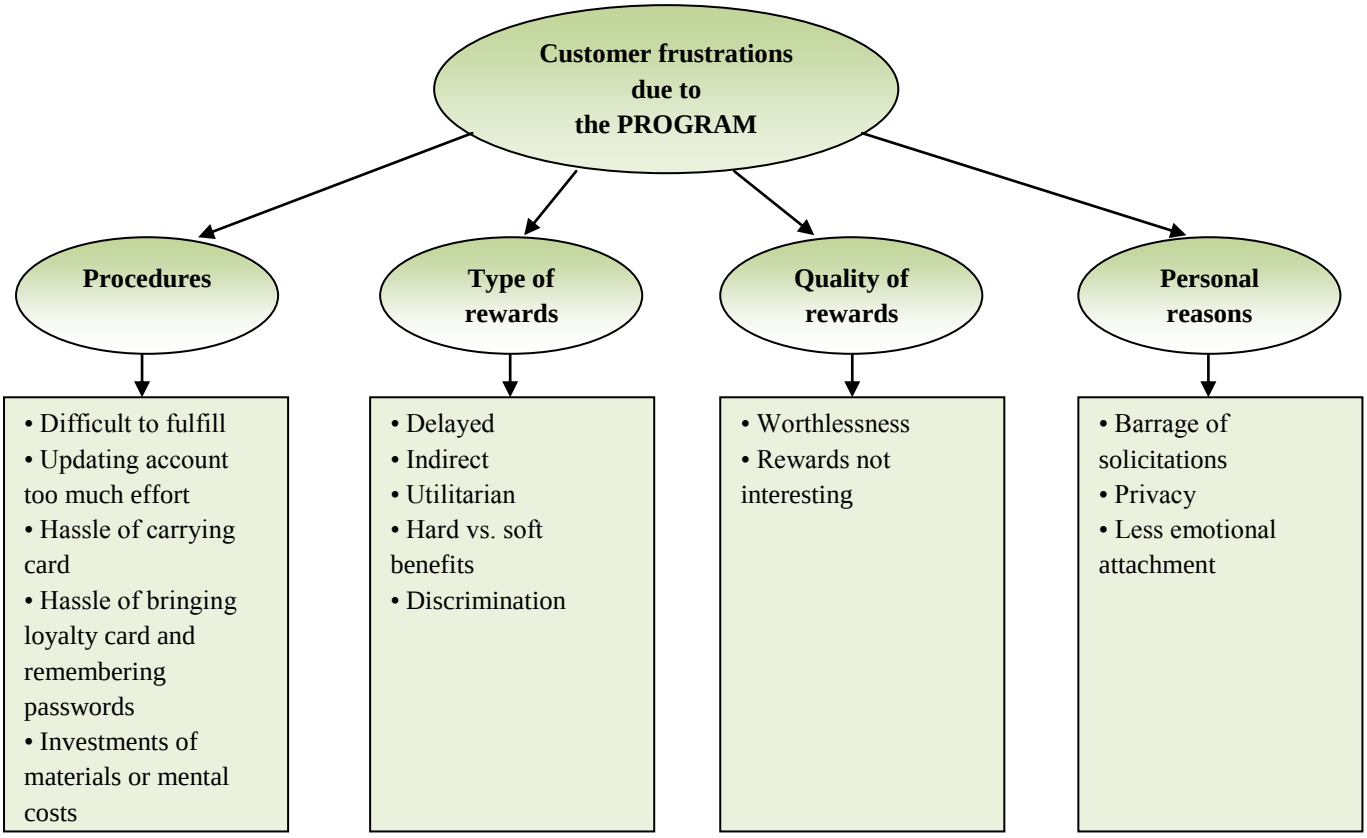
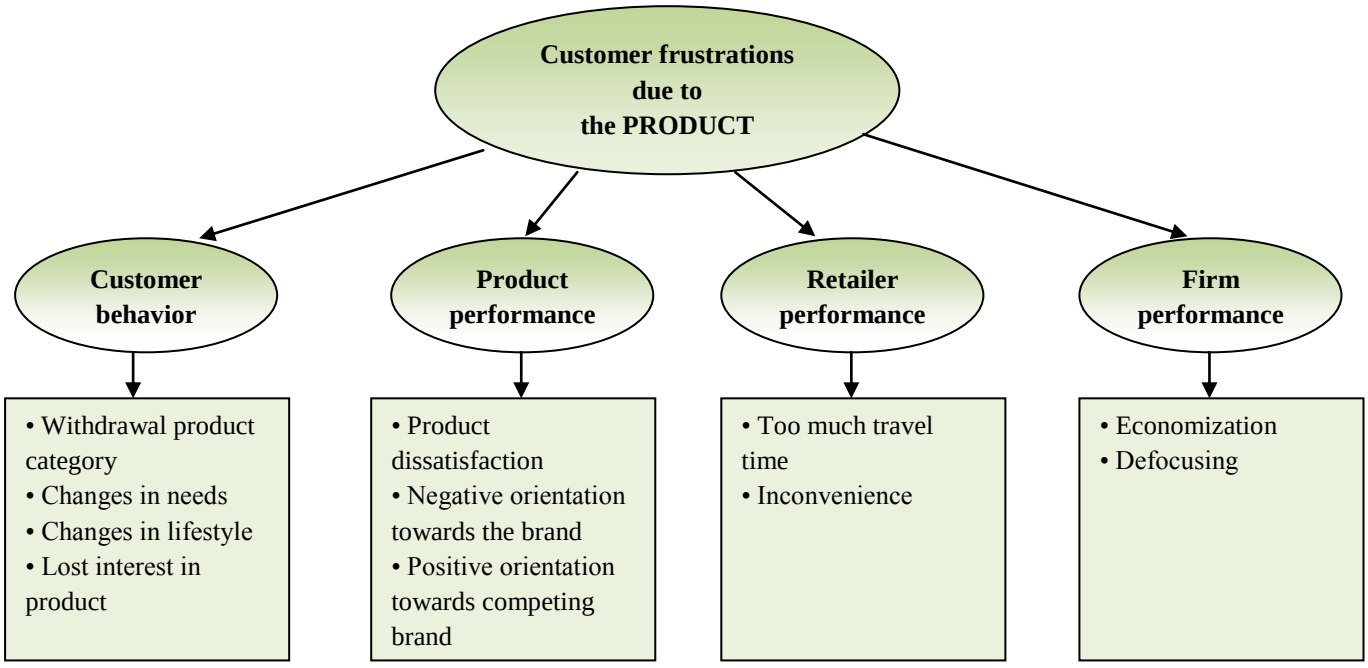
Appendices

Appendix A: Customer frustrations due to the Program



Appendix B: Customer frustrations due to the Product



Appendix C: Summary focus group discussions

Focus Group Analysis

General information

Focus group 1

Gender	Age	Status
Female	24	Student
Female	23	Student
Female	23	Student
Female	25	Student
Female	22	Student
Female	23	Employed
Female	23	Student

Focus group 2

Gender	Age	Status
Male	25	Employed
Male	22	Student
Male	26	Student
Male	23	Employed
Male	23	Student
Male	24	Employed

Focus group 3

Gender	Age	Status
Female	52	Employed
Female	79	Retired
Female	55	Employed
Female	57	Employed
Female	42	Employed
Female	54	Employed
Female	27	Employed
Female	52	Employed

Type of loyalty programs

Type of loyalty program	Description	Times emerged
Type 1	Discount	
Type 2	One free item	30
Type 3	Redeeming points/ tiers	
Type 4	Targeted offers and mailings	3

Loyalty program drop out due to the Program

Procedures

- Time requirements for achieving the reward are too high
- Hassle of bringing the card
- Lose the stamps
- Too many cards in wallet, do not have a good overview of assortment
- Bad quality of card which lead to missing or destroying the card
- Benefits are too hard to redeem
- Hassle of remembering the password
- Intention and purpose of the program is not clear, no communication at the desk
- An overview of where the customer is in the whole process is not given
- Too many text for explaining the program with the result that consumers do not want to read it
- Consumers have to buy to many products in a short time period in order to receive the reward
- They do not ask for your card at the desk
- Customers forget their participation in a certain program
- Too much effort in general (e.g. not willing to cut and paste the stamps)
- The whole process is perceived as cavil the customers 'Just give the discount to me'.
- The pressure which is related to the short time period in which the points/stamps have to be accumulated

Type of rewards

- Consumer do not prefer the offered indirect reward

Quality of rewards

- The benefit is not worth the effort
- The discount is not high enough
- Hidden cost will cover up after redeeming all stamps/points

• No personal products or discounts are offered • No variety between loyalty programs/ they are all the same • Reward is not interesting enough Personal reasons • Irritation towards mailings, perceive this mailing as spam • There are too many loyalty programs • If you do not have the card with you, naming other information such as the postal code is not sufficient • Afraid for their image, to be seen as a typical Dutch person (always looking for discount and free products) • Too lazy to actively participate in loyalty programs
Loyalty product drop out due to the Product
Customer behavior • No need for the product anymore • Consumers do not visit the store anymore • It is easy to switch for F&B related products and therefore loyalty programs are less attractive Product performance • An increase in product price • A decrease in product quality Firm performance • Have the feeling that firms only use loyalty programs in order to obtain customer data
Defining inactive customers within loyalty programs
• It really depends on the service or product • The consumer does not use the card for a frequency of four times. For instance, if a customer regularly use his/her coffee card every week and then does not use it for four weeks, the customer can be perceived as inactive. A specific frequency can determine the inactivity and can be used for every product category. • If you actually throw away the card • If you do not want to spend any energy to pick up and bring your card • During the time that the customer is carrying the card he/she is still active • If it is a conscious choice for not using the loyalty program anymore • You remain active until the loyalty program does not exist anymore • If customers do not visit the shop anymore
The 'ideal' loyalty program
• Attractive discount or product as a reward • Direct reward in terms of discount or products • One card for several loyalty programs and reward systems • Card instead of stamps • No time limitation • Employees who explain the program in detail • Easy to use • Reward has to be in line with the regular product • More personalized benefits and offers • Making use of QR (Quick Response) codes instead of loyalty cards • Receive a reminder if you almost have accumulated all points, stimulate to continue the program • Customization of program and reward • The shop has to administer the buyer behavior of the customer, this will increase the ease of use

Appendix D: Scenario-based questionnaire

• *Full Factorial Design*

Factor B: Program frustrations	Factor A: Product frustrations		
	Quality decrease A1	Price increase A2	No product frustrations A3
Procedures B1	A (B1,A1)	B (B1,A2)	C (B1,A3)
Quality rewards B2	D (B2,A1)	E (B2,A2)	F (B2,A3)
No program frustrations B3	G (B3,A1)	H (B3,A2)	I (B3,A3)

• *Manipulated Variables*

Variables	Manipulation
Procedures	
Positive	• According to the loyalty program you need *5* stamps within one month to receive a reward. As you typically buy one sandwich per visit you have to visit the sandwich bar *five* times.
Negative	• According to the loyalty program you need *20* stamps within one month to receive a reward. As you typically buy one sandwich per visit you have to visit the sandwich bar *twenty* times.
Quality of rewards	
Positive	• After collecting all stamps you will receive a *sandwich of your own choice* as reward.
Negative	• After collecting all stamps you will receive a *colorful key cord* as reward.
Quality change	
Positive	• Moreover, you have been a customer for some years and you have found the quality to be very consistent, always daily fresh and delicious.
Negative	• Moreover, you have been a customer for some years but in the last few visits you have found the ingredients not as fresh anymore and the bread have tasted stale.
Price change	
Positive	• In addition, during the last years you have experienced the price of the sandwiches as really stable, you have always paid on average € 3,- for a sandwich.
Negative	• In addition, during your last visits you have experienced a price increase of the sandwiches of 25% (from € 3, - to € 3,75).

• *Scenario A*

First of all I would like to thank you for your time and help with this questionnaire which is part of my master thesis at Maastricht University. This questionnaire will take approximately 5 minutes to complete. Furthermore, your answers will be treated confidentially.

Please imagine the following situation.

A sandwich bar is located on the opposite side of the street of your workplace. At this sandwich bar they offer a wide variety of sandwiches which are made fresh in front of you, exactly the way you want it. Within a regular week you order an average of two sandwiches (eight sandwiches per month). Currently, you are participating in a loyalty program of the sandwich bar in which you earn one stamp for every random sandwich you buy. Furthermore, the average price of a sandwich is € 3, −.

According to the loyalty program you need 20 stamps within one month to receive a reward. As you typically buy one sandwich per visit you have to visit the sandwich bar twenty times. After collecting all stamps you will receive a sandwich of your own choice as reward. Moreover, you have been a customer for some years but in the last few visits you have found the ingredients not as fresh anymore and the bread have tasted stale. In addition, during the last years you have experienced the price of the sandwiches as really stable, you have always paid on average € 3, − for a sandwich.

Please answer the following questions based on the described scenario.

1. **Have you read the scenario presented above carefully?**
   - ○ Yes
   - ○ No

2. **Based on the above described scenario I intend to continue with the loyalty program of the sandwich bar.**
   - ○ Strongly Disagree
   - ○ Disagree
   - ○ Disagree somewhat
   - ○ Neither disagree/ agree
   - ○ Agree somewhat
   - ○ Agree
   - ○ Strongly agree

3. **Based on the above described scenario I intend to quit participating in the loyalty program of the sandwich bar.**
   - ○ Strongly Disagree
   - ○ Disagree
   - ○ Disagree somewhat
   - ○ Neither disagree/ agree
   - ○ Agree somewhat
   - ○ Agree
   - ○ Strongly agree

4. **The time/purchase requirement to achieve the reward is too high.**
   - ○ Strongly Disagree
   - ○ Disagree
   - ○ Disagree somewhat
   - ○ Neither disagree/ agree
   - ○ Agree somewhat
   - ○ Agree
   - ○ Strongly agree

5. **I like the reward that I will receive after collecting all stamps.**
   - ○ Strongly Disagree
   - ○ Disagree
   - ○ Disagree somewhat
   - ○ Neither disagree/ agree
   - ○ Agree somewhat
   - ○ Agree
   - ○ Strongly agree

The following questions do NOT refer to the above described scenario.

6. **I enjoy eating sandwiches.**
   - ○ Strongly Disagree
   - ○ Disagree
   - ○ Disagree somewhat
   - ○ Neither disagree/ agree
   - ○ Agree somewhat
   - ○ Agree
   - ○ Strongly agree

7. **I generally buy a brand which is on sale.**

- Strongly Disagree
- Disagree
- Disagree somewhat
- Neither disagree/ agree
- Agree somewhat
- Agree
- Strongly agree

8. **The way I choose a product really matters me. I am someone for whom it means a lot what kind of products I buy.**

- Strongly Disagree
- Disagree
- Disagree somewhat
- Neither disagree/ agree
- Agree somewhat
- Agree
- Strongly agree

9. **Once I find a product I like, I tend to stick with it.**

- Strongly Disagree
- Disagree
- Disagree somewhat
- Neither disagree/ agree
- Agree somewhat
- Agree
- Strongly agree

10. **I enjoy sampling different brands of common place products for the sake of comparison.**

- Strongly Disagree
- Disagree
- Disagree somewhat
- Neither disagree/ agree
- Agree somewhat
- Agree
- Strongly agree

11. **I generally enjoy participating in a loyalty program.**

- Strongly Disagree
- Disagree
- Disagree somewhat
- Neither disagree/ agree
- Agree somewhat
- Agree
- Strongly agree

Demographic Questions.

12. **Please state your age.**

- < 25
- 25 > 40
- 40 > 60
- > 60

13. **What is your gender?**

- Male
- Female

14. **What is your nationality?**

- Dutch
- German
- Other, namely

15. **What is your job situation?**

- Employed
- Student
- Retiree
- Unemployed

Please click Submit to end the questionnaire.

Appendix E: Correlations

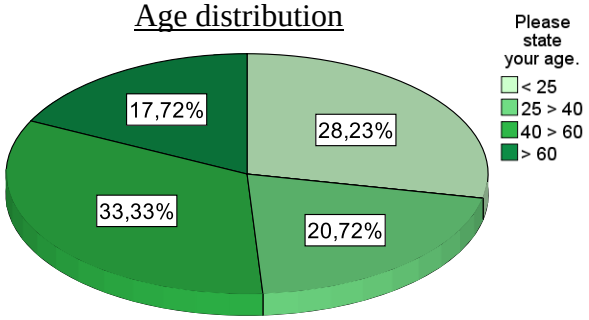
Correlations

		Based on the above described scenario I intend to continue with the loyalty program of the sandwich bar.	Based on the above described scenario I intend to quit participating in the loyalty program of the sandwich bar.
Based on the above described scenario I intend to continue with the loyalty program of the sandwich bar.	**Pearson Correlation**	1	-,818**
	Sig. (2-tailed)		,000
	N	333	333
Based on the above described scenario I intend to quit participating in the loyalty program of the sandwich bar.	**Pearson Correlation**	-,818**	1
	Sig. (2-tailed)	,000	
	N	333	333

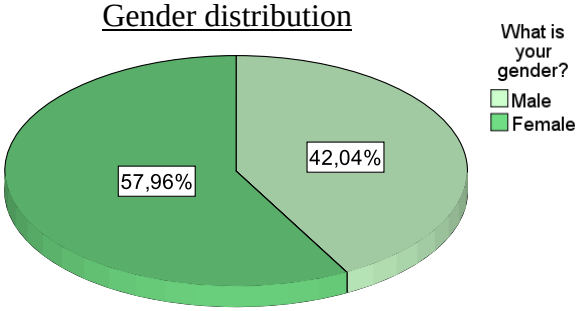
**. Correlation is significant at the 0.01 level (2-tailed).

Appendix F: Demographic analyses Pie charts

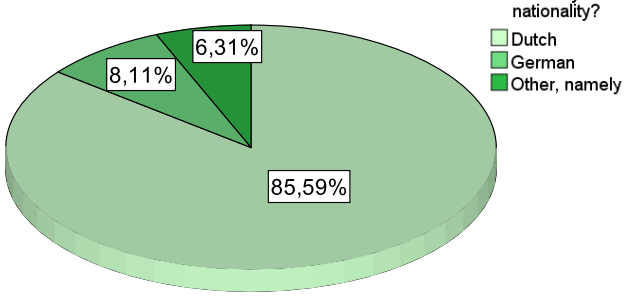
Age distribution



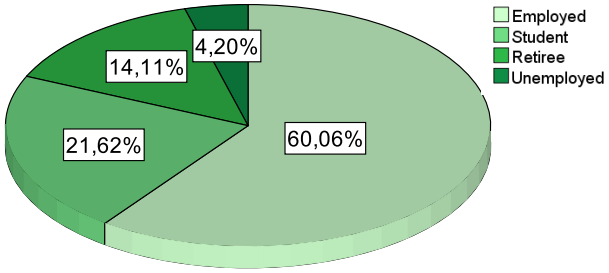
Gender distribution



Nationality distribution



Job situation distribution



Appendix G: Demographic analyses Chi-Square

Chi-Square tests Scenario*Age

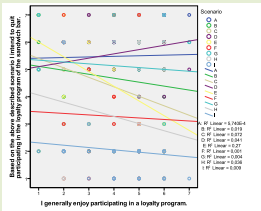
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	43,853[a]	24	**,008**
Likelihood Ratio	47,941	24	,003
Linear-by-Linear Association	3,277	1	,070
N of Valid Cases	333		

a. 0 cells (,0%) have expected count less than 5. The minimum expected count is 6,56.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	,363	,008
	Cramer's V	,210	**,008**
N of Valid Cases		333	

Appendix H: Assumptions ANCOVA

Tests	Result	
Multi collinearity	The collinearity statistics indicate that for all covariates the Tolerance values are more than 0.10 (lowest value 0.83). This is also supported by the Variance Inflation Factors (VIF) which are all below the cut-off of 10 (highest value 1.35). As a result, the assumption of multicollinearity is not violated.	☑
Correlation covariates	Correlations DropOut: 1,000 / -,019 / ,051 / -,032 / -,023 / -,058 / -,120 PreferableSandwich: -,019 / 1,000 / ,346 / ,282 / ,349 / -,043 / ,260 DealProneness: ,051 / ,346 / 1,000 / ,234 / ,195 / ,084 / ,200 Involvement: -,032 / ,282 / ,234 / 1,000 / ,211 / ,035 / ,138 Loyalty: -,023 / ,349 / ,195 / ,211 / 1,000 / -,070 / ,109 SeekingInfo: -,058 / -,043 / ,084 / ,035 / -,070 / 1,000 / ,134 ProgramEnjoyment: -,120 / ,260 / ,200 / ,138 / ,109 / ,134 / 1,000 The different covariates do not strongly correlate with each other (<0.5). The covariate of Program Enjoyment is mostly correlated to drop out with a small effect according to Cohen (1988, p.79-81).	☑
Measurement	The dependent variable of drop out is measured on an interval level.	☑
Random sampling	Respondents were randomly assigned to the scenarios.	☑
Interdependence	Respondents were only allowed to fill in one questionnaire.	☑
Normality	This assumption is violated since the skewness and kurtosis values, the Kolmogorov Smirnov value and the histograms and normal Q-Q plots do not indicate normality. However, many scales used in the social sciences have scores that are skewed. Since the violation of the assumption should not cause any major problems in case of sample sizes above 30 (sample size of 37 in this study), this violation will not provide any problems to this research (Pallant 2007).	☒
Linearity	 The relationship between the covariate and the dependent variable are nearly linear over all scenarios. Therefore, the assumption of linearity is not violated.	☑
Homogeinity variances	The significance value of Levene's test is < 0.05, this suggest that variances for the two groups are not equal. In addition, based on the smallest and largest variances (Field 2009) the variance ratio is 4.12/ 1.50 = 2.75, showing that variances are probably heterogeneous. Therefore, the assumption of homogeneity of variances is violated. Nevertheless, failure to meet the assumption of homogeneity of variances is not fatal to ANCOVA, particularly when groups are of equal sample size, meaning for this study. Levene's Test of Equality of Error Variances[a] Dependent Variable: Quit participating F: 7,897 / df1: 8 / df2: 324 / Sig.: ,000 a. Design: Intercept + ProgramEnjoyment + Program + Product + Program * Product	☒
Homogeinity regression slopes	Source / Type III Sum of Squares / df / Mean Square / F / Sig. Program * ProgramEnjoyment: ,046 / 2 / ,023 / ,008 / ,992 Product * ProgramEnjoyment: 17,270 / 2 / 8,635 / 2,913 / ,056 Program * Product * ProgramEnjoyment: 15,198 / 4 / 3,799 / 1,282 / ,277 The table 'Tests of Between-Subjects Effects' shows that the significant values of all interactions are > 0.05, indicating that the assumption of homogeinity of regression slopes is not violated.	☑

Appendix I: Two-Way ANCOVA Interaction effect

Pairwise Comparisons

Dependent Variable: Based on the above described scenario I intend to quit participating in the loyalty program of the sandwich bar.

Program	(I) Product	(J) Product	Mean Difference (I-J)	Std. Error	Sig.[a]	95% Confidence Interval for Difference[a]	
						Lower Bound	Upper Bound
Procedures	**Quality decrease**	Price increase	,845	,402	,105	-,120	1,811
		No product frustrations	**1,198***	,402	**,009**	,233	2,163
	Price increase	Quality decrease	-,845	,402	,105	-1,811	,120
		No product frustrations	**,353**	,402	**,763**	-,613	1,318
	No product frustrations	Quality decrease	-1,198*	,402	,009	-2,163	-,233
		Price increase	-,353	,402	,763	-1,318	,613
Reward	**Quality decrease**	Price increase	1,403*	,403	,002	,437	2,369
		No product frustrations	**2,384***	,402	**,000**	1,419	3,349
	Price increase	Quality decrease	-1,403*	,403	,002	-2,369	-,437
		No product frustrations	**,981***	,403	**,046**	,013	1,948
	No product frustrations	Quality decrease	-2,384*	,402	,000	-3,349	-1,419
		Price increase	-,981*	,403	,046	-1,948	-,013
No program frustrations	Quality decrease	Price increase	1,993*	,402	,000	1,027	2,959
		No product frustrations	3,140*	,403	,000	2,172	4,109
	Price increase	Quality decrease	-1,993*	,402	,000	-2,959	-1,027
		No product frustrations	1,147*	,402	,014	,181	2,113
	No product frustrations	Quality decrease	-3,140*	,403	,000	-4,109	-2,172
		Price increase	-1,147*	,402	,014	-2,113	-,181

Based on estimated marginal means

a. Adjustment for multiple comparisons: Sidak.

*. The mean difference is significant at the, 05 level.

Appendix J: ANCOVA Main effect Program frustrations

Pairwise Comparisons[b]

Dependent Variable: Based on the above described scenario I intend to quit participating in the loyalty program of the sandwich bar.

(I) Program	(J) Program	Mean Difference (I-J)	Std. Error	Sig.[a]	95% Confidence Interval for Difference[a]	
					Lower Bound	Upper Bound
Procedures	**Reward**	**,978**	,417	**,061**	-,033	1,989
	No program frustrations	**2,251***	,414	**,000**	1,247	3,255
Reward	**Procedures**	**-,978**	,417	**,061**	-1,989	,033
	No program frustrations	**1,273***	,415	**,008**	,265	2,281
No program frustrations	Procedures	-2,251*	,414	,000	-3,255	-1,247
	Reward	-1,273*	,415	,008	-2,281	-,265

Based on estimated marginal means

a. Adjustment for multiple comparisons: Sidak.

*. The mean difference is significant at the ,05 level.

b. Product = No product frustrations

Appendix K: ANCOVA Main effect Product frustrations

Pairwise Comparisons[b]

Dependent Variable: Based on the above described scenario I intend to quit participating in the loyalty program of the sandwich bar.

(I) Product	(J) Product	Mean Difference (I-J)	Std. Error	Sig.[a]	95% Confidence Interval for Difference[a]	
					Lower Bound	Upper Bound
Quality decrease	**Price increase**	**1,985***	,415	**,000**	,977	2,993
	No product frustrations	**3,125***	,418	**,000**	2,110	4,140
Price increase	**Quality decrease**	**-1,985***	,415	**,000**	-2,993	-,977
	No product frustrations	**1,140***	,415	**,021**	,133	2,147
No product frustrations	Quality decrease	-3,125*	,418	,000	-4,140	-2,110
	Price increase	-1,140*	,415	,021	-2,147	-,133

Based on estimated marginal means

*. The mean difference is significant at the ,05 level.

a. Adjustment for multiple comparisons: Sidak.

b. Program = No program frustrate