

Abstract

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The Impact of Loyalty Program Design on Program Effectiveness

As an important component of firms' customer relationship management (CRM) strategy, loyalty programs aim to increase customer loyalty by rewarding customers for doing business with the firm. Through these programs, firms can potentially gain more repeat business and, at the same time, obtain rich consumer data that aid future CRM efforts. Customer loyalty program has gained considerable attention from companies as a marketing tool to capture the above mentioned advantages generated by loyal customers. Thus, how to improve and measure the effectiveness of LPs becomes an essential focus. Despite the widespread use of loyalty programs, their effectiveness is not well understood. In order to make loyalty program more successful, numerous researches tried to study how to establish an effective loyalty program. Therefore, this research aims to study loyalty program design characteristics which may affect the effectiveness of loyalty programs. In addition, it also aims to investigate how a particular loyalty program can be effective in terms of customer's program loyalty and customer's satisfaction, and finally it will study the important aspect in enhancing customers' evaluations of the loyalty program.