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MILLENNIALS AND LOYALTY PROGRAMS' ATTRIBUTES:
THE CASE OF FNAC PORTUGAL

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Abstract

Most loyalty programs that exist today do not differentiate customers. The purpose of this study is to explore attributes that millennials find valuable in loyalty programs. Purchase behaviour data of millennial users of Fnac's loyalty program was analysed and telephonic interviews with 12 millennial users were conducted in order to assess which changes in the current programs they find most valuable. It was found that millennials are interested in personalized rewards and progressive programs with levels. At last, the research suggests a targeted loyalty program that could be created for Fnac in order to attract this group.

Keywords: customer loyalty; millennials; loyalty programs; rewards.

Contents

Introduction.....	3
Literature Review.....	5
Methodology.....	9
Results.....	11
Dicussion.....	12
Conclusion.....	14
References.....	16
Appendices.....	18

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Introduction

What led me to research this topic was the fact that I was doing an internship in Fnac and the fact that I had discussed some issues with the marketing department. Specifically, CRM addressed a difficulty the firm had in connecting with millennials. In addition to this, I have always had keen interest in the customer loyalty subject, so I've decided to develop my research around this topic.

Customer loyalty is undoubtedly an important asset to compete in today's markets (Srivastava, Shervani, & Fahey, 2000). True loyalty can be defined as "a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, (...)

despite situational influences and marketing efforts having the potential to cause switching behaviour” (Oliver, 1997; p. 392).

As a result, loyalty programs have been subject of a lot of research. However, there's a trend today in which companies create programs merely as a defensive strategy, instead of designing well-rounded programs suited for the company's goals (Dawkins & Reichheld, 1990). This leads to too similar programs without any differentiation (Kumar & Shah, 2004).

The importance of understanding how true loyalty is built is that by fostering loyalty in the right way, firms can affect their profitability (Kumar & Shah, 2004). Particularly, the millennial segment has a high purchasing power and a solid ability to influence other groups (Lazarevic, 2012). Hence, it becomes of high importance to carefully explore this group's satisfaction and complaints regarding Fnac's current program.

One of the issues of current loyalty programs is managing customer loyalty at an aggregate level without differentiating values, lifestyles and demographics (Kumar & Shah, 2004).

The objective of this research is to understand which attributes millennials want in loyalty programs and to assess whether these attributes are different enough from Fnac's current program to justify an improvement and/or a creation of a new one. This topic is highly relevant for Fnac's Marketing department given the company's inability to fully connect and attract the millennial segment. The research hopes to provide Fnac with insights on how to better approach this segment and what valuable changes in the current loyalty program could possibly be implemented in the future.

The research first reviews the concept of consumer loyalty and addresses some problems of current loyalty programs. Then, it provides an overview of the millennial consumer segment. After that, it explores which changes would be valuable to them, by first analysing purchase data of millennial members of Fnac and, secondly, conducting 12 interviews with them.

Literature Review

Loyalty Programs

These days, customer relationship management (CRM) is a central concern for firms. One of its strategy focuses on customer loyalty programs. This type of program provides financial and non financial rewards (Uncles, Dowling, & Hammond, 2003).

Goals of the programs can be different depending on the company's aims. Besides increasing the customer base, companies want to understand trends according to different customer segments and they do this by analysing their loyalty programs database. Plus, cross promotions, in which firms use one product to advertise another allow time and money savings and increase advertising exposure. (Magrath, 2000).

Customer Loyalty

Consumer loyalty is seen by Uncles, Dowling, & Hammond (2003) from 3 perspectives: customer loyalty as an attitude, as a behaviour and as purchasing moderated by the individual's characteristics.

Many authors (Day, 1969 and Jacoby and Chestnut 1978, Foxall and Goldsmith, 1994, Mellens et al. 1996, Reichheld, 1996) argue that real loyalty is based in attitudes and commitment.

However, there are some authors who are against this perspective, namely Dowling (2002). Dabholkar (1999) also claims this view is more applicable to high risk buying and that it is not applicable in cases of brands that are bought more often.

Nonetheless, highlights have been made regarding how important it is to consider both attitudinal and behavioral features of loyalty (Pritchard, Howard & Havitz, 1992).

Uncles, Dowling, & Hammond (2003) argue that previous research confirms that loyalty derives more from passive acceptance of brands than strong attitudes towards them.

Customer loyalty as an attitude

Many authors (Day, 1969 and Jacoby and Chestnut 1978, Foxall and Goldsmith, 1994, Mellens et al. 1996, Reicheld, 1996) argue that real loyalty implies an attitude driven commitment to the brand. This means having positive beliefs towards the brand, saying one likes the brand and feeling more committed towards it, in comparison to other brands (Dick and Basu, 1994).

Customer loyalty as an expressed behaviour

This model is the model that is most supported by data, despite the controversy around it. They found that not many consumers are monogamous, as in 100% loyal, or promiscuous with no loyalty to any brand. What they found was that most consumers are polygamous, being loyal to a portfolio of brands in a category (Uncles, Dowling, & Hammond, 2003).

This view sees loyalty to the brand as a result of an experience that was satisfactory and the refusal to waste time searching for another option (East, 1997; Ehrenberg et al., 1997; Ehrenberg et al., 2003).

Purchasing moderated by the individual's characteristics and circumstances

Lastly, the third model defends that the loyalty concept is accurate when it mixes attitude and behaviour and is moderated by the individual circumstances like his characteristics and the purchase situation he is in, such as risk tolerance, product stock and the aim of the purchase.

Using different models induce different marketing actions. If one uses the attitudinal loyalty marketing plans will have a manipulative drive (Brown, 2000; White and Schneider, 1998).

On the other hand, if one uses the expressed behaviour view, there's an effort to level up to what competitors are doing and to have a higher market share.

Problems in current loyalty programs

Despite programs impacts and limitations, there's a trend today in which companies create them merely as a defensive strategy, leading to programs that are too similar and are not

differentiating. The danger here relies in the possibility of wasting the money invested in the program and not building loyalty or not returning profitable outcomes for the company (Reinartz & Kumar, 2002).

Besides, one critical problem in current loyalty programs these days is an aggregate customer view, which disregards demographic and attitude differences (Kumar & Shah, 2004).

In most current programs customers receive their rewards based on their present or past spending. This ignores the future potential spending of the customer (Reinartz & Kumar, 2003). A useful and new feature in future loyalty programs could be rewarding customers for their potential future actions.

Pritchard, Howard & Havitz (1992) defend how crucial it is to consider both attitudinal and behavioral views of loyalty. The value of attitudinal loyalty relies in the potential of word of mouth (Dick & Basu, 1994; Hagel & Armstrong, 1997; Reichheld, 2003).

Therefore, to win real loyalty, marketers should invest in both. To sustain it, they can use the database information to help identify customer differences in order to design rewards that are relevant to them and have a high perceived value. To be effective in this companies need to know their customers: differences in personality, lifestyles and demography are necessary in order to make forecasts about future customer profitability (Reinartz & Kumar, 2003).

Finally, something to emphasize is that expenses should be taken into consideration when managing loyalty program, since some programs have issues in not being scalable, as Kumar and Shah (2004) point out.

Changes in Rewards

Kumar and Shah (2004) propose two types of rewards that take into account differences in customer's profiles and aim to create attitudinal and behavioural loyalty without sacrificing firm's profitability.

Type I is only based on spending: a basic reward to all customers for past and present purchases, which captures customer purchase behaviour and rewards in proportion to spending (doesn't sacrifice profitability).

Type II are forward looking rewards that intend to impact the customer's future actions based on its current history. This type of rewards would be directed to selective customers in order to originate attitudinal loyalty, improve behavioural loyalty or both. This would be only to the customers that the company wants to keep the loyalty levels. By analysing a customer's attitude (through feedback surveys) and his purchase behaviour it is possible to design rewards accordingly. If, for example, a customer shows a strong attitude but is not performing as well in purchase behaviour, the objective of the reward could be to cause him to buy other products besides the one he is usually buys. This customization makes rewards more relevant for each customer.



Fig. 5. Areas where current loyalty programs can improve Source: Kumar & Shah, 2004 and Reinartz & Kumar, 2002

Millennial's Loyalty

Generation Y, so called millennials, born between 1980 and 1996, are native digitals brought up in a globalized and techy environment. They appreciate personalized products and experiences more than possessions (Visão, 2016).

Lazarevic (2012) points out the importance of millennials as a segment for firms. However, the author concludes that the literature hasn't been able to assess if this generation can be persuaded to be loyal to brands.

In the case where they are able to show devotion to a brand, benefits range from new product spread, high purchase levels towards immediate gratification products and the massive effect this group has on other segments (Lazarevic, 2012). 3 profiles can be created to describe them:

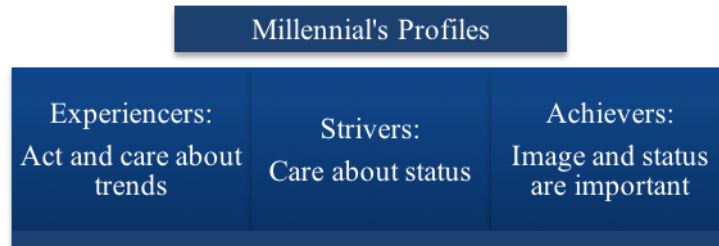


Fig. 6. Millennial's Profiles Source: Improving insight on Generation Y consumers, 2015

Millennials have longer education (Wolburg and Pokrywczynski, 2001) and are more conscious about marketing tactics (Tsui and Hughes, 2001). Indeed, with the wide access to the Internet, this group is demanding solid reasons to be loyal (Passikoff, 2015).

From an assessment that included 12,300 millennial consumers in 63 segments, 2 ideas were proven: emotional values and expectations are absolutely relevant when making decisions; plus, a firm's ability to respond to emotional values surpasses rational aspects. (Passikoff, 2015). Customization and answering personal needs became more important in bonding with the brand.

Besides, how consumers act towards brands is intimately related to how useful they find advertisement through social media. Social pressure by relevant peers is incredibly powerful when it comes to the consumer's intent to join a brand page (Muk, 2013).

Methodology

Because this research is exploratory, it was decided to use a multiple method: a combination of quantitative and qualitative data was collected. Quantitative data was analysed in order to understand current behavioural loyalty of millennials, more specifically purchase

behaviour. Qualitative data was also needed to assess this group's attitudinal loyalty, satisfaction levels and their interest on changes to Fnac's loyalty program. These evaluations are relevant for us to conclude if changes are beneficial and appreciated enough to justify a new loyalty program for Fnac.

Quantitative data

Quantitative data regarding consumption levels of millennials (defined here as individuals between the age of 18 and 34 for the research purpose) and non millennials (individuals from 35 to 90 years old) was obtained from Fnac. This data allows me to compare consumption levels of millennials and non millennials.

In addition, information about the number of new users and users who quit the program since June of 2016 was analysed in terms of age.

Qualitative data

Regarding qualitative data, a set of 12 interviews were conducted in Fnac's meeting rooms using a mobile phone. This was the number of interviews decided given that the interviews had open-ended questions which made each interview time consuming; secondly, each interviewee received 10€ as a gift to spend in a Fnac store using their loyalty card. This was sponsored by the company.

Those who participated in the interviews were selected from a random sample of 40 Fnac loyalty program users who had the following characteristics:

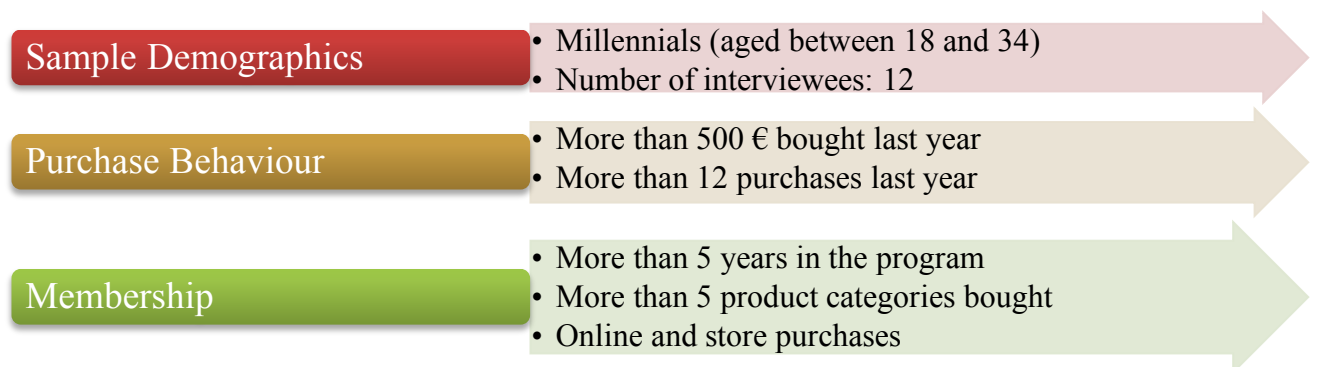


Fig. 7. Selection of participants

The selection of the sample with the characteristics shown in figure 6 was determined because it was considered that this group of millennials have enough experience with the program to answer the interview questions to provide us with valuable insights and reactions.

Results

In terms of consumption levels of members of Fnac's loyalty program, the following data was observed from the company's database:

Millennial Consumption	
Total Consumption in the last 12 months	€ 42,197,488.8
Total Number of Millennials	110,874
Average Millennial Consumption per year	€ 380.59
Non Millennial Consumption	
Total Consumption in the last 12 months	€ 140,689,729.9
Total Number of Non Millennials	305,700
Average Non Millennial Consumption per year	€ 460.22

Fig. 8. Consumption of millennials and non millennials

As we can calculate from the table, a millennial user of Fnac's program spends only 17.3 % less per year in Fnac's stores compared to another user.

Regarding new memberships, from the 1st of June until the 19th of December 2016 a total of 30,571 new users were registered, with the following characteristics: 39% were millennials and 61% belonged to other generations. In the same period, 3,417 users cancelled their membership, with only 31% of them being millennials.

New Memberships between June and December 2016

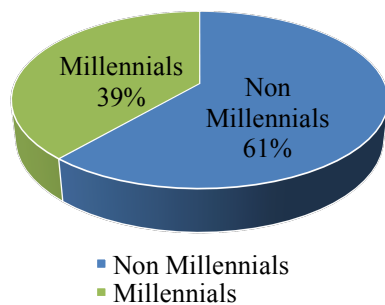


Fig. 9. New Memberships between June and December 2016

Memberships cancelled between June and December 2016

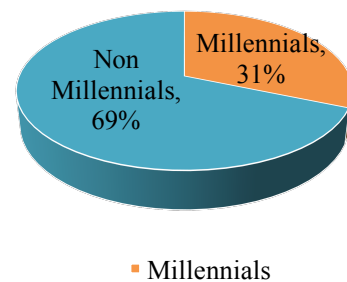


Fig. 10. Memberships cancelled between June and December 2016

Regarding the interviews results, the first aspect assessed was the motivation of millennials to be a member of Fnac's loyalty program.

Most participants mentioned the same reasons regarding why they decided to become a member: book discounts, accumulation of points in the card and member days with exclusive discounts. One participant summarises it in a simple way by saying: "Since I am a frequent customer, it's a way to gain something from doing it. I like the discounts the most".

The concept of loyalty of members towards Fnac was also analysed. When asked if the participant would register in a loyalty program of Fnac's direct competitor if they were to create one, 25% said yes, 25% said no and the rest mentioned a vague answer, such as "possibly". One member said "Yes, being a Fnac user wouldn't make me not want to be company x user. One thing doesn't "stop" the other".

Exploring which benefits are more valued by millennials, findings show 58% of participants prefer personalized discounts according to their product preference, followed by access to exclusive events (such as concerts) and, finally, priority cash register line. On the other hand, 25% say they appreciate exclusive events the most, followed by personalized discounts and, at last, priority line. Lastly, a small group (17%) first rank personalized discounts followed by priority line and exclusive events.

In terms of the program mechanics, such as points, discounts or a mix of both, all participants said they prefer having a mix of both, except for one who valued discounts the most.

Addressing the possibility of a new program with levels, in which a user upgrades its membership when he increases his purchase level, 83% of participants say they would feel benefited by it. However, one member demonstrated his doubt by saying that it "depends on how it would work, only if it didn't deteriorate the conditions for the first level users". Another participant added another concern "we all pay the same fee for the program so I think that as

users we would feel discriminated. Only if the fee payment would be taken into consideration; It depends on the conditions of the levels, how hard it would be to upgrade the level. If it were unrealistic targets, no. If it were more reachable, maybe.”

When it comes to online sharing and recommendations, which was a concern brought up by Fnac's Marketing department, specifically regarding millennial users, participants were asked if they were available to earn points in a new way, such as providing a recommendation or sharing a post of the brand on Facebook. Results were clear: half of the interviewees said no, with only 25% saying yes; the rest provided an ambiguous answer. The reasons mentioned for not being open to this were related to lack of time and insignificant presence on social networks.

Last but not least, two complaints were recurring amongst this group: first, the speed in which a member accumulates points and how often one could exchange their vouchers for money; secondly, frequency of discounts' in books in comparison to technology products.

Discussion

It appears that immediate gratification is highly appreciated by millennials, given their first answer when asked about benefits: discounts and accumulation of points. Besides, some millennials seem to want faster rewards than the ones Fnac is providing right now in terms of the speed they can exchange their points for money vouchers to spend in the store.

They seem to have a polygamous loyalty attitude towards Fnac, since they are open to being a user of Fnac's competitor loyalty program if this brings them advantages. Only a few respondents don't consider other programs. Still, this aligns with Uncles, Dowling and Hammond (2003) theory of loyalty as a mix of attitude and buying, in which they claim that not many consumers are monogamous, but many are polygamous (Uncles, Dowling, & Hammond, 2003). This is confirmed by the data I collected and it can help us conclude that loyalty programs will inevitably compete with other loyalty programs.

In terms of benefit preference, personalized discounts according to the user's product preference was the highest ranked benefit. After this, access to exclusive events was the chosen benefit and, finally, priority line. This shows that millennials are interested, first of all, in seeing benefits in products they care about. Secondly, they want personalized treatment as customers.

As I concluded previously, loyalty programs compete with other brand's loyalty programs. Given the above insight, I suggest Fnac could incorporate differentiation of its customer base in its current loyalty program.

Most millennials value both discounts and points accumulated, so the more benefits Fnac can offer, the better. The company already performs well in this area.

Regarding the creation of a program with levels, most millennials show interest in it. Nonetheless, concerns such as fee payment per level and difficulty in level upgrade need to be carefully analysed and designed if a new program is to include levels.

Finally, as Fnac's Marketing department revealed, millennial online behaviour is rather shy. This is confirmed by the answers in the interviews. It seems that most millennials are not available to share brands posts on Facebook, even if this would reward them in a potential way such as earning points in their loyalty card. This helps us conclude that another approach has to be explored in order to captivate millennials' online attention.

Conclusion

The main objective of this research was to understand which attributes millennials want in loyalty programs and to assess whether these attributes are different enough from Fnac's current program to justify an improvement and/or a creation of a new one.

As I've shown through the company's loyalty program data, this generation composes 39% of new memberships and this segment spends only 17.3 % less than other generations. Indeed, the segment is wide and presents relevant purchasing power (Lazarevic, 2012).

The research concludes that millennials want, in fact, slightly different rewards than the ones they are receiving right now. They want immediate gratification, that is, faster rewards, specifically, a faster speed in which they can exchange their points for money to spend in the store. In addition, when asked about possible new rewards, they showed to be mostly interested in personalized discounts according to their product preference. For example, some members complained that they didn't observe as many discounts in technology products as they observed in books, even though they consumed more of the first. Plus, they show interest in a programs with different levels according to the user's purchases.

Given that loyalty programs will inevitably compete with other loyalty programs, I suggest that Fnac could incorporate differentiation of its customer base in its current loyalty program. Specifically, by implementing a new system of rewards such as the one suggested by Kumar and Shah (2004), Fnac could attend millennials' needs and connect better with this group in a way that affects their attitudinal loyalty (which relates to positive beliefs and the propensity to recommend the brand to others). This can have an impact in the company's profitability levels in the long-term, given this group's current and future purchasing power, as well as its influence on other groups (Lazarevic, 2012).

This new system of rewards could include a set of invisible levels (to the customers and competitors). The first level would offer basic rewards to all customers (rewards based on purchases) and the second level would offer differentiated discounts to only those customers that Fnac is highly committed to keeping in order to maintain their loyalty. These rewards could be tangible and intangible (such as customized rewards in products and exclusive access to events). Besides, they could be customized to the preference of the customer but also to the goals of the company (increasing either behavioural loyalty or attitudinal loyalty of that customer). Another feature would be the possibility to exchange accumulated points for money

at any given moment. This feature aligns with Fnac's recent mobile app, which allows members to check their points balance with a single click, something that wasn't that accessible before.

Future research should try to explore millennials' online behaviour, their motivation to share brand posts and test online actions that reward points online that are stimulating to this group. Besides, it should investigate software and advanced analytical systems that help put in practice the complex feature of personalized discounts.

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Appendices

Fnac's Data (Loyalty Program Data)

New Memberships between June and December 2016

	Number of individuals	Percentage (%)
New Members	30,571	100%
Non Millennials	18,751	61.3%
Millennials	11,820	38.7%

Memberships cancelled between June and Dec. 2016

	Number of individuals	Percentage (%)
Members	3,417	100%
Non Millennials	1,070	68,7%
Millennials	2,347	31,3%

Consumption of Millennials and Non Millennials Members in the last 12 months (December 2015 until December 2016)

Millennial Consumption

Total Consumption in the last 12 months	€ 42,197,488.8
Total Number of Millennials	110,874
Average Millennial Consumption per year	€ 380.59

Non Millennial Consumption

Total Consumption in the last 12 months	€ 140,689,729.9
Total Number of Non Millennials	305,700
Average Non Millennial Consumption per year	€ 460.22

Interview Number 1

1. Me: Why are you a Fnac loyalty program user? What do you like about the program?

Interviewee: I've been a user for more than 7 years now. Mainly for the 10% discount in books and the absence of commission payment in the tickets.

2. Me: Can you give me an example of a situation where you've felt benefited for having the card?

Interviewee: Yes, when I buy books with 10% discount and when there are exclusive promotions in Fnac online store.

3. Me: In your experience, what would make the experience better? Rank the following according to your preference: a) Access to concerts/limited editions events; b) Priority cash register line and c) Discounts personalized according to your product preference and most bought product;

Interviewee: a), c), b), The 1% cashback in the purchases outside Fnac using the credit card could be higher.

4. Me: What loyalty programs are you a member of and what brand content do you share?

Interviewee: I usually share Fnac's Facebook posts, book posts.

5. Me: Can you give me an example of a situation where you felt compelled to recommend a brand to a friend? Why did you it?

Interviewee: Yes, the Black Friday discounts, I've recommended some products that had great discounts because the new price was really good.

6. Me: If there was a loyalty card from Fnac's main competitor would you still be a member of it? Why?

Interviewee: Yes, possible. But most books I buy from Fnac.

7. Me: Would you value a program that offered points by levels?

Interviewee: Yes, that might be interesting.

8. Me: What program do you value the most, one with only discounts, one with points or a mix of both?

Interviewee: A mix of both.

9. Me: If there was an extra way to earn points such as providing a recommendation or reviewing a product, would you be available to do that?

Interviewee: Yes, that would be really interesting, even to increase Fnac's exposure. Amazon has a similar type of thing.

Interview Number 2

1. Me: Why are you a Fnac loyalty program user? What do you like about the program?

Interviewee: Mainly to take advantage of the book promotions and the Fnac User Days discounts. I also really like the free shipping advantage.

2. Me: Can you give me an example of a situation where you've felt benefited for having the card?

Interviewee: Christmas promotions where you buy 2 books and take 3, free and fast shipping.

3. Me: In your experience, what is missing in this program? What could make your experience better? Rank the following according to your preference: a) Access to concerts/limited editions events; b) Priority cash register line and c) Discounts personalized according to your product preference and most bought product;

Interviewee: I would like to use my card balance without having to discount only in 10 €, I would like to discount the balance in smaller amounts. c) a) b)

4. Me: What loyalty programs are you a member of and what brand content do you share?

Interviewee: I don't share anything, because I like more private things.

5. Me: Can you give me an example of a situation where you felt compelled to recommend a brand to a friend? Why did you it?

Interviewee: Products I like and one's with discounts.

6. Me: If there was a loyalty card from Fnac's main competitor would you still be a member of it? Why?

Interviewee: Possibly.

7. Me: Would you value a program that offered points by levels?

Interviewee: Yes.

8. Me: What program do you value the most, one with only discounts, one with points or a mix of both?

Interviewee: A mix of both.

9. Me: If there was an extra way to earn points such as providing a recommendation or reviewing a product, would you be available to do that?

Interviewee: Yes, I think that would be a good idea, in that way I wouldn't recommend in other websites.

Interview Number 3

1. Me: Why are you a Fnac loyalty program user? What do you like about the program?

Interviewee: Because I can accumulate the money I spend in points, I don't have to pay commission in the tickets and I have promotions, specially in the books, which is what I buy more.

2. Me: Can you give me an example of a situation where you've felt benefited for having the card?

Interviewee: One time I had 30 € in the card and I got to buy something for free, which I wasn't expecting. But the difficulty I have with the card is knowing my balance.

3. Me: In your experience, what is missing in this program? What could make your experience better? Rank the following according to your preference: a) Access to concerts/limited editions events; b) Priority cash register line and c) Discounts personalized according to your product preference and most bought product;

Interviewee: Having control over the balance of the card, like I mentioned. I would also like more discounts in technology, because I buy a lot of it and I don't feel special discounts for being a user. There could be discounts for users to make them go to Fnac and not other shop, like it happens for books. a), c), b)

4. Me: What loyalty programs are you a member of and what brand content do you share?

Interviewee: I don't usually share posts on Facebook, I usually just go there to see news. But I do see Fnac's posts on it to see the special discounts, besides reading your newsletters.

5. Me: Can you give me an example of a situation where you felt compelled to recommend a brand to a friend? Why did you it?

Interviewee: I have recommended in the past. Specially because I go to Fnac before going to other shops.

6. Me: If there was a loyalty card from Fnac's main competitor would you still be a member of it? Why?

Interviewee: Probably not, even at my home, my parents have it, for example, but I don't.

7. Me: Would you value a program that offered points by levels?

Interviewee: Yes, that would be interesting, like TAP for example and then having an upgrade. That's a cool idea.

8. Me: What program do you value the most, one with only discounts, one with points or a mix of both?

Interviewee: A mix of both.

9. Me: If there was an extra way to earn points such as providing a recommendation or reviewing a product, would you be available to do that?

Interviewee: Honestly I'm not a fan of that, but that's because I don't usually use Facebook. But that probably works for other people. For me, probably not, I rarely share posts.

Interview Number 4

1. Me: Why are you a Fnac loyalty program user? What do you like about the program?

Interviewee: Because it compensates me, I restrict my purchases to Fnac. I value the points accumulated and the discounts the most.

2. Me: Can you give me an example of a situation where you've felt benefited for having the card?

Interviewee: Yes, one of them was the Mac, with the value accumulated I bought a cover for it. In another shop, I would be able to do it. This also happens with books.

3. Me: In your experience, what is missing in this program? What could make your experience better? Rank the following according to your preference: a) Access to concerts/limited editions events; b) Priority cash register line and c) Discounts personalized according to your product preference and most bought product;

Interviewee: a), c), b). I would like to accumulate points quickly.

4. Me: What loyalty programs are you a member of and what brand content do you share?

Interviewee: I don't usually do it frequently, actually I don't follow Fnac on Facebook.

5. Me: Can you give me an example of a situation where you felt compelled to recommend a brand to a friend? Why did you do it?

Interviewee: Sometimes when there's a special discount based on your newsletters.

6. Me: If there was a loyalty card from Fnac's main competitor would you still be a member of it? Why?

Interviewee: Maybe yes, because I have that experience with other brands

7. Me: No, I'm satisfied with Fnac.

Interviewee: I think so, yes, because I have that experience with other brands and it works well. Those 5% that sometimes we buy in other bookshops I would change it to Fnac.

8. Me: What program do you value the most, one with only discounts, one with points or a mix of both?

Interviewee: A mix of both.

9. Me: If there was an extra way to earn points such as providing a recommendation or reviewing a product, would you be available to do that?

Interviewee: Possibly, it depends. But I'm not very present of Facebook.

Interview Number 5

1. Me: Why are you a Fnac loyalty program user? What do you like about the program?

Interviewee: Because of a promotion you had that I found interesting. The discounts.

2. Me: Can you give me an example of a situation where you've felt benefited for having the card?

Interviewee: No, I don't recall.

3. Me: In your experience, what is missing in this program? What could make your experience better? Rank the following according to your preference: a) Access to concerts/limited editions events; b) Priority cash register line and c) Discounts personalized according to your product preference and most bought product;

Interviewee: Maybe increasing the way to accumulate points, not 5% but 10% and being able to use 5€ and not only 10€. c), a) b)

4. Me: What loyalty programs are you a member of and what brand content do you share?

Interviewee: No, I don't usually share because I'm not so interested in it.

5. Me: Can you give me an example of a situation where you felt compelled to recommend a brand to a friend? Why did you do it?

Interviewee: Yes, because of the quality of a shop.

6. Me: If there was a loyalty card from Fnac's main competitor would you still be a member of it? Why?

Interviewee: Yes, because I would take advantage of the benefits.

7. Me: Would you value a program that offered points by levels?

Interviewee: Yes.

8. Me: What program do you value the most, one with only discounts, one with points or a mix of both?

Interviewee: A mix of both.

9. Me: If there was an extra way to earn points such as providing a recommendation or reviewing a product, would you be available to do that?

Interviewee: No.

Interview Number 6

1. Me: Why are you a Fnac loyalty program user? What do you like about the program?

Interviewee: I think it's a company that offers good products and discounts so I feel good for being a user. I like the discounts because it compensates. I like the accumulation of points.

2. Me: Can you give me an example of a situation where you've felt benefited for having the card?

Interviewee: One time I bought a guitar and because of the points I bought a cable for free.

3. Me: In your experience, what is missing in this program? What could make your experience better? Rank the following according to your preference: a) Access to concerts/limited editions events; b) Priority cash register line and c) Discounts personalized according to your product preference and most bought product;

Interviewee: I would like more discounts in technology, and also in all other products besides books. c) b) a)

4. Me: What loyalty programs are you a member of and what brand content do you share?

Interviewee: Not much, I barely use Facebook.

5. Me: Can you give me an example of a situation where you felt compelled to recommend a brand to a friend? Why did you it?

Interviewee: No.

6. Me: If there was a loyalty card from Fnac's main competitor would you still be a member of it? Why?

Interviewee: I would have to evaluate the advantages, it depends.

7. Me: Would you value a program that offered points by levels?

Interviewee: Yes.

8. Me: What program do you value the most, one with only discounts, one with points or a mix of both?

Interviewee: A mix of both.

9. Me: If there was an extra way to earn points such as providing a recommendation or reviewing a product, would you be available to do that?

Interviewee: Maybe, if I had time.

Interview Number 7

1. Me: Why are you a Fnac loyalty program user? What do you like about the program?

Interviewee: Because I buy things there often and accumulate points and enjoy the promotions.

2. Me: Can you give me an example of a situation where you've felt benefited for having the card?

Interviewee: Right now I don't remember.

3. Me: In your experience, what is missing in this program? What could make your experience better? Rank the following according to your preference: a) Access to concerts/limited editions events; b) Priority cash register line and c) Discounts personalized according to your product preference and most bought product;

Interviewee: The possibility to discount the accumulated value not in 10 € but in other values, any values, whenever I want. c), b), a)

4. Me: What loyalty programs are you a member of and what brand content do you share?

Interviewee: No, not usually, it's not part of my usage of social networks.

5. Me: Can you give me an example of a situation where you felt compelled to recommend a brand to a friend? Why did you it?

Interviewee: No.

6. Me: If there was a loyalty card from Fnac's main competitor would you still be a member of it? Why?

Interviewee: No.

7. Me: Would you value a program that offered points by levels?

Interviewee: Depends on how it would work, only if it didn't deteriorate the conditions for the first level users.

8. Me: What program do you value the most, one with only discounts, one with points or a mix of both?

Interviewee: A mix of both.

9. Me: If there was an extra way to earn points such as providing a recommendation or reviewing a product, would you be available to do that?

Interviewee: No, because it would involve having to spend time and I already know I wouldn't do it.

Interview Number 8

1. Me: Why are you a Fnac loyalty program user? What do you like about the program?

Interviewee: To use the advantages of the card, because I buy a lot of things, so the discounts, the 10€ vouchers and the Fnac user day discounts.

2. Me: Can you give me an example of a situation where you've felt benefited for having the card?

Interviewee: Yes, when I accumulate the vouchers.

3. Me: In your experience, what is missing in this program? What could make your experience better? Rank the following according to your preference: a) Access to concerts/limited editions events; b) Priority cash register line and c) Discounts personalized according to your product preference and most bought product;

Interviewee: Maybe more promotions. More discounts in movies and music. c) a) b)

4. Me: What loyalty programs are you a member of and what brand content do you share?

Interviewee: No, because I don't have the habit of sharing, not for any specific reason.

5. Me: Can you give me an example of a situation where you felt compelled to recommend a brand to a friend? Why did you it?

Interviewee: I recommend the variety of movies and music Fnac has, technology products in Fnac sometimes.

6. Me: If there was a loyalty card from Fnac's main competitor would you still be a member of it? Why?

Interviewee: If it guaranteed the same conditions and price, it would be a matter of evaluating the program.

7. Me: Would you value a program that offered points by levels?

Interviewee: That would be an excellent idea. For example, I am a frequent buyer of movies and music, if there were special discounts that interested me in that area that would be excellent.

8. Me: What program do you value the most, one with only discounts, one with points or a mix of both?

Interviewee: A mix of both.

9. Me: If there was an extra way to earn points such as providing a recommendation or reviewing a product, would you be available to do that?

Interviewee: I don't go much to Facebook but recommending a product to a friend, yes, maybe.

Interview Number 9

1. Me: Why are you a Fnac loyalty program user? What do you like about the program?

Interviewee: At the time I signed up because of a product I was buying would have a great discount.

2. Me: Can you give me an example of a situation where you've felt benefited for having the card?

Interviewee: What I buy the most are books to offer. So I enjoy the 10% discount a lot. Besides, I take advantage of Fnac user day a lot.

3. Me: In your experience, what is missing in this program? What could make your experience better? Rank the following according to your preference: a) Access to concerts/limited editions events; b) Priority cash register line and c) Discounts personalized according to your product preference and most bought product;

Interviewee: c) a) b)

4. Me: What loyalty programs are you a member of and what brand content do you share?

Interviewee: No, I don't have any time for social networks.

5. Me: Can you give me an example of a situation where you felt compelled to recommend a brand to a friend? Why did you it?

Interviewee: I sometimes ask for opinion, but I tend not to influence decision of others.

6. Me: If there was a loyalty card from Fnac's main competitor would you still be a member of it? Why?

Interviewee: Possibly, if it brought me advantages.

7. Me: Would you value a program that offered points by levels?

Interviewee: Yes, but we all pay the same fee for the program so I think that as users we would feel discriminated. Only if the fee payment would be taken into consideration.

8. Me: What program do you value the most, one with only discounts, one with points or a mix of both?

Interviewee: A mix of both.

9. Me: If there was an extra way to earn points such as providing a recommendation or reviewing a product, would you be available to do that?

Interviewee: No, I have little time for that, even though that would benefit you.

Interview Number 10

1. Me: Why are you a Fnac loyalty program user? What do you like about the program?

Interviewee: To take advantage of the exclusive discounts. I like the most the accumulation of points and the office supplies discounts.

2. Me: Can you give me an example of a situation where you've felt benefited for having the card?

Interviewee: For example, when I bought an Ipad Fnac was the shop that benefited me for most for the purchase for accumulating the points.

3. Me: In your experience, what is missing in this program? What could make your experience better? Rank the following according to your preference: a) Access to concerts/limited editions events; b) Priority cash register line and c) Discounts personalized according to your product preference and most bought product;

Interviewee: Maybe a gift in the customer's birthday and an upgrade of the gift according to your purchase level. I am a user of another brand's program that does that. c), a), b)

4. Me: What loyalty programs are you a member of and what brand content do you share?

Interviewee: No, I would only do it if I would gain something for it.

5. Me: Can you give me an example of a situation where you felt compelled to recommend a brand to a friend? Why did you it?

Interviewee: Yes, I have recommended things that I use, Apple products, because I trust it.

6. Me: If there was a loyalty card from Fnac's main competitor would you still be a member of it? Why?

Interviewee: Actually, I already am. But it's a completely different experience. Whereas in Fnac I have discounts and credit, in company x I don't, the card is only for credit and the discounts are for other shop.

7. Me: Would you value a program that offered points by levels?

Interviewee: Yes, there are shops that do that and I like that. As I mentioned, the birthday gifts offered to users were upgraded according to the user's level.

8. Me: What program do you value the most, one with only discounts, one with points or a mix of both?

Interviewee: A mix of both.

9. Me: If there was an extra way to earn points such as providing a recommendation or reviewing a product, would you be available to do that?

Interviewee: Yes, because now I would gain something for doing it.

Interview Number 11

1. Me: Why are you a Fnac loyalty program user? What do you like about the program?

Interviewee: Because of the discounts. Since I am a frequent customer, it's a way to gain something from doing it. I like discounts the most and being able to buy a lot of different programs in the same shop.

2. Me: Can you give me an example of a situation where you've felt benefited for having the card?

Interviewee: Yes, for example in the books and the Fnac user day exclusive for program users.

3. Me: In your experience, what is missing in this program? What could make your experience better? Rank the following according to your preference: a) Access to concerts/limited editions events; b) Priority cash register line and c) Discounts personalized according to your product preference and most bought product;

Interviewee: Maybe it's not possibly, but in my case, and I know a lot of people who have the card and also don't use it as a payment card, I would like to have the card without the credit option, since I'm never going to use that option. It's not like I have any extra cost for having the option but I frequently receive letters and emails that I don't need. Besides, I had to share my bank account because of this option. c), a), b)

4. Me: What loyalty programs are you a member of and what brand content do you share?

Interviewee: I share in private with a person to comment on the discount and possible purchase.

5. Me: Can you give me an example of a situation where you felt compelled to recommend a brand to a friend? Why did you do it?

Interviewee: Yes, for example, when I want to buy things, I ask and share with my husband.

6. Me: If there was a loyalty card from Fnac's main competitor would you still be a member of it? Why?

Interviewee: Yes, being a Fnac user wouldn't make me not want to be company x user. One thing doesn't "stop" the other.

7. Me: Would you value a program that offered points by levels?

Interviewee: It depends on the conditions of the levels, how hard it would be to upgrade the level. If it were unrealistic targets, no. If it were more reachable, maybe.

8. Me: What program do you value the most, one with only discounts, one with points or a mix of both?

Interviewee: Discounts, because its more immediate.

9. Me: If there was an extra way to earn points such as providing a recommendation or reviewing a product, would you be available to do that?

Interviewee: No, because that takes time and I wouldn't start something knowing I wouldn't finish it.

Interview Number 12

1. Me: Why are you a Fnac loyalty program user? What do you like about the program?

Interviewee: Because the advantages are great, both in store and online. I like the amount of discounts and the Fnac user day.

2. Me: Can you give me an example of a situation where you've felt benefited for having the card?

Interviewee: Yes, I bought an iPhone in the Fnac user day and got a great discount. Otherwise, I wouldn't have bought it.

3. Me: In your experience, what is missing in this program? What could make your experience better? Rank the following according to your preference: a) Access to concerts/limited editions events; b) Priority cash register line and c) Discounts personalized according to your product preference and most bought product;

Interviewee: I'm very satisfied with the program. c), a), b)

4. Me: What loyalty programs are you a member of and what brand content do you share?

Interviewee: I don't usually share.

5. Me: Can you give me an example of a situation where you felt compelled to recommend a brand to a friend? Why did you do it?

Interviewee: Technology products, because of the price and variety, given the experience I have been having.

6. Me: If there was a loyalty card from Fnac's main competitor would you still be a member of it? Why?

Interviewee: I don't see many advantages in the other program, so I don't think so.

7. Me: Would you value a program that offered points by levels?

Interviewee: Yes, possible.

8. Me: What program do you value the most, one with only discounts, one with points or a mix of both?

Interviewee: Only discounts first, then a mix of both.

9. Me: If there was an extra way to earn points such as providing a recommendation or reviewing a product, would you be available to do that?

Interviewee: Maybe, I'm open to new options.