WHAT CUSTOMERS REALLY WANT: EXPLORING
SERVICE QUALITY DIMENSIONS IN A RETAIL LOYALTY
PROGRAMME.

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ABSTRACT

The introduction of customer relationship marketing instruments by retailers has been strongly
advocated in recent years both in theory and practice. Consequently loyalty programmes have
become an increasingly popular choice of marketing strategy by retailers particularly those
holding the notion that such loyalty programmes are an important strategy and mechanism for
retailers to build store traffic, increase basket size and increase frequency by creating deeper
relationship ties with their customer base. However, despite the enthusiastic response given to
loyalty programmes by retailers and customers alike, the current position of loyalty programmes
is at a crossroads where some quarters in the marketing industry have begun to question the
effectiveness of such programmes in garnering customers’ support and loyalty. So far, most
research suggests that customers value loyalty programmes mainly because of the benefits and
economic gain, however, previous researchers also noted that the programme service quality is
also important. Based on this premise, this paper reports on the results of a preliminary study of
the literature which has been conducted in an attempt to understand the issue and role of service
quality in retail loyalty programmes as well as factors that are important in loyalty programme
service quality.

KEY WORDS: Loyalty Programme, Service Quality, Retail

INTRODUCTION

At the heart of customer relationship marketing is the quality of customer service, where quality is
no longer considered as a separate discipline but as the central part of service and relationship
marketing. According to Berry, Parasuraman and Zeithaml (1988) service quality has become a
significant differentiator and is the most powerful competitive weapon which a service
organisation could and should possess. In addition, Buttle and Burton (2002) posited that even a
single ‘moment of truth’ where a customer encounters an unsatisfactory service from a retailer
might lead to a loss of sale and potentially diminish the customer’s loyalty. Today the use of
loyalty programmes as a technique for firms to enhance customer loyalty is extremely popular
and has grown exponentially across the world, especially in the United States of America and the
United Kingdom (Bellizi & Bristol, 2004), as it is believed that both consumers and firms can gain
benefits from it. However despite its popularity, many researchers have questioned whether a
loyalty programme actually engenders customers’ loyalty by rewarding their continued patronage
or is it due to some other facet of the programme (Capizzi & Ferguson, 2006). Such is the case; it
has been acknowledged that the effectiveness of a loyalty programme is likely to depend on its
design/value (Dowling & Uncles, 1997; Nor Asiah, Rosidah & Muhd Azrin, 2007) as well as the
programme’s service quality. Although studies have proven that, in most programmes, benefits
serve as the most compelling reason for a customer to participate in a loyalty programme, many previous researchers have also noted that the most important part of a loyalty programme is customer service (Boedeker, 1997; Lockyer, 2004). Within the context of the restaurant sector, Jang and Mattila (2005) found that by improving certain procedures such as waiving the need to present the loyalty programme membership card, easier redemption processes and by clearly communicating the programme’s benefits, firms could enlarge their membership base. Moreover, customers’ perceptions of employees, particularly perceptions of how the shop floor staff engage in the programme or enhances the operation of the programme would seem likely to affect the motivation to participate and to redeem. Likewise, several researchers (e.g. Kumar and Shah, 2004; Smith and Sparks, 2009) suggest that programme design such as the reward mechanism, timing and type may affect redemption motivations and behaviours. Thus, in response to this, as well as the importance of service quality in a loyalty programme, this article aims to fill the gap by examining the possible dimensions of service quality that are vital to customers. Based on the past literature, this article highlights several dimensions of service quality that could further enhance marketing researchers’ and practitioners’ understanding of the loyalty programme.

Relational Bonding Strategies

The Loyalty programme is often perceived as being part of a marketer’s repertoire of promotional tools, a type of relational marketing strategy that fosters a short term rather than long term orientation (Wright & Sparks, 1999). Hennig-Thurau, Gwinner, and Gremler (2002) assert that in order for relational marketing strategies to achieve any measure of success, consumers must feel that they are somehow rewarded for their participation in such a programme. Earlier, Berry in his 1995 study identified three benefits to customers for building relationships with retailers. These are financial benefits (pricing incentives), social benefits (being recognised and treated as a valued customer), and structural benefits (being part of a relationship that can save the customer time and money). From a relationship marketing perspective however, most studies have focused on three types of relational bonding strategies - functional, social, and structural - that can enhance buyers’ and sellers’ relationships (Berry, 1995; Lin, Weng & Hsieh, 2003).

Functional bonds

The level one relationship marketing strategy comprises relational offerings that encourage customers to return to a retailer in order to save money, receive special offers or extras, or earn additional products or services in appreciation for their loyalty. The functional bond is most popular in the transportation and hospitality service industries (Bolton, Kannan & Bramlett, 2000). For example, airlines and major hotel chains award points to frequent customers as incentives for them to use additional services from the company. According to several studies, monetary promotions improve customers’ perceptions of utilitarian value and thereby increase the acquisition utility of their purchases (Chiu, Hsieh, Li & Lee, 2004). Typically, relationship marketing at this level seldom generates long-term competitive advantages, because price is the most easily imitated but the most difficult element to differentiate.

Social bonds

It was acknowledged by Berry (1995) that level two strategies are related to social bonds through personalisation and customisation. Social bonds are exclusive member benefits that go beyond the financial component. These strategies involve learning to recognise consumers on sight and by name, communicating with customers on a regular basis, and providing social events for consumers to mingle with company personnel and other consumers with common interests (Nobel & Philips, 2004). For example, some loyalty programmes offer “status themes” where programme members are given preferential treatment and exclusive benefits, as well as being...
recognised as part of an elite group of preferred consumers. An example of a firm that is using level two strategies is Harley-Davidson through its HOG (Harley Owner’s Group) programme.

In one of the few studies to investigate the role of interaction with employees in fostering perceptions of service quality, Auh (2005) found that customers’ perceptions of the quality of their interactions with employees affected their evaluations of the core service (i.e. hair styling) in the hair care industry. Indeed, prior research also suggests that the interpersonal (i.e. soft) or social dimension of service performance can have a significant influence on the hard or core dimension and on overall service quality (Henning-Thurau et al., 2002; Auh, 2005).

Clearly, level two strategies may result in perceived social benefits, which occur when a consumer experiences the feeling of recognition, special treatment, and friendship (Gwinner, Gremler & Bitner, 1998; Reynold & Beatty, 1999). Moreover, they can also positively influence customers’ emotions and feelings in relation to the service experience, which contributes to the formation of an affective component of attitude (Chiu, 2002).

Structural bonds

The third bonding strategy is the structural bond, which is the highest form of relationship marketing and has the capability to create high switching costs for customers (Nobel & Philips, 2004). To further expound this strategy, Berry (1995, p160) asserts that, “when relationship marketers can offer target customers value-adding benefits that are difficult or expensive for customers to provide and that are not readily available elsewhere, they create a strong foundation for maintaining and enhancing relationship”. Because a structural bond increases the customer’s cost of switching to a competitor, several researchers (Berry & Parasuraman, 1991; Peltier & Westfall, 2000) have suggested that structural bonds rank highest in the bond hierarchy and provide the greatest opportunity for firms to generate sustainable competitive advantages. It is important to highlight that, according to Berry (1995), level three relationship marketing goes beyond what is generally described as a loyalty programme, which is commonly based upon level one and/or level two relationship marketing.

RETAIL LOYALTY PROGRAMMES AND SERVICE QUALITY

In the twenty-first century companies can no longer afford to maintain bonding through functional bonds alone. Success must also be driven by social bonds, with service quality becoming more crucial in the current retail environment. Some retailers with a strong service orientation, such as Nordstrom, put the emphasis on staff who have a strong effect on their customers. In fact, Storbacka, Strandvik, Gronroos (1994) posit that service quality leads to relationship strength, which in turn leads to customer loyalty in the form of repeat purchase behaviour.

With regard to the loyalty programme, superior customer service may be one of the best ways to retain cardholders. Edward C. Powell Jr., vice president for AT&T Universal Card Service stated that: “Low rates, fee waivers, and enhancements are easily matched by competitors, but superior customer service is much harder to duplicate in the card businesses”.

The retail industry was encouraged some time ago to refine their loyalty programmes in an effort to make their programmes different and, ultimately, more effective (Perrotta, 2002). It has been suggested that a combined approach using hard and soft benefits is the optimal way to improve retail card revenue and reduce customer attrition (Dowling & Uncles, 1997; Nunes & Dreze, 2006) since the top reason many customers give for defecting from their loyalty programme is poor customer service (Trunik, 2002). Interestingly, Lacey (2003) noted that, as an added source of customer value, loyalty programmes can be designed to accommodate individual customers in
the form of non-monetary product incentives and enhanced customer service options above and beyond core firm offerings. Further, Lacey (2003, p26) asserts that, "through customer loyalty programmes, firms may provide special treatment to its members through a variety of benefits, such as exclusive access to dedicated product experts, faster service repair guarantees, unique product offering opportunities, extended warranties, expedited administration, and special members-only events".

Similarly, Smith, Sparks, Hart and Tzokas (2003) noted the importance of staff support and interaction as crucial factors that influence the success of any loyalty programme. The same result was reported by Liebermann (1999), who conducted a study among 240 card members sampled randomly from membership lists supplied by six different loyalty programmes. The results of the study revealed that as customer service increased in importance, staff courtesy was considered to be an important factor among programme participants. As such, it is recommended that more research is done to examine the factors that are important in programme service quality and which are most valued by customers.

**Factor Determining Programme Service Quality**

Over the years, service researchers have suggested that consumers judge the quality of service based on their perceptions of the technical outcome provided, the process by which that outcome is delivered, and the quality of the physical surroundings where the service is delivered (Zeithaml & Bitner, 2003). These elements of service quality are identified as outcome, interaction, and physical environment quality. On the other hand, Brady and Cronin (2001) in their empirical research depicted service quality as outcome quality, interaction quality, and physical environment quality. On a similar note, Lehtinen and Lehtinen (1991) gave a three dimensional view of service quality. They see it as consisting of what they term “interaction”, “physical”, and “corporate” quality.

Other researchers have defined similar aspects of service in their examination of service quality. At a higher level, and essentially from a customer’s perspective, they see quality as being two-dimensional, consisting of “process” and “output” quality. This is not too dissimilar from the conceptualisation by Gronroos (1984), who further declared that service quality could be split into technical quality (what is done) and functional quality (how it is done). The latter is the most critical aspect and is concerned with the psychological interaction that takes place during an exchange transaction. It is based on the customer’s perception and is therefore extremely subjective and encompasses all the cues that the customer picks up during the transaction. Rust and Oliver (1994) later defined the three aspects of service quality to be service product, service delivery, and service environment. Similarly, Bitner (1992) describes the “evidence of service” quality as consisting of the three new Ps for services: people, process, and physical evidence. All of these researchers in a way suggest that there are common aspects of service that a consumer will use in forming his or her perceptions of service quality.

Although measures of service quality for retail environments and for retail loyalty programmes are likely to share some common features, there are additional factors such as service experiences in terms of customers’ interaction with the staff, reward/redemption quality, programme policy, the card design, the service counter and special events for cardholders, all of which can influence customers’ evaluations of the programme service quality. This raises questions as to what elements actually determine programme service quality. The improvement of the quality of services requires identification of the service quality attributes or the so called dimensions that are important to loyalty programme participants. It is proposed that the service quality of a loyalty programme should comprise the overall service in applying, renewing, updating programme membership as well as the actual utilization of a retail loyalty programme’s benefits. This article suggests several elements of programme service quality deemed important to customers. Based on the review of literature, this paper proposes that service quality for a loyalty programme should
essentially cover six major aspects namely: reward quality, service personnel quality, programme policy, service counter, communication quality and personalisation.

Rewards Quality

The characteristic of all loyalty programmes is that they grant benefits to customers, depending upon the volume of sales that they generate. These benefits can be in the form of monetary or non-monetary incentives like points, discounted merchandise or other retail incentives in return for a customer’s repeat patronage of the retail store. Generally, loyalty programmes differ with respect to the various types of benefit made available and whether they grant them exclusively to their valued customers. It is argued by Berry and Parasuraman (1991) that to sustain a relationship one needs benefits that are important to customers and difficult for competitors to duplicate.

Generally, psychologists have long been interested in the role of rewards in behaviour learning and modification (Dowling & Uncles, 1997). One theory that is often cited is the exchange theory, which suggests any behaviour that is rewarded will tend to be repeated, whereas behaviour that is punished is likely to be suppressed. In a recent work (Stauss, Schmidt & Schoeler, 2005) observe that if the customers do not receive the promised reward or if the indicated benefits prove worthless to them, customer frustration may occur. Subsequently, the study by Stauss et al. (2005) proposes three sources of frustration in a loyalty programme, i.e. reduction of reward, postponement of reward and refusal of reward. Building upon this argument, frustration incidents that are directly related to the loyalty programme can be classified into four main categories namely, difficulty of access (qualification barrier), impossibility of claiming the reward (inaccessibility), low value of the reward (worthlessness) and being required to invest additional material and mental costs in order to enjoy the benefits (redemption costs).

There are various forms of reward in a loyalty programme. Such rewards imply reinforcements that encourage consumers to be persistently conditioned for long periods of time as a result of receiving the rewards. Typically the types of reward offered by loyalty programmes can be classified as either 'hard' or 'soft' rewards (Bridson, Evans & Hickman, 2007). Hard rewards comprise tangible elements such as discounts and gifts while soft rewards are special communication and treatment. Academic research underlines the importance of having the right blend of rewards in a loyalty programme. The results of one recent research project suggest that a combination approach of hard (rewards) and soft (recognition) benefits is the optimal way to improve retail card revenue and to reduce customer attrition (Dowling & Uncles, 1997; Nunes & Dreze, 2006; Nor Asiah, 2008). Looking more specifically at the types of reward, Hennig-Thurau, Gwinner & Gremler (2002) and Hallberg (2004) suggest that that company might benefit most by focusing on soft benefits, which are more emotionally oriented and give consumers a sense of recognition or make them feel special in comparison to other shoppers. In light of this, most successful loyalty programmes often feature less functional and more pleasure-providing rewards (Barlow, 1995; Nunes & Dreze, 2006).

Service Personnel Quality

Customers' perceptions of service quality impinge on the customer-oriented behaviours of employees (Brady & Cronin, 2001). In fact, the most famous and well discussed service quality model of the 1990s — SERVQUAL by Parasuraman et al. (1985), which comprises the five dimensions of service quality (reliability, responsiveness, assurance, empathy and tangibles) can have a direct influence on service employees. For example, front-line employees directly influence customer perception of responsiveness through their personal willingness to help and their promptness in serving customers. This is not surprising given that previous research has noted that the secret to customer relationship management relates closely to how you make the
card holders feel (Rosenbaum, Ostrom & Kuntze, 2005) as opposed to the common strategy of discounts and promotions.

It is suggested by prior research that when employees are customer-oriented, have good rapport with customers, and exhibit perceptive and attentive listening skills, customers will evaluate the service more highly and be more likely to return (Gremler & Gwinner, 2000). The importance of people in the marketing of services is captured in the people element of the service marketing mix, which is described as “all of the human actors who play a part in service delivery and thus influence the buyer’s perceptions; namely the firm’s personnel, the customer, and other customers in the service environment.” (Zeithaml & Bitner, 2003, p24).

There is extensive evidence to support the notion that the service quality of staff is a critical component of retail service (Dabholkar, Thorpe & Rentz, 1996; Sirohi, Mc Laughlin & Wittink, 1998), relationship quality (Crosby, Evans & Cowles, 1990) and programme service quality (Nor Asiah, 2008). Academic research emphasises the importance of employee service quality from various service settings under various terms such as “interaction quality” (Brady & Cronin, 2001), “satisfaction with the sales person” (Westbrook, 1981), “personal interaction” (Dabholkar et al., 1996), and “personnel service” (Sirohi et al., 1998).

In light of this, Brady and Cronin (2001) explained that customers’ quality perceptions of service personnel’s interactions are composed of three distinct factors: attitudes (i.e. friendliness), behaviours (i.e. welcoming) and the expertise of service personnel (i.e. knowledgeable). There has been considerable empirical evidence to support the conception that positive feelings towards the contact employees often carry over to positive feelings towards the firm (Macintosh & Lockshin, 1997; Reynolds & Beatty, 1999).

**Programme Policy**

The policy dimension in this perspective refers to a retail loyalty programme’s policy such as redemption procedures, entry requirements, rebate calculation, and renewal procedures. Westbrook (1981) posited that credit and charge account policies affect customers’ satisfaction with a retail store. In one of the few studies to investigate the role of retail service quality on shopping behaviour, Siu and Tak-Hing Cheung (2001) found that policy is the most favourable dimension and it has a positive impact upon future consumption. This is in line with Dabholkar et al. (1996) who proposed that policy constitutes the fifth dimension of retail service quality.

When applied in a loyalty programme this dimension captures the aspects of service quality directly influenced by the strategies of the redemption procedure followed by the loyalty programme. Previous studies (Roehm, Pullins & Roehm, 2002; Kivetz & Simonson, 2003) have demonstrated the importance of a careful programme design. Fowler (2003), in examining the linkages between programme design and programme enrolment, found that, by designing a loyalty programme that easily communicates its benefits and has realistic identifiable and attainable rewards, customers will be more likely to sign-up. More recently, Shugan (2005) revealed that customers can be discouraged from actively participating in loyalty programmes due to their non-standardised nature, especially when stores are changing the rules and regulations of the programmes indiscriminately.

**Service Counter**

From the customer’s perspective, anything which makes receiving the service more difficult is likely to impinge negatively on his or her perception of the service quality. Ease of access, good visibility and proximity of linked services, among other things, will help to make a customer feel in control of the process (Hope & Muhlemann, 1997). As suggested by Dabholkar et al. (1996), physical aspects are the first dimensions of the retail service quality model. The authors
conceptualised the physical aspects of retail service to include two sub-dimensions, those of appearance and convenience.

This is in line with Westbrook (1981) who revealed that customers’ satisfaction with the store environment in term of layout, spaciousness, organisation and appearance positively affects satisfaction with the store. Previous retail literature suggests that store appearance is also important to retail customers (Baker, Parasuraman, Grewal & Voss, 2002; Bitner, 1990). In addition, Dabholkar et al. (1996) confirmed that customers are positively influenced by the convenience of shopping that is offered by the physical aspects of a store.

**Communication Quality**

Today’s consumers of both goods and services receive communications from a far richer variety of sources such as targeted magazines, online sources, coupons and a host of sales promotion tools. Communication can be generally defined “as the formal as well as informal sharing of meaningful and timely information” (Anderson & Narus, 1990, p44). Communication that is frequent, timely and relevant fosters commitment and trust by aligning brand/firm perceptions with customer expectations (Anderson & Weitz, 1989). The concept of communication is often viewed as a necessary condition for the existence of a relationship (Berry, 1995; Bendapudi & Berry, 1997). Open and frequent communications, whether formal and informal often serve to align expectations, resolve disputes, and alleviate uncertainty associated with exchanges. Indeed previous studies noted communication as a key determinant of relationships in business-to-business as well as in the consumer market (Berry, 1995; Bendapudi & Berry, 1997; Leuthesser, 1997).

Typically, loyalty programmes are the primary vehicles used by firms to create a sense of community and establish meaningful dialogues with its best customers in order to develop customer relationships. It is often through its loyalty programme that a firm has its best opportunity to engage in ongoing communications with its customers, and thus build stronger levels of commitment and trust with its valuable customers.

The study by De Wulf, Odekerken-Schroder & Iacobucci (2001) confirmed that communication had the greatest effect on predicting perceived relationship investment. Results of several studies suggest that the exchange of information is important in both traditional industrial selling as well as in relationship marketing (Anderson & Weitz, 1989; Metcalf, Frear & Krishnan, 1992). Therefore, regular communication with customers is essential as a means to understand customers’ expectations and to explain the service they receive. Ultimately the retailer will gain a thorough understanding of the customer’s perception of the value delivered. As such, customer dialogue needs to be initiated and sustained by building interactive links to the market-place. For example, Tesco Clubcard offers interactivity between the programme and its members. Their website provides information about the programme with a range of special offers and opportunities to join the programme, and allows members to check their statements.

**Personalisation Service**

Personalisation is an essential factor in creating, and delivering service quality. Generally, the customer is made to feel special relative to other customers as firms customize their offerings to meet a particular customer’s specifications and requirements. Javalgi and Mobberg (1997) noted that a lack of personal attention may lead many customers to believe that little difference exists between providers. In fact, Uddin (2001, p2) points out that, “today’s retailers are shifting toward more customised offers which allows retailers to fashion a one-to-one relationship with the customer.”
In the early years of loyalty programme implementation, rewards were the focus and main interest of both customers and retailers. However, the new model of loyalty programme is more concerned with developing perceptions of value through brand associations and customised interactions with loyalty programme members (Rowley, 2005). Therefore, most of the earlier and existing loyalty programmes have provided standard rewards across all customers. For example, if a store is giving a free toaster for every purchase of RM500 and above, the same reward will be given to all customers irrespective of their profile or purchase pattern. In contrast, under the new model of loyalty programme, rewards personalisation and/or communications are used more extensively with the aim of influencing specific behavioural change. Thus, loyalty programmes are nowadays designed to accommodate individual consumers’ preferences in the form of added products or enhanced customer service options not generally offered to all of the firms’ customers. To illustrate this burgeoning trend, Malcolm Fowler (2003, p2) the vice president and general manager at Ernex asserts that, “most importantly, businesses should specifically focus on the relevance of their rewards. Ultimately, acknowledging consumer preferences and delivering rewards in real time for their patronage is what makes your loyalty programme successful”.

In this sense, many academic researchers have found that consumers are willing to pay a slightly higher price to acquire or use products and services preferentially, especially when they know that a portion of the proceeds will benefit their favoured cause (Barnett, 2004). Data from loyalty programme transactions can be combined with information provided on the card holder’s application form, to build up a detailed picture of an individual's purchase behaviour. The use of loyalty programme data allows retail organizations to refine more competently their offers in line with local consumption habits and practices (Byrom, 2001). Accordingly Smith (2004) noted that the data linked to loyalty programmes could become a rich source of market research. As she aptly put it, “it is not what people say they do but what they actually do”. (p.2)

Evidently, loyalty programmes can be used to convey prestige to customers and make them feel special, important, and appreciated. Delivering relevant information as well as special treatment and special amenities to its members through a variety of benefits such as exclusive access to dedicated product experts, faster service repair guarantees, express check-out, unique product offering opportunities, extended warranties, expedited administration and special member-only events convey value discrimination to selected customers.

Remembering and using customers’ names at a later point in time are also among the suggested ways of valuing a buyer’s uniqueness as an individual (Beatty, Mayer, Coleman, Reynolds & Lee, 1996). In addition other researchers have suggested a sincere attempt by employees' to get to know the customer, engaging customers in friendly conversations and the exhibition of personal warmth as effective methods of personalisation (Crosby et al., 1990; O’Brien & Jones, 1995; Mittal & Lassar, 1996).

**PROPOSITIONS**

Based on the review, the following propositions are thus forwarded with regard to the service quality of a retail loyalty programme:

First, consumers expect service quality dimensions to be present in loyalty programmes particularly in the retail sectors;

Second, the quality of rewards offered by a loyalty programme is important to loyalty programme service quality;

Third, the quality of service personnel is imperative for a loyalty programme;

Fourth, the programme policy is a crucial dimension of loyalty programme service quality;
Fifth, tangible aspects such as the service counter are critical to loyalty programme service quality;
Sixth, ongoing communication and interaction are essential to loyalty programme service quality;
Seventh, service personalisation is a vital dimension of loyalty programme service quality.

These propositions need to be evaluated further to assess the extent of their applicability in measuring loyalty programme service quality. As such, a qualitative study as well as a quantitative study may be essential in the next study to prove the propositions statistically.

CONCLUSION

The effectiveness of a loyalty programme is contingent upon the programme service quality and design. As such, building and sustaining a competitive advantage through loyalty programmes requires firms to concentrate on the social bonding strategy, or soft benefits, which demands more than simply utilizing financial or functional bonding. Making sure that a firm's loyalty programme will carry its weight begins with describing what the programme is expected to do. This involves careful attention to the details of programme service quality from the perspectives of reward, programme policy, service personnel, service counter, communication and personalised service. So far, very few articles address the construct of loyalty programme service quality (Nor Asiah, 2006). This paper moves beyond the existing discussion by unravelling dimensions of service quality that are deemed important to customers in assessing a retail loyalty programme and which have not been examined by previous marketing scholars. The six loyalty programme service quality dimensions we have outlined here serve as a basis of what is important in a loyalty programme.

In doing this, the authors have attempted to address a notable gap in the literature, namely the lack of an appropriate scale for measuring programme service quality. Significantly, a new scale for measuring service quality in a loyalty programme should be developed based on accepted methods of scale development in consumer research (Churchill & Iacobucci, 2002) specifically by including those attributes that are significant to programme participants.

Although the authors cover all relevant aspects of service quality in a loyalty programme by carefully examining the loyalty programme literature, there may be specific aspects of the loyalty programme that may be overlooked or that may become relevant as new trends in managing customer retention emerge and evolve. Thus, based on the literature, the authors recommend that future research in the area of service quality includes a qualitative study involving programme participants as well as the practitioners, which should be corroborated by several pilot studies so that a valid measure of loyalty programme service quality can be developed. It is envisioned that the dimensions developed could facilitate marketing researchers and practitioners to improve understanding of the dimensions and measurement of service quality in a loyalty programme. It is also believed that the proposed six factors can be utilised as reference points to highlight the aspects of a programme’s service quality that may need further enhancement.
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