

LOYALTY PROGRAMMES OF SELECTIVE GROCERY RETAILERS IN THE CZECH REPUBLIC

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Abstract

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This paper deals with long term loyalty programmes of selective grocery retailers who operate in the market within the Czech Republic. Only those loyalty programmes designed for the end customers are taken into account, so this study is concerned with the B2C area. A long term loyalty programmes last at least for one year, i.e. twelve months (this time determination is valid for purposes of this paper). The main aim of this paper is to identify the single elements and principles occurring in long term loyalty programmes and then to develop an illustrative model. The presented output is a model of long term loyalty programmes that captures the three following phases: the establishment, development (or building) and termination of the relationship.

In addition, from the empirical research, an interesting fact has emerged: two of the analysed long term loyalty programmes were launched at a similar time. This could be explained through the tendency for companies to copy the successful activities instigated by their competitors. Furthermore, the next remarkable phenomenon is that one grocery chain runs two long term loyalty programmes at the same time and the target groups of these programmes overlap. A possible explanation could be that the chain is making efforts to interest as many as possible of its different customers.

Keywords: customer relationship management, CRM, loyalty programmes, loyalty schemes, grocery retailing, Czech Republic

INTRODUCTION

Loyalty Programmes

So-called loyalty programmes are considered to be a meaningful component of CRM, i.e. Customer Relationship Management (Omar *et al.*, 2011, p. 333) and, as such, they are marked as CRM tactics (Uncles *et al.*, 2003, p. 294). According to Meyer-Waarden (2007, p. 224), loyalty programmes are a tool for developing relationships. Besides this, loyalty programmes can also be classified as a tool of marketing communication (Janouch, 2010, p. 201), belonging to the tools of sales promotion.

In the Czech Republic, there is a trend of declining customer loyalty, so it is expected that there will be a growth in the importance of loyalty programmes (Drtina, 2012). It is obvious that loyalty programmes are an inseparable part of today's marketing.

Loyalty Programmes in Grocery Retailing

In grocery retailing, there are numerous competitors, and individual retailers do not have many opportunities to show how they are different. Airline companies are exposed to a similar situation. Their services are perceived as all being similar to each other (i.e. to be no different from one another). Loyalty programmes have been successfully proven by many airline companies and this was the inspiration for grocery retailers (Lal and Bell, 2003, p. 181).

Retailers try to influence customer behaviour by means of their loyalty programmes; they want their customers to stay loyal to their company or their brand. On this basis, retailers want to build long term, profitable relationships with their customers (Zamazalová, 2009, p. 224). Simply said, it is concerned with providing various rewards and incentives to customers for their repeated

purchases (Lal and Bell, 2003, p. 179). Vesel and Zabkar (2009, p. 397) perceive loyalty programmes as „a discriminative marketing tool“ because companies reward only some of their customers (i.e. those who are members), not every buyer.

It has emerged from recent research that the biggest interest in loyalty programmes in the retailing sector is in the area of groceries (Ott, 2011). This information confirms the importance of research on the retailing sector.

Objectives of Loyalty Programmes

Retailers expect from loyalty programmes several things. Dowling and Uncles (1997, p. 72) summarise basic objectives which fulfilment is expected from successful loyalty programmes: „1) to maintain sales levels, margins, and profits (...); 2) to increase the loyalty and potential value of existing customers (...) and 3) to induce cross-product buying by existing customers (...)“.

Apart from the above items, there is one very often mentioned benefit: it is the matter of gaining pieces of information about customers and also about the market situation. It is necessary to point out that this kind of information about market situation is distorted because such data have been gathered from an unrepresentative sample (Dowling and Uncles, 1997, p. 73).

Various Features of Loyalty Programmes

There are many divisions of loyalty programmes. In this paper, only such divisions that have been taken into account in the pursuance of content analysis are introduced. (see *Materials and Methods*).

The basic division of loyalty programmes is concerned with distinguishing **the target group** of any one particular loyalty programme, so, there are programmes for end customers and programmes for retailers (Mrkosová *et al.*, 2011, p. 200). The former is concerned with the area of B2C, the latter deals with B2B. However, in this paper, only B2C programmes are taken into account.

The next possible division of loyalty programmes is orientated to the point of view of time. Bellini *et al.* (2011, p. 466) mention **long and short term loyalty building activities**. Short term activities include mini collections and special promotions. According to Janouch (2010, p. 201), short term activities are, merely, a form of sales promotion. He suggests that a loyalty programme should be available to a customer for a long time and this does not correspond to the principle of short term programmes.

In this paper, it is determined that short term loyalty programmes have a clearly defined time boundary, decided in advance, and which does not last for more than twelve months. Long term loyalty programmes, on the other hand, last at least one year (i.e. twelve months) and there is no specific date for the ending of the loyalty programme.

To become a member of a certain loyalty programme, a **membership fee** can be required.

It is possible to distinguish between free and paid memberships (Steele, 2013). Although free membership seems to be the only right way in loyalty programmes because every retailer try hard to gain and maintain its customers, paid membership can be in some cases a good choice. Peiguss (2012) suggests that in these cases it is necessary to manage very carefully the value for customers because customers expect something valuable what they gain in return for the paid fee.

Omar *et al.* (2011, p. 334) suggest another point of view on loyalty programmes. Programmes are divided in accordance with **the openness shown towards customers**. The first group, which is created under such programmes, is one where a customer can join with no duty to buy anything (i.e. membership in the loyalty programme is offered to all customers). According to Bednarz (2012, p. 7), such programmes „can be joined by every willing customer“. The second group includes such programmes where a customer has to show his/her merits to achieve membership (i.e. customers have to qualify for membership). For example, a customer has to spend above a certain amount.

The next assessed criterion, when dividing loyalty programmes, is **the requirement to fill in a registration/application form**. Retailers want to know personal details about the customers, e.g. identification data, number of members in customer's household, special nutrition requirements etc. After completing the registration/application form, a customer usually receives a **membership/loyalty card**.

The retailer can introduce a *multilevel membership card* and there are usually three levels: essential (basic or standard), advanced (silver) and top (platinum or gold). Different types of rewards are linked to the single levels. The single levels correspond to the volume of customer purchases. However, this principle is less frequently used in business in reality (Mrkosová *et al.*, 2011, pp. 202–203).

Loyalty programmes are, also, distinguished in order of the number of participating retailers. A loyalty programme can be **under the direction of only one retailer, or**, on the other hand, **more retailers** can be involved in it. Omar *et al.* (2011, p. 334) introduce a *single merchant programme* or a *multiple merchant loyalty programme*.

Zamazalová (2009, p. 226) describes a so-called *partnership scheme*. This relates to the multiple merchant loyalty programmes. It has the same principle as the price scheme (or point scheme); although this author does not mention point scheme in this context. Customers collect points (or get lower prices) from the group of cooperating retailers. According to the practitioners, these partnership schemes of loyalty programmes are set to develop even further in the future (Meravá, 2012, p. 20). This is in conformity with the fact that today's companies try to integrate isolated economic units into a net of mutually dependent units, using

the benefits which emerge from such relationships (Pajtinková Bartáková and Gubínirová, 2012, p. 41).

It is possible to distinguish between **the price, the point and the combined scheme** of loyalty programmes (Zamazalová, 2009, pp. 225–226). The price scheme is based on providing lower prices for members and it can be perceived as “customer prioritisation in price” (this terminology is according to Homburg *et al.*, 2010, p. 19). In the point scheme, members get points for their purchases, which are later exchangeable for various rewards and benefits and, finally, retailers can combine the price and point scheme together.

In the case of the point scheme, customers can collect points for their purchases or even for a mere visit to the retailer. The reward for a visit is, in contemporary retail, a new approach (Patera, 2012a, p. 17). The next possible variant of the point scheme is a loyalty programme based on items. According to Zhang and Breugelmans (2012, p. 51), this is called *an item-based loyalty programme*. The basis for this variant is an ordinary points collecting for realized purchases. But except points for realized purchases, customers earn additional points for purchase made on chosen products (items).

Collected, but **not spent, points** can be carried forward to the next period or deleted by the retailer (within a given time period after these points have been credited to the customer's account).

It is also possible to view the loyalty programmes in accordance with the character of a reward. **The reward** can be **immediate or delayed** (Dowling and Uncles, 1997, pp. 76–77). Immediate price advantages, prize tickets (lotteries) etc. are examples of immediate rewards. Mostly, the principle of delayed rewards is based on the ownership of a membership card and the collection of points with a vision of delayed rewards (a delayed reward can take various forms, such as presents, free goods etc.).

Loyalty programmes can include **privileges solely for the registered members**. Such privileges can take the form of, for example, magazines, e-newsletters, special websites (Bellini *et al.*, 2011, p. 466), help-lines or chat-rooms (Uncles *et al.*, 2003, p. 311). In Great Britain, Tesco has launched its own TV-channel “Clubcard TV”, which is designed for

membership card holders of this retailer (Aktuality, 2013, p. 10).

Finally, there are two possibilities for how to **end the membership**: either the membership is ended by the customer or by the chain.

Aim of the Paper

The aim of this paper is to identify the single elements and principles occurring in long term loyalty programmes and then to develop an illustrative model.

This aim is fulfilled through the following partial steps:

- the exploration of the single elements and principles from the literature (theoretical sources),
- the comparison of the single elements and principles based on empirical research and the creation of a model depicting the structure of long term loyalty programmes.

MATERIALS AND METHODS

For the purposes of the empirical research, retailers who operate within the market in the Czech Republic were chosen. The statistics called *TOP 10 of Czech business* (TOP 10 českého obchodu, 2012) was the basis for the choice of retailers. Statistics relating to the year 2011 were used, because during the research process, there were not statistics of this kind available for the year 2012. The next criteria for including a particular retailer in this research were:

- orientation, solely, to the B2C segment and
- orientation to grocery retailing.

Selected retailers are mentioned in the first column of Tab. I. All these retailers run their own grocery chains in the Czech market, i.e. each of the retailers runs a net of its own retail units (= stores). Retailers “Schwarz ČR” and “Rewe ČR” are specific because each of them runs two grocery chains under two completely different names at the same time (see Tab. I).

Numeric codes of the grocery chains in the third column of Tab. I serve as an identifier in the part *Results and Discussion*. These numeric codes are

I: Chosen retailers and their grocery chains

Retailer	Name of the grocery chain	Numeric code of the grocery chain
Schwarz ČR	Kaufland	1
	Lidl ČR	2
Rewe ČR	Billa	3
	Penny Market	4
Tesco Stores ČR	Tesco	5
Ahold Czech Republic	Albert	6
Globus ČR	Globus ČR	7
COOP	COOP	8
SPAR ČR	Interspar + Spar supermarket	9

Source: Own processing

used there in curly brackets {}, as a reference to the particular name of a grocery chain.

There are nine grocery chains, run by seven different retailers, included in the research. These chains have a share of 57% of the total FMCG market in the Czech Republic (my own computation related to the year 2011, based on *the TOP 10 of Czech business statistics*; TOP 10 českého obchodu, 2012).

Methods

The methods of content analysis, followed by comparison and modelling (modelling includes abstraction) have been used.

Content analysis is applied to the data, both in textual and in visual format. It is usually classified as a quantitative method, but it can also have a qualitative overlap if the perception of context is included in the analysis. However, the qualitative dimension decreases the objectivity (Dvořáková, 2010, pp. 95–96, 98).

For purposes of this paper, the quantitative content analysis along with the qualitative overlap has been used. The qualitative overlap has been used because of a real possibility that different words could be used in the analysed texts in order to express the same meaning (Ferjenčík, 2000, p. 188).

The implementation of the content analysis depends both on the character of analysed data and on the research objectives. However, the basic methodical framework is given (Dvořáková, 2010, p. 95).

Scherer (2004, pp. 35, 38–42) describes one possible procedure in detail. Firstly, it is necessary to determine which media will be analysed. For the purposes of this paper, it was decided to analyse printed media (in the form of authentic leaflets and handbills which were obtained in the field; i.e. these materials are a part of my own archive) as well as electronic media (in the form of websites, belonging to the selected retail chains).

Secondly, it is essential to decide, what content will be analysed. For the purposes of this paper, the analysed content includes the long term loyalty programme principles of the selected retailers, their terms and conditions for membership and other related pieces of information pertinent to these topics.

Thirdly, it is necessary to set a particular time period, in which the chosen media will be scanned. This paper concerns the two-month period: June and July 2013.

Fourthly, a so-called code unit is defined. For the purposes of this paper, one code unit consists of the whole of the information material about a particular long term loyalty programme that is run by one grocery chain. Each particular loyalty programme is marked with its own special name (e.g. Tesco Clubcard). The whole of the information material can take either a pure print or a pure electronic form. However, a combination of these forms is used very often: the grocery chains use

a leaflet or a handbill for a succinct communication and the details are contained on their websites.

The fifth step is the specification of single monitored features. The features usually have several possible variants (characteristics). For the purposes of this paper, a list of monitored features (including their variants) is presented in Tab. II.

Outputs from the content analysis were compared, with the single loyalty programmes being compared to each other and the single elements of the selected loyalty programmes to the pieces of information, identified in the available literature sources (both theoretical and empirical).

The content analysis, followed by the comparison, was the starting point for creating a model. In general, a model captures a simplified reality. No model uses all details; each works only with several details that are essential for its programme content (Molnár *et al.*, 2012). So, in the process of creating a model, the method of abstraction is used (Ferjenčík, 2000, p. 47).

However, when creating a model, there is, also, the dilemma of how many elements and relationships it is appropriate to include in the model. If you include too many elements, the final model will be confusing, but, on the other hand, too few elements cannot adequately represent the reality (Ferjenčík, 2000, p. 48).

Therefore, three basic phases of the customer relationship, defined by Storbacka and Lehtinen (2002, pp. 75–94), were used as basic boundaries for the model in this paper. And within these single phases, there were identified key elements that determine the customer relationship.

RESULTS AND DISCUSSION

Basic Findings

During the two-month period (June and July 2013), there were five long term loyalty programmes run by the selected retailers. Grocery chain {8} had, in the defined time period, only partial long term loyalty programmes, relating to certain localities. However, this grocery chain is intending to start a classical long term loyalty programme (Vokurková, 2013). Since this loyalty programme was not available throughout the whole of the Czech Republic, I did not analyse its features.

Four grocery chains, ({1}, {2}, {6} and {9}), did not run any long term loyalty programmes in the defined time period. Grocery chain {6} expressed the opinion that membership cards had not helped to increase their sales in the Czech Republic. Therefore, this grocery chain uses only short term loyalty programmes, for instance minicollections involving various topics (Patera, 2012b, p. 15).

It is interesting, that two of the analysed long term loyalty programmes (chains {4} and {7}) are quite new – both were launched in the first half of the year 2013. It is possible to explain it in this way: „a major

II: Monitored characteristics

Feature	Variants (characteristics) of the feature
Is there a fee for membership?	<ul style="list-style-type: none"> ● yes ● no
Who is allowed to join the loyalty programme?	<ul style="list-style-type: none"> ● everyone is allowed (without the necessity of buying anything) ● it is allowed only after a purchase (so-called qualifying)
Is it necessary to fill in a registration/application form?	<ul style="list-style-type: none"> ● yes ● no
If it is necessary to fill in a registration/application form, what personal details are required?	<ul style="list-style-type: none"> ● academic degree ● name and surname ● address (= street, street number, town/village, postcode) ● date of birth (or age) ● e-mail address ● phone number ● gender [man X woman; Mr X Mrs] ● special nutritive requirements ● number of household members ● (dis)agreement with being contacted in order to participate in future consumer research ● username
Is there a membership/loyalty card?	<ul style="list-style-type: none"> ● yes ● no
Is there a possibility to acquire a copy (or copies) of the membership/loyalty card with the same identification membership number?	<ul style="list-style-type: none"> ● yes ● no
Is there a concept of a "multilevel membership card"?	<ul style="list-style-type: none"> ● yes ● no
What is the type of the loyalty programme, with regard to the number of participated retailers?	<ul style="list-style-type: none"> ● single merchant programme ● multiple merchant programme (partnership scheme)
What scheme is used for the loyalty programme?	<ul style="list-style-type: none"> ● price scheme ● point scheme ● another
If it is a point scheme, for what do the customers get points?	<ul style="list-style-type: none"> ● for a purchase ● just a visit to the retailer
If it is a point scheme, does it include a specific of the so-called "item-based loyalty programme"?	<ul style="list-style-type: none"> ● yes ● no
If it is a point scheme, what happens to unspent points?	<ul style="list-style-type: none"> ● points are carried forward to the next period ● points are deleted after a certain time
What is the kind of the reward?	<ul style="list-style-type: none"> ● immediate reward ● delayed reward
What is the exact nature of the reward?	<ul style="list-style-type: none"> ● money bonus ● material gift ● free goods or services ● voucher for the purchase of any products in the certain chain ● discount coupon ● purchase of chosen products for a reduced (loyalty) price
Are there any privileges which are only for registered members?	<ul style="list-style-type: none"> ● yes ● no
If there are some privileges only for registered members, what is their nature?	<ul style="list-style-type: none"> ● event ● company magazine/journal ● SMS and e-mails ● action prices (discounts) only for members ● competitions only for members ● payment tool: credit card ● mobile operator ● a letter sent by post (direct mail) ● advantages offered by partners who are part of the scheme
Which are the ways of ending the membership of a particular loyalty programme?	<ul style="list-style-type: none"> ● statement from the customer who wants to cancel his/her membership ● inactivity of the customer (specified in terms of time) ● customer's infringement of loyalty programme rules ● termination of the loyalty programme by the chain

Source: Own processing

reason for the launch of many customer loyalty schemes is competition” (Dowling and Uncles, 1997, p. 80). In economic practice, companies commonly copy successful activities from other competitors and the following could be reasons for doing it: (1) to keep a company's brand in the customer's mind when he/she makes a decision about his/her purchase, (2) to raise conspicuousness of a company in the market and (3) the “me-too” pressure (Uncles *et al.*, 2003, pp. 307, 310).

The next remarkable phenomenon is the fact that grocery chain {7} runs two long term loyalty programmes at the same time and the target groups of these programmes overlap. It means that one customer can participate in both loyalty programmes at the same time (if he/she fulfils the given terms and conditions for membership). A possible explanation for this could be the chain's efforts to interest as many as possible of its different customers.

Monitored Characteristics of the Loyalty Programmes

The type of **membership** analysed in these cases is **free of charge**. However, it may not be a matter of course for all companies and for all countries. For example, in Germany, loyalty programmes based on incentives are legislatively prohibited. A customer, who wants to become a member of such a programme, has to pay a fee for membership and, then, this customer can have access to special events and exceptional offers (Uncles *et al.*, 2003, p. 311).

Entrance to a loyalty programme is allowed without the necessity to buy anything. This is valid apart from one exception – one loyalty programme, which is run by grocery chain {7}, requires making a purchase which exceeds a given amount. Only then, membership in the loyalty programme is offered to the customer. So, in this case, the customer has to earn the membership, i.e. he/she has to qualify for the membership.

Every one of the analysed long term loyalty programmes begins with **completing a registration/application form**. Besides identification and pieces of information about a certain customer (such as his/her name, surname, address, phone number etc.), some chains want to know special nutritive requirements or the number of members in a customer's household.

For loyalty programme members, there are **membership cards**. Chains {3}, {5} and, under certain circumstances, also, chain {7} allow members to receive additional card copies of their membership, using the same identification membership number, so that other customer's household members can take advantages, related to the ownership of a membership card. Grocery chain {3} calls it a “family card”. Chain {5} offers key fobs, which work as card copies.

The principle of a *multilevel membership card*, according to Mrkosová *et al.* (2011, pp. 202-203), did not occur in my empirical research at all.

With regard to **the number of participating retailers** in one particular loyalty programme, there are two cases of a *single merchant programme* (both run by retailer {7}) and, in three cases ({3}, {4} and {5}), a concept of a *multiple merchant loyalty programme*, or so-called *partnership scheme*, is applied.

From the analysed loyalty programmes, it was found that, generally, a **price or a point scheme** is used. However, one of the analysed chains {7} applies a specific scheme, which is based on collecting money bonuses that can be used for buying selected products. These money bonuses are added to a member's club account and then a customer can spend these money bonuses in given retailers' stores. According to chain {7}, this is a so-called “**bonus scheme**”. The next chain {4} has implemented a price scheme and in addition, this chain evaluates the frequency of card using or the sum of purchases in a given period.

In the case of a point scheme, customers never get points for a mere visit to the retailer, but solely for their purchases.

Grocery chain {5} applies a modified point scheme, called an *item-based loyalty programme*. However, it is linked with the usage of another retailer's services and the services of this retailer's partners who are, also, part of the scheme. For instance, there is a mobile operator belonging to the retailer {5}. A customer earns double points for buying the SIM card or for the recharging of mobile credit. Chain {7} applies the logic of *item-based loyalty programmes*, too. This chain determines selected products and, when buying these products, a customer receives money bonuses.

Chains {5} and {7} guarantee that **unspent points** will be carried forward to the next period. However, chain {3} deletes the collected points if they are unspent within a twelve month period after they are credited to a customer's membership account.

Focusing on the kinds of rewards, there are both **immediate and delayed rewards** in every analysed case. Chain {4} has the most tangible form of an immediate reward, because this chain applies a price scheme. And, so, the customers feel the impact of lower prices immediately – at the checkout, during the paying process. However, the immediate reward does not need to be as materialistic as this; for instance, it can be a feeling of togetherness, arising from the manipulation with the membership card. The most common delayed rewards are discount coupons, used by chains {3}, {4} and {5}, and the possibility to purchase selected products for a reduced (loyalty) price as used by chains {3}, {4} and {7}). Other types of delayed rewards are vouchers, which can be used for the purchase of any of the products offered by a particular chain, material gifts or money bonuses.

Chain {5} is remarkable, because this chain provides discount coupons that are personalised. Storbacka and Lehtinen (2002, p. 18) state, in this context, that it is necessary to “live” with the customer, rather than to be just close to

the customer. If chain {5} provides such personalised discount coupons, that are a real reflection of customer's shopping preferences and habits, then this chain pays attention to single customers as individuals and it can be said to be proof, that the chain tries to „live“ with its customers.

It is usual that the chains have prepared **privileges for customers** who participate in their loyalty programme. Through such privileges, there is an effort to support the perceptions of exclusivity; e.g. Arbore and Estes (2013, p. 439) speak about the perceived exclusivity, felt by customers.

Examples of such privileges, called, “members only”, are company magazines/journals for free, SMS and e-mails. In the analysed loyalty schemes, the most frequent privileges were action prices (discounts), competitions and various advantages offered by partners who are part of a particular scheme. The latter privilege is connected with the fact that the loyalty programme is designed as a *multiple merchant loyalty programme*.

Membership in loyalty programmes can be **ended** both by the customer and by the chain. Typical ways of ending the membership, initiated by the customer, are: his/her inactivity (i.e. the customer fails to use their membership card at all during the specified time period) or the customer signs a statement that they wants to cancel their membership. The chain, itself, reserves the right to terminate membership for such customers who infringe the terms and conditions of the loyalty

programme. Finally, membership can be cancelled due to a chain's termination of their loyalty programme.

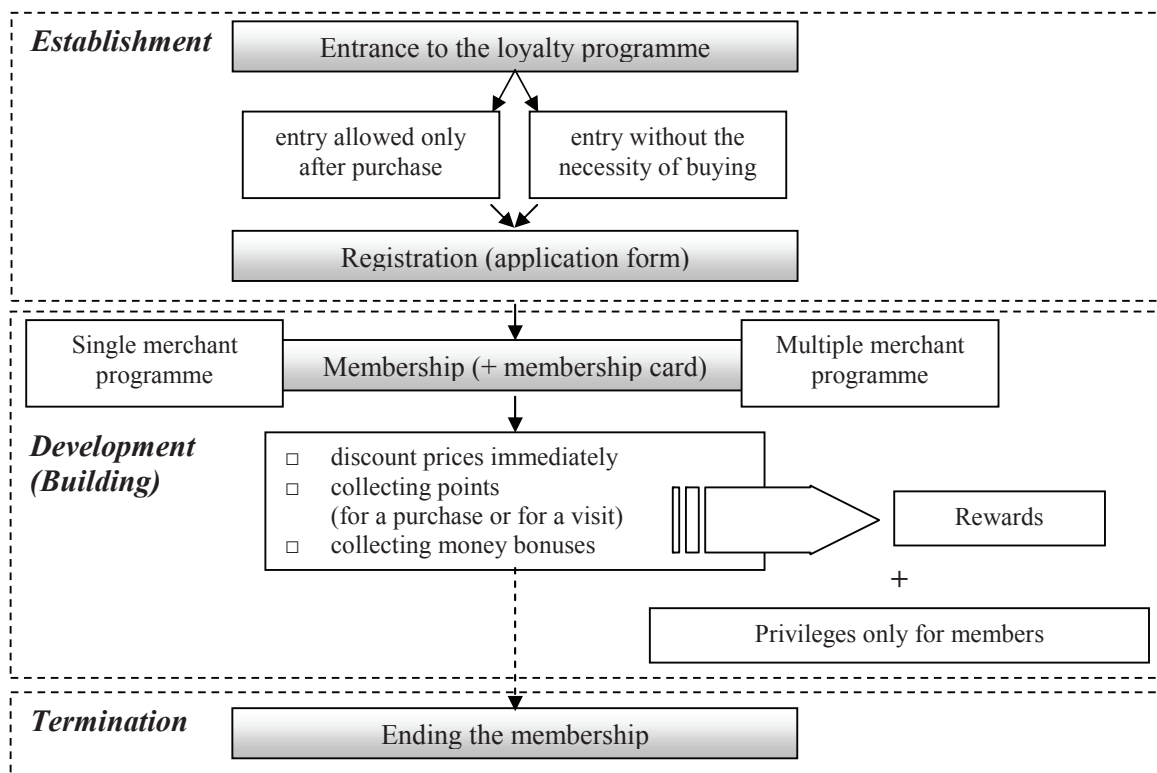
Schematic Depiction

A schematic model, illustrating the principles of the operation of long-term loyalty programmes, is presented in Fig. 1. This model, also, shows the phases of the customer relationship, including the establishment, development (or building) and termination of the relationship (Storbacka and Lehtinen, 2002, pp. 75, 151). The first phase (i.e. establishment) includes activities leading to registration (i.e. signing the registration/application form). The following phase of development (building) means maintaining of the relationship between the retailer and its customers. And the last phase (termination) stands for ending the membership.

The division into single phases is appropriate, because it is a relationship with a long term nature.

Future Research

Future research in the area of grocery retailing can be focused on one of the relating and up-to-date topics in business: short term loyalty programmes (i.e. short term loyalty building activities), their characteristic traits and principles. This paper brings a list of various features of loyalty programmes that can be used as a starting material for this proposed future research.



1: Model of long term loyalty programmes
Source: Own processing

CONCLUSION

Loyalty programmes are often-used as a tool for developing the relationships between a company and its customers and are classified as a tool of marketing communication.

In grocery retailing, there are numerous competitors, and individual retailers do not have many opportunities to differentiate themselves from their competitors. So, grocery retailers found inspiration from airline companies, where loyalty programmes had become a common part of their business. Recent research has shown that the biggest interest in loyalty programmes in retailing is predominantly in the area of groceries.

This paper deals with long term loyalty programmes in the area of grocery retailing that are focused solely on the B2C segment. There are many aspects to consider in assessing the loyalty programmes and this paper introduces only such features which have been taken into account in this particular research. So, the following loyalty programme features are analysed: the membership fee, the openness towards customers, the requirement to complete a registration/application form, the issue of a membership/loyalty card (modifications of membership card settings are discussed), the number of participating retailers in any one particular loyalty programme, the type of scheme used for the loyalty programme (a number of scheme variants are introduced), the kinds of rewards, the privileges for registered members and the ways of ending membership.

The aim of this paper is to identify the single elements and principles occurring in long term loyalty programmes and then to develop an illustrative model. In order to do this, the methods of content analysis of empirical data, followed by comparison and modelling were used.

The presented output is a model of long term loyalty programmes that captures three single phases: the establishment, development (or building) and termination of the relationship. In the model, every relationship begins with the registration. The following phase of development (building) means maintaining of the relationship between the retailer and its customers. And the last phase (termination) means for ending the membership.

From the research an interesting fact emerged: two of the analysed long term loyalty programmes were launched at a similar time. This could be explained through the tendency to copy the successful activities used by other competitors. At the least, it could be said that this is an example "me-too" pressure. The next remarkable phenomenon is that one grocery chain runs two long term loyalty programmes at the same time and that the target groups for these programmes overlap. A possible explanation for this could be the chain's effort to interest as many as possible of its different customers.

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