

IMPACT OF THE REWARD PROGRAM ELEMENTS ON AIRLINES CUSTOMERS: CASE OF TURKISH AIRLINES

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ABSTRACT

Reward programs, a promotional tool to develop customer loyalty, offer incentives to consumers on the basis of cumulative purchases of a given product or service of a firm. Reward programs have become increasingly common in many industries. The best-known examples include frequent-flier programs offered by airlines, frequent-guest programs offered by hotels, and frequent-shopper programs offered by supermarkets. Although reward programs have become more and more common in many industries, there is only few researches done on this marketing practice. This research presents an empirical study of the impact of reward program elements on airline customers. In this research, it is aimed to determine the importance and satisfaction perceived by customers on various advantages given by airlines and which affect the value and the attractiveness of the reward program.

Keywords: Reward programs, airline, airline customer

ÖZET

Müşteri bağlılığı oluşturmada bir promosyon aracı olarak kullanılan ödül programları, bir işletmeden belli bir mal ya da hizmetin sürekli biçimde satın alınmasına dayalı olarak ödüller sunmaktadır. Ödül programları, birçok sektörde giderek yaygın hale gelmektedir. Bunun en iyi bilinen örnekleri, havayolu şirketleri tarafından sunulan sık uçan yolcu programları, otellerin sunduğu sürekli misafir programları ve süpermarketlerin sunduğu sürekli müşteri programlarıdır. Ödül programlarının birçok sektörde giderek yaygın hale gelmesine rağmen, bu pazarlama yöntemi üzerinde yapılan araştırmalar kısıtlıdır. Bu araştırma, ödül programı unsurlarının havayolu müşterileri üzerindeki etkisine dair deneysel bir çalışmadır. Bu çalışmada amaçlanan, havayolu şirketleri tarafından sunulan ve ödül programının değerini ve çekiciliğini etkileyen çeşitli avantajlara, müşterilerin verdiği önem ve algıladıkları tatmin miktarını belirlemektir.

Anahtar Kelimeler: Ödül programları, havayolları, havayolu müşterileri

1. Introduction

Reward programs, also known as “loyalty programs” or “loyalty schemes,” “frequent-purchaser programs” (Hartmann, Viard, 2005) have become significant components of marketing strategy for many organizations. Companies such as AT&T, Saturn, Hilton, and firms in industries ranging from airlines to supermarkets to financial services, all have made major investments in these programs (Colloquy.Com Website). The core motivation for the company is to increase customer loyalty. (Hartmann, Viard, 2005) While the specifics of the programs differ, the common theme is that frequency reward programs provide the customer a benefit for repeat purchasing the brand. For example, a typical award in the airline industry is a free trip anywhere in the United States if a customer flies 25,000 miles with an airline. (Kopalle, Neslin, 2003)

Loyalty programs that reward loyal customers with the firms’ own products or services have become widespread in many markets, particularly in the service industries. Airlines, hotels, car rental, cruise lines, and telecommunication industries offer good examples where such reward programs have been adopted by virtually all the major competitors.

The best-known example of loyalty programs is perhaps AAdvantage, the frequent-flier program offered by American Airlines since 1981. Over the years, most airlines have adopted variants of American Airlines’ frequent-flier program. Currently, more than 38 million members are, or have been, enrolled in these programs and billions of free miles have been awarded. According to the airlines, frequent-flier programs now have become the most important marketing tool for the industry (Kim, Shi, Srinivasan, 2001). A similar pattern has also been observed in the hotel industry. Nearly all the major hotel chains have adopted frequent guest programs where hotels reward their frequent guests with free room stays. Examples include Hyatt’s Gold Passport, Marriott’s Honored Guest, Sheraton’s Club International, Holiday Inn’s Priority Club. (Kim, Shi, Srinivasan, 2004)

Frequent flyer programs implemented by many airlines give “free tickets” to travelers according to the amount of frequent flyer miles accumulated by the travelers. Today, the frequent flyer program has become an important airline choice factor for air travelers. Empirical studies by Suzuki et al. (2003), and for example, have shown that frequent flyer programs significantly affect travelers choices of airlines. Becoming aware of this trend, airlines now use their frequent flyer programs as marketing tools to attract travelers (many airlines, for example, advertise superior benefits of joining their programs over others). Improving the relative attractiveness of a frequent flyer program is an important issue for many airlines. The relative attractiveness of an airlines frequent flyer program can be affected by its program scheme; i.e., how travelers accumulate and redeem their miles. The schemes affect the attractiveness because

they determine the amount of benefits travelers can receive from frequent flyer programs (e.g., number of free trips). Most likely, airlines want to employ the scheme that provides the highest benefit to their customers, so that the attractiveness of their frequent flyer programs can be maximized. (Suzuki, 2003)

Customer reward programs offer a reward for repeatedly purchasing from the same marketer (Kim, Shi and Srinivasan 2001; Kivetz and Simonson 2002). In a typical reward program, consumers earn a number of points for every purchase they make. For instance, in a frequent flyer program, the points are in the form of miles, and in a store loyalty program, a consumer might earn as many points as the number of dollars she spends on a given trip. Finally, the consumer can exchange a specified number of points (N) for a reward. Consequently, consumers typically view these programs as a goal-oriented activity in which their task is to earn N points to get a reward (Dowling, Uncles 1997, Shi, Soman, 2004)

Reward programs have become significant marketing activities for many companies. Airlines reward travelers with free flights after they have accumulated a required level of travel miles. Hotels reward their customers with free rooms after they've stayed at the hotel a certain number of nights. Bookstores award free merchandise to customers who have purchased a requisite number of books. The common thread is that frequency reward programs provide a tangible benefit to customers for repeatedly purchasing the company's product(s). (Taylor, Neslin, 2004)

The benefits and costs of reward programs are debated in the literature. On the plus side, reward programs are seen as powerful mechanisms for increasing sales or brand loyalty (Kopalle and Neslin, 2003). On the negative side, reward programs can be costly, complex, and precipitate significant competitive response (Dowling, Uncles 1997; Kopalle, Neslin 2003).

2. LOYALTY PROGRAMS AND REWARDS

Products and services provide benefits and/or solutions to problems faced by buyers. These can be functional, economic and psychological. They are the prime sources of customer value. As the research cited in the previous section suggests, it is the (relative) amount of customer value and distribution coverage which drives market share and the number of loyal customers a brand will acquire. The rewards offered by many customer loyalty programs are designed to disturb this relationship.

Exploring the potential for loyalty programs to disturb "normal" patterns of behavior also involves three psychological considerations: the extent to which loyalty is to the brand (a direct

effect) or to the program (an indirect effect), the way buyers value the rewards on offer, and the effect of timing on these assessments.

Rothschild and Gaidis have used behavioral learning theory to suggest that the type of incentives offered by many customer loyalty schemes may induce loyalty to the program rather than the core product or service. The extent to which this is desirable or not depends on the buyer's level of involvement with the product. For many "me-too" low involvement products, the incentive and not the product can become the primary reward—especially if the incentive is exotic and out of all proportion to the amount spent. (Rothschild, Gaidis, 1981)

This might create a point of differentiation in a me-too product ("good"), but once the incentive is taken away the prime reason for purchase disappears ("bad"). However, for high-involvement products and services, which are typically accompanied by a small incentive, the product and not the incentive is the primary reward.

Loyalty programs can be classified whether as presenting products which are directly support the aspirational value of the product or the service or as causing the customer indirectly to buy the product. It is believed that the product-focused loyalty programs which directly support the aspirational value are much appropriate in creating loyal customers.

Many of the rewards and loyalty programs in the marketplace today reveal a limited understanding of customer needs and desires. From a customer's perspective, five elements determine a program's value. They are;

- cash value
- choice of redemption options
- aspirational value
- relevance
- convenience

Few programs today offer all five, but companies that want to play the rewards game should be sure their value measures up to customers' alternatives.

O'Brien and Jones (1995) suggest that there are five elements which combine to determine a program's value. They are;

- The cash value of the redemption rewards (e.g., the ratio of the cost of an airline ticket to the dollar purchases necessary to accumulate enough frequent-flyer points),
- The range of choice of these rewards (e.g., choice of flight destinations),
- The aspirational value of the rewards (e.g., exotic free travel is more desirable than a cash back offer),
- The perceived likelihood of achieving the rewards, and the ease of use of the scheme.

- The psychological benefits of belonging to the program and participating in accumulating (collecting) points.

The value of the reward or the benefit offered determines the success of a loyalty program. When a consumer adheres to a program he/she considers the costs of his commitment (adhesion expenses, personal data offered to the firm, purchase obligations etc.) against the profits (benefit, financial advantages, privileges, image etc.). Only if the profits are higher than the costs he/she will become member and a relationship can be built.

One can distinguish between purely financial and tangible rewards (*hard benefits*), like reductions, coupons, gifts etc., and those which are of emotional and intangible nature (*soft benefits*), like recognition, services, privileges, private sales, etc... The majority of programs puts forward little differentiated rewards without real added value.

Indeed, an English study reveals that, 18% of the consumers would increase their purchases, if the store offered lower prices, against only 3% for a loyalty program. One reason for this is perhaps related to the fact that the programs' benefits are not clearly visible or even non-existent. According to another investigation, carried out in the United States, more than 70% of the consumers state not to have reasons to remain loyal. The majority of the customers complain about a lack of services, of supplier relationship and individual recognition. (Shrake, 1999)

Psychologists have long been interested in the role of rewards in behavior modification and learning. They have developed numerous cognitive learning theories which provide insight into how the rewards offered by customer loyalty programs might help to achieve loyalty to the product.

Companies are able to extend their relations with the customers by delaying the rewards. They usually choose delaying the rewards in order to keep the customer and make him purchase as much as possible. However, according to the psychology specialists, the later the reward, the less effect it has, so it would have a less effect on the motivation. The company has to apply the objectives of not to forget itself and to provide for motivation with appropriate balance not to decrease the attractiveness of the program. Some revenue accumulating programs such as frequent flyer programs applied by airline companies can increase that motivation by reporting the points to their members in certain periods. Generally, there are economical incentives, expectational values and the ease of reaching several rewards in these reports.

The potential of a loyalty program to attract members depends not only on the value of the rewards it offers, but also on when the rewards are available. Research in psychology suggests that when a loyalty program's redemption rewards are problematic and delayed they will be a less powerful motivation. Many accumulating benefit programs, such as frequent-flyer

schemes, try to (partially) alleviate this problem by sending their members a statement of accumulated points at regular intervals.

Typically, these statements are accompanied by material promoting the aspirational values and ease of achieving the various available rewards.

There are two types of rewarding in instant and post-rewarding. Instant rewarding, generally used by retail companies, are in the form of discounts, promotional brands or games and lotteries.

Table 1: Types of Reward Schemes

	Timing of Reward	
	<i>Immediate</i>	<i>Delayed</i>
<i>Directly Supports the Product's Value Proposition</i>	Retailer/Brand Manufacturer Promotions (Price Promotions)	Airline Frequent Flyer Clubs, Coupons & Tokens (The GM card)
Type of Reward		
<i>Other Indirect Types of Reward</i>	Competitions & Lotteries (Instant Scratchies)	Multi-product Frequent-buyer Clubs (Fly Buys)

Source: Dowling, Uncles, 1997

As seen in the Table-1, loyalty plan types can be classified according the timing of the rewards or whether as the product/service supports the claimed value. While instant rewarding are much preferred rather than the post-rewarding, the direct support which is made to the claimed value of the target product creates loyalty not only for the program but also for the product. Therefore, while instant rewarding is important for the customer, post-rewarding is more important in the point of view of the companies.

In post-rewarding, the grading is done with a method used by almost all companies and some barriers are created against the abandonment's. These barriers in the frequent flyer programs are created by logging the miles acquired by the customers after the flights in the mile accounts.

By delaying the rewards the firms have significant possibilities to prolong the relationship duration. From the companies' point of view, it is preferable to have the programs multiplying the number of necessary repeat purchase acts which makes it possible to increase the

customers' "locking". However, research in psychology affirm, that, the more delayed in time the reward is, the less efficient it is. It is obvious, that an arbitration between retention and customer motivation is necessary, in order not to decrease the program's attractiveness.

Girard (1999) recommends to propose, at the same time, immediate rewards, so as to stimulate short-term sales, and delayed ones so as to increase long-term loyalty. For those which are delayed, it is preferable, not to delay them too much in time because the customer probably risks to lose his/her motivation of taking part in the loyalty program.

Instant rewarding is suggested for the short-term sales increase, and post-rewarding for the long-term loyalty. In the post-rewarding, rewarding should be implemented immediately after the acquirement in order for the motivation not to be lost.

3. FACTORS AFFECTING THE CUSTOMER PREFERENCES OF LOYALTY PROGRAMS

There are four factors in determining the advantage, value and selection of a loyalty program. These are (Brien and Jones 1995, Mayer, Benavent, 2005)

- The ease of use,
- The monetary value of the rewards,
- The variety of the rewards,
- The aspired variety of the reward
- The probability of being able to reach it:

3.1. The ease of use of the program: The benefits offered and the way to acquire them must be clearly communicated. In this context, airlines have published booklets and opened information lines in order to inform the passengers. The most important item is that the staff working for information lines or for the public relations has to be competent, well-informed and trained on the program. The easier to implement the program, the higher the rate of success is.

3.2. The monetary value of the rewards: This is the value ratio of the reward and the necessary purchases to acquire it. It is obvious that, the more significant this ratio is the more interesting the program becomes from the consumers' point of view. But at the same time it will be more expensive for the firm. Johnson (1999) recommends a reward value reaching at least 2% of the amount spent by the customer. Below this amount the value is not really perceived.

Table 2: Comparison of loyalty programs

	AVIS	AIR FRANCE	SHELL
Loyalty Program	Azur/Senior /Business	Frequence plus	Club advantage
Reward Variety	Week end car rental	Flights/Hotels/ Car rental	Product catalogue
Reward Value	112 Euro	230 Euro	6 Euro
Points per purchase	1 point/0.46 Euro	1 point/0.46 Euro	1 point/0.76 Euro
Required Points	1000	20.000	600
% of purchase value	24%	5%	0.13%
Mean Basket	68 Euro	229 Euro	45 Euro
Number of necessary Repeat Purchases	7	20	100

Source: O'Brien, Jones, (1995)

Table 2 shows several loyalty programs and their ratio: The financial advantages are very different according to the programs. In the case of *Shell* it is necessary to acquire 600 points to receive a purchase voucher of 6 Euros, representative of purchases of approximately 4.600 Euros, 100 visits and a monetary ratio of 0.13 %. On the other hand, to have a free ticket at *Air France* the value of which is 230 Euros, it is necessary to carry out 20 flights representing an expenditure of 4.600 Euros and a monetary ratio of 5%.

3.3. The variety of the rewards: The panoply of the products and services proposed against points, is very varied. According to a study of Kirstgens (1995), 40% to 50% of the rewards are leisure orientated. 25% to 35% of the loyalty programs offer special events. There are three types of rewarding used in loyalty programs such as gift checks usually shown on catalogues (68%), gift checks which are valid in other program sponsors (%41) and discounts in the shopping done from the sponsors (62%). The selection of the method to be used depends on the characteristics of the target mass. In addition, free tickets, tickets at a reduced price and extra miles are the methods used in the frequent flyer programs. (Mayer, Benavent, 2005)

3.4. The aspired value for the reward: A free flight to an exotic destination or a privilege has more perceived value from the consumer's point of view than a purely monetary reward. Thus, a free ticket reward of *Air France* is naturally more interesting than a purchase voucher from the retailer *Champion* These examples go in the direction of Johnson's recommendations (1999), to propose differentiated and not very imitable benefits. Thus, a price reduction is easily imitable by competition. A non-monetary reward of equal value has a more perceived value. His empirical study for the tire producer *Good Year* supports his assertions.

Indeed, while proposing to two identical consumers groups, respectively price reductions and personalized services, the sales of the first group increased by 20% and those of the second group by 37%. That is why more and more sponsors display individualized services based on recognition and attention.

3.5. The probability of reaching the reward: The more significant this probability is the more chances to be used the program has. There are two management modes: delayed and immediate rewards.

Within the framework of the delayed rewards, the point system is the most currently used by all companies. Their advantages lie in their simplicity of management, their 23 “game” character and their possibility of avoiding price wars. They have the advantage of creating exit barriers and therefore of fighting against customer defection.

The immediate rewards, mainly used by retailers, are price reductions directly deduced on certain products or brands in promotion, or games and lotteries. In France however, the *Galland* law (1st January 1997) considerably reduced the possibility of price reductions by reducing the loss resale threshold.

By delaying the rewards the firms have significant possibilities to prolong the relationship duration. From the companies’ point of view, it is preferable to have the programs multiplying the number of necessary repeat purchase acts which makes it possible to increase the customers’ “locking”. However, research in psychology affirm, that, the more delayed in time the reward is, the less efficient it is. It is obvious, that an arbitration between retention and customer motivation is necessary, in order not to decrease the program’s attractiveness.

Girard (1999) recommends to propose, at the same time, immediate rewards, so as to stimulate short-term sales, and delayed ones so as to increase long-term loyalty. For those which are delayed, it is preferable, not to delay them too much in time because the customer probably risks to lose his/her motivation of taking part in the loyalty program.

4. RESEARCH METHODOLOGY

The research done to support the integrity of the study is implemented in the context of the frequent flyer programs which are used by airline companies and which are actually loyalty programs.

4.1 Objective of the Study: In this study, it has been tried to determine importance given by the customers to the various advantages affecting the value and the attractiveness of the reward programs and the level of satisfaction of those advantages.

4.2. Limitations of the Research: The research is limited by the questionnaire answered between the 17th and 21st of February, 2003 by 2000 Elite Flyer members of the FFP of THY. In the study, there are Elite Flyer members of the THY which carries out scheduled flights. The reason why THY is selected for the research is that the only company that provides a frequent flyer program in Turkey is THY. Because the Elite Flyer members are the customer who performs the most flights, it is believed that their answers would reflect the all Elite Flyer members, that is why they have been selected for the study.

4.3. Research Method: Questionnaire via Internet is the method for the research.

4.4. Research Medium: The research medium consists of 15.000 passengers who are the members of the Elite Flyer. For sampling purposes, 2000 members was randomly selected from the Elite Flyers between 17th and 21st of February and included in the questionnaire analysis. After the research, 608 usable questionnaires are included in the analyses with the response rate of 30,4 %.

4.5. Collection of the Research Data: Data acquaintance from the questionnaires via Internet was the method to collect the research data. The questionnaire form, with the essential explanations added, was sent to the e-mail accounts of the sampling unit members by THY. A pilot work has been done with 20 members to learn about how good the questions in the questionnaire form serve for the objective of the research. According to answers to those questions, some modifications have been done in the questions. Then, the research questions were sent to the members on the 17th February, 2003 by THY Data Processing Unit. 608 usable questionnaires were gained in the research and Microsoft Office Excel and SPSS 10.0 (Statistics Pack for Social Sciences) were used in the analysis. The closed-end questions have been assessed by creating a coding key for each member.

4.6. Reliability Analysis of the Research

It is possible to say that the Research is reliable as a whole, according to the coefficient of reliability $\alpha = 0,8296$.

4.7. Finding

Table 3: Level of Importance of the Advantages of the Frequent Flyer Programs For the Members

Level of Importance on the Advantages in the Program	Average
Variability of the rewards	2,04
Required amount to get a reward	1,59
Ability to manipulate the rewards any time	1,42
Comprehensibility of the program	1,90
Communication about the program and progress of the program	1,93
Ability of using internet for the processes	1,78
Alliances with the other airline companies	1,57
To get “miles” from the ticketing operations with Shop&Miles credit card	2.17
n=	608

1= Exactly important 2= Important 3= Neutral 4 =Not important 5 =Exactly not important

When the importance levels of program advantages for the members are examined, it is seen that members have evaluated most of the advantages as “exactly important”. However, it is understood that ability to manipulate the rewards any time, required amount to get a reward and comprehensibility of the program are relatively more important factors.

In the other hand, only the element “variability of the rewards” has been assessed as “important” by the members. It is believed that the most important reason of that assessment is that the members prefer free tickets and/or class promoting tickets as rewards rather than the variability of the rewards or the other rewards.

Table 4: Level of Satisfaction of the Advantages of Miles & Miles Program Perceived by the Members

Level of Percepted Satisfaction on the Advantages in the Program	Average
Variability of the rewards	2,68
Required amount to get a reward	2,63
Ability to manipulate the rewards any time	2,85
Comprehensibility of the program	2,23
Communication about the program and progress of the program	2,21
Ability of using Internet for the processes	2,09
Alliances with the other airline companies	2,91
To get “miles” from the ticketing operations with Shop&Miles credit card	2.41
n=	608

1=Exactly satisfying 2=Satisfying 3=Neutral 4=Not satisfying 5 =Exactly not satisfying

As you can see on the table, members have evaluated the items such as required amount to get a reward and the variability of the rewards as “satisfying”.

In addition, while Miles&Miles program has been assessed as “satisfactory” in the context of “ability to manipulate the rewards any time” (2,85) and “alliances with the other airline companies” (2,91), these rates are evaluated as near to the level “neutral”.

Table 5: Comparison of the Importance and Precepted Satisfaction Levels for the Members on the Advantages of the Miles&Miles Program

Advantages of the Program	Importance Level	Satisfaction Level
Variability of the rewards	2,04	2,68
Required amount to get a reward	1,59	2,63
Ability to manipulate the rewards any time	1,42	2,85
Comprehensibility of the program	1,90	2,23
Communication about the program and progress of the program	1,93	2,21
Ability of using Internet for the processes	1,78	2,09
Alliances with the other airline companies	1,57	2,91
To get “miles” from the ticketing operations with Shop&Miles credit card	2,17	2,41

1= Exactly important 1= Exactly satisfying 5= Exactly not important 5= Exactly not satisfying

When the satisfaction and importance level for the customers on the components and advantages of the Miles&Miles program are examined, it is seen that there is not very important differences between the importance and satisfaction levels.

As can be seen in the table, the members have assessed the “comprehensibility of the program”, “required amount to get a reward” and “variability of the rewards” as “satisfying”.

While the priority in the holding list, required amount to get rewards, ability to manipulate the rewards any time are evaluated as “exactly important”, it is obvious that these items are also evaluated as “satisfying” instead of “exactly satisfying”. Especially the item “alliances with the other airline companies” (2.91) is seen very close to the level “neutral”. In conclusion, one of the major differences between the importance and satisfaction levels is on the item “alliances with the other airline companies

4.8. Presentation and Evaluation of the Importance and Satisfaction Level of the Members on the Program Elements and Advantages with the Cross Tables

In that part of the study, cross tables have been formed in order to be able to do common evaluations of the importance and satisfaction levels of the members on the program elements and advantages. Because there are empty cells in the cross table prepared, some certain lines and columns have been merged and the importance and satisfaction levels have been rearranged. In this grouping: the levels “exactly satisfying” and “satisfying” have been merged as “satisfying”;

“exactly not satisfying” and “not satisfying” levels have been merged as “not satisfying”; “exactly important” and “important” levels have been merged as “important” and “exactly not important” and “not important” levels have been merged as “not important”.

Table 6: The Importance Given to the Variability of the Rewards and Perceived Satisfaction Level

		Level of Satisfaction			
		Satisfying	Neutral	Not satisfying	Total
Level of Importance	Important	415 74,5%	75 13,5%	67 12,0%	557 100,0%
	Neutral	14 46,7%	11 36,7%	5 16,7%	30 100,0%
	Not important	4 57,1%	2 28,6%	1 14,3%	7 100,0%
	Total	433 72,9%	88 14,8%	73 12,3%	594 100,0%

When the importance and satisfaction levels of the members about the variability of the rewards are examined, it is seen that the 74,5% of the members who think that the variability is important has assessed it as satisfying, that the 12% of them has thought it is not satisfying, that the 57,1% of the members who think that the variability is not important has assessed it as satisfying and that the 14,3% of them has thought it is not satisfying. When we look at the total, 72.9% of the members has assessed the variability as satisfying and 12,3% of them has assessed it as not satisfying in some levels.

With these findings, it is possible to say that the members arrive that the advantage of the “variability of the rewards” in the Miles&Miles program is “satisfying”.

Table 7: The Importance Given to the “Required Miles to Get Rewards” and Perceived Satisfaction Level

		Level of Satisfaction			
		Satisfying	Neutral	Not satisfying	Total
Level of Importance	Important	270 50,7%	157 29,5%	106 19,9%	533 100,0%
	Neutral	21 42,9%	20 40,8%	8 16,3%	49 100,0%
	Not important	2 20,0%	6 60,0%	2 20,0%	10 100,0%
	Total	293 19,5%	183 30,9%	116 19,6%	592 100,0%

When the importance and satisfaction level of the customers on the required miles to get rewards is examined, it is seen that 50,7% of the passengers who has assessed the required miles to get rewards is important has found it as satisfying and 19,9% as not satisfying. 20% of the members who has assessed the required miles to get rewards is not important has found it as satisfying and 20% as not satisfying. When we look at the total, 19,5% of the members thinks that the advantage of class promoting tickets is satisfying and 19,6% as not satisfying.

With the findings, it is possible to say that the members arrive that the “required miles to get rewards” in the Miles&Miles program is “not satisfying”.

Table 8: The Importance Given to the “Ability to Manipulate the Rewards Any Time” and Perceived Satisfaction Level

		Level of Satisfaction			
		Satisfying	Neutral	Not satisfying	Total
Level of Importance	Important	251 44,8%	133 23,8%	176 31,4%	560 100,0%
	Neutral	10 38,5%	12 46,2%	4 15,4%	26 100,0%
	Not important	2 28,6%	3 42,9%	2 28,6%	7 100,0%
	Total	263 44,4%	148 25,0%	182 30,7%	593 100,0%

When the importance and satisfaction level of the customers on the “ability to manipulate rewards at any time” is examined, it is seen that 44,8% of the passengers who has assessed the ability to manipulate rewards at any time is important has found it as satisfying and 31,4% as not satisfying. 28.6% of the members who has assessed the ability to manipulate rewards at any time is not important has found it as satisfying and 28,6% as not satisfying. When we look at the total, 44,4% of the members thinks that the ability to manipulate rewards at any time is satisfying and 30,7% as not satisfying.

With the findings, while it is possible to say that the members arrive that the “ability to manipulate rewards at any time” in the Miles&Miles program is “satisfying”, the satisfaction level in this item is lower and the dissatisfaction level is much more higher than the other advantages.

Table 9: The Importance Given to the “Comprehensibility of the Program” and Perceived Satisfaction Level

		Level of Satisfaction			
		Satisfying	Neutral	Not satisfying	Total
Level of Importance	Important	342 72,0%	100 21,1%	33 6,9%	475 100,0%
	Neutral	61 61,0%	33 33,0%	6 6,0%	100 100,0%
	Not important	11 78,6%	2 14,3%	1 7,1%	14 100,0%
	Total	414 70,3%	135 22,9%	40 6,8%	589 100,0%

When the importance and satisfaction level of the customers on the “comprehensibility of the program” is examined, it is seen that 72% of the passengers who has assessed the comprehensibility of the program is important has found it as satisfying and 6,9% as not satisfying. 78,6% of the members who has assessed the comprehensibility of the program is not important has found it as satisfying and 7,1% as not satisfying. When we look at the total, 70,3% of the members thinks that the comprehensibility of the program is satisfying and only 6,8% as not satisfying.

With the findings, it is possible to say that the members arrive that the “comprehensibility of the Miles&Miles program is “satisfying”.

5. CONCLUDING REMARKS

There is a worldwide trend towards rewards programs. Companies in just about every industry have a rewards program in place for some segment of their customer base, or they have a committee or team investigating loyalty. The reason for this trend is fairly simple; intense competition and little or no growth in the total base of potential customers. That’s why there are countless loyalty programs in industries such as travel, restaurant, retail and credit card marketing.

The rationale behind the development of the airline loyalty programs was simple. The airline brands faced virtual parity in the recently deregulated industry and needed a tie-breaker to influence traveler’s choices. These programs did not influence demand for travel, but they did influence the traveler’s choice of carrier and as a result, helped some carriers improve share of customer.

Some elements in the reward programs, mentioned in the previous sections, are of great importance for the members, and also the level of the perceived satisfaction has a huge effect on the level of loyalty to the airline. If positive, this level is the most important means of ensuring

more productive and more profitable actions of the airline. Therefore, considering those elements important is the essential particular in order to be able to maintain the existence, to become a dynamic enterprise and for the loyalty program to attain its goal.

When the level of importance and satisfaction of the members about the elements and advantages in the Miles&Miles program are compared, it is seen that there is not much differences between the levels of importance and satisfaction. In addition, the elements “required miles to get rewards” and “the ability to manipulate rewards at any time” which are evaluated by the members as “exactly important” are also assessed as “satisfying”, not as “exactly satisfying”. As the evaluations on these elements are very close to the level “neutral”, it is possible to say that the level of satisfaction is low.

As a final word;

1. The rewards, given in the extent of loyalty programs, are very important for the airlines, as for the other industries.
2. Reward elements in the loyalty programs have a great impact on the preferability of the program, the level of customer loyalty to the program and the profitability of the business.

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