Can Loyalty Programs attract new clients?

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ABSTRACT

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Loyalty programs are a measure used by several companies to strengthen the relationship established with their customers, and to encourage purchase intentions and preference in the market. In the cosmetics industry there are several companies that use these programs, such as Sephora, through the Sephora Card, or, more recently, Kiko Milano, by introducing the Kiko Me program. These programs reveal benefits for consumers, demonstrating their relevance for companies' success, as loyal customers confirm long term purchases, and do not imply large marketing expenses.

In fact, this marketing tool is used to encourage purchases and establish loyalty, rather than attract new customers. However, is their presence an incentive for a non-customer to make a purchase?

The present study develops the application of three loyalty programs- points earned, tier system, and vouchers- taking into account their benefits and impact on purchase intentions, as well as the perception of the value of each one. Through the analysis of several articles, which made it possible to gather theoretical information, an online questionnaire was developed, making it possible to evaluate, in practice, the previously established perceptions.

The three types of loyalty programs used helped to comprehend this tool positively impacts purchase intentions, but value perception is not perceived as significant in this relationship, nor is the type of client. In the end, this tool is not revealed to be the most appropriate for attracting new clients.

Keywords: Loyalty programs, purchase intentions, value perception, beauty industry, eye mascara

SUMÁRIO

São Programas de Fidelidade capazes de atrair novos clientes?

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Programas de fidelidade são uma medida utilizada por diversas empresas para fortalecer a relação estabelecida com os seus clientes, para incentivar intenções de compra e a preferência no mercado. Na indústria de cosméticos existem várias empresas que utilizam estes programas, como a Sephora, através do Cartão Sephora, ou, mais recentemente, a Kiko Milano, através da introdução do programa *Kiko Me*. Estes programas revelam benefícios para os consumidores, estes programas revelam benefícios para os consumidores, demonstrando ser também cruciais para o sucesso das empresas, adquirindo as mesmas clientes leais, que comprarão a longo prazo, e não implicam largas despesas de marketing.

Na verdade, esta ferramenta de marketing é utilizada para incentivar compras e estabelecer lealdade, não tendo como foco a captação de novos clientes. No entanto, será a sua presença um incentivo para um não cliente realizar uma compra?

O presente estudo desenvolve a aplicação de três diferentes programas de fidelidade- *points earned*, *tier system* e *vouchers*, tendo em consideração os seus benefícios e impacto em intenções de compra, assim como a perceção de valor de cada um. Através da análise de diversos artigos, que permitiram reunir informação teórica, um questionário online foi desenvolvido, possibilitando avaliar, em prática, as perceções anteriormente estabelecidas.

Os três tipos de programas de fidelização utilizados ajudaram a compreender que esta ferramenta impacta positivamente as intenções de compra, mas a perceção de valor não é percecionada como significativa nesta relação, nem o tipo de cliente. Esta ferramenta não se revela a mais adequada para atrair novos clientes.

Palavras-chave: Programas de fidelidade, intenções de compra, perceção de valor, indústria de beleza, máscara de pestanas

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GLOSSARY

LP: Loyalty Program

PI: Purchase Intention

CVP: Customer Value Perception

VP: Value Perception

BI: Beauty Industry

CHAPTER 1: INTRODUCTION

1.1 Background and problem statement

Over the past few years, loyalty programs (LP) have been significantly increasing in importance in several markets in the United States, registering a growth of 13% enrollments from 2017 to 2021, as they serve as an encouragement for consumers to make repeated purchases from the same company (Chen et al., 2021; Meyer-Waarden et al., 2023). This tool offers personalized benefits to consumers, such as discounts, and increasing customer value perception (CVP). This leads to an increase in consumer's likelihood of joining the LP, as well as their purchase intentions (PI), while also strengthening the relationship with the brand (Chen et al., 2021). This allows companies to guarantee a long-term profit, as they have retained loyal customers (Marques et al., 2017). Additionally, from a company's point of view, this tool is useful to "create, develop and maintain individualized and interactive relationships with (…) customers (…)" (Marques et al., 2017).

In fact, these days, companies feel the pressure to establish marketing tools that aim to generate loyalty, given that the market has been registering a growth of new information technologies and implementing strategies that are customer centered (Marques et al., 2017). Building a real connection with customers is strongly important in today's business success, especially when competition is strong. Studies suggest that lower market shares are aligned with lower PI and brand loyalty, revealing brands must focus on retaining their customers to grow and become more successful and relevant in the market (Chen et al., 2021).

Furthermore, PI and value perception (VP) are directly related to the effectiveness of LP. Companies use this tool to encourage PI and build stronger connections with consumers. However, it might be hard to control the engagement LP has, or the real effect it generates. This depends on the benefits consumers view in it and its analysis of its value (Sweeney & Soutar, 2001).

Lastly, this thesis is focused on the beauty industry (BI). Over the past few years, Color Cosmetic sales have grown significantly in Portugal, especially after the pandemic. In 2023, it registered a 21.90% increase in retail sales compared with 2022, and it is expected that 2024 will show an increase of almost 16% (Euromonitor, 2024). Due to the impact of social media platforms, this industry has gained importance among generation Z consumers, who, given their lower purchasing power, prefer having more products than good quality and high value ones (Euromonitor, 2024). Besides, in terms of Western Europe, the rise of Color Cosmetics is also notorious, with a growth in retail sales of 12.51% in 2023, in comparison with 2022 (Appendix 8) (Euromonitor, 2024). Moreover, this industry suffered from the COVID-19 pandemic, registering an intense decrease in sales in 2020.

1.2 Problem Statement

The aim of this study is to comprehend the effect LP has on PI, distinguish between clients and non-clients, and take into account the VP of each program. There is an exploration of three different types of programs- points earned, tier system and voucher-, which may affect CVP differently. Therefore, the client and non-client serve as moderator and the VP mediates the independent and dependent variables.

Focusing on the BI and relying on a specific product- eye mascara-, the analysis conducted follows the following research questions that guide this study:

RQ1: Do loyalty programs have a significant impact on purchase intentions?

RQ2: Is being a client a moderator between loyalty programs and purchase intentions?

RQ3: Does value perception play a role in the relationship between loyalty programs and purchase intentions?

To sum up, the problem statement of this research can be defined as: "Can loyalty programs attract new clients?".

1.3 Relevance

This research offers academic and managerial contributions. Academic-wise, there are many studies that reflect on the impact LP has on PI, especially on the retail sector, airlines, and hotels, indicating the importance of this tool in brand loyalty and building a relationship with consumers. However, there is a lack of information about the BI.

Furthermore, although some articles discuss the engagement of consumers on LP, which directly impacts this tool's effectiveness, there is no comprehension of how this marketing tool can impact non-clients behavior towards its PI.

On the other hand, in terms of managerial relevance, this research is able to provide valuable insights into consumer preferences regarding three different types of LP. More specifically, it indicates which one is the most valued and impactful in PI, as well as what benefit they seek the most in these programs. This way, companies may optimize their program according to consumer's preferences. Focusing on Kiko Milano, which is the brand of the product used, the brand can interpret these results to maximize their LP.

1.4 Research methods

Primary data was used to gather as much valuable information as possible to develop this study on LP in the BI.

Firstly, to construct a literature review, several articles were analyzed to gather information about LP, PI and CVP. This allows for a qualitative comprehension of these topics, which are the baseline of the present research. By analyzing Euromonitor data and a Nielsen IQ report, it was also possible to comprehend the growth of the BI, more specifically the Color Cosmetics segment (Euromonitor, 2024; Nielsen IQ, 2024).

Secondly, in terms of primary data, an online survey was conducted, which aimed to retain insights into the relationships between the variables of this study. It is important to mention that to develop this survey, a few interviews were conducted to understand consumers' perspective of the BI and comprehend the effectiveness of the stimuli presented in the online survey. This online survey included four different scenarios, three of which included a different LP, and another without any program. It aimed to understand the perceptions consumers have on LP and its benefits, with an eye mascara from Kiko Milano serving as an example. Then, the results were analyzed on SPSS, where several tests were conducted, allowing us to draw some conclusions and gather valuable insights.

1.5 Dissertation outline

The following chapter includes a literature review, which offers information about LP, PI, VP, and other factors that are important for the full comprehension of this research, such as data on BI, for example. This theory allows to create the hypothesis for the research questions stated, which will be later analyzed. The methodology, which is the third section, describes how the survey was created and indicates the tests used to analyze its outcome, which is explained in section four. Lastly, this dissertation finishes with some conclusions, where a summary of the most important takeaways is presented, as well as the limitations encountered through this analysis.

CHAPTER 2: LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

This chapter is dedicated to exploring the variables of this model, by providing valuable information which allowed us to create the hypothesis and baseline of this study. Starting with a theoretical framework on PI, it is followed by insights on LP, including its benefits and the description of the three different ones being studied. CVP is also detailed in this part of the dissertation, especially its connection to LP. It also indicated some other key information, such as data on the BI.

2.1 Purchase Intentions

PI can be described as the intent to make a future purchase of a product or service. It is a valuable factor to understand purchase behavior (Peña-García et al., 2020). PI is positively impacted by brand awareness and preference, as well as brand attitude and brand attachment (Saad et al., 2012). Additionally, marketing managers rely on PI data to make strategic decisions about new or existing products, which allows them to maximize their communication and marketing programs (Morwitz et al., 2007).

As it is known, a business's main objective is to increase its profit and sales, and knowing it is cheaper to maintain a customer than attract new ones, companies must focus on building brand awareness (Ehsan Malik et al., 2013). Brand awareness refers to the capacity consumers have to remember a brand when making a purchase decision (Homburg et al., 2010), and it plays a very important role in purchase behavior because without it, there is no communication nor transaction (Ehsan Malik et al., 2013).

Moreover, loyalty to a brand is another factor that will impact PI because it is what transforms an occasional purchase into a frequent one. Brand loyalty comes from a brand's uniqueness, taste, ease of use, and the feeling it brings to customers, while making a purchase. It is important to note that this concept differs from frequent purchases as brand loyalty implies that there is a relationship between the customer and the brand (Ehsan Malik et al., 2013). Loyal customers are more beneficial for brands, allowing them to increase their sales, premium price and retention (Ehsan Malik et al., 2013).

H1: Loyalty programs have a positive impact on purchase intentions.

The perceived value of LP is a key factor for its members. If consumers view it positively and are satisfied, there will be higher levels of trust and commitment to the brand, which helps to build a stronger relationship and connection. Having a higher loyalty, consumers tend to reduce competitors from their options. It is important to note that brand loyalty does not mean consumers are members of a LP. The latter usually comes first, which suggests its importance in a saturated market (Meyer-Waarden et al., 2023). However, this can be seen as a limitation for the programs, as it can be harder to estimate its real effect (Leenheer et al., 2006).

All in all, PI varies with brand awareness and brand loyalty. Brands must focus their communications to succeed in these two concepts, which allow them to maximize their profits and sales. In order to be successful and create long-term benefits for members, LP must master the benefits customers seek.

2.2 Loyalty Programs

LP is a marketing instrument that is used to encourage repeated purchases from consumers (Chen et al., 2021). Originated in the 20th century by an airline, they were first introduced by hotels, car rental companies, credit card organizations and retailers (Ghaleb et al., 2015). Over the past few years, LP has been increasing significantly in the US market, registering a growth of 13% of adopters, from 2017 to 2021, demonstrating the potential it has for businesses (Meyer-Waarden et al., 2023). This suggests how LP "have become a key component of customer relationship management" (Steinhoff & Palmatier, 2016). It allows companies and brands to build long-term relationships with their consumers, as well as retain useful information regarding their shopping habits or preferences (Ghaleb et al., 2015). The aim is to be loyal to their consumers and make them eliminate the option of buying from competitors (Zakaria et al., 2014).

In fact, LP provides benefits for the consumer, by offering special discounts, coupons, or rebates. On the other side, brands are able to increase their long-term benefits, due to increased purchases, reduced operating costs and increased profit margin (Zakaria et al., 2014). When customers engage with LP, their overall customer engagement with the brand increases, leading to more powerful brand loyalty (Zakaria et al., 2014).

2.2.1. Benefits of Loyalty Programs

LP is aimed at giving customers a positive experience, including utilitarian, hedonic, and symbolic benefits (Mimouni-Chaabane & Volle, 2010). The more customers experience the benefits of this tool positively, the greater their PI will be, as well as their joy (Agarwal et al., 2022; Alshurideh et al., 2020).

Utilitarian benefits refer to the tangible features of the products or services, which aim to satisfy consumer's needs (Alshurideh et al., 2020). These are also related to basic motivations, such as financial advantages, or convenience (Agarwal et al., 2022). If these necessities are satisfied, customers are happy, leading to a more committed client (Alshurideh et al., 2020).

Additionally, symbolic benefits are related to the social needs of customers, such as social approval or boosting self-esteem. LP contributes to these benefits, by making members feel special through better treatment and special offers, compared to others. This engagement is strongly important for marketers to control, because by providing memorable moments and connections to members, their symbolic connection increases, as well as happiness (Alshurideh et al., 2020).

Lastly, hedonic benefits are perceived as one's experience and emotional connection, which can be explored through pleasurable activities, which aim to create happy customers. It also includes the benefits consumers gain through satisfying personal goals, leading to a positive mood (Agarwal et al., 2022).

In conclusion, by understanding these benefits, companies maximize the potential of their LP and adjust them according to their business. The key factor is that happy customers have a higher intention of making future purchases and talking well about their experience to others (Alshurideh et al., 2020).

2.2.2. Types of Loyalty Programs

LP can be related to monetary rewards or special treatment rewards. Usually, hedonic benefits are related to the latter program, whereas utilitarian benefits are in accordance with monetary rewards. It is key that entities understand their customers' profiles, in order to build the correct marketing tool (Furinto et al., 2009).

In fact, monetary rewards, as the name suggests, include economic advantages, translated into real cash, or vouchers, for instance. A LP should focus on benefiting real, loyal customers, who are committed to creating a long-term relationship tool. Special treatment rewards aim to generate trust and confidence in the brand, referring to experiences and feelings (Furinto et al., 2009).

Furthermore, more specifically, there are several types of LP, which focus on one or both of these rewards. Throughout this thesis the focus will be on three LPs: points earned, tier system, and vouchers (or gift cards).

Points Earned are the most used type of LP. As the name suggests, consumers gain points for the money spent. Later, these points will translate into a benefit, such as a gift or special discount, for example. This program is the most common one, and it is suggested to be the most adequate one for businesses that want to encourage short-term purchases (Ghaleb et al., 2015).

H1a: The points earned program has the highest impact on purchase intentions.

The Tier System is very similar to the Points Earned program. However, this program is focused on incentivizing long-term purchases. This LP offers small rewards to its customers by providing increasing benefits (Ghaleb et al., 2015). For example, having different types of categories, such as platinum, gold and silver, and knowing their benefits differ accordingly- the higher your category, the more benefits you will benefit from.

Lastly, gift cards, or Vouchers, were introduced by retailers to encourage customers to choose them and use this benefit. The idea is to have clients purchase more than the gift card's value and, if their experience is positive, it will most likely lead to a return (Ghaleb et al., 2015). It is suggested that the way this promotion is shown affects the CVP (Ding & Zhang, 2020). Besides, vouchers are typically used to attract buyers, increase sales volume and sell specific products, as they include an expiration date (Marvella & Sutanto, 2024).

H1b: Vouchers are the most adequate program to attract new clients, as they lead to higher purchase intentions, in comparison with the other programs.

2.2.3. Different Contexts

LP is present in several different industries, meaning some are more fitted for some, depending on the type of consumer, the benefits they seek, and the product or service in question. Most studies focus on industries such as retail, airlines and hotels.

In the hospitality industry, this tool is used mostly to provide non-monetary benefits- upgrades and additional services-, which allow its members to increase their satisfaction. Hotels and airlines rely on upgrades to increase the perceived value for customers. In fact, when the offer is not booked by a customer, these upgrades are a way to create an emotional connection with LP members, who benefit from a better service and experience ((Chen et al., 2021).

Additionally, there is a lack of information regarding this tool's impact on the BI, as well as a business to business (B2B) context, for example. There is also a lack of information in the Asian, African and Latin American markets, as most studies are conducted in North America or Europe (Chen et al., 2021). As we know, e-commerce has been growing a lot over the past few years, with more purchases being made online than offline. Taking this into consideration, the study of LP in this context needs further investigation.

Given that different consumers may require different versions of these programs, it is important to differentiate the types of consumers in question. There are two different types of loyal customers: behavioral and emotional. Behavioral customers refer to the ones who constantly purchase from a brand due to its habit of doing so; whereas the emotional customer, as the name suggests, has an emotional connection to the brand that influences their purchase (Ehsan Malik et al., 2013). LP can influence these consumers, differently, adapting the type of program and benefits offered to it.

2.2.4 Consumer Behavior

The effect LP has on consumer behavior can be explained through different theories, which are categorized according to their core psychological mechanisms. These theories include the social identity theory, social comparison theory, prospect theory, behavioral theory, social exchange theory and equity theory and suggest why consumers may be part of a LP (Chen et al., 2021). Bellow it presents a brief description of these theories:

2.2.4.1 Social identity theory

The social identity theory suggests that in some situations people view themselves as part of a social group, and not as unique individuals (Van Lange P. et al., 2012). A social group can be defined as "a collection of individuals who perceive themselves to be members of the same social category (and) share some emotional involvement in this common definition of themselves" (Chen et al., 2021).

This theory explains the relation between people's need to belong and their sense of community. For some people, a LP can be a way to engage within their social group (Chen et al., 2021). Identities are able to "provide important self-definition and individuals are motivated to see the self and their identities in a positive light" (Henderson et al., 2011). Additionally, this theory is often used to express how status-related incentives can influence one's psychological opinion and openness to loyalty programs (Chen et al., 2021).

2.2.4.2 Social comparison theory

The social comparison theory explains how individuals make decisions by comparing themselves to others (Festinger, 1957). These comparisons affect emotions, thoughts, such as pride or envy, and behaviors, such as status comparison (Chen et al., 2021).

In LP this theory applies because in hierarchical programs (*e.g.* silver, gold, platinum), the benefits differ among categories. Therefore, comparisons may occur between members and non-members, as well as individuals who are from different tiers. Many studies suggest that exclusivity and visibility are predominant issues associated with status perceptions. The satisfaction of a loyal client depends on the level of status obtained and the difficulty for others to obtain it, as well as their feeling of being special to the brand (Chen et al., 2021).

2.2.4.3 Prospect theory

This theory explains how individuals prefer smaller, guaranteed gains, rather than a chance of a large reward with more risk. Given that LP may imply an investment in budgets or efforts (repeat purchases, for instance) from customers, it is often used to explain one's motivation to keep on investing when achieving a reward (Chen et al., 2021). The prospect theory suggests that a LP encourages a future purchase and, when they are terminated, this likelihood no longer applies (Kim & Ahn, 2017).

2.2.4.4 Behavioral theory

The behavioral theory demonstrates how one's environment- past and present- influences one's attitudes. This theory has two main principles that suggest that people will continue behaviors that help them achieve rewards and avoid the ones that result in punishment (Chen et al., 2021).

Additionally, this helps to explain how consumers respond to rewards, as well as understanding the effect of different types of rewards and their timings. Over time, people create habits and routines that can be reinforced by rewards that allow individuals to create a connection and commodity with a program (Chen et al., 2021).

2.2.4.5 Social exchange theory

The social exchange theory debates how relationships are formed based on an interaction between two parties (Chen et al., 2021; Hwang & Choi, 2020). This theory assumes that customers have the desire to increase their rewards and decrease losses; there is a mutual dependence between the ones involved; and this cooperation is done over a long-term period, while the perceived value decreases.

In the LP context, these interactions are a key indicator of success, as they allow trust, commitment, and loyalty (Chen et al., 2021). Consumers share their personal information, in order to receive benefits such as discounts, meaning they evaluate whether this is a fair exchange for them (Hwang & Choi, 2020).

2.2.4.6 Equity theory

Lastly, the equity theory suggests that the ones involved compare the effort and rewards they put in. There is inequity when this comparison does not seem equal, which can lead to an undesired negative relationship, as one of the parties is under-rewarded. Under-rewarded customers have lower levels of satisfaction and repurchase intentions (Chen et al., 2021).

2.2.5 Loyalty Program's limitations

Despite being a helpful tool, it is questionable if LP truly influences brand loyalty and PI. In fact, most papers develop on the impact LP has on brand loyalty, referring that most programs do not convert disloyal customers into loyal (Leenheer et al., 2006); some studies focus on its effectiveness on members and non-members, lacking information about its real engagement. In fact, this does not test the real impact of the tool, as there can be members who are not active users.

H2: Being a client or not moderates the impact of loyalty programs on purchase intentions.

Additionally, some studies suggest LP's positive effect on the retail industry, whereas there are also studies that explain the lack of influence it has on consumers, resulting in a conflict of results (Leenheer et al., 2006). It is important to note that the effectiveness of LP may also be different depending on each consumer, individually, which generates a significant problem, as it is impossible to match every single need of every customer (Mattison Thompson & Tuzovic, 2020).

According to the theory of psychological reactance, a person feels reactant when their freedom to make choices is limited or at risk (Wendlandt & Schrader, 2007). This can affect consumer's adherence to LP, as they do not want to share their information and be encouraged to make frequent purchases.

Concluding, this marketing tool needs to be strategically planned, so it fits the brand, the client's needs and the benefits they seek. Also, it is key to note that having members of their program does not translate into loyal customers. These members should have incentives to choose their brand among competitors and view the benefits of the program as superior to costs.

2.3 Value Perception

VP can be described as "the consumer's overall assessment of the utility of a product, based on perceptions of what is received and what is given" (Lin et al., 2005). It is a key element of success, which has become a major focus of marketing strategies (Lin et al., 2005).

In fact, there are several definitions and different opinions regarding the concept of customer perceived value, but it is known that it translates the relationship between the product and customer, which is linked to benefits and utility the customer gets in return for the money spent (Aulia et al., 2016). Aulia and coworkers differentiate those received components from those given components: received components refer to the rewards received from using the product, whereas the given components incorporate the sacrifices made to acquire such product (Aulia et al., 2016).

Furthermore, other studies define the perceived value as the comparison between the product's perceived quality and perceived cost or monetary sacrifice, as the first has a positive impact and the latter a negative one. The monetary sacrifice can be reduced by retailers through a price discount, which should increase the CVP, assuming the perceived quality remains the same (Chen S.-F. et al., 1998; Sweeney & Soutar, 2001). As it has been mentioned before, the format in which a promotion is presented impacts CVP (Ding & Zhang, 2020).

H3: Value perception mediates the relationship between loyalty programs and purchase intentions.

It is important to note consumers might view the values for perceived value differently, as some interpret it as a low price and others as the balance between quality and price (Sweeney & Soutar, 2001). However, some authors argue that defining VP as the balance between quality and price is too simplistic, as the relationship between customers and products is more complex than that (Sweeney & Soutar, 2001).

The value of a LP can be defined through five different concepts: the cash value of the reward, the variety of options available to redeem such rewards, the reward's aspirational appeal, the perceived likelihood of reaching those rewards and, lastly, the convenience and easiness of using the reward. Other authors suggest that concepts such as attainability, redemption behavior and relevance determine the value of a LP, as well as psychological benefits of accumulating points, or the type of benefit obtained are also important for the value of a LP (Yi & Jeon, 2003). Bowman and Narayandas further develop the fact that interaction plays a significant role in customer and firm interaction, suggesting this interaction- empathy and genuine communication- can enhance customer satisfaction (Bowman D. & Narayandas D., 2001).

Knowing that the tier system program englobes a bigger communication with customers, the following hypothesis can be stated:

H3a: The tier system leads to higher value perception out of the programs being analyzed.

2.4 Clients and Non-clients

As suggested before, loyal clients and non-clients have different attitudes towards PI, as they have different future intentions (Furinto et al., 2009). In LP, customer membership refers to the adoption of this tool from a customer's perspective, including their enrollment or possession of loyalty cards, for instance (Chen et al., 2021).

For brands, having loyal customers implies more profit and consumers that are less sensitive to price changes. They tend to be more tolerant of a company's downsides and less likely to switch to competitors, as well as more engaging on social media (Chen et al., 2021).

It is hard to find information regarding "non-client" behavior, but it is possible to conclude that they imply more attention and devotion from companies.

2.5 Beauty Industry

Also known as Cosmetics and Toiletries or Personal Care Products, the BI is divided into five main categories: skincare, haircare, color cosmetics (makeup), fragrances and toiletries (Łopaciuk & Łoboda, 2013). Additionally, products can be subcategorized into premium and mass production segments, depending on the brand's image, its price and distribution channels (Łopaciuk & Łoboda, 2013).

In 2010, the mass segment comprised 72.0% of sales, whereas the premium one represented the following 28.0%, suggesting consumers were price sensitive, according to a Nielsen report (Nielsen IQ, 2024). According to the same report, the BI will continue growing in 2024, with Europe and Asia-Pacific leading this tendency. The online shopping tendency showed a variation of 11.4% in sales, in comparison to 2023, revealing to be a factor that keeps helping this growth. This suggests that consumers are becoming more receptive to omnichannel and switching between online and physical stores according to their needs (Nielsen IQ, 2024).

Online platforms like TikTok and Temu play a significant role in the rise of social selling, being responsible for a change in the way consumers educate and purchase products. For instance, in the United States, TikTok Shop has accounted for 2.6% of all e-commerce, this year, and it is noticeable that brands are showing interest in these platforms to gain a wider audience and convert sales (Nielsen IQ, 2024).

Additionally, consumers are focused on products that offer "well-being", meaning, they search for products that offer a sense of health, as well as being aesthetic. Besides, personalized, and inclusive products are also in demand. Consumers are seeking products that can fit their type of skin, tones, and concerns. Additionally, "dupes" are another concept that has become famous in the industry, referring to products that offer cheaper alternatives to high-end products. All of these suggest that brands must focus on inclusivity, personalization, and authenticity (Nielsen IQ, 2024).

2.6 Conceptual Framework

The following figure (Figure 1) represents the conceptual framework of the study developed. As it is possible to interpret, the independent variable is LP which is divided into three types-points earned, tier system and vouchers. The dependent variable is PI and the moderator and mediator are clients vs non-clients and VP, respectively.

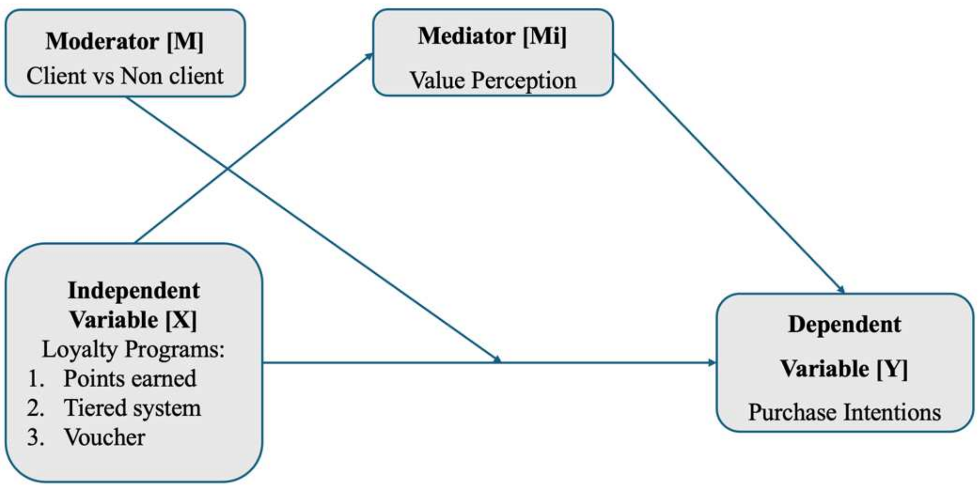

Figure 1: Conceptual Framework

CHAPTER 3: METHODOLOGY

The Methodology chapter aims to clarify how the research and analysis were conducted, to answer the research questions presented in the *introduction*, and to test the hypothesis stated in the *literature review*.

3.1 Research Approach

The main objective of this study is to comprehend how LP impacts PI and understand if it impacts a non-client decision about purchasing a product from a brand they do not buy from, as well as understand the importance of VP in the relationship. After conducting a literature review that explores the benefits of LP, as well as the concept of PI and VP, the conceptual framework was developed.

In fact, the research methods used in this thesis were exploratory and explanatory. Firstly, through some research and analysis, exploratory research was conducted, where some insights and understanding of the topic discussed in this dissertation were gained, and the hypothesis was determined. Later, in order to test the assumptions stated, quantitative research was conducted, utilizing Qualtrics to create an online survey, which served as explanatory research.

3.2 Primary Data

For this study, primary data was gathered through an online survey, which was shared on various social media platforms. This type of research has the advantage of having lower costs, reaching a wider audience that is dispersed geographically and being more convenient for participants, as they can pause and continue the survey at their own pace. However, it encounters some limitations, such as technical issues or fraudulent responses (Lefever et al., 2007). It may also encounter difficulties regarding response rate, ethical issues or confidentiality (Siva et al., n.d.).

The survey includes various questions regarding LP and its impact on PI and VP, while utilizing eye mascara as a guide. The survey was conducted after four interviews where the stimuli were tested, including their understanding in terms of image, as well as its description. Besides, the interviews allowed me to comprehend the type of questions to include, and the perception people have on Kiko Milano.

3.3 Data Collection

In order to understand which product makes more sense for this research, some data from Euromonitor, regarding the Color Cosmetics segment, from 2018 to 2023, in Portugal and Western Europe was analyzed, which is explained in *Research Design* (Euromonitor, 2024).

The final survey was published on several social media platforms, such as Instagram and LinkedIn, and distributed via email and WhatsApp. It was online from November 22nd, 2024 to December 2nd, 2024, allowing for a total of 493 responses. The target audience focused on consumers who have bought eye mascara in the past year, as this was the product chosen for this study.

3.4 Research Design

To study how PI varies in the BI, depending on the impact of LP, a product was chosen, to make it practical and simple for consumers to understand.

Given that Kiko Milano is defined as a cosmetics brand, the segment analyzed from the BI was the one regarding Color Cosmetics, excluding Skin Care, Sun Care, Fragrances, Hair Care and Men's Grooming. Despite having products from almost all these segments, excluding Men's Grooming, the focus of the brand is Color Cosmetics, which includes Eye Makeup, Facial Makeup, Lip Products, Nail Products and Sets/ Kits.

Focusing on Portugal, from 2018 to 2023, the Color Cosmetics market registered a growth of 41.59% (Appendix 7). The segment that had the most growth was Eyes, with a 54.97% increase, while also being the biggest segment of all these years (Appendix 7 and Appendix 9). In 2023, the Eyes segment contributed to 40.91% of total sales, with mascaras being responsible for 18.94% of them, as shown in Figure 2 and Table 1. This suggests that this product is a great opportunity in the market.

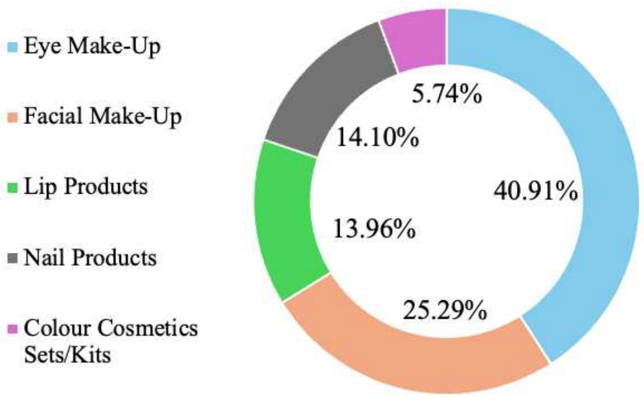

Figure 2: Distribution of Sales in Color Cosmetics, in Portugal, in 2023, in %, per segments (Euromonitor, 2024)

Table 1: Percentage of sales in Color Cosmetics, in Portugal, in 2023, in % (Euromonitor, 2024)

Geography	Category	Percentage of sales, in 2023
Portugal	Colour Cosmetics	
Portugal	Eye Liner/Pencil	6.84%
Portugal	Eye Shadow	13.48%
Portugal	**Mascara**	**18.94%**
Portugal	Other Lash and Brow Make-Up	1.59%
Portugal	Facial Make-Up	25.29%
Portugal	Lip Products	13.96%
Portugal	Nail Products	14.10%
Portugal	Color Cosmetics Sets/Kits	5.74%

However, in Western Europe the market has declined 4.76% of its sales, from 2018 to 2023 (Appendix 8). The only segment that did not register a negative growth was Eyes, which became the biggest segment in 2020 and is still ranked number one, accounting for 34.23% of sales, as demonstrated in Figure 3 (Appendix 8 and Appendix 10). Taking this into account, in 2023, mascaras were responsible for 20.11% of total sales, as seen in Table 2 (Euromonitor, 2024).

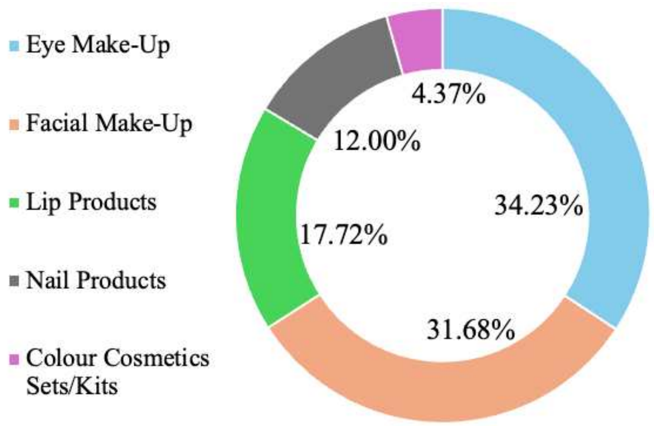

Figure 3: Distribution of Sales in Color Cosmetics, in Western Europe, in 2023, in %, per segments (Euromonitor, 2024)

Table 2: Percentage of sales of Color Cosmetics, in Western Europe, in 2023, in % (Euromonitor, 2024)

Geography	Category	Percentage of sales, in 2023
Western Europe	Colour Cosmetics	
Western Europe	Eye Liner/Pencil	5.20%
Western Europe	Eye Shadow	6.31%
Western Europe	**Mascara**	**20.11%**
Western Europe	Other Lash and Brow Make-Up	2.61%
Western Europe	Facial Make-Up	31.68%
Western Europe	Lip Products	17.72%
Western Europe	Nail Products	12.00%
Western Europe	Color Cosmetics Sets/Kits	4.37%

For this reason, the product being included in this research is an **eye mascara**, given its importance in the market. Considering the Kiko Milano's assortment, there is a wide variety of mascaras, but the one chosen- Maxi Mod- goes in accordance with a new launch done in September 2024 (Figure 4):

Figure 4: Maxi Mod mascara, by Kiko Milano

3.5 Survey Flow

The survey is divided into six sections (Figure 5). It starts with a screening question, which eliminates participants who did not purchase an eye mascara in the past 12 months, as they do not match the target audience of the study.

The second section aims to understand participants' perception on the product being studied. They answer questions regarding their usage and purchase behavior of eye mascaras, as well as attributes valued and preference regarding other brands in the market. This aims to gather some insights of consumer's interest in the product, by comparing brands and evaluating attributes.

Additionally, in a third section participants are questioned about LP and benefits valued, which is valuable to get an idea of what type of benefits they seek when joining a LP from a brand. The fifth section occurs after the appliance of the stimuli, which is defined in the fourth section, as well as the manipulation questions and type of client. Consumers refer to their perception of their program and changes that it might have on their behavior, including questions of VP and PI. Lastly, the survey concludes with some demographic questions, in order to gather some personal data on the participants, which allows us to comprehend the sample characterization.

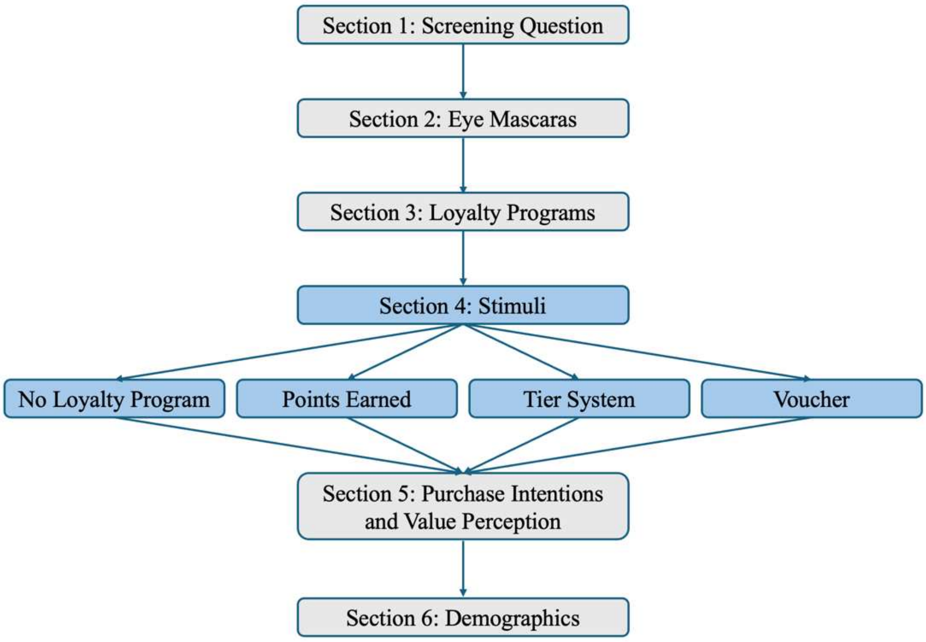

Figure 5: Survey Flow

3.6 Measurement

The following table (Table 3) indicates how the variables were scaled. In order to understand the impact of LP on purchase intentions, it is necessary to be clear about the measurement being used. Based on the literature review, PI and VP are measured through a 7-point Likert scale, while being a client or not is a categorical variable. Through the survey the 1 to 7 scale was translated into “Strongly disagree”, “Disagree”, “Somewhat agree”, “Neither agree nor disagree”, “Somewhat agree”, “Agree” and “Strongly agree”, to which participants used to evaluate some sentences presented to them.

Table 3: Operational Model

Framework	Measure	Items	Scale	Reference	Cronbach α
IV	Loyalty Programs	4	stimuli	*na*	*na*
Moderator	Client vs Non-Client	1	0; 1	Buckinx, W., & Van den Poel, D. (2005).[1]	*na*
Mediator	Value perception	5	7-point Likert- scale	Chen, Z., & Dubinsky, A. J. (2003).[2]	0.75
DV	Purchase Intentions	4	7-point Likert- scale	Spears, N., & Singh, S. N. (2004).[3]	*0.97*

3.7 Data Analysis

The analysis for this study started by analyzing frequencies to understand relevant information about the participants, such as their demographic profile, as well as their behavior and preferences regarding eye mascara and LP.

To interpret the hypothesis stated in the *literature review* some tests on SPSS, such as independent t-test or non-parametric tests and a Process Macro Model 5, were conducted. This way, it was possible to accept, or not, the hypothesis and comprehend the theory stated, in practice. Lastly, an additional analysis includes some key insights regarding non-clients' PI for the three LP.

[1] Buckinx, W., & Van den Poel, D. (2005). Customer base analysis: partial defection of behaviourally loyal clients in a non-contractual FMCG retail setting. *European journal of operational research*, *164*(1), 252-268.
[2] Chen, Z., & Dubinsky, A. J. (2003). A conceptual model of perceived customer value in e-commerce: A preliminary investigation. Psychology & marketing, 20(4), 323-347.
[3] Spears, N., & Singh, S. N. (2004). Measuring attitude toward the brand and purchase intentions. *Journal of current issues & research in advertising*, *26*(2), 53-66.

CHAPTER 4: RESULTS AND DISCUSSION

To respond to the research questions presented in the *introduction*, this chapter focuses on the analysis of the hypothesis stated through the *literature review*, with the data based on an online survey. Take into account the analysis was conducted with a significance level of 0.05 (95%).

4.1 Data preparation

As Table 4 illustrates, the online survey included a total of 493 participants. However, 138 did not correspond to the target audience of the study, having failed the screening question. Additionally, there were 76 repeated IPs and 49 people who did not reach the stimuli section of the survey.

In order to ensure that participants comprehended the stimuli presented, there were two manipulation questions: the first one asked if there was a benefit to what they were presented, as there was an option of not having any LP applied. The second question aimed to confirm if they understood the benefit presented. In total there were 151 participants who did not comprehend the stimuli, and 10 who did not respond to all the questions presented, being dropped from valid answers. Besides, two outliers were found, which have also been removed from the total valid final answers.

To sum up, the survey had a total of 66 valid answers, which was a very small sample. This suggests this analysis may not be representative of an entire population (Blasius & Brandt, 2010).

Table 4: Valid Participants of the Online Survey

	Stimuli 1	Stimuli 2	Stimuli 3	Stimuli 4	Total
Starting	-	-	-	-	493
Repeated IPs	-	-	-	-	76
Failed Screening Question	-	-	-	-	138
People who did reach the manipulation	-	-	-	-	49
Failed Manipulation Question 1	40	25	16	30	111
Failed Manipulation Question 2	-	8	28	5	41
Uncompleted responses	1	5	2	2	10
Outliers	1	0	0	1	2
Final valid answers	18	18	9	21	**66**

4.2 Measure Reliability

To analyze the quality of the model and validate the constructs, Cronbach alpha's for VP and PI were conducted. This tool allows us to measure the internal consistency of the scale being used (Tavakol & Dennick, 2011). To calculate it, a new variable was created, by adding all the questions, from the different stimuli, together. Therefore, PI gathers a total of four items, and VP has four.

The following table (Table 5) provides the values extracted from the analysis. As the alpha for PI is above 0.8, which is a reasonable goal, it is considered "good", whereas VP is considered "acceptable", with a value above 0.7 (Appendix 11) (Gliem & Gliem, 2003). Therefore, all hypotheses were tested and analyzed.

Table 5: Cronbach alpha's of the model

	Cronbach's alpha	Quality	Items
Purchase Intentions	0.812	Good	4
VP	0.723	Acceptable	5

4.3 Sample Characterization

4.3.3 Demographic Profile

This sample characterization includes valuable information about the participant's profile, in terms of demographics, as well as their preferences regarding an eye mascara, and LP's benefits.

Upon analyzing the demographic profile of the participants of the survey, it becomes clear that a vast majority of participants were women (95.5%), with only one male participant and two non-binary/ third gender, who, together, represent the following 4.5%, as Figure 6 demonstrates (Appendix 12.1).

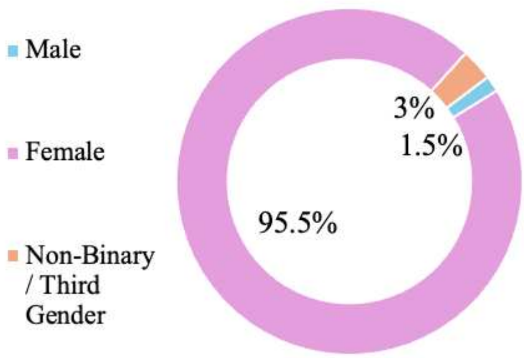

Figure 6: Distribution of participant's gender

Additionally, in terms of age distribution, as Figure 7 illustrates, 62.1% of participants are aged between 19 and 29 years old, representing young adults. 22.7% of the sample includes older adults, who are 30 to 45 years old, whereas the following 15.1% includes a younger generation, under 18 (3.0%) and older participants, who are 46 to 59 years of age (12.1%) (Appendix 12.2). This sample, in spite of being small, includes a good distribution of age, gathering participants from different generations.

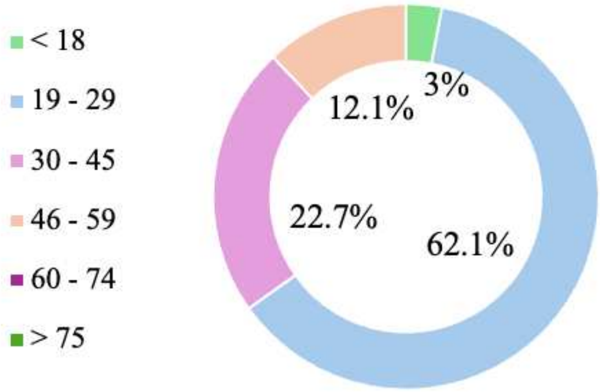

Figure 7: Distribution of participant's age

Furthermore, occupation wise, 45.5% of participants are students and the following 54.5% are employed individuals, meaning there are no unemployed or retired individuals presented in this sample (Appendix 12.3). Taking into consideration the age distribution, it is interesting to comprehend that most people aged 19 to 29 are students (68.3%), meaning they might be younger than 25 years old (Appendix 12.4). Therefore, as expected, there is a significant percentage of people without an income (34.8%), with a low percentage having one higher than 40 000€ a year (9.1%) (Appendix 12.5).

In terms of nationality, 87.9% of this survey's sample are Portuguese individuals, with only one Brazilian, Canadian, German and Italian. This shows that this analysis is not internationally representative and mostly focuses on Portuguese consumers of eye mascaras (Appendix 12.6).

4.3.2 Behavior

In terms of behavior, it is interesting to comprehend participant's behavior towards an eye mascara, including their frequency of usage and purchase. Besides, comprehending the attributes that are more important in this product, as well as the benefits sought on a LP is also valuable information for this study.

Firstly, most participants purchase this product once a year (66.7%), while using it frequently (Appendix 12.7). The fact is the frequency of usage of this product shows very similar percentages across different options, but "Always" remains the most frequent answer, followed by "Very often", which are the two options for higher usage (Appendix 12.8). Therefore, we can conclude participants use this product constantly but do not have the need to purchase it several times a year. Besides, it is also interesting to note that 71.2% of participants are not loyal to any specific eye mascara, revealing this product is mostly changed frequently (Appendix 12.9). However, out of the people who selected their loyalty, 36.8% referred to Maybelline, registering the importance of this brand in this product and Eye segment (Appendix 12.10).

On the other hand, in terms of the attributes evaluated regarding **eye mascaras-** brand, price, texture, variety and packaging- to comprehend their importance, Frequency analysis was conducted. For these attributes, participants had to evaluate them from "Extremely unimportant" to "Extremely important", on a scale from 1 to 7. It is possible to comprehend most attributes encounter a "Neutral" (4), "Somewhat Important" (5) and "Important" (6). The attribute "price" registered the highest mean, suggesting it is the most important one, followed by "texture", "brand", "variety" and "packaging". Looking into the std. deviation, "brand" registered a lower value, suggesting there is a lower variability in its answers, as there is a lower difference from the mean; whereas "texture" shows a higher value, suggesting its answers are more dispersed (Appendix 12.11).

Taking into consideration Kiko Milano is the market leader of Color Cosmetics in Portugal, as well as in the segment "Eyes" in 2023, as Table 6 and Table 7 show, with a considerable difference, the analysis of the ranking of "brand preference" seems important to comprehend it in practice (Euromonitor, 2024).

Table 6: Brand Shares of Color Cosmetics, in Portugal, in 2023, of the top 15 brands (Euromonitor, 2024)

Geography	Category	Brand Name (GBO)	Data Type	2023
Portugal	Colour Cosmetics	Kiko Milano (Kiko SpA)	Retail Value RSP	21%
Portugal	Colour Cosmetics	Essence (Cosnova GmbH)	Retail Value RSP	9%
Portugal	Colour Cosmetics	Maybelline New York (L'Oréal Groupe)	Retail Value RSP	8%
Portugal	Colour Cosmetics	Yves Rocher (Yves Rocher SA)	Retail Value RSP	5%
Portugal	Colour Cosmetics	Sephora (Private Label)	Retail Value RSP	5%
Portugal	Colour Cosmetics	Catrice (Cosnova GmbH)	Retail Value RSP	4%
Portugal	Colour Cosmetics	L'Oréal Paris (L'Oréal Groupe)	Retail Value RSP	4%
Portugal	Colour Cosmetics	Rimmel (Coty Inc)	Retail Value RSP	3%
Portugal	Colour Cosmetics	Oriflame (Oriflame Cosmetics SA)	Retail Value RSP	3%
Portugal	Colour Cosmetics	Flormar (Yves Rocher SA)	Retail Value RSP	3%
Portugal	Colour Cosmetics	Avon (Natura&Co)	Retail Value RSP	2%
Portugal	Colour Cosmetics	Mary Kay (Mary Kay Inc)	Retail Value RSP	2%

Portugal	Colour Cosmetics	NYX (L'Oréal Groupe)	Retail Value RSP	2%
Portugal	Colour Cosmetics	Lancôme (L'Oréal Groupe)	Retail Value RSP	1%
Portugal	Colour Cosmetics	Mac (Estée Lauder Cos Inc)	Retail Value RSP	1%

Table 7: Brand Shares of Eye Make-up, in Portugal, in 2023, of the top 15 brands (Euromonitor, 2024)

Geography	Category	Brand Name (GBO)	Data Type	2023
Portugal	Eye Make-Up	Kiko Milano (Kiko SpA)	Retail Value RSP	24%
Portugal	Eye Make-Up	Essence (Cosnova GmbH)	Retail Value RSP	9%
Portugal	Eye Make-Up	Maybelline New York (L'Oréal Groupe)	Retail Value RSP	8%
Portugal	Eye Make-Up	Yves Rocher (Yves Rocher SA)	Retail Value RSP	6%
Portugal	Eye Make-Up	L'Oréal Paris (L'Oréal Groupe)	Retail Value RSP	5%
Portugal	Eye Make-Up	Sephora (Private Label)	Retail Value RSP	3%
Portugal	Eye Make-Up	Rimmel (Coty Inc)	Retail Value RSP	3%
Portugal	Eye Make-Up	Catrice (Cosnova GmbH)	Retail Value RSP	3%
Portugal	Eye Make-Up	Oriflame (Oriflame Cosmetics SA)	Retail Value RSP	3%
Portugal	Eye Make-Up	Mary Kay (Mary Kay Inc)	Retail Value RSP	3%
Portugal	Eye Make-Up	Avon (Natura&Co)	Retail Value RSP	2%
Portugal	Eye Make-Up	Lancôme (L'Oréal Groupe)	Retail Value RSP	2%
Portugal	Eye Make-Up	Flormar (Yves Rocher SA)	Retail Value RSP	2%
Portugal	Eye Make-Up	Dior (LVMH Moët Hennessy Louis Vuitton SA)	Retail Value RSP	1%
Portugal	Eye Make-Up	Mac (Estée Lauder Cos Inc)	Retail Value RSP	1%

In fact, the analysis of the survey revealed that, according to the means of the brands, the preferred brand in terms of eye mascara is Maybelline, followed by L'Oréal, Kiko Milano, MAC and Essence, as it registered the lowest mean (Appendix 12.12). Kiko Milano was ranked number one 25.8% of the time, but it was mostly ranked third place (31.8%) (Appendix 12.13). Maybelline, however, was ranked first 36.4% of the time, and acquired a cumulative percentage between being ranked one, second or third of 81.8%, higher than Kiko Milano on 13.6% (Appendix 12.13 and Appendix 12.14). Therefore, we can conclude that Maybelline is challenging Kiko Milano in the eye segment, given the brand's preference among participants. Moreover, from 2022 to 2023 Maybelline registered growth of 100% in market share, as demonstrated in Table 8, revealing its importance in this segment, while Kiko Milano decreased almost 4% of its share (Euromonitor, 2024). This falls in accordance with the previously stated observation, that 36.8% of participants who are loyal to eye mascaras said so about Maybelline's.

Table 8: Brand Shares' Growth of Eye Make-up, in Portugal, from 2022 to 2023, of the top 3 brands (Euromonitor, 2024)

Geography	Category	Brand Name (GBO)	Data Type	2022	2023	Growth
Portugal	Eye Make-Up	Kiko Milano (Kiko SpA)	Retail Value RSP	24.7%	23.8%	-3.6%
Portugal	Eye Make-Up	Essence (Cosnova GmbH)	Retail Value RSP	5.9%	9.0%	52.5%
Portugal	Eye Make-Up	Maybelline New York (L'Oréal Groupe)	Retail Value RSP	4.2%	8.4%	100.0%

Moreover, it is important to comprehend what benefits consumers seek the most in LP and what is most valued. By conducting Frequencies, and analyzing each benefit's mean, ordering them from smallest to largest, we may conclude that "monetary discounts" are the preferred benefit, followed by "special offers and promotions", "free gifts", "special experiences" and "free shipping" (Appendix 12.15). In fact, "monetary discounts" were ranked first, 54.5% of the time, and 74.2% were either first or second, revealing participants value monetary benefits in these programs (Appendix 12.16). "Free shipping", however, was ranked number 5, which was the lower ranked position, 43.9% of the time, suggesting that among these benefits, the participants do not value it so much (Appendix 12.17).

4.4. Analysis of the Hypothesis

4.4.1 Hypothesis 1

H1: Loyalty programs have a positive effect on purchase intentions.

This hypothesis aims to comprehend if having a LP impacts consumers' PI on purchasing the Maxi Mod eye mascara by Kiko Milano. To analyze this hypothesis, a dummy variable was created, indicating whether participants were presented with a LP or not in the stimuli. The aim is to conduct an independent t-test and comprehend if there is statistically significant difference in PI between having a LP or not.

In order to conduct an independent t-test, its assumptions- normality and homogeneity of variances- must be verified. The test of normality revealed a p-value lower than 0.01, revealing the assumption of normality is violated, as it is a lower value than 0.05 (Appendix 13.1). Therefore, a non-parametric test serves as an alternative to the independent t-test.

H_0: The population of No Program and LP are equal.

The Mann-Whitney U test shows, through the ranks table that having a LP has a higher mean rank than no program applied (Appendix 13.2). Looking into the test statistics table, its p-value of 0.01, lower than 0.05, reveals we can reject H_0 (Appendix 13.3). Therefore, we can agree that there is a statistically significant difference in PI when there is a program or not and that LP leads to higher PI, allowing us to accept H1.

4.4.2 Hypothesis 1a

H1a: The points earned program has the highest impact on purchase intentions.

Hypothesis H1a aims to comprehend if the LP points earned is the one that, out of the three, generates the highest impact on PI, by increasing them the most. To analyze it, a new SPSS sheet was created, having only selected the cases where a LP was shown, and discarding the participants who were shown a stimulus without a program.

As this sample registers a total of 48 answers, a test of normality was conducted, revealing a p-value lower than 0.05 (p-value < 0.01) (Appendix 14.1). Besides, looking into the histogram for the distribution of PI answers, we can understand it is not normally distributed and, taking into account the sample size, this reflects an issue (Appendix 14.2). Therefore, the analysis was done through a nonparametric test.

As an alternative for the One-Way-ANOVA, a Krustal Wallis test was conducted, to comprehend the difference between the means of the PI for the three programs.

H_0: The difference between the medians is zero.

The outcome of the Krustal Wallis test reveals, in the Test Statistics table, a p-value of 0.982, which is higher than 0.05 (Appendix 14.3). This suggests that the statistical difference between the PI for the three programs is not statistically significant, meaning, we cannot accept H1a, as we fail to reject H_0. It seems the PI for the three programs is very similar.

4.4.3 Hypothesis 1b

H1b: Vouchers are the most adequate program to attract new clients, as they lead to higher Purchase Intentions, in comparison with the other programs.

To explore this hypothesis, a new data sheet was created, in order to filter it by non-clients only: people who were not clients of the Maxi Mod eye mascara by Kiko Milano; as well as removing participants who were not subject to a LP.

In fact, given that a One-Way-ANOVA is a test aimed to be conducted to comprehend this analysis, its assumptions had to be tested. Starting from a test of normality, its outcome revealed a p-value lower than 0.05 (p-value < 0.01), leading to the rejection of a normal distribution (Appendix 15.1). Therefore, the normality is not met and the best way to analyze this hypothesis is through an alternative test for the One-Way-ANOVA: a Krustal Wallis test, which is nonparametric, and does not assume normality, nor homogeneity of variances.

H_0: The difference between the medians is zero.

Through the analysis of the Krustal Wallis test outcome, it is possible to comprehend that a p-value of 0.939, higher than 0.05, does not allow for the rejection of H_0, meaning we cannot accept H1b, because there is not a significant statistically difference between the PI of non-clients across the three programs analyzed (Appendix 15.2).

4.4.4 Hypothesis 2

H2: Being a client or not moderates the impact of loyalty programs on purchase intentions.

The analysis of Hypothesis 2 was done through a Process Macro 1, as to comprehend the effect of the moderator in the model, and it can be interpreted on Figure 8 and Appendix 16. Take into account this analysis is only applied when there is a LP applied in the stimuli, therefore the responses who were not subjected to a LP were eliminated from the SPSS sheet.

The direct effect model shows an R^2=0.1339, suggesting the model is only explaining 13.39% of its outcome, which is not significant with a p-value of 0.0938 (> 0.05).

Looking at the p-value of the interaction, as it is higher than 0.05 (p-value = 0.8240), the interaction between LP and the type of client is not significant, allowing for the suggestion that being a client or not does not moderate the relationship between LP and PI. The confidence interval goes from -0.8838 to 1.1045, passing through zero, which confirms the suggestion stated. Its coefficient of 0.1104, suggests its positive impact on PI, which, as seen, is not significant. Also, there is not a significant R^2 change with the interaction (p-value = 0.8240 > 0.05).

Concluding, we cannot confirm H2, as there is not a statistical significance that LP and PI relationship is moderated by the type of client. Therefore, being a client or not of the Maxi Mod by Kiko Milano does not significantly change the PI with the impact of LP. Then, clients and non-clients registered equal or very similar PI with the appliance of LP.

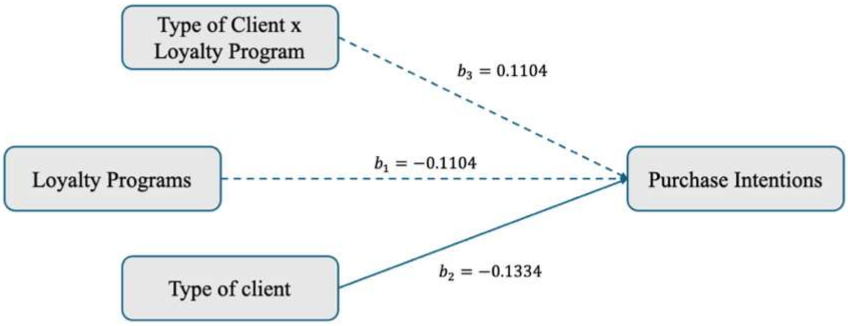

Figure 8: Statistical Diagram of Process Macro 1 (Hypothesis 2)

4.4.5 Hypothesis 3

H3: VP mediates the relationship between loyalty programs and purchase intentions.

Hypothesis 3 aims to comprehend if the effect of VP as a mediator in the relationship between LP and PI is significant. A Process Macro 4 was conducted, and its outcome can be interpreted on Appendix 17 and Figure 9. Knowing this mediator is only applied when the stimuli included a LP, the responses who were not subjected to a LP were eliminated from the SPSS sheet.

In fact, looking into the direct effects on VP, the outcome revealed a p-value of 0.4214, larger than 0.05, meaning the effect of LP on VP is not statistically significant, with a coefficient of -0.2190. Looking into the outcome of PI, this model is only capable of explaining 10.96% of the model (R^2= 0.1096). LP and VP register positive coefficients (coeff LP = 0.1249; coeff VP = 0.2543) but only VP is statistically significant, as its p-value is lower than 0.05 (p-value LP = 0.5383; p-value VP = 0.0245). Therefore, VP impacts PI positively, with a significant impact.

Interpreting the indirect effects of LP on PI through VP, its effect is -0.0557, with a bootstrapping interval that goes from -0.1901 to 0.0846, meaning that it is not significant, as it crosses zero. This suggests that the impact of LP on PI with the mediator VP is not significant.

To sum up, H3 cannot be confirmed, as there is not a statistically significant difference on the effect of LP on PI with the impact of VP or without it.

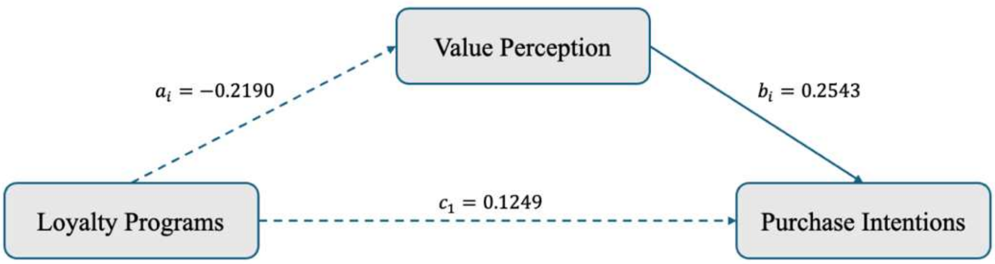

Figure 9: Statistical Diagram of Process Macro 4 (Hypothesis 3)

4.4.6 Hypothesis 3a

H3a: The tier system leads to higher value perceptions from of the programs being analyzed.

This last hypothesis, H3a, suggests the program tier system is the one that leads to a higher VP. Creating a new SPSS sheet where participants who were not presented with a program were removed, a One-Way-ANOVA is aimed to be conducted, to comprehend the variance of VP among the three programs. Therefore, the test of its assumptions was done.

The test for normality revealed a p-value lower than 0.05 (p-value = 0.01), which leads to the rejection of normality (Appendix 18.1). Therefore, a Krustal Wallis test was used to analyze this hypothesis.

H_0: The difference between the medians is zero.

The p-value of 0.040, lower than 0.05, suggests the differences in VP are statistically significant, so there is a program that leads to higher values of this variable. Based on this, H_0: was rejected. As the Krustal-Halls H value resembles a value of 6.459, there is a larger difference among groups, as a higher value of this translates into (Appendix 18.2). Looking at the ranks table, to comprehend how VP is ranked across the programs, the mean rank shows that points earned has the highest value, followed by voucher and tier system (Appendix 18.3). In fact, a higher mean rank reveals there are higher values of the evaluation of the independent variable within that group. Then, the program with the highest evaluation on vp is points earned and the lowest is tier system

In conclusion, H3a is rejected as, in fact, tier system registered the lowest value for VP. This program is statistically different from the other programs and points earned is the highest-rated program.

4.4.7 Full Model

After comprehending the individual analysis of H2 and H3, Process Macro 5 was conducted on SPSS to interpret the effect of the moderator and mediator in the full model. The outcome can be visualized in Figure 10 and interpreted through Appendix 19. Taking into consideration that VP is only applied for the three programs, and excluded when the stimuli presented no program, a new SPSS sheet was created, to filter the data with only participants who were subject to a LP.

In fact, through the outcome of the VP variable, we can understand this model is only capable of explaining 1.41% of its variance (R^2= 0.0141), which is an extremely low percentage. With a p-value of 0.4214 (greater than 0.05) we may conclude that the overall model is not significant.

Furthermore, the outcome of the interpretation of the dependent variable- PI-, suggests this model can explain 23.40% of its variance (R^2= 0.2340). As it has a p-value of 0.0196, lower than 0.05, the overall model is significant. Looking into the coefficients, there is a positive effect of LP on PI, as it registers a coefficient of 0.1007 (>0). However, this effect is not significant (p-value = 0.9081 > 0.05). Looking into VP, its effect is significant (p-value = 0.0223 < 0.05), and it has a direct positive effect on PI, with a coefficient of 0.2465. The moderator- type of client- also has a significant impact on PI, as it has a p-value of 0.0116, lower than 0.05. When it comes to the interaction effect of LP and client, it is not significant (p-value = 0.9620 > 0.05), meaning the moderator is not significant in the model.

The indirect effect of LP on PI, through VP mediation is not significant, because the bootstrapping interval crosses zero (-0.1908 to 0.0748). Therefore, there is no significant mediation of VP between the dependent and independent variables.

All in all, this analysis confirmed the previously stated conclusions for H2 and H3, as neither can be accepted. This reveals that the type of client does not change the impact LP has on PI, and VP does not significantly impact the LP and PI relationship, meaning a higher VP does not translate into a higher PI, for example.

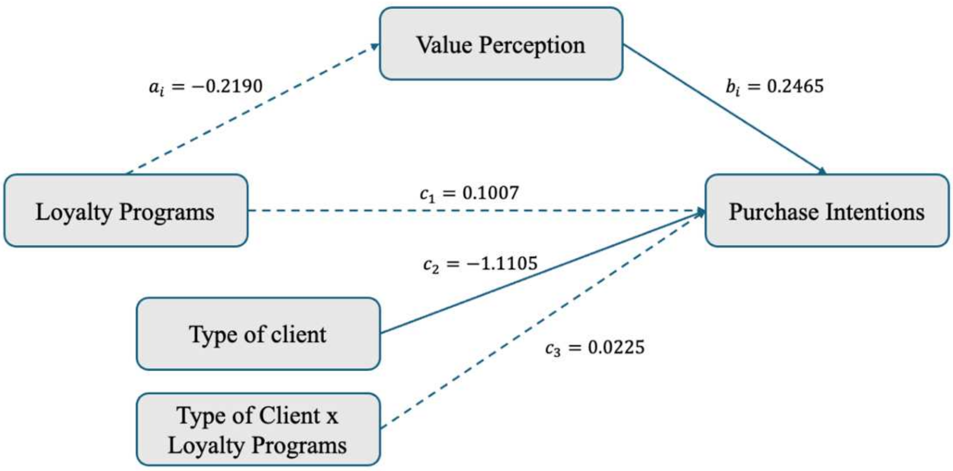

Figure 10: Statistical Diagram of the full model

4.5 Additional Analysis

4.5.1 Does the presence of a loyalty program impact non-clients' purchase intentions?

With this statement, the aim is to comprehend if non-clients view this tool as an increase in their PI. A new SPSS sheet was created with a filter selecting only non-clients of the Maxi Mod by Kiko Milano.

To analyze this affirmation the idea is to conduct three independent t-tests, to comprehend if the difference between non-clients' PI is significant when there is not a program or when there is one, making a distinguishment between the three programs: points earned, tier system and vouchers. however, there is a need to confirm the test's assumptions: normal distribution and homogeneity of variances.

Firstly, starting with the first pair: **no program** and **points earned**, its test of normality registered a p-value of 0.057, which is larger than 0.05, suggesting normality in the population (Appendix 20.1). Confirming if there is homogeneity of variances to proceed with the independent t-test, this test shows a p-value of 0.763, so we cannot reject that there is, in fact, homogeneity of variances (Appendix 20.2). Therefore, the two assumptions are met, suggesting we can proceed with an independent t-test.

$$H_0 1: \mu_{No\ Program} = \mu_{Points\ Earned}$$

In fact, the independent t-test developed registered a p-value of 0.763, suggesting the means are not statistically different across the two groups, and $H_0 1$ cannot be rejected (Appendix 20.3). Then, for non-clients there is no difference in having the points earned program applied or not having any program, when it comes to their PI for the Maxi Mod mascara. Looking into the two-sided p, when equal variances are assumed, its value of 0.096 demonstrates this program does not make a difference on non-clients PI of the eye mascara.

Secondly, the second pair aims to comprehend the same as before but for **no program** and the lp **tier system**. looking into its test of normality, this assumption is verified, as its p-value of 0.400 is greater than 0.05 (Appendix 20.4). The test of homogeneity of variances registered a p-value of 0.093, meaning, as it is also larger than 0.05, this assumption is met (Appendix 20.5). Therefore, an independent t-test can be conducted.

$$H_0 2: \mu_{No\ Program} = \mu_{Tier\ System}$$

The independent t-test for the no program and the tier system pair revealed a p-value of 0.093, demonstrating an identical conclusion as the previous pair- there is not a statistically significant difference across the two groups. the tier system has a significance of the two-sided p equal to 0.062, which leads to the same conclusion as the points system- the means of this program and no program are equal. So, H_{0^2} cannot be rejected (Appendix 20.6).

Lastly, looking into the third pair: **no program** and **voucher**, its test of normality reveals a p-value of 0.066, which is higher than 0.05, meaning the distribution is normal (Appendix 20.7). The Levene's test reveals a p-value of 0.353, which is also greater than 0.05 (Appendix 20.8). Therefore, both assumptions for the independent t-test are met, meaning the test can be conducted.

$$H_{0^3}:\ \mu_{No\ Program} = \mu_{Voucher}$$

The outcome of the independent t-test for this pair revealed a p-value of 0.353, which is greater than 0.05 (Appendix 20.9). The two-sided p is 0.26, leading to the same conclusion as both previous pairs- the means of this program and no program are equal.

All in all, for the three programs- points earned, tier system, and voucher- the difference between non-clients' PI when there is one of these programs or no program applied is not significantly different, suggesting this tool is not effective in attracting new clients.

CHAPTER 5: CONCLUSIONS AND LIMITATIONS

This final chapter aims to englobe the main findings from the research questions proposed at the beginning, as well as stating some managerial and academic implications and the limitations found through the development of this thesis.

5.1 Main Findings & Conclusions

After analyzing the hypothesis stated in the *literature review* through the interpretation of the online survey, some conclusions can be drawn. These are stated below.

5.1.1 Research Question 1

RQ1: Do loyalty programs have a significant impact on purchase intentions?

This research question was analyzed through some hypothesis that aimed to comprehend the effect of LP in PI, comparing its results individually with other programs, and without a program. The *literature review* suggested that LP has a positive impact on PI, stating that points earned is the LP that has the most impact and vouchers is more impactful for non-clients.

In fact, after analyzing the hypothesis, it is possible to conclude that LP has a positive impact on PI, increasing them, as the comparison between PI with and without LP stated, through *Hypothesis 1*. However, it is not possible to distinguish the one that is preferred, as their difference was not significant, as revealed in *Hypothesis 1a*, suggesting the three programs have an equal effect on PI. We know "monetary discounts" are the preferred benefit participants seek in LP, which was included in all the LP presented.

Therefore, we may conclude that brands will benefit from a LP usage if applying this kind of benefit through a direct appliance, such as a "20% discount on your next purchase" or a "5€ credit when reaching 50 points", for example. The fact is the type of program applied is not significant, as consumers view it as equally beneficial for their purchases.

5.1.2 Research Question 2

RQ2: Is being a client a moderator between loyalty programs and purchase intentions?

To answer directly to this research question, the type of client does not moderate the relationship between LP and PI, as the analysis of *Hypothesis 2* revealed. As Process Macro 5 showed, being a client or not does not have a significant difference in PI results.

In the *literature review* it was stated that the purpose of LP is to create long-term relationships with customers and ensure future purchases. Through the analysis of the survey, it was possible to comprehend that PI on the Maxi Mod is higher when a program is applied. However, the type of client is not significant, as this is registered for clients and non-clients. The Process Macro 1 conducted to analyze *Hypothesis 2* confirmed the type of client does not moderate PI for LP, as it is not significant in their relationship.

Besides, it has been suggested that non-clients' PI might be more affected by the vouchers program, as this program is the most commonly used to attract new clients (Marvella & Sutanto, 2024). However, the survey analysis revealed that non-clients' PI is not significantly different across the three programs tested, meaning vouchers, points earned, and tier system have statistically equal effects on non-clients' PI, as *Hypothesis 1b* revealed.

Additionally, we cannot conclude that these LP are able to increase the PI of non-clients. As this particular analysis revealed, their PI is not statistically different between each program and no program. Therefore, for non-clients, LP is not the correct marketing tool to use if the companies' aim is to attract new buyers, as it is revealed LP are not able to attract new clients.

5.1.3 Research Question 3

RQ3: Does value perception play a role in the relationship between loyalty programs and purchase intentions?

In spite of comprehending that the three programs tested are different programs that offer different benefits, the analysis of this research question revealed that the three do not register significant differences in VP, as stated through the analysis of *Hypothesis 3*.

In fact, Process Macro 4 revealed the variable VP to not be significant in the relationship between LP and PI, allowing for the conclusion that it does not mediate its relationship. Despite being suggested, in theory, consumers have different VPs according to their own analysis, in the end, the relationship between LP and PI is not impacted by VP, as the impact of LP on PI with or without the impact of VP may be equal.

Besides, it was tested if tier system had the highest value of VP, on *Hypothesis 3a*, as the *literature review* suggested. This statement was denied, as, in fact, the highest evaluated program on VP was points earned, followed by voucher and tier system, which was not translated into points earned being the program with the highest PI, revealing, once again, how VP is not impactful.

Therefore, despite registering different levels of VP, this variable does not impact the relationship between LP and PI, as, in fact, there is not a program that registered a significant difference in PI.

5.2 Managerial / Academic Implications

Given this final chapter of the master thesis and taking into account the academic and managerial relevance stated in the *introduction*, a few key insights can be stated.

Academic-wise, it can be concluded that this research has provided additional insights into non-clients behavior towards PI given the impact of LP, as well as the distinguish between the three popular types of LP, which makes the interpretation more specific.

When it comes to managerial implications, the fact is that Kiko Milano has recently launched its newest LP which is the exact program described in the survey as the tier system. through the analysis of the online questionnaire, it was revealed that it does not resemble the highest evaluation on VP. This leads to the suggestion that the program could be better described on their platform as offering interested customers the most information or to better fit the attributes sought by beauty enthusiasts- namely monetary benefits mostly.

5.3 Limitations and Further Research

Throughout the development of this master thesis, some limitations were found:

Firstly, the sample from the survey was revealed to be very small, and not representative of the population. The monetary and time constraints did not allow for a wider reach of participants. Besides, this final sample was mostly focused on Portuguese women, which does not reflect the entire behavior of the population regarding the eye mascara's PI, and, given it was only formed by 66 valid answers, some analysis had to be conducted through nonparametric tests.

Taking into consideration the number of responses lost throughout the survey, its design was probably not maximized, as there is a large difference between the number of initial participants and the final valid answers. A simpler and more direct questionnaire could have made it simpler for participants and allowed for more valid responses.

Following this line of thought, as further research, it is interesting to comprehend the effect of VP on LP. This study was not focused on this topic, and did not develop on it, given the results of the hypothesis. However, the different types of LP are interesting to comprehend and understand in terms of their importance in consumer behavior.

Lastly, the product chosen- eye mascara- might not be representative of the Color Cosmetics industry. In spite of Eyes being one of the most emerging segments, this product revealed to have a lower frequency of purchase throughout the year. An analysis using a different product might lead to a greater understanding of the real effect of LP on PI, especially a product that is more frequently purchased.

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APPENDICES

Appendix 1: Online Survey

Introduction

Dear participant,

This research study is being conducted as part of the thesis for the McS in Management with Specialization in Strategic Marketing.

All data through this survey will be used solely for academic purposes within the scope of the MSc thesis. Analysis will concentrate on identifying trends and patterns across groups rather than individual responses.

Your responses will remain completely anonymous. No personal identifying information will be collected, and results will be reported in aggregate form only, ensuring individual anonymity.

The survey will take about 5 minutes.

Thank you for your time and valuable contribution to this research!

Section 1: Screening question

1. In the past 12 months, have you purchased an eye mascara?
   - o Yes
   - o No -> end

In case the answer to this question is “No”, participants will be directed to end the survey.

Section 2: Eye Mascaras

2. How often do you purchase eye mascara?
   - o Once a year
   - o Several times a year
   - o Once a month
   - o Several times a month
   - o Once a week

3. How frequently do you use eye mascara?
   - o Always
   - o Very often
   - o Often
   - o Seldom
   - o Never

4. Are you loyal to a specific mascara?
   - o Yes -> Q5
   - o No

5. From which brand?
   - o Kiko Milano
   - o L’Oreál
   - o Maybelline
   - o MAC
   - o Essence

6. Evaluate the following attributes according to their importance in purchasing eye mascara,
   - o Brand
   - o Price
   - o Texture

- Variety
- Packaging

7. Keeping the eye mascara in mind, please rank these brands according to **brand preference**: (1 being the highest evaluated, ad 5 the lowest)
- Kiko Milano
- L'Oreál
- Maybelline
- MAC
- Essence

8. Keeping the eye mascara in mind, please rank these brands according to **price**: (1 being the highest evaluated, ad 5 the lowest)
- Kiko Milano
- L'Oreál
- Maybelline
- MAC
- Essence

9. Keeping the eye mascara in mind, please rank these brands according to **texture**: (1 being the highest evaluated, ad 5 the lowest)
- Kiko Milano
- L'Oreál
- Maybelline
- MAC
- Essence

10. Keeping the eye mascara in mind, please rank these brands according to **variety**: (1 being the highest evaluated, ad 5 the lowest)
- Kiko Milano
- L'Oreál
- Maybelline
- MAC
- Essence

11. Keeping the eye mascara in mind, please rank these brands according to **packaging**: (1 being the highest evaluated, ad 5 the lowest)
- Kiko Milano
- L'Oreál
- Maybelline
- MAC
- Essence

Section 3: Loyalty Program

Loyalty programs provide benefits for the consumer, by offering discounts, coupons, or rebates. For example, a customer card, or voucher which offers you discounts.

12. Please rank the rewards loyalty programs according to what you value the most.
- Monetary discounts
- Special experiences

- Free gifts
- Special offers and discounts
- Free shipping

Section 4: Stimuli

A. No Stimuli

Maxi Mood Mascara from **Kiko Milano** retails for **12,99€**. This mascara promises to define and give volume to your lashes.

13. Does purchasing this mascara offer you a benefit?
- Yes -> end of survey
- No

In case the answer to this question is "Yes", participants will be directed to end the survey, as they did not understand the stimuli.

14. Are you a client of this mascara?
- Yes
- No

B. Points Earned

Maxi Mood Mascara from **Kiko Milano** retails for **12,99€**. This mascara promises to define and give volume to your lashes. <u>**Acquiring the eye mascara gave you 13 points.**</u> For each 1€ spent, you receive 1 point. When reaching 50 points, you will obtain 5€ credit in your account, available for 30 days. Besides, you will be notified when there are **special promotions** and **offers**.

15. Does purchasing this mascara offer you a benefit?
- Yes -> Q16
- No -> end of survey

In case the answer to this question is "No", participants will be directed to end the survey, as they did not understand the stimuli.

16. Please indicate a benefit this program offers:
- 5€ credit
- Beauty session -> end of survey
- 20% discount -> end of survey

In case the answer to this question is "Beauty session" or "20% discount", participants will be directed to end the survey, as they did not understand the stimuli.

17. Are you a client of this mascara?

- Yes
- No

18. Please indicate your level of agreement with these affirmations:

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
This program offers value for money							
I believe this program offers benefits which are relevant to my shopping habits.							
I believe this program is important in my decision process							
Having this program will make me eliminate competitor's options.							
The probability of me buying this product if KIKO offers this program is higher than if thet do not offer it.							

19. Please rank the benefits you value the most in this program.

- Monetary discounts
- Special experiences
- Free gifts
- Special offers and discounts
- Free shipping

C. Tiered system

Maxi Mood Mascara from **Kiko Milano** retails for **12,99€**. This mascara promises to define and give volume to your lashes.

<u>Acquiring the eye mascara gave you 13 points.</u> For each 1€ spent, you receive 1 point.

The level you acquire in this program depends on the <u>purchases you make during the first 30 days since your entrée</u>, meaning you are now of level 1, as you have just entered the program, but can still change to a higher level.

It has a duration of <u>12 months</u> and after this time, your program may change according to your behavior through it.

	LEVEL1 (1-50 points)	LEVEL 2 (51-100 points)	LEVEL 3 (more than 100 points)
Welcome gift*	✓	✓	✓
Special offers and discounts	✓	✓	✓
VIP care	✓	✓	✓
Birthday gift		✓	✓
Free shipping			✓
Beauty session (30 min)		✓	✓
Beauty session with a friend (30 min)			✓
Surprise gifts**		✓	✓

*for any second purchase of €30 or more
** for any purchase of €30 or more

20. Does purchasing this mascara offer you a benefit?

- Yes -> Q21
- No -> end of survey

In case the answer to this question is "No", participants will be directed to end the survey, as they did not understand the stimuli.

21. Please indicate a benefit this program offers:

- 5€ credit -> end of survey
- Beauty session
- 20% discount -> end of survey

In case the answer to this question is "5€ credit" or "20% discount", participants will be directed to end the survey, as they did not understand the stimuli.

22. Are you a client of this mascara?

- Yes
- No

23. Please indicate your level of agreement with these affirmations:

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
This program offers value for money							
I believe this program offers benefits which are relevant to my shopping habits.							
I believe this program is important in my decision process							
Having this program will make me eliminate competitor's options.							
The probability of me buying this product if KIKO offers this program is higher than if thet do not offer it.							

24. Please rank the benefits you value the most in this program.

- Monetary discounts
- Special experiences
- Free gifts
- Special offers and discounts
- Free shipping

D. Voucher

Maxi Mood Mascara from **Kiko Milano** retails for **12,99€**. This mascara promises to define and give volume to your lashes.

<u>Acquiring the eye mascara gave you a voucher</u>, offering you a **20% discount on your next purchase**, if you **buy more than 50€** on any Kiko Milano products within 30 days.

25. Does purchasing this mascara offer you a benefit?
- Yes -> Q26
- No -> end of survey

In case the answer to this question is "No", participants will be directed to end the survey, as they did not understand the stimuli.

26. Please indicate a benefit this program offers:
- 5€ credit -> end of survey
- Beauty session -> end of survey
- 20% discount

In case the answer to this question is "5€ credit" or "Beauty session", participants will be directed to end the survey, as they did not understand the stimuli.

27. Are you a client of this mascara?
- Yes
- No

28. Please indicate your level of agreement with these affirmations:

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
This program offers value for money							
I believe this program offers benefits which are relevant to my shopping habits.							
I believe this program is important in my decision process							
Having this program will make me eliminate competitor's options.							

The probability of me buying this product if KIKO offers this program is higher than if thet do not offer it.							

29. Please rank the benefits you value the most in this program.

- Monetary discounts
- Special experiences
- Free gifts
- Special offers and discounts
- Free shipping

Section 5: Purchase Intentions and Value Perception

30. Please indicate your level of agreement with these affirmations:

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
This program offers value for money							
I believe this program offers benefits which are relevant to my shopping habits.							
I believe this program is important in my decision process							
Having this program will make me eliminate competitor's options.							

The probability of me buying this product if KIKO offers this program is higher than if thet do not offer it.							

Section 6: Demographics

31. What is your gender?
- Male
- Female
- Non-binary/ third gender
- Prefer not to say

32. How old are you?
- < 18
- 19-29
- 30-45
- 46-59
- 60-74
- > 75

33. What is your occupation?
- Student
- Employed
- Retired
- Homemaker

34. What is your yearly income?
- No income
- <10 000€
- 10 000€ - 19 999€
- 20 000€ - 39 999€
- 40 000€ - 59 000€
- 60 000€ - 79 000€
- > 80 000€
- I don't know

35. What is your nationality?

Appendix 2: Interview Guide

Section 1: Introduction

My name is Francisca. I will ask you a few questions regarding the impact of 3 different loyalty programs in the beauty industry, to understand your perception of them.

Section 2: Beauty Industry

1. Do you usually wear makeup? How often?
2. What are your favorite products?
3. What products do you purchase more frequently?
4. What about mascaras? How frequently do you purchase it?
5. Do you have favorite brands? Which ones? And a favorite brand for a mascara? Is it a specific mascara?
6. Are you familiar with Kiko Milano? Are you a client? How would you describe Kiko's products and quality?

Section 3: Stimuli

I will present to you 3 different stimuli, which I aim to study for the brand KIKO Milano. (Present stimuli, one at a time.) They will be tested regarding the purchase intention of Kiko's Maxi Mood mascara, which retails for 12,99€.

7. Do you have this mascara?

Focusing on the stimuli,

8. How would you describe the value of this program to you? Is it relevant to your shopping habits?
9. Does it impact your purchase intention? Imagine you want to purchase a mascara and come across one of these programs. Is it impactful? How much? In what sense? Does it make you want to buy from Kiko?
10. What is the biggest advantage you see in this program? Is there something you would change?
11. Out of the 3, can you select the one you prefer? Why? Is there a situation where you would prefer another one?
12. Do you believe these programs are comparable?
13. Do you find them difficult to understand? Is there something on its display that you would change?
14. What do you think are valuable questions I could ask to understand consumer's perspective towards it?
15. Do you have any additional comments?

Appendix 3: Interview 01

Section 1: Introduction

My name is Francisca. I will ask you a few questions regarding the impact of 3 different loyalty programs in the beauty industry, to understand your perception of them.

Demographics: Filipa, 22 years old, Portuguese

Section 2: Beauty Industry

1. Do you usually wear makeup? How often?

Yes, everyday

2. What are your favorite products?

Yes. Probably lipliner and setting powder.

3. What products do you purchase more frequently?

Blushes, to have a big variety of colours. The colours in season change and I like to be updated.

4. What about mascaras? How frequently do you purchase it?

I purchase mascaras when I run out of it or when they are in a pack. If they are cheap I might buy it too.

5. Do you have favorite brands? Which ones? And a favorite brand for a mascara? Is it a specific mascara?

Charlotte tilbury, urban decay. I am loyal to a mascara from Nars. If I run out of mascara I will buy that one unless I find something cheap, or a good deal.

6. Are you familiar with Kiko Milano? Are you a client? How would you describe Kiko's products and quality?

Yes. I do not consider myself a client. I think their products show a good relationship with price and quality.

Section 3: Stimuli

I will present to you 3 different stimuli, which I aim to study for the brand KIKO Milano. (Present stimuli, one at a time.) They will be tested regarding the purchase intention of Kiko's Maxi Mood mascara, which retails for 12,99€.

7. Do you have this mascara?

No I don't.

Focusing on the stimuli,

8. How would you describe the value of this program to you? Is it relevant to your shopping habits?

15% off is not much. It does not encourage me to buy kiko. The credit was confused.

I think I did. Make it clearer that you enter as level 1 and add points (money) to each level.

It is relevant. If the program is only available for 2 days I would try to buy something during that time. Give the voucher in November and use it until November 2025.

9. Does it impact your purchase intention? Imagine you want to purchase a mascara and come across one of these programs. Is it impactful? How much? In what sense? Does it make you want to buy from Kiko?

It does not impact much. I might buy maxi mood now but not make future purchases for kiko.

It does impact me to purchase from kiko. What I don't like is that I only have 30 days to gain a level.

Yes, I would buy maxi mood knowing I can get the discount.

10. What is the biggest advantage you see in this program? Is there something you would change?

15% off on all products.

I guess the benefits, specially reaching level 3 at 150 euros. I would change the 30 days to accumulate the level.

20% off for 1 year. U can save everything you want to purchase and get a 20% off.

11. Out of the 3, can you select the one you prefer? Why? Is there a situation where you would prefer another one?

Tier system is the one I prefer, as it is the one that has the most accumulative benefits. We have access to special discounts.

12. Do you believe these programs are comparable?

Yes. The first and third are more comparable as the second has more benefits.

13. Do you find them difficult to understand? Is there something on its display that you would change?

(Already answered, when presented each stimuli.)

14. What do you think are valuable questions I could ask to understand consumer's perspective towards it?

I would ask the questions you have asked me. If it makes me purchase more from kiko, if it makes me buy from them in a specific timeframe.

15. Do you have any additional comments?

I really like the program when you get free products. That makes me what to reach the value to obtain the products.

Appendix 4: Interview 02

Section 1: Introduction

My name is Francisca. I will ask you a few questions regarding the impact of 3 different loyalty programs in the beauty industry, to understand your perception of them.

Demographics: Filipa, 45 years old, Portuguese

Section 2: Beauty Industry

1. Do you usually wear makeup? How often?

Now I do, during the working days.

2. What are your favorite products?

Foundation, mascara and lipstick.

3. What products do you purchase more frequently?

Lipsticks I believe. I like having more that one.

4. What about mascaras? How frequently do you purchase it?

Once a year. I have one and once it finishes I will buy a new one.

5. Do you have favorite brands? Which ones? And a favorite brand for a mascara? Is it a specific mascara?

I have been using Kiko Milano but it does not necessarily mean it is my favorite. I don't have a favorite mascara, I usually change it.

6. Are you familiar with Kiko Milano? Are you a client? How would you describe Kiko's products and quality?

Yes I am a client. I think they have a good price-quality ratio.

Section 3: Stimuli

I will present to you 3 different stimuli, which I aim to study for the brand KIKO Milano. (Present stimuli, one at a time.) They will be tested regarding the purchase intention of Kiko's Maxi Mood mascara, which retails for 12,99€.

7. Do you have this mascara?

No I don't.

Focusing on the stimuli,

8. How would you describe the value of this program to you? Is it relevant to your shopping habits?

It can be. If I know this I might choose it.
It is not very relevant. It only depends on the first 30 days. It is a bit complicated.
It is very relevant. It impacts my choices.

9. Does it impact your purchase intention? Imagine you want to purchase a mascara and come across one of these programs. Is it impactful? How much? In what sense? Does it make you want to buy from Kiko?

It can impact, yes. If I come across this program and I am looking for a mascara I will consider Kiko's options with more impact. Now and the following purchase to get the discount.
Not really. I am not interested in this program.
I would buy from Kiko after making my first purchase, so I can obtain the discount.

10. What is the biggest advantage you see in this program? Is there something you would change?

Having two advantages. I would change the display to make it clearer. As a client I would want more benefits, but I believe it is fair.
The special offers, as a third level. Experience with friends.
The 20% discount. I would not change it. Like knowing that I will obtain this voucher if I spend like 20€ on my first purchase.

11. Out of the 3, can you select the one you prefer? Why? Is there a situation where you would prefer another one?

The voucher. Because I have a higher discount. For my shopping habits it makes more sense. I would use this to buy more makeup and obtain the biggest discount. As I do not buy makeup often it feels like the best one. For someone who buys more it might not be,

12. Do you believe these programs are comparable?

The second one offers more benefits. I would say they are comparable but not necessarily similar. The first one offers more long-term benefits compared to the last one.

13. What do you think are valuable questions I could ask to understand consumer's perspective towards it?

I would ask if the program makes them buy from kiko. At least once more. I view each program with different benefits, so my value perception is different.

14. Do you have any additional comments?

No.

Appendix 5: Interview 03

Section 1: Introduction

My name is Francisca. I will ask you a few questions regarding the impact of 3 different loyalty programs in the beauty industry, to understand your perception of them.

Demographics: Mariana, 21 years old, Canadian

Section 2: Beauty Industry

1. Do you usually wear makeup? How often?

Yes I do wear makeup. On work days

2. What are your favorite products?

Yes- mascara and lip balm.

3. What products do you purchase more frequently?

Like every 2 months.

4. What about mascaras? How frequently do you purchase it?

Usually, I buy mine when I run out. I have more than one mascara- black and brown colors. I like having more than one brown mascara. Typically, I have 2/3 brown mascaras.

5. Do you have favorite brands? Which ones? And a favorite brand for a mascara? Is it a specific mascara?

Not necessarily. I have a favorite product from each brand but not in general. In terms of mascaras, I am loyal to the brown shade from Too Faced and Benefit.

6. Are you familiar with Kiko Milano? Are you a client? How would you describe Kiko's products and quality?

Yes, I do. There was a time when I used to wear their products all the time. What I like the most is that they are innovative and updated on trends. They offer low price and good quality options for trendy products. Also, I never really see their own makeup advertisements on social media, but more natural content from normal people.

Section 3: Stimuli

I will present to you 3 different stimuli, which I aim to study for the brand KIKO Milano. (Present stimuli, one at a time.) They will be tested regarding the purchase intention of Kiko's Maxi Mood mascara, which retails for 12,99€.

7. Do you have this mascara?

No I do not even know this mascara.

Focusing on the stimuli,

8. How would you describe the value of this program to you? Is it relevant to your shopping habits?

Yes. It is very appealing. It is easy to get points.

I am not sure. As a new client I am not sure if spending a lot of money is relevant. If I try to reach the highest level I am risking not liking the products I bought.

Very relevant. I like the idea.

9. Does it impact your purchase intention? Imagine you want to purchase a mascara and come across one of these programs. Is it impactful? How much? In what sense? Does it make you want to buy from Kiko?

Given that I like trying new mascaras I would be willing to buy frim KIKO.

Not really, because a mascara would only make me join Level 1.

It does. If I buy a mascara from Kiko and receive the voucher I would buy more products, including the mascara if I like it.

10. What is the biggest advantage you see in this program? Is there something you would change?

Everyone likes discounts. It is a motivation to purchase from a specific brand.

If I am someone that really likes Kiko's products after trying or if I am already fan I think it is a great opportunity.

The discount.

11. Out of the 3, can you select the one you prefer? Why? Is there a situation where you would prefer another one?

The last one, as it is simpler to use, to get and it is also the safest choice. The second one feels as a "shot in the dark". If I already know the brand, I might choose the second.

12. Do you believe these programs are comparable?

The first two have a different context.

13. What do you think are valuable questions I could ask to understand consumer's perspective towards it?

I believe asking if this program makes me choose Kiko over competitors is interesting. Would you be willing to try new products if they offer this program?

14. Do you have any additional comments?

Appendix 6: Interview 04

Section 1: Introduction

My name is Francisca. I will ask you a few questions regarding the impact of 3 different loyalty programs in the beauty industry, to understand your perception of them.

Demographics: Gonzalo, 27 years old, Spanish

Section 2: Beauty Industry

1. Do you usually wear makeup? How often?

Yes, every week. Only when I have a special event.

2. What are your favorite products?

My favorite products are blush and lipliner.

3. What products do you purchase more frequently?

Gloss and lipliner, because I run out of them fast as I usually wear the same ones.

4. What about mascaras? How frequently do you purchase it?

I buy it twice a year. I usually have two and when one runs out I buy a new one.

5. Do you have favorite brands? Which ones? And a favorite brand for a mascara? Is it a specific mascara?

Yes, I do: Kiko Milano. All of my products are from Kiko.

6. Are you familiar with Kiko Milano? Are you a client? How would you describe Kiko's products and quality?

Yes, I like this brand a lot. I would say they have a low price and high-quality products.

Section 3: Stimuli

I will present to you 3 different stimuli, which I aim to study for the brand KIKO Milano. (Present stimuli, one at a time.) They will be tested regarding the purchase intention of Kiko's Maxi Mood mascara, which retails for 12,99€.

7. Do you have this mascara?

Yes, I have it. It is my favorite.

Focusing on the stimuli,

8. How would you describe the value of this program to you? Is it relevant to your shopping habits?

It is relevant and it impacts me. Having a discount motivates me to buy from Kiko. Also, receiving notifications about offers would make me go to a store.

For me it is not relevant. Personally, it is not very valuable.

It is relevant. It is a good discount on my next purchase. I would more easily pay 50€ to get the 20‰ off than 50€ to reach the level 2 on Tier system.

9. Does it impact your purchase intention? Imagine you want to purchase a mascara and come across one of these programs. Is it impactful? How much? In what sense? Does it make you want to buy from Kiko?

As a consumer, I view the program as an advantage but if it were another brand I would not change brands because of this.

I would subscribe to it but I am not sure if I would buy the products, as to get more benefits I need to spend more money.

It does. 20% discount is great. I would use this to repurchase some products I already like.

10. What is the biggest advantage you see in this program? Is there something you would change?

Accumulating points.

For me the biggest advantage is the welcome gift.

I would not change anything on this display. The direct discount is the biggest advantage.

11. Out of the 3, can you select the one you prefer? Why? Is there a situation where you would prefer another one?

The last one, as I do not need to have a continuous relationship with the brand, not give my personal information. But, if I had a bigger budget, I would choose the second one as in the long term it offers more benefits.

12. Do you believe these programs are comparable?

No, they are all very similar, but in fact I can understand their differences and their benefits are different.

13. What do you think are valuable questions I could ask to understand consumer's perspective towards it?

Advantages, possible disadvantages, if they are satisfied with the program and with the benefits it offers.

14. Do you have any additional comments?

Appendix 7: Color Cosmetics Growth, in Portugal, from 2018 to 2024, in %

Geography	Category	Data Type	Unit	Growth 2018 - 2019	Growth 2019 - 2020	Growth 2020 - 2021	Growth 2021 - 2022	Growth 2022 - 2023	Growth 2023 - 2024	Growth 2018 - 2023
Portugal	Colour Cosmetics	Retail Value RSP	EUR million	4,40%	-11,72%	8,28%	16,37%	21,90%	15,83%	41,59%
Portugal	Eye Make-Up	Retail Value RSP	EUR million	5,50%	-10,67%	11,67%	17,16%	25,69%	16,05%	54,97%
Portugal	Facial Make-Up	Retail Value RSP	EUR million	3,47%	-16,04%	4,89%	22,03%	27,08%	19,40%	41,31%
Portugal	Lip Products	Retail Value RSP	EUR million	5,78%	-25,68%	-0,74%	20,00%	24,69%	18,81%	16,76%
Portugal	Nail Products	Retail Value RSP	EUR million	2,01%	9,87%	13,77%	4,21%	3,03%	0,98%	36,91%
Portugal	Colour Cosmetics Sets/Kits	Retail Value RSP	EUR million	6,90%	-12,90%	5,56%	17,54%	23,88%	14,46%	43,10%

Appendix 8: Color Cosmetics Growth, in Western Europe, from 2018 to 2024, in %

Geography	Category	Data Type	Unit	Growth 2017 - 2018	Growth 2018 - 2019	Growth 2019 - 2020	Growth 2020 - 2021	Growth 2021 - 2022	Growth 2022 - 2023	Growth 2023 - 2024	Growth 2018 - 2023
Western Europe	Colour Cosmetics	Retail Value RSP	EUR million		-4,99%	-19,47%	9,20%	1,32%	12,51%	5,66%	-4,76%
Western Europe	Eye Make-Up	Retail Value RSP	EUR million		-4,88%	-16,06%	11,96%	0,49%	11,39%	5,39%	0,06%
Western Europe	Facial Make-Up	Retail Value RSP	EUR million		-4,57%	-23,04%	5,97%	1,50%	14,13%	5,80%	-9,84%
Western Europe	Lip Products	Retail Value RSP	EUR million		-4,19%	-27,56%	7,00%	7,79%	16,90%	7,17%	-6,43%
Western Europe	Nail Products	Retail Value RSP	EUR million		-7,74%	-5,13%	12,42%	-4,39%	5,80%	3,87%	-0,46%
Western Europe	Colour Cosmetics Sets/Kits	Retail Value RSP	EUR million		-5,06%	-20,28%	9,93%	0,49%	12,19%	5,61%	-6,19%

Appendix 9: Color Cosmetics Sales, in Portugal, from 2018 to 2024, in €

Geography	Category	Data Type	Unit	2019	2020	2021	2022	2023
Portugal	Colour Cosmetics	Retail Value RSP	EUR million	106,7	94,2	102,0	118,7	144,7
Portugal	Eye Make-Up	Retail Value RSP	EUR million	40,3	36,0	40,2	47,1	59,2
Portugal	Facial Make-Up	Retail Value RSP	EUR million	26,8	22,5	23,6	28,8	36,6
Portugal	Lip Products	Retail Value RSP	EUR million	18,3	13,6	13,5	16,2	20,2
Portugal	Nail Products	Retail Value RSP	EUR million	15,2	16,7	19,0	19,8	20,4
Portugal	Colour Cosmetics Sets/Kits	Retail Value RSP	EUR million	6,2	5,4	5,7	6,7	8,3

Appendix 10: Color Cosmetics Sales, in Western Europe, from 2018 to 2024, in €

Geography	Category	Data Type	Unit	2018	2019	2020	2021	2022	2023
Western Europe	Colour Cosmetics	Retail Value RSP	EUR million	14 293,9	13 581,2	10 937,2	11 943,0	12 100,1	13 613,3
Western Europe	Eye Make-Up	Retail Value RSP	EUR million	4 657,1	4 429,9	3 718,4	4 163,2	4 183,4	4 659,8
Western Europe	Facial Make-Up	Retail Value RSP	EUR million	4 783,0	4 564,6	3 512,8	3 722,4	3 778,3	4 312,2
Western Europe	Lip Products	Retail Value RSP	EUR million	2 577,7	2 469,7	1 789,0	1 914,2	2 063,3	2 411,9
Western Europe	Nail Products	Retail Value RSP	EUR million	1 641,5	1 514,5	1 436,8	1 615,3	1 544,4	1 634,0
Western Europe	Colour Cosmetics Sets/Kits	Retail Value RSP	EUR million	634,6	602,5	480,3	528,0	530,6	595,3

Appendix 11: Maxi Mod mascara by Kiko Milano

Purchase Intentions:

Reliability Statistics

Cronbach's Alpha	N of Items
.812	4

Value Perception:

Reliability Statistics

Cronbach's Alpha	N of Items
.723	5

Appendix 12: Sample Characterization

Appendix 12.1:

What is your gender?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	1	1.5	1.5	1.5
	Female	63	95.5	95.5	97.0
	Non-binary / third gender	2	3.0	3.0	100.0
	Total	66	100.0	100.0	

Appendix 12.2:

What is your age?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<18	2	3.0	3.0	3.0
	19-29	41	62.1	62.1	65.2
	30-45	15	22.7	22.7	87.9
	46-59	8	12.1	12.1	100.0
	Total	66	100.0	100.0	

Appendix 12.3:

What is your occupation?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	30	45.5	45.5	45.5
	Employed	36	54.5	54.5	100.0
	Total	66	100.0	100.0	

Appendix 12.4:

What is your age? * What is your occupation? Crosstabulation

			What is your occupation? Student	Employed	Total
What is your age?	<18	Count	2	0	2
		% within What is your age?	100.0%	0.0%	100.0%
	19-29	Count	28	13	41
		% within What is your age?	68.3%	31.7%	100.0%
	30-45	Count	0	15	15
		% within What is your age?	0.0%	100.0%	100.0%
	46-59	Count	0	8	8
		% within What is your age?	0.0%	100.0%	100.0%
Total		Count	30	36	66
		% within What is your age?	45.5%	54.5%	100.0%

Appendix 12.5:

Appendix 12.6:

What is your yearly income?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 10 000€	10	15.2	15.2	15.2
	10 000 - 19 000€	18	27.3	27.3	42.4
	20 000€ - 39 999€	9	13.6	13.6	56.1
	40 000€ - 59 000€	6	9.1	9.1	65.2
	I do not have an income	23	34.8	34.8	100.0
	Total	66	100.0	100.0	

List of Countries

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Brazil	1	1.5	1.5	1.5
	Canada	1	1.5	1.5	3.0
	Germany	1	1.5	1.5	4.5
	Italy	1	1.5	1.5	6.1
	Portugal	58	87.9	87.9	93.9
	Spain	4	6.1	6.1	100.0
	Total	66	100.0	100.0	

Appendix 12.7:

How often do you purchase eye mascara?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Once a year	44	66.7	66.7	66.7
	Several times a year	19	28.8	28.8	95.5
	Once a month	1	1.5	1.5	97.0
	Several times a month	2	3.0	3.0	100.0
	Total	66	100.0	100.0	

Appendix 12.8:

How frequently do you use eye mascara?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Always	19	28.8	28.8	28.8
	Very often	15	22.7	22.7	51.5
	Often	18	27.3	27.3	78.8
	Seldom	14	21.2	21.2	100.0
	Total	66	100.0	100.0	

Appendix 12.9:

Are you loyal to a specific eye mascara?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	19	28.8	28.8	28.8
	No	47	71.2	71.2	100.0
	Total	66	100.0	100.0	

Appendix 12.10:

From which brand? - Selected Choice

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Kiko Milano	3	4.5	15.8	15.8
	Maybelline	7	10.6	36.8	52.6
	Essence	2	3.0	10.5	63.2
	Other:	7	10.6	36.8	100.0
	Total	19	28.8	100.0	
Missing	System	47	71.2		
Total		66	100.0		

Appendix 12.11:

Statistics

		Evaluate the following attributes according to their importance in purchasing an eye mascara. - Brand	Evaluate the following attributes according to their importance in purchasing an eye mascara. - Price	Evaluate the following attributes according to their importance in purchasing an eye mascara. - Texture	Evaluate the following attributes according to their importance in purchasing an eye mascara. - Variety	Evaluate the following attributes according to their importance in purchasing an eye mascara. - Packaging
N	Valid	66	66	66	66	66
	Missing	0	0	0	0	0
Mean		4.65	5.52	5.24	4.35	4.05
Std. Deviation		1.398	1.438	1.946	1.409	1.503
Variance		1.954	2.069	3.786	1.984	2.259
Minimum		1	1	1	1	1
Maximum		7	7	7	7	7

Appendix 12.12:

Statistics

		Keeping the eye mascara in mind, please rank these brands according to brand preference: (1 being the highest evaluated brand, and 5 being the lowest) - Kiko Milano	Keeping the eye mascara in mind, please rank these brands according to brand preference: (1 being the highest evaluated brand, and 5 being the lowest) - L' Oréal	Keeping the eye mascara in mind, please rank these brands according to brand preference: (1 being the highest evaluated brand, and 5 being the lowest) - Maybelline	Keeping the eye mascara in mind, please rank these brands according to brand preference: (1 being the highest evaluated brand, and 5 being the lowest) - MAC	Keeping the eye mascara in mind, please rank these brands according to brand preference: (1 being the highest evaluated brand, and 5 being the lowest) - Essence
N	Valid	66	66	66	66	66
	Missing	0	0	0	0	0
Mean		2.79	2.44	2.32	3.39	4.06
Std. Deviation		1.307	1.010	1.205	1.466	1.299
Variance		1.708	1.019	1.451	2.150	1.689
Minimum		1	1	1	1	1
Maximum		5	5	5	5	5

Appendix 12.13:

Keeping the eye mascara in mind, please rank these brands according to brand preference: (1 being the highest evaluated brand, and 5 being the lowest) - Kiko Milano

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	17	25.8	25.8	25.8
	2	7	10.6	10.6	36.4
	3	21	31.8	31.8	68.2
	4	15	22.7	22.7	90.9
	5	6	9.1	9.1	100.0
	Total	66	100.0	100.0	

Appendix 12.14:

Keeping the eye mascara in mind, please rank these brands according to brand preference: (1 being the highest evaluated brand, and 5 being the lowest) - Maybelline

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	24	36.4	36.4	36.4
	2	11	16.7	16.7	53.0
	3	19	28.8	28.8	81.8
	4	10	15.2	15.2	97.0
	5	2	3.0	3.0	100.0
	Total	66	100.0	100.0	

Appendix 12.15:

Statistics

		Please rank the rewards of loyalty programs according to what you value the most. - Monetary discounts	Please rank the rewards of loyalty programs according to what you value the most. - Special experiences	Please rank the rewards of loyalty programs according to what you value the most. - Free gifts	Please rank the rewards of loyalty programs according to what you value the most. - Special offers and discounts	Please rank the rewards of loyalty programs according to what you value the most. - Free shipping
N	Valid	66	66	66	66	66
	Missing	0	0	0	0	0
Mean		1.85	3.74	2.86	2.62	3.92
Std. Deviation		1.140	1.232	1.276	1.187	1.168
Variance		1.300	1.517	1.627	1.408	1.363
Minimum		1	1	1	1	1
Maximum		5	5	5	5	5

Appendix 12.16:

Please rank the rewards of loyalty programs according to what you value the most. - Monetary discounts

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	36	54.5	54.5	54.5
	2	14	21.2	21.2	75.8
	3	8	12.1	12.1	87.9
	4	6	9.1	9.1	97.0
	5	2	3.0	3.0	100.0
	Total	66	100.0	100.0	

Appendix 12.17:

Please rank the rewards of loyalty programs according to what you value the most. - Free shipping

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	3.0	3.0	3.0
	2	7	10.6	10.6	13.6
	3	14	21.2	21.2	34.8
	4	14	21.2	21.2	56.1
	5	29	43.9	43.9	100.0
	Total	66	100.0	100.0	

Appendix 13: Hypothesis 1
Appendix 13.1:

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.	.221	66	<.001	.900	66	<.001

a. Lilliefors Significance Correction

Appendix 13.2:

Ranks

	No program vs Program	N	Mean Rank	Sum of Ranks
Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.	Has loyalty program	48	38.09	1828.50
	No Loyalty Program	18	21.25	382.50
	Total	66		

Appendix 13.3:

Test Statistics[a]

	Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.
Mann-Whitney U	211.500
Wilcoxon W	382.500
Z	-3.269
Asymp. Sig. (2-tailed)	.001

a. Grouping Variable: No program vs Program

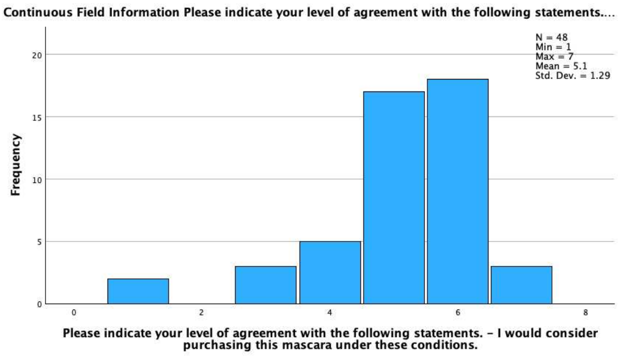
Appendix 14: Hypothesis 1a
Appendix 14.1:

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.	.260	48	<.001	.832	48	<.001

a. Lilliefors Significance Correction

Appendix 14.2:



Appendix 14.3:

Test Statistics[a,b]

	Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.
Kruskal-Wallis H	.036
df	2
Asymp. Sig.	.982

a. Kruskal Wallis Test

b. Grouping Variable: Type of loyalty program

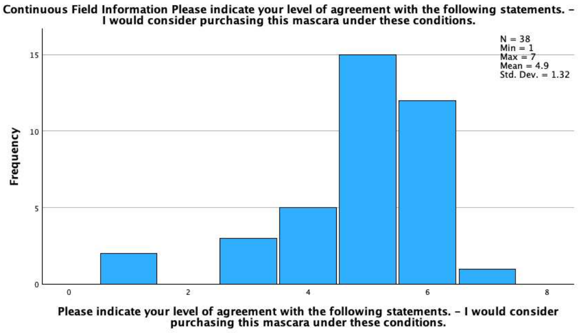
Appendix 15: Hypothesis 1b
Appendix 15.1:

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.	.277	38	<.001	.834	38	<.001

a. Lilliefors Significance Correction

Appendix 15.2:



Appendix 15.3:

Test Statistics[a,b]

	Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.
Kruskal-Wallis H	.126
df	2
Asymp. Sig.	.939

a. Kruskal Wallis Test

b. Grouping Variable: Type of loyalty program

Appendix 16: Hypothesis 2

Run MATRIX procedure:

```
***************** PROCESS Procedure for SPSS Version 4.2 *****************

          Written by Andrew F. Hayes, Ph.D.       www.afhayes.com
    Documentation available in Hayes (2022). www.guilford.com/p/hayes3

**************************************************************************
Model  : 1
    Y  : Q34_2
    X  : Stimuli
    W  : Client

Sample
Size:  48

**************************************************************************
OUTCOME VARIABLE:
 Q34_2

Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .3660      .1339     1.5447     2.2683     3.0000    44.0000      .0938

Model
              coeff         se          t          p       LLCI       ULCI
constant     7.1334      .8134     8.7702      .0000     5.4941     8.7726
Stimuli      -.1104      .9070     -.1217      .9037    -1.9382     1.7175
Client      -1.1334      .4426    -2.5608      .0140    -2.0254     -.2414
Int_1         .1104      .4933      .2237      .8240     -.8838     1.1045

Product terms key:
 Int_1    :        Stimuli  x        Client

Test(s) of highest order unconditional interaction(s):
       R2-chng          F        df1        df2          p
```

X*W .0010 .0500 1.0000 44.0000 .8240

Focal predict: Stimuli (X)
Mod var: Client (W)

Data for visualizing the conditional effect of the focal predictor:
Paste text below into a SPSS syntax window and execute to produce plot.

```
DATA LIST FREE/
  Stimuli    Client     Q34_2     .
BEGIN DATA.
     -.9087     1.0000     6.0000
      .0000     1.0000     6.0000
      .9087     1.0000     6.0000
     -.9087     2.0000     4.7663
      .0000     2.0000     4.8666
      .9087     2.0000     4.9669
END DATA.
GRAPH/SCATTERPLOT=
 Stimuli  WITH     Q34_2    BY      Client   .
```

*********************** ANALYSIS NOTES AND ERRORS
****

Level of confidence for all confidence intervals in output:
95.0000

NOTE: The following variables were mean centered prior to analysis:
Stimuli

------ END MATRIX -----

Appendix 17: Hypothesis 3
Run MATRIX procedure:

***************** PROCESS Procedure for SPSS Version 4.2 *****************

Written by Andrew F. Hayes, Ph.D. www.afhayes.com
Documentation available in Hayes (2022). www.guilford.com/p/hayes3

****
Model : 4
Y : Q34_2
X : Stimuli
M : ValPerc

Sample
Size: 48

****
OUTCOME VARIABLE:
ValPerc

Model Summary

R	R-sq	MSE	F	df1	df2	p
.1188	.0141	2.8291	.6580	1.0000	46.0000	.4214

Model

	coeff	se	t	p	LLCI	ULCI
constant	5.1707	.8617	6.0004	.0000	3.4361	6.9053
Stimuli	-.2190	.2700	-.8112	.4214	-.7625	.3245

Standardized coefficients

	coeff
Stimuli	-.1188

****
OUTCOME VARIABLE:
Q34_2

Model Summary

R	R-sq	MSE	F	df1	df2	p
.3310	.1096	1.5529	2.7687	2.0000	45.0000	.0734

Model

	coeff	se	t	p	LLCI	ULCI
constant	3.5774	.8524	4.1967	.0001	1.8605	5.2943
Stimuli	.1249	.2015	.6201	.5383	-.2808	.5307
ValPerc	.2543	.1092	2.3276	.0245	.0342	.4743

Standardized coefficients

	coeff
Stimuli	.0879
ValPerc	.3297

************************* TOTAL EFFECT MODEL
****
OUTCOME VARIABLE:
Q34_2

Model Summary

R	R-sq	MSE	F	df1	df2	p
.0487	.0024	1.7020	.1093	1.0000	46.0000	.7424

Model

	coeff	se	t	p	LLCI	ULCI
constant	4.8921	.6684	7.3192	.0000	3.5467	6.2375
Stimuli	.0692	.2094	.3307	.7424	-.3523	.4908

Standardized coefficients

	coeff
Stimuli	.0487

****************** CORRELATIONS BETWEEN MODEL RESIDUALS ******************

	ValPerc	Q34_2
ValPerc	1.0000	.0000
Q34_2	.0000	1.0000

************** TOTAL, DIRECT, AND INDIRECT EFFECTS OF X ON Y **************

Total effect of X on Y

Effect	se	t	p	LLCI	ULCI	c_cs
.0692	.2094	.3307	.7424	-.3523	.4908	.0487

Direct effect of X on Y

Effect	se	t	p	LLCI	ULCI	c'_cs
.1249	.2015	.6201	.5383	-.2808	.5307	.0879

Indirect effect(s) of X on Y:

	Effect	BootSE	BootLLCI	BootULCI
ValPerc	-.0557	.0673	-.1901	.0846

Completely standardized indirect effect(s) of X on Y:

	Effect	BootSE	BootLLCI	BootULCI
ValPerc	-.0392	.0488	-.1400	.0539

*********************** ANALYSIS NOTES AND ERRORS ************************

Level of confidence for all confidence intervals in output:
95.0000

Number of bootstrap samples for percentile bootstrap confidence intervals:
5000

------ END MATRIX -----

Appendix 18: Hypothesis 3a
Appendix 18.1:

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
ValPerc	.180	48	<.001	.910	48	.001

a. Lilliefors Significance Correction

Appendix 18.2:

Appendix 18.3:

Test Statistics[a,b]

	ValPerc
Kruskal-Wallis H	6.459
df	2
Asymp. Sig.	.040

a. Kruskal Wallis Test

b. Grouping Variable: Type of loyalty program

Ranks

	Type of loyalty program	N	Mean Rank
ValPerc	Points earned	18	28.75
	Tier system	9	14.61
	Voucher	21	25.10
	Total	48	

Appendix 19: Full Model

Run MATRIX procedure:

```
***************** PROCESS Procedure for SPSS Version 4.2 *****************

          Written by Andrew F. Hayes, Ph.D.       www.afhayes.com
    Documentation available in Hayes (2022). www.guilford.com/p/hayes3
**************************************************************************
Model  : 5
    Y  : Q34_2
    X  : Stimuli
    M  : ValPerc
    W  : Client

Sample
Size:  48

**************************************************************************
OUTCOME VARIABLE:
 ValPerc

Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .1188      .0141     2.8291      .6580     1.0000    46.0000      .4214

Model
              coeff         se          t          p       LLCI       ULCI
constant     4.5000      .2428    18.5357      .0000     4.0113     4.9887
Stimuli      -.2190      .2700     -.8112      .4214     -.7625      .3245

**************************************************************************
OUTCOME VARIABLE:
 Q34_2
Model Summary
          R       R-sq        MSE          F        df1        df2          p
      .4837      .2340     1.3980     3.2839     4.0000    43.0000      .0196

Model
              coeff         se          t          p       LLCI       ULCI
constant     5.9844      .9131     6.5537      .0000     4.1429     7.8259
Stimuli       .1007      .8674      .1161      .9081    -1.6486     1.8500
ValPerc       .2465      .1040     2.3700      .0223      .0367      .4562
Client      -1.1105      .4212    -2.6368      .0116    -1.9599     -.2612
```

```
Int_1        .0225      .4707      .0479      .9620     -.9268      .9718

Product terms key:
 Int_1    :        Stimuli  x        Client

Test(s) of highest order unconditional interaction(s):
      R2-chng          F        df1        df2          p
X*W      .0000      .0023      1.0000    43.0000      .9620
----------
    Focal predict: Stimuli  (X)
          Mod var: Client   (W)

Data for visualizing the conditional effect of the focal predictor:
Paste text below into a SPSS syntax window and execute to produce plot.

DATA LIST FREE/
   Stimuli    Client     Q34_2      .
BEGIN DATA.
     -.9087     1.0000     5.8711
      .0000     1.0000     5.9831
      .9087     1.0000     6.0951
     -.9087     2.0000     4.7400
      .0000     2.0000     4.8725
      .9087     2.0000     5.0050
END DATA.
GRAPH/SCATTERPLOT=
 Stimuli  WITH     Q34_2    BY       Client   .


****************** DIRECT AND INDIRECT EFFECTS OF X ON Y *****************

Conditional direct effects of X on Y
     Client     Effect         se          t          p       LLCI       ULCI
     1.0000      .1232      .4213      .2926      .7713     -.7263      .9728
     2.0000      .1458      .2137      .6821      .4988     -.2852      .5767

Indirect effect(s) of X on Y:
            Effect     BootSE   BootLLCI   BootULCI
ValPerc     -.0540      .0648     -.1908      .0748

********************** ANALYSIS NOTES AND ERRORS ************************

Level of confidence for all confidence intervals in output:
  95.0000

Number of bootstrap samples for percentile bootstrap confidence intervals:
  5000
```

NOTE: The following variables were mean centered prior to analysis:
Stimuli

NOTE: Due to estimation problems, some bootstrap samples had to be replaced.
The number of times this happened was:
19

------ END MATRIX -----

Appendix 20: Additional Analysis

Appendix 20.1:

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.	.166	32	.025	.936	32	.057

a. Lilliefors Significance Correction

Appendix 20.2:

Tests of Homogeneity of Variances

		Levene Statistic	df1	df2	Sig.
Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.	Based on Mean	.092	1	30	.763
	Based on Median	.369	1	30	.548
	Based on Median and with adjusted df	.369	1	29.366	.548
	Based on trimmed mean	.214	1	30	.647

Appendix 20.3:

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means							
						Significance				95% Confidence Interval of the Difference	
		F	Sig.	t	df	One-Sided p	Two-Sided p	Mean Difference	Std. Error Difference	Lower	Upper
Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.	Equal variances assumed	.092	.763	-1.721	30	.048	.096	-.937	.544	-2.048	.175
	Equal variances not assumed			-1.730	28.640	.047	.094	-.937	.541	-2.044	.171

Appendix 20.4:

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.	.135	25	.200*	.959	25	.400

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Appendix 20.5:

Tests of Homogeneity of Variances

		Levene Statistic	df1	df2	Sig.
Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.	Based on Mean	3.081	1	23	.093
	Based on Median	2.834	1	23	.106
	Based on Median and with adjusted df	2.834	1	20.247	.108
	Based on trimmed mean	3.079	1	23	.093

Appendix 20.6:

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means							
						Significance				95% Confidence Interval of the Difference	
		F	Sig.	t	df	One-Sided p	Two-Sided p	Mean Difference	Std. Error Difference	Lower	Upper
Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.	Equal variances assumed	3.081	.093	-1.959	23	.031	.062	-1.222	.624	-2.513	.068
	Equal variances not assumed			-2.551	20.482	.009	.019	-1.222	.479	-2.220	-.224

Appendix 20.7:

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.	.185	39	.002	.935	39	.026

a. Lilliefors Significance Correction

Appendix 20.8:

Tests of Homogeneity of Variances

		Levene Statistic	df1	df2	Sig.
Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.	Based on Mean	.888	1	33	.353
	Based on Median	.999	1	33	.325
	Based on Median and with adjusted df	.999	1	32.706	.325
	Based on trimmed mean	.969	1	33	.332

Appendix 20.9:

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means							
						Significance				95% Confidence Interval of the Difference	
		F	Sig.	t	df	One-Sided p	Two-Sided p	Mean Difference	Std. Error Difference	Lower	Upper
Please indicate your level of agreement with the following statements. - I would consider purchasing this mascara under these conditions.	Equal variances assumed	.888	.353	-2.328	33	.013	.026	-1.163	.500	-2.180	-.147
	Equal variances not assumed			-2.336	32.908	.013	.026	-1.163	.498	-2.177	-.150