

# Factors Influencing Supermarket Store Loyalty in Brazil and their Implications to Loyalty Programs

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## Abstract

Store loyalty is subjective in nature, since it means an evaluative judgment. The literature highlights the existence of a relationship between perceived value and customer attitude, considering this variable as an important determinant of customer loyalty. This paper analyzes the relationship between a store loyalty program in the supermarket industry and the program's perceived value, program card loyalty and store perceived value. As many companies have been spending a great deal of money to maintain their loyalty programs, it seems relevant to measure the effectiveness of this kind of program. A Linear Regression Analysis methodology with 200 randomly assigned qualified customers, may provide limited support for the theory. Results may change if the sample size is increased, new locations are added to the study or if the effectiveness of loyalty programs is analyzed in a different context such as in the airlines industry. The findings enhance the understanding of the interrelationship among the constructs which are incorporated in the hypothetical model. The new findings in the current study are relevant to the advancement of loyalty theory in customer retention strategy.

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*Index terms*— perceived value and customer attitude, considering this variable.

## 1 Introduction

he private brand loyalty card nowadays is used as an important tool to make the link between firms and their customers. (Bouding, Staelin, Ehret, Johsaton, 2005). An effective loyalty program appeals to consumers and encourages them to buy more from the firm rather than its competitors. Many theories of Customer Relationship Management defend the idea that this marketing investment develops customer trust, commitment and gratitude and, in turn, leads to customer purchase intention, sales growth, and share of wallet (Palmatier, Jarvis, Bechkoff, Kardes, 2009). In fact, the perceptions of relative advantage are a crucial driver of program value. Customers have to invest a stream of efforts like time and money to earn future rewards. These efforts are typically extended over time while rewards are earned after a certain amount of effort has been expended or a particular requirement level met.

Klaus Peine (2007) studied the influence of media on consumer decision-making. He concluded that media influence consumer judgment of loyalty program fairness and may affect the decision to join a program, remain loyal to it and be willing to spread positive word-of-mouth. That fact has important implications for the design of real world loyalty programs. Although media may alter a consumer's preferences, the number of loyalty program points awarded per purchase gives him (or her) a measure of program attractiveness. (Hi and Soman (2006) argue that consumers decide to participate in loyalty programs as a goal-directed activity. Consumers recognize their participation as a chance to obtain a desired outcome. There are other remaining components of a loyalty program which are also capable of giving rise to perceptions of advantage relative to consumers. Klaus Peine (2007) lists four factors that influence loyalty program evaluation.

? Brand attitude can drive consumer behavior (Keller 1993). Consumers develop in their minds brand beliefs and judgments regarding those beliefs leading to a favorable or unfavorable attitude toward a specific

brand. ? Satisfaction, which is the discrepancy between expectations and perceived rewards of loyalty program. (fulfillment of needs and desires) (Tse and Wilton 1988). ? Loyalty intentions which is a precursor to a customer's commitment to re-purchase in a site, despite marketing efforts (Oliver 1999). Of course this behavior can be a consequence of a customer's perceived value of the program.

Liu Yang (2009) say in their study that a "loyalty program has a positive impact only when the offering firm's market share is relatively high, consistent with our notion that firms need complementary resources to derive competitive advantage from their loyalty programs." That may be due to the fact that small market share means a smaller assortment in a supermarket, fewer locations available or routes offered by airlines. In those cases, customers would have fewer chances to buy and consequently, be less loyal to the firm. On the other hand, they concluded from the study that market saturation does not significantly reduce the effectiveness of loyalty programs.

? Positive word-of-mouth is one of the consequences of a company's efforts to develop good relations with consumers. It represents customer satisfaction with program and marketing offerings (Brown et al.

## 2 2005).

A relationship program enhances value to customers by making them loyal to the store/brand, purchase more and speak well about the firm to others. Hierarchical loyalty programs award elevate customer status (e.g., "elite membership") to consumers who meet a predefined spending level. At the same time, the expected sequential effect of CRM (Minami and Dawson, 2008) is to bring financial benefits to the firm, by increasing marketing productivity.

This research estimates the effect of the following variables: Program Perceived Value, Program Card Loyalty and Store Perceived Value on Store Loyalty. Studies show that many firms have won the loyalty of their customers without a loyalty program. That was due to the quality of service of their employees in the stores, ambience, assortment and other things that can be of high value to consumers. That leads to a strong relationship between Store Perceived Value and Store Loyalty.

On the other hand, Program Perceived Value does not ensure Program Card Loyalty. Demographic characteristics such as age, marital status, gender and income level may affect the consumer decision process. Firms have made a large investment on loyalty programs and store appearance.

So, how important are these three variables to store loyalty?

## 3 II.

## 4 Research Problem

As the number of loyalty programs and private label cards tends to increase in the Brazilian market, the purpose of this study is to identify the variables and to what extent they influence store loyalty. The objective is to confirm the links between Program Perceived Value, Program Loyalty, Store Perceived Value and the dependent variable Store Loyalty.

## 5 III.

## 6 Relevance

From 2000 to 2006, total loyalty program enrollment in the United States increased 35.5% to 1.5 billion (Ferguson and Hlavinka 2007). The study also reveals that the average US household belongs to 12 loyalty programs (Ferguson and Hlavinka, 2007).

In Brazil, according to ABECS (Associação Customer profitability must be considered by assessing customer lifetime value, or the time they remain as customers generating revenue and profit to firms. All the CRM programs of those companies represent a cost line on their financial statement and the purpose of that cost is to shift the marketing paradigm from transactional marketing to relationship-oriented marketing. Perhaps the emotional dimension of the consumer should be considered in the relationship building, especially in the analysis of Store Perceived Value and Program Perceived Value. A positive attitude does not guarantee consequent purchasing behavior and frequency of purchase does not build relationship. Considering that the switching cost for the customer may be low, it is important to consider that affectionate feelings may generate favorable attitudes and lead to commercial behavioral consequences in the long run.

## 7 IV.

Literature Review a) Introduction CRM has been defined in a number of ways, but its main definition is clearly twofold:

? a collection and analysis of customer data for internal use, and ? a builder of relationships with customers, for external role.

Examining the impact of CRM strategy usage, it can have alternative roles:

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98 ? For innovative companies CRM could be used to build strong differentiating customer relationships,  
99 communicating continuously with customers on an individual basis. ? Cost leaders, with a lesser focus on  
100 innovation, might use it as part of a more defensive customer retention strategy ??Valos and Bednall, 2007).

101 Ruiz-Molina and Gil-Saura (2008) state that loyal customers increase the volume of company sales based on  
102 cross-selling. Investment in communication is reduced by word-of-mouth advertising. Customer loyalty also  
103 increases price inelasticity and competitor advertising becomes less effective. Reichheld (1996) says that the cost  
104 of retaining an existing customer is lower than the cost of acquiring a new one. Some of these programs offer  
105 specific services, rebates or rewards to loyal customers like monetary or non-monetary incentives such as rebates,  
106 bonuses or services. They want to stimulate repurchase and cross-buying behavior.

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110 To set up and maintain these programs, a considerable amount of money is necessary. The question is: Is it  
111 worth it?

112 If the customer does not receive the promised reward or if the indicated benefit proves of no value to him,  
113 customer frustration may arise and that may not lead to customer loyalty and consequently consumption.  
114 ??Stauss, Schmidt, Schdeler, 2005).

115 Anderson (1998) says that the market can offer a "naked" solution relating it to the basic product that can  
116 be sold by the lowest price. The market can also "package" this basic product, adding value to it, creating  
117 differentiation and winning new customers.

118 The inter-individual heterogeneity (Meyer-Waarden, 2008) with respect to loyalty card possession causes  
119 disparities in individual purchase behavior. Development of an effective relationship with customers may be  
120 necessary to identify and manage various customer clusters at different relationship stages.

121 The objective of supermarkets is to promote customer satisfaction, in order to generate future profit potential  
122 (Hauser, 1994), since satisfied customers will buy more, do so more often, and communicate their satisfaction to  
123 other potential customers.

124 As perceived value can vary over time, it is relevant to consider Mazursky and Geva's (1989) findings that  
125 satisfaction and buying intention are highly correlated when measured in the same survey at a given time. A gap  
126 in time can also disrupt the correlation between intention and behavior. In this case the usual behavior of buying  
127 in a certain supermarket can be changed due to a temporary promotion announced by a competitor. In fact,  
128 customer satisfaction can be considered a multi-period issue (Hauser, 1994) because a firm's effort to promote  
129 customer satisfaction today can affect purchasing behavior in the future.

### 130 10 b) Program Perceived Value

131 According to Omar, Musa, Nazri (2007), "Perceived value is a trade-off between the benefits customers receive in  
132 relation to total cost which include the price paid plus other costs associated with the purchase". The other costs  
133 associated refer to the effort to purchase considering time spent, distance to get to the supermarket, convenience,  
134 security and other factors.

135 Perceived service quality is defined as a customer's assessment of the overall excellence or superiority of the  
136 service (Zeithaml 1988). Bolton and Drew (1991) say that customers' assessments of service value are positively  
137 related to their evaluations of service quality. Perceptions of performance exert a direct influence on customer  
138 satisfaction and customers' expectation will depend on their tastes, characteristics, personal needs and word-of-  
139 mouth past experiences. The gap between expectations and perceptions leads to satisfaction or dissatisfaction.  
140 The higher the level of satisfaction, the higher is the chance of generating purchase intentions and behavior.

141 The objective of a relationship program is to influence customers' attitude, increasing their perception of value.  
142 The higher the level of program perceived value, the higher the level of store loyalty. In the study realized by  
143 ??mar, Musa, Nazri (2007) the linkage between program perceived value and store loyalty (H1) was found to  
144 be insignificant and not supported. The study was conducted from an economic and rational viewpoint, not  
145 considering multidimensional elements.

146 As perception of value may change because of a longer-term experience with the brand or store, economic  
147 value may not always be an important element for cardholders. They may evaluate value from the point of view  
148 of quality of service or store convenience, for example. On the other hand, Lin and Wang ( ??006) and Harris  
149 and Goode (2004), found a positive relationship between the variables.

150 Considering services, rebates or some other kind of incentives to customers as a reward for their loyalty, the  
151 model is designed to measure the relationship between the program perceived value by the customers and their  
152 store loyalty. This perceived cost-benefit relationship of the program becomes an important variable to Store  
153 Loyalty.

### 11 H1: The program perceived value affects positively the

### 12 Store Loyalty

Apparently, the research results indicate that program perceived value (H1) and program card loyalty are not significantly related to store loyalty. It found out that program loyalty is valuable in producing positive outcomes to cardholders such as satisfaction with regard to the program which is indirectly linked to store loyalty.

There is not a direct relationship between these two variables and store loyalty.

The relationship between Program Perceived Value and Program Card Loyalty was tested and found to be strong by ??mar, Musa, Nazri (2007).

That relationship was found to be strong in Yi and Jeon's (2003) study. This research suggests that loyalty marketing is a better fit for high-involvement products. If brand managers of these categories want to build brand loyalty, a loyalty program related to the value proposition of products in question may be the best candidate for brand managers. For low-involvement products, however, careful use of the loyalty program is recommended because there is no direct relationship between value perception and brand loyalty and immediate rewards can be easily duplicated by competitors.

The results indicate that customer involvement may change the effects of the loyalty program on customer loyalty. This means that delayed rewards such

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Volume XIV Issue II Version I Year ( ) A as a mileage program can be justified in the high-involvement condition as long as they are linked with value-enhancing rewards. In the low-involvement condition, customers are looking for immediate rewards because that may be their incentive to patronage a certain store.

The relationship between program value perception and program loyalty is statistically significant for low-involvement as well as high-involvement conditions.

In research developed by Huddleston, Whipple and VanAukenl (2004) one of the characteristics indicated by shoppers in defining the Perceived Value of their favorite stores is the existence of loyalty cards as a saving tool. Customers may develop both emotional and rational bonds with a brand store and therefore their outlet choice is based on feelings of confidence, integrity and pride in a brand (Bowden, 2009).

Based on loyalty program data, it is possible to identify higher value customers at the front end of the sales process (Baird, 2008), in order to give them a special and differentiated service to keep them loyal to the store. An effective loyalty program has to be structured in order to motivate customers to view purchases as a sequence of related decisions rather than as independent transactions (Omar, Musa, Nazri (2007).

### 14 c) Program Loyalty

Liu and Yang (2009) define loyalty programs "As long-term-oriented programs that allow consumers to accumulate some form of program currency, which can be redeemed later for free rewards. The long-term are not promotional programs that offer only one-shot, immediate benefits, such as instant-win scratch cards and grocery stores' discount card programs that create sudden changes in sales without producing sustained customer loyalty or revenue potential for a firm. . The loyalty programs are designed to create a future orientation and increase switching costs over the long run."

In the study realized by ??mar, Musa, Nazri (2007) the link between Program Loyalty and Store Loyalty is not supported.

In times of heavy competition, a loyalty program is usually introduced to build customer loyalty through a planned reward scheme based on profitable customers' purchase history. It is seen as a way of product differentiation.

A loyalty program is for many companies a key marketing activity and an important component of a firm's relationship management strategy (Meyer-Waarden, 2008). Many firms implement loyalty programs as a core component to their marketing strategy.

### 15 H2: Program Loyalty positively affects Store Loyalty

The research conducted by Meyer-Waarden in 2006, confirmed the influence of loyalty program membership on customer purchase behavior. It concluded that loyalty programs affect purchase behavior for both market leaders and smaller retailers and that loyalty program members and non-members demonstrate significantly different purchase behaviors. Cardholders have significantly higher purchase intensities in terms of total and average purchase quantities, share of category purchases, purchase frequencies and inter-purchase times than do nonmembers. A loyalty program also enables a firm to differentiate it from competitors and deliver superior value to its customers. Yi and Jeon (2003) investigated how reward schemes of a loyalty program influence perceived value of the program and how value perception of the loyalty program affects customer loyalty. They observed that involvement moderates the effects of loyalty programs on customer loyalty. In high-involvement situations, direct rewards are preferable to indirect rewards. In low-involvement situations, immediate rewards are more effective in building a program's value than delayed rewards. In any of those cases, a loyalty program should not be treated like a price promotion, but rather a long-term perspective in shaping customer behavior.

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212 They found out that the path from Program Loyalty to Brand (Store) Loyalty (H2) is statistically significant  
213 both for high-involvement and lowinvolvement.

214 It has been found that the perception of program value by loyal customers takes into account the processes  
215 used in administering reward programs because they value interactions such as contact with customer service  
216 centers more than the rewards themselves.

217 Besides encouraging cross and/or up-selling possibilities, loyalty programs also tend to develop psychological,  
218 sociological and relational drivers on customers' attitude, enhancing customer trust, emotional commitment  
219 and attachment to the organization. They tend to identify themselves more strongly with companies. Loyalty  
220 programs can induce feelings of group fit as preferred or special customers and pride for paying less as a result of  
221 membership. Kivetz and Simonson (2003) said "that consumers often evaluate Loyalty Programs on the basis of  
222 their individual effort to obtain the reward relative to the relevant reference effort ... When consumers believe they  
223 have an effort advantage over typical others ? higher program requirements magnify this perception of advantage  
224 and can therefore increase the overall perceived value of the program." d) Store Perceived Value Perceived value  
225 is defined as the result of the comparison between perceived benefits and sacrifices by the customer (Ruiz-Molina  
226 and Gil-Saura, 2008). That perception can change according to the type of product and characteristics of the  
227 purchase process. Different consumer behavior patterns can be expected. Some are more price-sensitive; others  
228 are more attracted by quality or convenience. In fact, store perceived value is multidimensional and many factors  
229 can measure and explain it.

230 Customer perceived value has a subjective nature with a number of components that contribute to an evaluative  
231 judgment. There is a relationship between store perceived value and customer attitude, which is an important  
232 determinant of customer loyalty (H3). A study by Ruiz-Molina and Gil-Saura (2008) concluded that store  
233 perceived value has a strong influence on both customer attitude and consequently store loyalty. The study  
234 considered four value components: quality, emotional, price and social in grocery stores. The quality and  
235 emotional components were the most relevant components for customer analysis of Store Perceived Value. The  
236 price and social components showed a lower correlation with customer attitude and store loyalty in the grocery  
237 store industry. It is possible to infer the importance to retailers in emphasizing physical and human resources  
238 to create a pleasant store atmosphere where customers feel good and enjoy shopping in the establishment in  
239 question, thus contributing to repeat their patronage.

240 Differentiation in private label is the main issue to conquer store loyalty (Ailawadi, Pauwels, Steenkamp, 2008).

241 Customers' perception of value is directly affected by the services provided by retail stores and execution of  
242 these service processes by their employees. Services provided by employees arguably play an important role in  
243 consumers' evaluations of service performance. The relationships between store service and perceived value are  
244 stronger for the highly congruent self-store image customers.

245 The compatibility between the store's image (evidenced by the store's service) and the consumer's image has,  
246 in itself, been instrumental in providing perceived value (O'Cass and Debra, 2008).

247 An important point to be considered is that some characteristics may have a negative impact on buying  
248 behavior if they do not exist (like cleanliness) because they are considered by consumers as basic conditions to  
249 buy in a certain supermarket. But the value-added characteristics are the ones that push customers to the store.  
250 Those are the ones that differentiate one store from another. In Huddleston, Whipple and VanAuken's research,  
251 price was not found to be relevant to store perceived value. Zentes and Morschett (2007) state that retail store  
252 brands can be considered to be their 'products'. This identifies a retailer's goods and services and differentiates  
253 them from those of competitors. A brand has its own characteristics or traits and they can be translated into a  
254 personality like a human personality.

255 There is a potential influence of brand personality on store loyalty (Zentes and Morschett, 2007) because  
256 brands can convey symbolic associations. According to Philip Kotler (2005), each brand has a position in the  
257 shopper's mind and that can derive partly from its functional qualities and partly from its psychological attributes  
258 like in luxury items.

259 Brakus, Schmitt, and Zarantonello (2009) relate brand experience to store loyalty. The shopping and service  
260 experience includes not only utilitarian attributes but also hedonic dimensions, such as feelings and pleasure  
261 and can be affected by marketing communication. Brand connection can lead to involvement related to values,  
262 interests and needs. Their research describes the descriptions of sensations by consumers in stores like Wal-Mart,  
263 Home Depot and Starbucks. In those cases, consumers related Store Perceived Value to the brand experience  
264 (sensory, emotional, intellectual and behavioral) that has a behavioral impact and affects consumer satisfaction  
265 and loyalty directly and indirectly through brand personality (durability, sophistication, competence, excitement  
266 and sincerity). Brakus, Schmitt and Zarantonello (2009) conclude that brand experience appears to be a strong  
267 predictor for buying behavior and store loyalty.

268 There are other channels being used by companies to interact with their customers in multiple ways and they  
269 are certainly sources of interface and evaluation of store perceived value (Payne and Frow, 2004),

270 This study tests the relation between Store Perceived Value which can be defined as a customer's pleasure in  
271 shopping at a particular store, and development of Store Loyalty. This hypothesis presumes that Store Perceived  
272 Value has a strong influence on both customer attitude and consequently store loyalty. It means that customers  
273 perceive value as the result of the comparison between benefits and cost of shopping and this superior value leads  
274 to repeat patronage. H3: Store Perceived Value positively affects Store Loyalty.

## 16 e) Store Loyalty

275 Store Loyalty is usually measured by sales at the firm level, which, for many retailers, is the key driver in the  
276 establishment of loyalty programs (Baird 2007). But there is another group of retailers who believe that return  
277 visits and consequently purchase frequency are top-line elements of customer loyalty. Researchers  
278

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279 Volume XIV Issue II Version I Year ( ) A define Loyalty as repeated purchases of particular products or services  
280 over a certain period of time.

281 There is a set of variables used in the market to measure Store Loyalty success: Higher customer purchase  
282 frequency, customer profitability, lower interpurchase times, higher average transaction / basket size as a result  
283 of cross-selling (Meyer-Waarden, 2006). Loyalty programs impact profit margin since the reward goal induces  
284 purchase acceleration.  
285

286 Quality store brands can increase store perceived value and consequently increases store loyalty (Corstjens,  
287 2000), because, once customers are used to those private brands it makes it more costly for them to switch stores.

288 Loyalty can be described as a behavior of repeating purchases. In the supermarket industry, where the portfolio  
289 merchandising is basically the same among competitors, the service offered can be determinant. It may be more  
290 difficult to measure as it is intangible, has no standardization and depends heavily on the people involved (Ruiz-  
291 Molina and Gil-Saura, 2008). There is an emotional component to loyalty because it generates pleasurable feelings  
292 in shopping attitude.

293 Customers often base their impressions of the firm largely on the service received from employees in contact  
294 with customers. Employees at the frontline are the key tool to guarantee the customer a high quality store  
295 perceived value. Of course there are other facts which contribute to customer's perception such as the firm's  
296 structures and processes. All of them have to be well integrated in a customer-oriented firm (Hartline, 2000).

297 Huddleston, Whipple and VanAukenl's (2004) research lists some of the definitions of store loyalty given by  
298 many participants:

299 1. 'Consistently going to the same store even if the price is lower somewhere else' 2. 'Shopping at particular  
300 stores on a regular basis' or 3. Associated dollars spent or frequency of visits to a store.

301 Early work on brand loyalty (Jacoby, 1973) observed that loyalty and repeat purchase behavior are not  
302 synonymous and loyalty has both behavioral and psychological (decision making, evaluative) dimensions. These  
303 studies indicate that, unlike loyal purchase behavior, repeat purchase behavior is not intentional, nor does it  
304 necessarily reflect commitment or constitute loyalty (Jarvis, 1977). This key finding is noteworthy because it  
305 indicates that simple repeat purchase behavior is not stable over the long term and may be influenced by a variety  
306 of factors such as proximity to store and promotions.

307 These four variables described above (Program Perceived Value, Program Loyalty, Store Perceived Value and  
308 Store Loyalty) are considered in the model framework. Factor analysis among the questions of each dependent  
309 variable was performed in order to verify if they are reliable to represent the variable. The analysis tested the  
310 hypothesis that those three independent variables (X1, X2, and X3) are related to the independent variable which  
311 is the Store Loyalty (Y) as demonstrated in figure 1.

312 Linear regression was used to test if the variables are correlated and how strong is this correlation. The  
313 mathematic equation described the estimated relationship among the variables.

314 The survey was performed out mainly in very large capital cities where there are a great number of different  
315 supermarket stores. Most of the questionnaires (92%) were answered by residents in Rio de Janeiro.

316 The majority of the questionnaires were answered on the Survey Gizmo site and some of them were sent by  
317 e-mail. All of them were self-administered.

318 More than two hundred people were requested to answer the questionnaire in order to gather 110 hundred  
319 members of supermarket loyalty program with private label cards. The reason to concentrate the analysis on the  
320 supermarket retail category was to make it easier to measure store loyalty, since the act of going to supermarkets  
321 is more frequent over a one-year period than going to other retail stores. In fact, 73% of the people in the sample  
322 go to the supermarket at least three times a month and almost 80% of them became members of supermarket  
323 loyalty programs more than two years ago.

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327 The population used in this study was defined as consumers (age 18 and over), who are members of at least one  
328 supermarket retail store loyalty program.

329 The survey used a set of 24 questions but 14 were directly tied to the four constructs of study. The interval  
330 scale was anchored using a Likert Scale based on five response categories with the following end points: (1)  
331 meaning "strongly disagree" and ( ??) "strongly agree". Before conducting the study, the author pretested the  
332 survey instrument twice by administering it to 5 people each time to verify the suitability of the terminology  
333 used as well as the clarity of the instructions and scales.

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334 In order to test each hypothesis, a linear regression model was used. The construct validity was tested. In  
335 factor analysis a high correlation was found among the questions representing variable X1 (Program Perceived  
336 Value) and independent variable Y (Store Loyalty). This high correlation was not found among the questions  
337 representing variables X2 (Program Card Loyalty) and X3 (Store Perceived Value). To test the theoretical  
338 assertion that those three variables positively affect Store Loyalty, a regression modeling method based on 110  
339 collected questionnaires was used. The reason is that sequential effects of constructs (path) had to be tested.

340 The level of significance considered in the model was 5%. All variables in this study were measured by multi  
341 item scales, and implemented based on previous research, such as:

342 The questions included in the questionnaire regarding Program Perceived Value (X1) were extracted and  
343 adapted from the scale proposed by Yi and Jeon (2003). Three questions were used from their questionnaires.  
344 Program Card Loyalty (X2) was measured using Yi and Jeon (2003) and Zeitham and Berry's (1996) scales and  
345 three questions were applied.

346 Concerning Store Perceived Value (X3), the PERVAL scale adopted by Maria Eugenia Ruiz-Molina and Gil  
347 Saura (2008) and also questions proposed by Yi and Jeon (2003) were utilized. In all, five questions were applied.  
348 In the scope of retailing, Sweeney and Soutar (2001) developed a scale to measure perceived value that the authors  
349 called PERVAL. This scale is one of the rare attempts to offer an operating proposal to measure perceived value  
350 at the point of sale. It identifies three basic dimensions of value: emotional value (affective feelings generated by  
351 a product), social value (utility derived from the product's ability to enhance the consumer's social self-concept)  
352 and functional value, composed of the sub-dimensions of price (utility derived from the product due to reduction  
353 of its perceived shortterm and longer-term costs) and quality (referred to as product performance).

354 Store Loyalty (Y) was based on Yi and Jeon's (2003) and Maria Eugenia Ruiz-Molina and Gil Saura's (2008)  
355 scales.

## 356 20 VI. Research Findings And Discussions

357 The level of significance considered in the model was 5%. At this level of significance X2 (Program Card Loyalty)  
358 was considered not significant to explain the independent variable Y (Store Loyalty) because it presented a p-  
359 value of 0,760. So, a new regression was made with variables Program Perceived Value (X1) and Store Perceived  
360 Value (X3), both considered significant for the model. The absence of a relationship between X2 (Program  
361 Card Loyalty) and Y (Store Loyalty) seems reasonable if the features of the Loyalty Program offered by the  
362 supermarket are not attractive to the customer. In this case, other variables may be influencing store loyalty.

363 The new p-values for the coefficients of X1 and X3 were respectively 0,027 and 0,000. Both lower than 5%.  
364 So, variables Program Perceived Value (X1) and Store Perceived Value (X3) were maintained in the model.

365 The model was found to be  $Y = -1,801 + 0,213 X1 + 1,097 X3$ .

366 The impact of Store Perceived Value (X3) on Store Loyalty is higher than the Program Perceived Value (X1).  
367 The model suggests that for each point increase on Store Perceived Value will lead to an increase of 1,097 points  
368 in Store Loyalty (Y).

## 369 21 Table 2 : Coefficients

370 Source: SPSS Collinearity between the variables was not found (VIF?5).

371 An ANOVA Test was performed and it proved to have a linear relationship between, at least one, of the two  
372 remaining variables together and Y (Store Loyalty) (p-value < 1%).

373 The adjusted coefficient of determination was found to be 0. This kind of finding can lead to speculation  
374 that customers do not perceive value in the Loyalty Programs currently offered by supermarkets. That would  
375 mean that in the cost-benefit analyses, customers do not think it worthwhile to patronage a certain supermarket  
376 because of its loyalty program. In fact, the research suggests that the store perceived value is related to other  
377 characteristics, not the loyalty program, in their buying decision making process.

378 VII.

## 379 22 Conclusions

380 The research showed that loyalty programs in supermarkets are not working as an effective loyalty tool. Perception  
381 of store value may be more related to ambience, product assortment or even the quality of service offered inside  
382 the store or on any of the contact points with the customer (web, telephone, chats). Program Card Loyalty  
383 proved to have no correlation with Store Perceived Value, which makes sense in the real world. Many stores do  
384 not have a program card and are able to develop customer loyalty.

385 Loyal customers do not patronage the supermarket stores because of their loyalty programs. Store perceived  
386 value is derived from other sources.

387 **23 VIII.**388 **24 Recommendations For Further Research**

389 The study is limited by its focus on a single industry setting (i.e., supermarkets). It might present different  
 390 results if performed in other industries such as airlines, credit cards or drug store chains for example. The size  
 391 of the sample could also be considered a limitation.

392 It would be also useful to apply a structural equation analysis to measure the possible relationships between  
 393 program perceived value and the loyalty to it, the program perceived value and the store perceived value and  
 394 program card loyalty to store perceived value. Those relationships may exist in two directions.

395 Results may be strictly related to the quality of loyalty programs offered today in the supermarket industry,  
 396 which means that, although customers may think that loyalty programs have a key role in their patronage of a  
 397 store, those existing nowadays are not good enough.

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Figure 1: Figure 1

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<sup>2</sup>© 2014 Global Journals Inc. (US) Factors Influencing Supermarket Store Loyalty in Brazil and Their Implications to Loyalty Programs

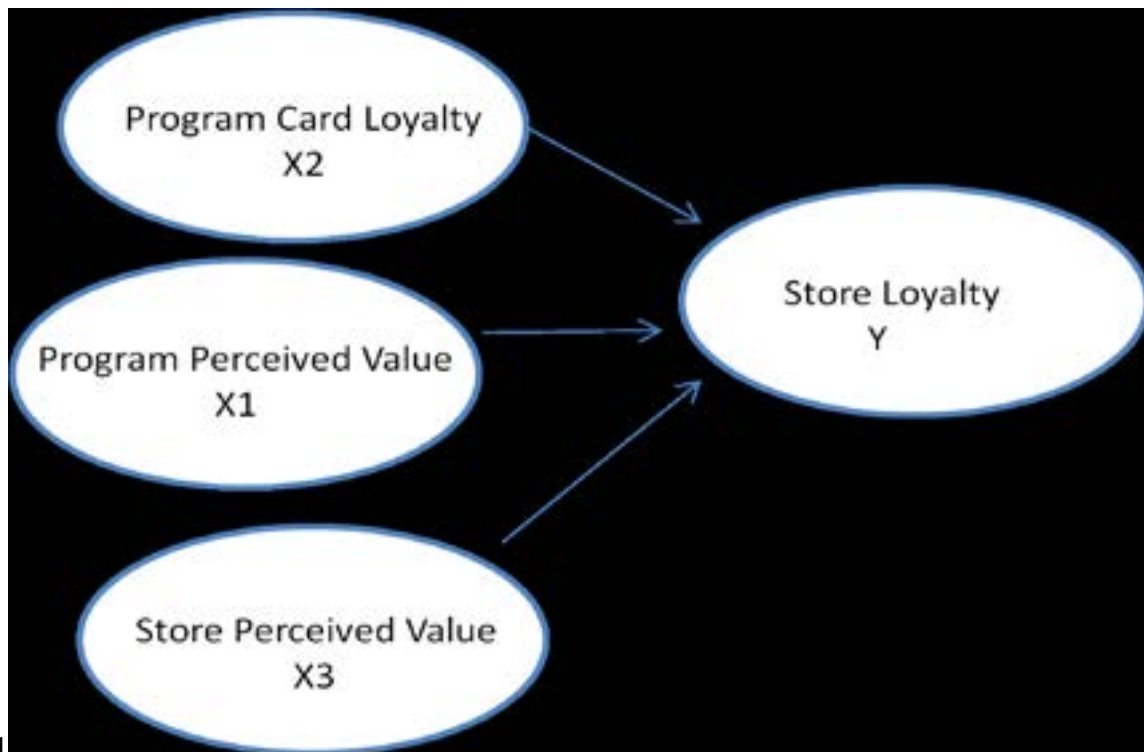


Figure 2: Figure 1 Y=

**Coefficients(a)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1,765	,429		-4,118	,000		
	X1	,185	,133	,152	1,393	,167	,339	2,953
	X2	,042	,137	,036	,307	,760	,285	3,512
	X3	1,078	,147	,830	7,354	,000	,547	1,827

a. Dependent Variable: Y

Figure 3:

**Coefficients(a)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1,765	,429		-4,118	,000		
	X1	,185	,133	,152	1,393	,167	,339	2,953
	X2	,042	,137	,036	,307	,760	,285	3,512
	X3	1,078	,147	,830	7,354	,000	,547	1,827

a. Dependent Variable: Y

Figure 4:

*[Note: Brasileira de Empresas de Cartão de Crédito e Serviços), in the last five years, as part of Loyalty Programs, a large number of private brand cards have been issued in the Brazilian retail industry. A total of 466 million plastic cards circulated in the Brazilian market in 2008, and of this total, 156 million are private label cards issued by fashion boutiques, drugstores, supermarket and bookstore chains(Figueiras, 2008).]*

Figure 5:

1

Source: SPSS  
Multi collinearity among the variables was tested and not found ( $VIF < 5$ ).

Figure 6: Table 1 :

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