

# **Building Long-Term Customer Relationship by Developing Loyalty Program In a Creative Way. Case Company: Debis.**

## Abstract

Author(s) Kolganova, Valeriia	Publication type Bachelor's Thesis, UAS	Published 2021
	Number of pages 44	
Title of Publication <b>Building Long-Term Customer Relationship by Developing Loyalty Program In a Creative Way. Case Company: Debis.</b>		
Degree and field of study Bachelor of International Business, International Marketing		
Name, title and organisation of the client (if the thesis work is commissioned by another party) Svetlana Danilova, CEO, Debis		
Abstract <p>The aim of the study was to implement a customer loyalty program in a creative way for the case company. Customers are the main financial asset for companies, and customer retention costs less than acquiring new clients. The combination of the theory part, the customer investigation outcomes, and analysis results became the basis for the creative concept of the customer loyalty program.</p> <p>The thesis consists of the theory and empirical parts. The theory part examined the previous studies on the customer loyalty phenomena, customer satisfaction, trust, and commitment. The value-oriented approach to building business relationships was discussed. The empirical part was based on the mixed method of data gathering and analyzing. The customer survey was organized online, and specific customer needs, experiences, and ideas were gathered.</p> <p>The study results show that emotions are the most important part of building a long-term relationship and making creative ideas work. The case company can increase the profit from the existing loyal customers by integrating a creative loyalty program.</p>		
Keywords customer relationship management, customer loyalty, customer loyalty program, creative marketing		

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## 1 Introduction

In the Introduction chapter the background of the study is presented together with the theoretical framework, research questions and research methodology. The major aim of this work is to create the concept of unique customer loyalty program for the case company. The case company is an online and offline fashion store located in Saint Petersburg, Russia. Objectives and delimitations are provided in this chapter to show aims and limitations of the study.

### 1.1 Background of the Study

The current market environment is extremely competitive and seem to become more competitive every day. There are several factors influencing the growth of competition. Big companies are becoming bigger on account of mergers and acquisitions of other industry players. The Internet increases competition considering that customers have access to whichever kind of information and alternatives. Moreover, through the Internet consumers can find low-cost options offered by producers from different countries. Complicated market situations force businesses to use more efficiently the resources which already are restricted. Customers' demand for individualization and high service level as products are similar in their basic features. These and other issues motivate companies to compete for customers and sales. (Butscher 2016, 20-21.) Businesses also recognize that in saturated markets, it is necessary to stand out in a creative way, which means having physically beautiful and emotionally compelling offering (Pink 2006).

Especially in the digital era, there is intense competition and companies realize the significance of customer relationship management. Acquiring new customers can be significantly more expensive than retaining loyal and the most profitable customers. (Santos 2019, 18-45.) Digital marketing and social media have evolved very rapidly over the past twenty years and this has also brought many benefits for organizations to develop marketing strategies (Payne & Frow 2013, 156). Businesses need to gather knowledge about their customers and competitors and use that knowledge proactively to increase customer satisfaction. With the development of social media, businesses have more opportunities to collect insightful information about potential and existing customers. (Payne & Frow 2013, 22.)

Customer relationship management (hereinafter CRM) creates opportunities for businesses to implement marketing corresponding to their role (Lumen Learning). According to Lumen Learning (n.d.), *the role of marketing is to identify, satisfy, and retain customers*. Customer relationship management technologies allow marketers to understand what customers want

and need, identify who is buying from them. Then, by analyzing the information gathered from CRM systems, the company can continue with satisfying those customers by developing all the processes. (Hargrave 2020.) Finally, for businesses' marketing to be successful, the businesses have to implement effective relationship marketing and customer retention strategy. One of the ways to retain customers is the introduction of a loyalty program. (Santos 2019, 45.)

## 1.2 Case Company

Debis is a Russia-based micro-sized company, which sells women's and men's clothes of two particular Georgian designers. It was established in 2018 by two sisters. The company operates both online and offline. The boutique is located in the centre of Saint Petersburg. The company purchases clothes from designers in Tbilisi in Georgia and sells them in Russia. Debis has exclusive rights to sell the products of these designers in Saint-Petersburg, which is one of the company's advantages.

The author of this report has a consulting and assisting role in marketing and business development in the company. Debis is a small company now with potential to growth. The management of the company is going to cooperate with more brands and going to open several boutiques in Russia. As a result it will be multi-brand chain of fashion stores. The mission of the company is as follows:

*To dress as many individuals as possible who want to look stylish, emphasize self-confidence and their uniqueness wearing non-standard fashion solutions. We do not provide clothes, but art, it is timeless and not available to everyone in understanding. People buy our clothes consciously, with thoughts of keeping them in their wardrobe for a long time.*

The company does not have any loyalty program and does not collect customer data. Marketing activities such as Facebook Advertising and influencer marketing are aimed at the acquiring new customers. And small amount of actions lead to the customer retention, which results the most profitable purchases. Consequently, the company's management realized the necessity to implement customer relationship management in order to prosper and expand.

## 1.3 Objectives and Delimitations

The main objective of this study is to create a unique customer loyalty program concept for the case company. For this purpose, examination of the current loyal customers, their needs and preferences, together with a theoretical base collected earlier and an analysis of

existing loyalty programs, are required. One of the conditions in this work is the development of a loyalty program in a creative way. A creative approach is used to create a unique loyalty program, rather than copy an existing concept. Thus, the loyalty program of the case company will stand out on the market, will be interesting to users and will be a competitive advantage.

There are legal aspects and regulations concerning the application of a loyalty program in Russia. The collection of personal data, customers' consent to their processing and other issues must be studied before the loyalty program is operational. This paper focuses on studying the loyalty program from the point of view of marketing and creativity. Legal issues are excluded from the loyalty program developing process in this study. The main objective is to create a unique creative loyalty program as an idea that, after completion of the work, can be practically applied in the case company.

The concept of the loyalty program developed within the framework of this study will be aimed at building long-term relationships with customers. These relationships can take months and years to build. (Butscher, 2016, 32.) Loyalty programs do not bring quick results. Therefore, the effectiveness of the proposed concept will not be possible to test, evaluate and provide results in this work due to time limits.

The development of a loyalty program within the framework of this work requires that the company manages all other tasks aimed at improving the customer experience. The concept of loyalty program that will be proposed in this work will not work effectively if, for example, the product itself is at a low quality level. The loyalty program should not be seen as the most important part by marketers. It should rather be taken into consideration as a competitive advantage.

Practical limitations must be considered when designing a loyalty program. The company's financial resources are limited, so options such as developing an application or a complex site for a loyalty program are excluded from consideration. Expensive programs will be researched to explore opportunities and ideas. However, low-cost options will be considered for the case company.

As regards the theoretical framework delimitations, it is necessary to determine that Business-to-Customer (hereinafter B2C) type of commerce is studied. There is also Business-to-Business (hereinafter B2B) type, however it is not applicable to the case company. Therefore, the theoretical framework and research of successful models are focused on B2C marketing practices. However, a considerable amount of information in the theory section is related to the B2B as well as to B2C type of commerce.

Other delimitations are also associated with the company. The company operates in the fashion industry and challenges of this industry have to be studied separately. Moreover, it is necessary for the study to research successful examples from the fashion industry. Furthermore, Debis is located in Russia and has Russians as the target customers. Subsequently, the culture values of the country and emerging market situation are highlighted in the theoretical framework.

#### 1.4 Research Questions

This work will address main research question (hereinafter RQ) as follows:

RQ1: How should a loyalty program look like so that customers want to use it and return to the case company for purchase?

To find an answer to the main research question the following sub questions need to be studied:

RQ2: What kind of other companies' loyalty programs people use?

RQ3: What is important for customers in the loyalty program to encourage them to return to the company for shopping?

With the main question, the loyalty program will be described in the way it will be attractive to customers. For this purpose, the research is conducted to develop the program from the customers' point of view and not only from the management's point of view. The answers to the questions will be gathered in the empirical part with the data from loyal customers. Customers' expectations and ideas about future loyalty program are studied carefully. The second question also reveals the customers' experience with loyalty programs of other companies. The data obtained can be used in the analysis of these programs to understand what customers are used to and what attracts them.

#### 1.5 Theoretical Framework

The theoretical framework of this study is established on theory from different sources, such as books, articles, studies, and websites. The main concepts on which the theoretical part is based are customer relationship management, customer loyalty, customer loyalty program, and creative marketing. All these topics are strongly correlating with the objective of the study.

Customer relationship building refers to the practices a company employs when interacting with customers. In companies, the term CRM can only refer to CRM technology, which



happening more and more in business. Companies are looking to increase the base of customers who return for purchases using CRM because it helps build a positive experience. (Hargrave 2020.) However, organizations that seek to develop long-term customer relationships focus on customer loyalty because loyal customers are a significant source of revenue (Santos 2019).

Loyalty programs are marketing activities aimed at providing customers with additional value and benefits to encourage them to make purchases from the company that owns the program (Mattison Thompson & Chmura 2015). A company benefits from owning loyalty programs if it has been designed correctly, so it is essential to understand how loyalty programs work, what types exist, and other elements (Butscher 2016).

The most effective loyalty programs are considered those that help build an emotional connection (Butscher, 2016). Emotion is directly related to creative marketing (Morgan 2019). Therefore, creative marketing needs to be studied in order to put knowledge into practice when developing a loyalty program. A loyalty program designed creatively will stand out in a competitive market. (Peckover 2020.)

## 1.6 Research Methods

There are two methods of research, qualitative and quantitative. Qualitative information becomes information in the form of words or pictures, while from quantitative it is numbers. The qualitative method is suitable for research that aims to understand a relatively small number of cases in-depth. The quantitative method is used for broader studies on a large population. Combining both methods is also possible if necessary and is called the mixed method. (Timmons 2017.)

Introducing a loyalty program in the case company aims to build long-term relationships with existing loyal customers, and it is necessary to survey just such customers. Debis is a micro-sized enterprise, and the number of regular customers is equal to about forty people. Accordingly, the qualitative method is suitable for this study, and the necessary data can be collected through interviews. However, questionnaires are a more convenient way for the customers to give information.

Questionnaires most often refer to quantitative research methods. Nevertheless, a questionnaire may include questions, the answers to which will be both qualitative and quantitative data. Qualitative questions such as interview questions are open-ended questions, a writing box where people can answer in their own words. Quantitative questions will include answer choices. (Timmons 2017.) The mixed method will be used in the research in this study paper.

The mixed method will allow answering the research questions to the fullest extent. The data collected will be used to develop a loyalty program for the case company. The findings will be reached by analyzing the collected data of the questionnaires. Thematic analysis will be used since it is the most beneficial approach for this work. According to Warren (2020), thematic analysis is suitable for finding out about people's experiences, views, and opinions. The process of thematic analysis is illustrated in Figure 1.

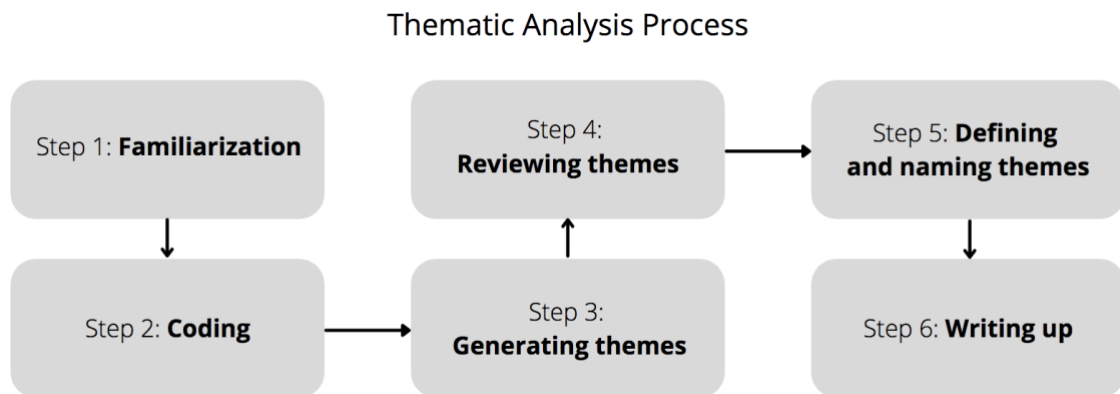


Figure 1. Thematic Analysis Process (Caulfield 2021)

## 2 Customer Relationship Management

Customers finance the business by making purchases. A business can only exist if it has customers. Thus, customers are the main financial asset of any company. In the twentieth century, the leading marketing actions were aimed at distributing advertising to a large amount of people who could become potential customers. (Peppers & Rogers 2011, 3-4.) However, building customer relationships has become much more critical in the twenty-first century than gaining new clients (Payne & Frow 2013, 3).

The terms Customer Relationship Management and relationship marketing can be used interchangeably because scholars have no general agreement regarding the difference between them (Payne & Frow 2013, 4). Butscher states that all such names as loyalty marketing, relationship marketing, customer bonding, and CRM represent two significant issues in common. To start with efforts to establish loyalty among customers towards a product, brand, or company. To continue with progressively affecting strategies and business growths. (Butscher, 2016, 20.)

Santos (2019), claims that definition of relationship marketing is *being driven by marketing activities that lean towards the market and foster strong, lasting relationship that aim to form a strong alliance made up of either individual or stakeholders who seek to gain from such a relationship.*

Some managers use CRM no more than as a technological term covering software systems that help manage interactions with customers and track data about them (Peppers & Rogers 2011, 5). Other organizations use the term more broadly from a customer-centric strategic perspective, and there is also a middle ground between the two, as shown in Figure 2. In spite of this, it is more beneficial to define CRM broader as a cross-functional strategic approach because it affects the successful implementing of CRM. (Payne & Frow 2013, 25-26.)

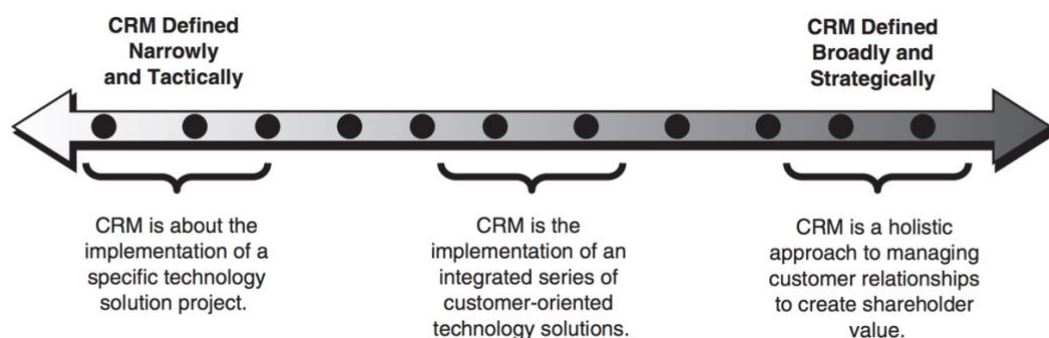


Figure 2. The CRM continuum (Payne & Frow 2013, 25)

Beneficial customer relationships are built in such a way that the customer is satisfied. The companies seeking to satisfy individual most valuable customers by delivering value to them may be called a customer-strategy enterprise. (Peppers & Rogers 2011, 33.) It is not enough to attract customers by customer centric slogans. Because it will create one interaction with customers whose demands have not been met, the company will not build long-term relationships. Organizations succeed if they manage business operations with customers' points of view in mind. (Butscher, 2016, 3.)

There is a difference between short-term and long-term relationships. This study aims to develop a loyalty program to build long-term customer relationships. For this reason, four critical factors of a long-lasting, mutually beneficial relationship need to be identified. Commitment, trust, satisfaction, and loyalty are essential building blocks of such relationships. Without commitment and trust, both parties entering into a relationship may seek to take advantage of each other in a short-term period. (Payne & Frow 2013, 51.)

Marketing scholars generally define commitment as a desire to maintain a relationship (Gustafsson et al. 2005). It is characterized by a relationship parties' sense of duty to the other party to stay in a relationship. Furthermore, it is reinforced by the feeling that the transition to an alternative option will lead to more losses than keeping things as they are. (Payne & Frow 2013, 52.) Customer commitment can keep a customer in the particular organization even if the competitor's offerings are better or the satisfaction of the organization's offering is low (Gustafsson et al. 2005).

According to Moorman (1993) et al., trust is defined as a willingness to rely on an exchange partner in whom one has confidence. Trust is one of the essential elements in CRM which requires managers' attention. The more a customer trusts a company, the more willing to continue the relationship, scale up, and recommend the product or service to others. A relationship that is built with trust results in decreasing time to complete transactions. Both parties benefit from such a situation as they minimize costs and time. Another advantage of trust-building is the buyer's confidence in the company's recommendations and suggestions since it is in his best interest. Suspicion is the opposite of trust, and parties cannot build a relationship if they are suspicious. The digital era brought opportunities for customers to check the trustworthiness of companies as everything became more transparent. (Peppers & Rogers 2011, 80-90.)

Customer satisfaction is the perceived difference between expectations and real experience. Whether expectations were met, not met, or exceeded is the basis for developing attitudes in relation to the company. (Watson IV, G. F. et al. 2015; Payne & Frow

2013, 53.) Customer satisfaction positively affects customer retention because it creates repurchase behavior (Gustafsson et al. 2005).

Several scholars highlight the financial benefits companies receive from implementing customer satisfaction and retention strategies (Motista; Watson IV, G. F. et al. 2015). Depending on the industry, retaining a customer can cost 3 to 10 times less than buying a new one (Antavo 2020). Accordingly, the business can increase the revenue and profits of the firm with a strong customer relationship strategy (Santos 2019, 18).

At the end of the twentieth century, the advancement of information technology brought the tools to create new CRM tactics that marketing managers developed (Anon, 2006). One such tactic is the loyalty program which supports customer retention strategy (Santos 2019, 18). Butscher claims:

*A customer loyalty program's primary purpose is to build a relationship with the customers that turns them into long-term loyal customers, who ideally will obtain their lifetime demand for a specific product or service from the company sponsoring the loyalty program.*

A loyalty program can be attributed to the characteristic of a business relationship related to the continuous obtainment of benefits for both parties involved in the relationship. Since the customer spends money, he or she needs time and effort in exchange for obtaining benefits in order to continue the relationship, in addition to the value of the product or service. (Peppers & Rogers 2011.)

## 2.1 Customer Loyalty

According to Watson IV, G. F. et al. (2015), *customer loyalty is a collection of attitudes aligned with a series of purchase behaviors that systematically favor one entity over competing entities*. Customer loyalty is usually divided by scholars into two primary elements, attitudinal and behavioral. Attitudinal as the first element of customer loyalty is determined by the propensity of customers to choose a particular brand despite the marketing efforts of competitors. The second element is characterized by repeated purchases, also from the same brand. (Watson IV, G. F. et al. 2015.) In another way, behavioral loyalty is also called functional loyalty (Peppers & Rogers 2011, 70).

James J. Barnes refers behavioral loyalty to customer retention, highlighting that this does not apply to building genuine relationships since genuine relationships require emotional loyalty. Emotional loyalty also results in repeat purchases and a willingness to pay a total price and spend more money on company offerings. Despite the fact that repeated

purchases from one company are related to both behavioral loyalty and emotional loyalty, relationships are based on feelings and emotions that form emotional loyalty. An important advantage of behavioral or emotional loyalty is that the customer is less susceptible to negative information about the brand to which this loyalty manifests in comparison with disloyal customers who are more sensitive to it. (Anon 2006.)

The concept of emotion plays a vital role in creating customer relationships (Butscher, 2016, 31). A relationship approach that counts the emotional impact of CRM technologies gives rise to data and trust. Emotional attachment is the foundation for the most successful customer relationship. (Peppers & Rogers 2011, 89.) Emotion can be defined by providing examples such as anger, love, amusement, and sadness (Cambridge University Press 2021; Gross & Jazaieri 2014). According to the Cambridge Dictionary (2021), emotion is a strong feeling. Emotions can be described as the response to a situation, and the emotion generating process includes the steps illustrated in Figure 3 (Gross 2014).

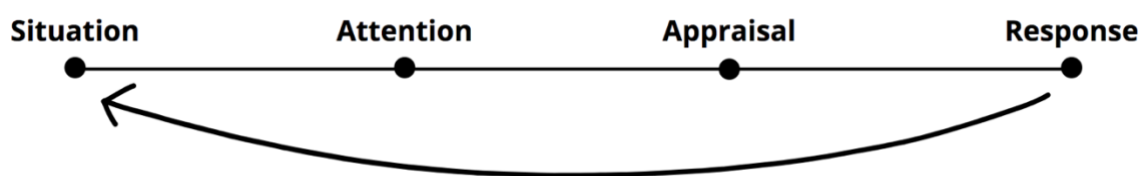


Figure 3. Emotion generating process (Gross 2014)

Companies that try to increase customer satisfaction in order to increase income in different ways may not be so successful if they do not consider the emotional connection necessary to increase loyalty. Valuable relationships are built by connecting with customers in meaningful to them ways. (Motista, 4.)

Nowadays, customer loyalty plays an incredibly important role for companies. Since customers show behavioral loyalty through regular purchases, they primarily affect the financial position of the company. (Watson IV, G. F. et al. 2015.) However, a customer showing only behavioral loyalty is not sustainable, since he or she can go to a competitor with the more profitable offering. Attitudinal loyalty alone does not bring financial benefit to the company. Therefore, companies need to pay attention to both elements because it will create a stronger effect. (Peppers & Rogers 2011; Watson IV, G. F. et al. 2015.)

## 2.2 Long-term Business Relationship

There are certain characteristics of business relationships, both in general and business relationships that are presented in Figure 4. A business relationship should be mutual since a relationship implies two parties involved who are aware of the relationship. Both parties

interact by exchanging information when a customer makes a purchase. The following characteristic is iteration when the relationship has a repetitive nature of actions. The more interactions there are, the more convenient for both parties to reproduce them over time. For example, a clothing store that knows the size, favorite color, and previous customer purchases may offer customers a seasonal offer that is right for them. Relationships should be beneficial for both parties, and this is their next characteristic. A long-term relationship on mutually beneficial terms also implies the right to make a mistake and recovery from it because the expected future value outweighs the current cost of the problem if it is not significant. Continuing the relationship also requires a change in the behavior of both parties. Business relationships must be unique, every relationship between the company and the customer will be different as they are built with individuals. Therefore, it is necessary to save and remember the data about each customer. The last characteristic of a genuine business relationship is trust. (Peppers & Rogers 2011.)

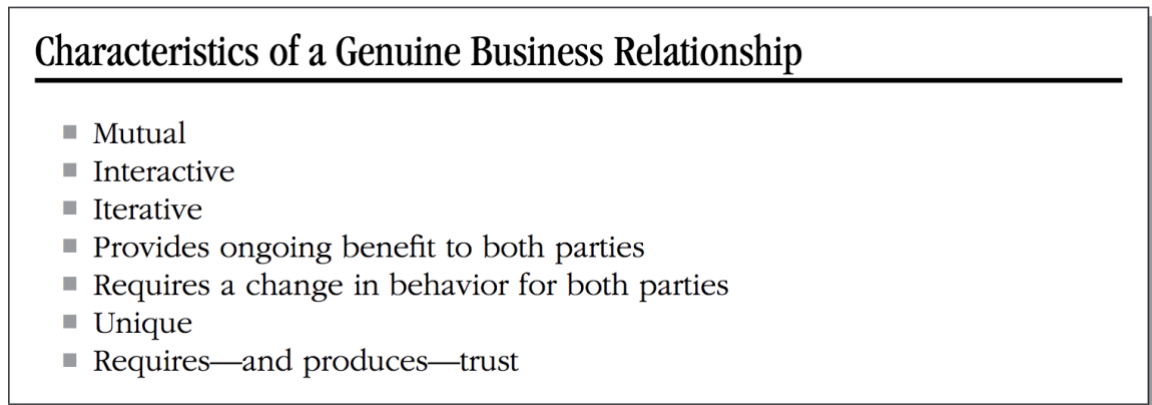


Figure 4. Characteristics of a Genuine Relationship (Peppers & Rogers 2011, 41)

### 3 Customer Loyalty Program

The loyalty program encourages customers to repeat purchases by offering benefits. The program should be considered as an effective retention marketing tool for building long-term customer relationship. (Butscher 2016.) Konstantin Gontmaher (2021) defines a loyalty program as a long-term motivational program, emphasizing the importance of “long-term”. Long-term in its definition means that these are not short-term promotions. Consumer habits are formed over the years, and this is true even for businesses with a high frequency of purchases, such as gas stations. The word “motivational” means the desire of the consumer to join the program in order to receive a beneficial offer. Motivations can be in the form of an encouragement, exercise or an achievement as shown in Figure 5. (Gontmaher 2021.)

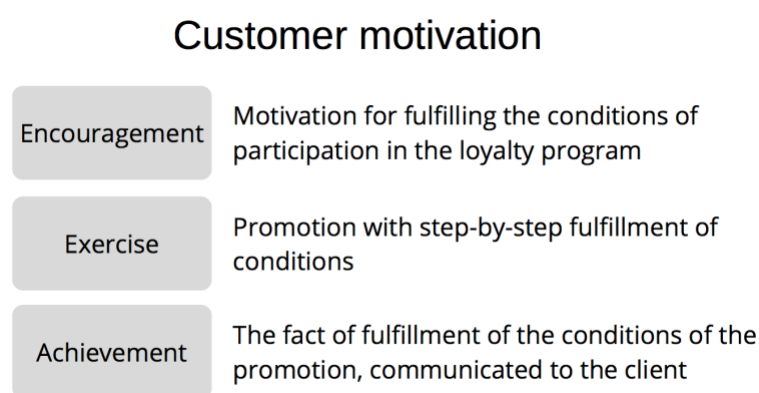


Figure 5. Customer motivation to join the loyalty program (Gontmaher 2021)

Loyalty programs tend to change the buying behavior of customers. Customers can make an unplanned purchase if they have a strong desire to receive a reward for it. This is also one of the reasons for the increase in the company's profits due to the increase in purchases. (Antavo 2020.)

Loyalty program is aimed at increasing and maintaining customer loyalty. A considerable number of existing loyalty programs offer financial benefits to customers. (Butscher, 2016, 3.) Financial rewards generate behavioral loyalty because it is linked with price competition (Peppers & Rogers 2011, 66). However, emotion, trust and partnership are the factors establishing an actual relationship (Butscher, 2016, 3).

The elements of a customer loyalty program concept are present in Figure 6. Some of them will be discussed in detail in the following chapters. The goals which the company needs to determine at the beginning of the work on the loyalty program's structure. Marketing analytics will be described in details in the chapter about goals, because it is an important topic in modern marketing and within the discussion about the loyalty program in particular. In the chapter about rewards and benefits the author of the thesis gives the theoretical base



for understanding which benefits can be offered to the buyers and which of them can work more effectively. Customer profiling as an element of the loyalty program should be studied because marketers determine the targeting groups for which the loyalty program is created and other elements can be based on it. Furthermore, cultural values are considered in a separate subchapter as a factor influencing the development of a loyalty program for certain targeting groups.

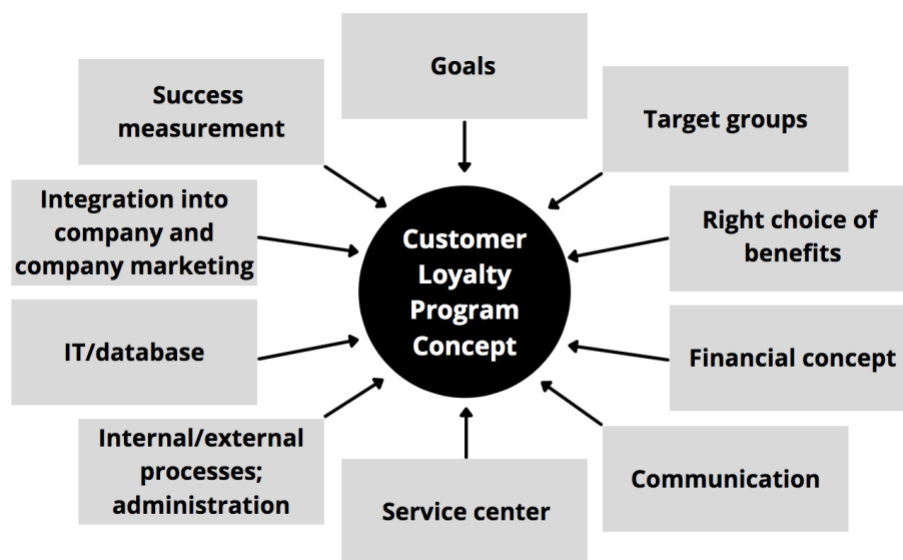


Figure 6. Elements of a customer loyalty program concept (Butscher 2016, 32)

### 3.1 Loyalty Program Goals

Clearly set goals for the development of a loyalty program are necessary to assess its effectiveness after implementation and operation. The Figure 7 summarizes the hierarchy of loyalty program goals. Since customer loyalty leads to frequent and larger purchases, the core goal is financial. Loyalty programs are introduced primarily to increase revenue, profits or market share. However, there can be different related important goals depending on the strategy of a particular company. For example, retaining customers, acquiring new customers, creating a customer database, and creating additional opportunities for communication with customers. The list of secondary goals can have many items, they depend on the company's strategy. (Butscher, 2016.)

Attracting new customers can be the main goal of implementing a loyalty program. With a loyalty program this can be achieved in two ways. First, word-of-mouth advertising increases if program participants are satisfied. Secondly, the benefits can attract new customers, if they seem to customers attractive and valuable. Being the participants of the

program the consumers will be induced to make a purchase and thus will become the clients of the company. (Butscher, 2016, 39-40.)

The main goal may be to strengthen the connection with customers through the creation of communication opportunities. The participants of the loyalty program are already loyal or new clients of the company. Having a database of clients, the company has an opportunity to communicate with clients in a personalized way. Personalized messages are more effective, because the clients believe in the company's concern about them. This approach provides a sense of specialness on the part of the customer, which is important for creating satisfaction and loyalty. This, in turn, has an impact on building long-term relationships. (Butscher 2016.)

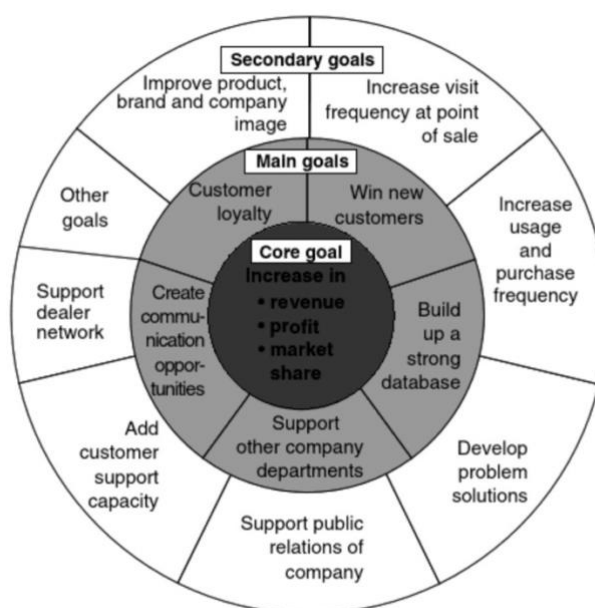


Figure 7. Hierarchy of goals of customer loyalty programs (Butscher 2016, 42)

Very often, the main goal of implementing a loyalty program in a company is to collect data. The information that buyers provide is collected in a database that can be used by different departments of the company for analysis. (Butscher, 2016, 40.) The marketing department most often benefits from customer data, which becomes the basis for the development of a marketing strategy (Antavo 2020). Data for analysis can be basic information of customers, which they provide when purchasing or when filling out a separate questionnaire to become a member of the loyalty program. Another important information is buying behavior, which is tracked more closely among the program participants. In addition, loyal customers who are already in the expansion stage of their relationship with the organization may be encouraged to volunteer information through gamified surveys. (Antavo 2020.)

Large industry players such as McDonald's and Burger King have introduced loyalty apps in Russia, despite the already high demand. This can be explained by the desire to understand who buys from them, not only in order to offer customers what they will come for more often, but also to effectively manage the business. Loyalty programs play a big role in collecting information about consumers. The collected information can be used for analysis in order to understand what products, prices, and services to offer customers and where. (Gontmaher 2021.)

### 3.1.1 Marketing Analytics

There are various analytics tools to help marketers to find solutions for different situations. For example, track the performance and costs of any advertising action on the Internet. For these purposes, business intelligence systems are utilized. Their peculiarity lies in the fact that they are designed to process data and bring them to a universal form for the preparation of an integrated analytical report and further correct work with it. (Higher School of Economics, 2021.)

For marketing, the business intelligence system is useful in that it allows to process and analyze a large amount of information. For example, analyze the prevailing patterns of consumer purchases at a given time to respond to changes in audience needs. In today's world, when the main resources for promotion are directed by organizations to the Internet, web analytics for the marketer is becoming the most important way to manage marketing actions. Analysis of statistical data of visits and page views of the site provides a wealth of information for improving the corporate Internet resource, studying user behavior, as well as evaluating the effectiveness of each channel for attracting customers. (Higher School of Economics, 2021.)

The abundance of information on the Internet and competitive offers strongly influence user behavior. An end-to-end analytics system is required that provides an opportunity to see the complex journey of the buyer to the final choice. The peculiarity of end-to-end analytics is that at the first contact with a user in the company's CRM system, he is assigned an individual identification number. All subsequent interactions with the brand are taken into account and recorded in an individual history for each consumer. It reflects the performance not only in the moment but also taking into account information about earlier visits, referral sources, page views, and visit results. (Higher School of Economics, 2021.)

To collect statistics and primary analysis, as a rule, several counters are used at once, since their data can complement each other. The most popular services providing this service

include Google Analytics, Yandex.Metrica, OpenStats, Adobe Analytics, and others. (Higher School of Economics, 2021.)

### 3.2 Loyalty Program Types

There are many types of loyalty programs. The choice of the program depends on the goals, target group and specific circumstances. Butscher divides loyalty programs into two groups, limited and open. The first is limited loyalty programs that are available to the customer on a paid basis and sometimes require more requirements than just a membership fee. (Butscher 2016, 6-50.) For example, in companies operating in the luxury industry, buyers with a certain social status or large purchases are eligible to become a member of the program (Chitrakon 2021). On the contrary, everyone can join the open loyalty program without conditions. These are two groups of the program, divided by the type of entry into the program. There are also different types of loyalty programs that determine how these programs work and what benefits are offered. (Butscher 2016.)

The “Earn & Burn” type of loyalty program is one of the most common approaches to loyalty and customers can quickly start participating because it is easy to understand. The basic concept behind this type is giving customers points in exchange for purchases or other actions and customers can spend these points as a real money. Customers encouraged to keep making purchases in particular company in order to get rewards, which customers believe they get for free. In addition, unspent points help brands to save additional money. “Earn & Burn” programs available for all customers and they treated equally, therefore there is no need for segmentation. (Antavo 2020, 11.)

Tired loyalty program type encourages clients to spend more at the company because it propels them up the tiers to get more meaningful benefits. In the this type of program, on each tier, the client has the opportunity to receive benefits. However, the higher the tier, the more valuable benefits and the more exclusive customer experience in the company happens. With this program, the company has the opportunity to establish a long-term relationship. (Antavo 2020, 12.) This is due to the great interest of buyers in reaching a new tier, which is a motivation for them to continue the relationship as shown in Figure 5.

Gamified type engage customers by challenges which are have to be completed in order to get rewards for it, this type of program resembles a game. Such loyalty program designed in the way that members encouraged to interact regularly and repeat their behavior so that they do not lose their privileges. Challenges can be chosen to fit the business goals. This opens up a lot of opportunities to develop long-term relationships. Engaging tasks can be fun to do, so positive emotions build brand loyalty. In addition to that, program participants

can be given tasks such as creating their own content, sharing content on social media or taking part in a gaming quiz. In this way, the loyalty program becomes a tool for creating active audience engagement. There can be many options for customer engagement, but it's important that the rewards received for actions feel equal to the efforts of the customers. Otherwise, there is a risk of low engagement and frustration on the part of the audience. (Antavo 2020, 14.) The loyalty program also should not become just a game for consumers, it is necessary to encouragement for purchase, otherwise the program's core goal will not be achieved.

Customer club is one of the loyalty program types and it also named value-oriented loyalty program or community. Business initiate and manage alliance of buyers, it can be people or organizations, depending on either it is Business-to-Customer or Business-to-Business type of commerce. A special distinguishing of customer club is that it created by a company and not by the buyers. This type of loyalty program characterized by this communicative union where members can talk to each other. The organization offer a benefit package with a high perceived value by using value-oriented loyalty program and it is aimed on increasing customers' loyalty. (Butscher, 2016, 5.) Communities can be centered around a lifestyle, hobby or values such as sustainability (Antavo 2020, 15).

One type of program may not suit the company's business strategy, then it is necessary to collect essential elements from different types. A program type that combines elements of two or more programs is called a hybrid program. This approach to choosing the type of program allows company to use the maximum potential of interaction with customers. A hybrid program can be tailored to meet all customer needs and thus engage the desired target audiences. (Antavo 2020, 16.)

### 3.3 Benefits

The choice of benefits depends on who the target group is, because each group has its own preferences and requests. Benefits are the most important part of the loyalty program, so they have to be chosen correctly. The valuable benefits that are able to establish an emotional connection between the company and the customer is the result that marketers should strive for in the development of the loyalty program. When the customer will make the decision to join the program the customer will weigh the input and output. If they are in balance, then the potential participant will sign up. Input is what customer will have to give to the company, such as a membership fee. Output is the benefits, which can also be financial benefits, status and others. (Butscher 2016, 53.)

Valuable benefits make a loyalty program attractive to join. Butscher (2016) claims that *in order to have a high value, a benefit must meet the expectations of the target groups, have a certain exclusiveness and/or 'stand out from the crowd'*. The right benefits are chosen from the buyer's point of view. Accordingly, it is necessary to survey the buyers themselves and find out their opinions. This can be done through a survey in which customers will be asked to assess the value of potential benefits. (Butscher 2016, 54.)

There are hard and soft benefits. Butscher (2016) suggests to use value-oriented approach to benefit selection in order to create loyalty program which will be competitive. This is also important for building long-term customer relationship goal. Figure 8 illustrates the value-oriented approach, it implies offer of both hard and soft benefits. In most cases, companies use hard benefits that have financial advantages for customers. Although customers appreciate it, loyalty to the company is not formed that way, because hard benefits are not differentiated among competitors. Competitors will simply attract customers with better offers. Moreover, it is more to not give price reductions away, but to make customers earn those. Therefore, soft benefits are introduced into a loyalty program to build loyalty. Soft benefits become competitive advantage of loyalty programs that attract customers. (Butscher 2016, 55-57.)

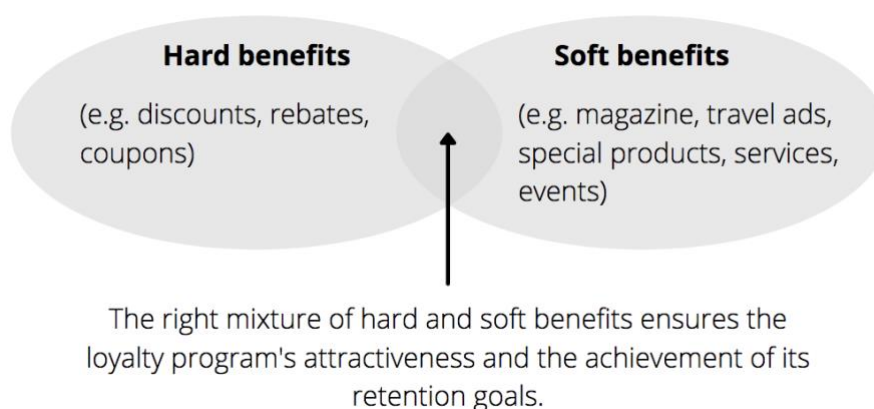


Figure 8. The right mixture of loyalty benefits (Butscher 2016)

The two types of rewards given can be related and unrelated. The reward is considered to be related in case it is related to the initial purchase, for instance, points given for purchasing which can be spent only for the clothes in fashion store. (Mattison Thompson & Chmura 2015.) The core of the benefits package has to be product-related benefits. Customers better comprehend related rewards as they are familiar with the products, thus such benefits are recognized more quickly. Another reason is competence which the company already shows providing products that affect customers' trust in related rewards. From the company's point of view, it is easier and cheaper to offer related benefits, since it has

experience in this area. (Butscher 2016, 73-74.) The unrelated rewards do not relate to the initial purchase, it can be chocolate as a gift for buying a dress (Mattison Thompson & Chmura 2015.) Non-product-related rewards are the supreme addendum benefit package of the loyalty program. The competence issues can be solved by co-operation with external partners. (Butscher 2016, 74.)

Butscher (2016) suggests using a three-step approach to identifying the real value drivers which illustrated in Figure 9. The first step is to brainstorm among the project team to collect all possible options for benefits. At this stage, it is important not to consider aspects related to costs, feasibility, competence, and similar. All these aspects are considered after the third step. Because brainstorming can give rise to creative ideas that can be nipped in the bud because of unjustified doubts about their implementation. Another reason could be the choice of high-cost benefits, but they may be the only option that brings value to the client, and then it will be necessary to think about finding financing. At this stage, it is also important to focus on target groups that are initially developing a loyalty program for. Customer focus groups can be engaged at this stage to generate ideas. (Butscher 2016, 60-61.)

The second step is to reduce the list of potential benefits with the help of client research, for example, focus groups or interviews. It is necessary to understand which benefits are the most and the least attractive for clients. For this purpose, it is suitable to use uneven scale to evaluate each benefit. Each benefit should have a short description so that the interviewee understands exactly what each benefit involves. After this survey, there is a third step in which a large amount of participants must be involved. Benefits that have been rated as very and extremely attractive will be analyzed in this step. In order to evaluate the value of each benefit, methods such as ranking scales, conjoint measurement, or cost-value matrix can be used. (Butscher 2016, 64-72.)

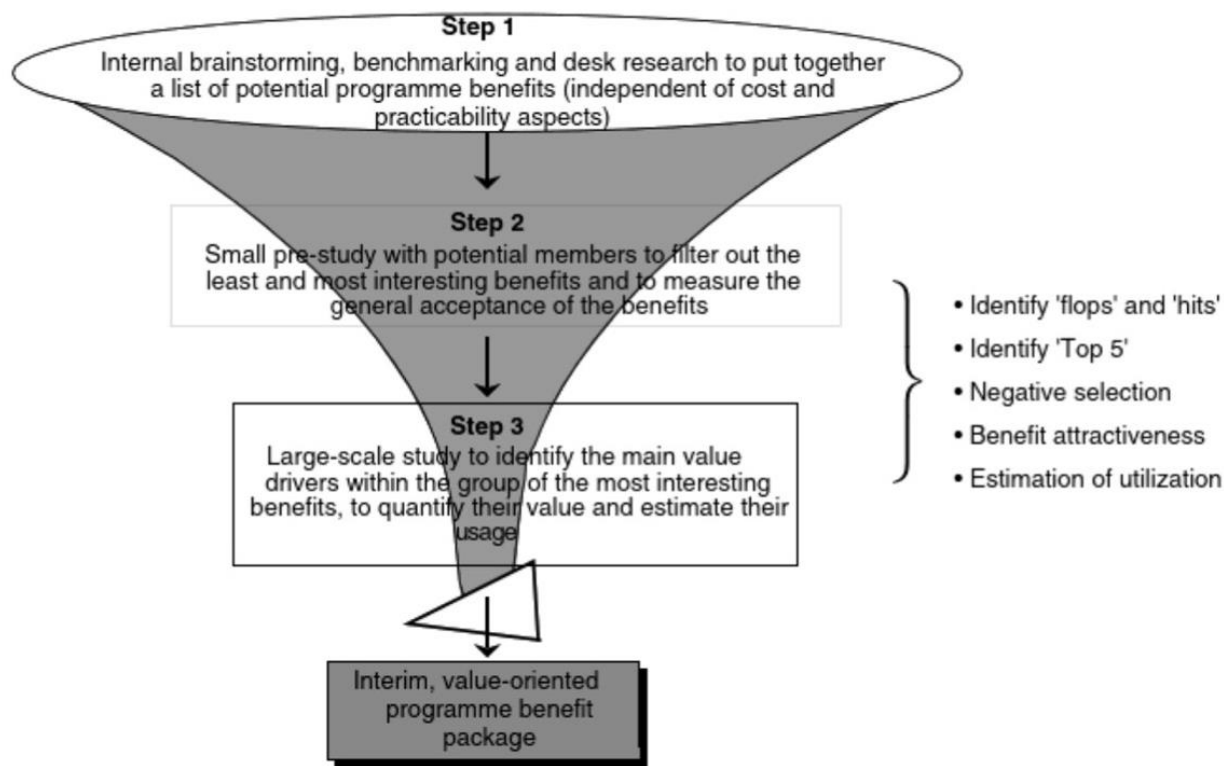


Figure 9. How to identify the most valuable benefits (Butscher 2016, 61)

The introduction of all the benefits at once can lead to a confusing buyer, which will reduce the effectiveness of the loyalty program. Therefore, the launch of a loyalty program must start with the minimum viable product. With the addition of new features, case company can collect feedback and follow the techniques that work for the targeted audience. (Antavo 2020, 9.) This approach demonstrates progress and increasing value over time. It's important to show members that the program is constantly evolving so that it remains attractive in the long term. Maintaining interest in the loyalty program can also be done by offering seasonal benefits, for a limited period. (Butscher 2016, 75-76.)

### 3.4 Customer Profiling

Customer profiling in other words is segmentation of customers into different target groups. The information related to the clients' needs and preferences defines in which group they will be. Customer profiling results in database which can be used by people responsible for relationship management. (Santos 2019, 43.) Target group for the loyalty program involves those clients with whom the company plans to build long-term relationships (Butscher 2016, 45).

Each target group is satisfied with different rewards, so it is important to define it correctly. The wider the target group, the more benefits the company will have to offer to the program



participants in order to satisfy all the needs. This affects the cost and effectiveness of the loyalty program. (Butscher 2016.) The most profitable decision to form a target group is the group of buyers who spend the most in the company (Payne & Frow 2013).

According to Mattison Thompson and Chmura (2015) cultural differences or culture values play an important role in developing customer loyalty program. Consequently cultural values and their impact have to be defined in order to be able to choose the right loyalty program. Hofstede's cultural dimensions are the part of theoretical base of Mattison Thompson and Chmura's work, those will be also described in this subchapter.

Based on the research made by Professor Geert Hofstede, Gert Jan Hofstede, Michael Minkov and their research teams the six dimensions (hereinafter 6D) model of national culture appeared. Scholars and practitioners use the Hofstede's 6D model for management purposes.

*The cultural dimensions represent independent preferences for one state of affairs over another that distinguish countries (rather than individuals) from each other.*  
(Hofstede Insights 2021)

The model comprises the following dimensions: Power Distance Index (PDI); Individualism/Collectivism (IDV); Masculinity/Femininity (MAS); Uncertainty Avoidance Index (UAI); Long Term Orientation/Short Term Orientation (LTO); Indulgence/Restraint (IVR). The score given to a country can be either low or high, it depends on the score number which varies from 1 to 100. The principal concepts of low and high scores of six dimensions are presented in Figure 10. (Hofstede Insights 2021.) Nevertheless, Mattison Thompson and Chmura implement study based on the four dimensions—PDI, IDV, MAS, and UAI—out of six. The study was conducted with the participation of 569 consumers from five countries, including Russia, so the study is relevant for this paper. Specific indicators of Hofstede's dimension in Russia and their impact will be considered in the development of a loyalty program for the case company.

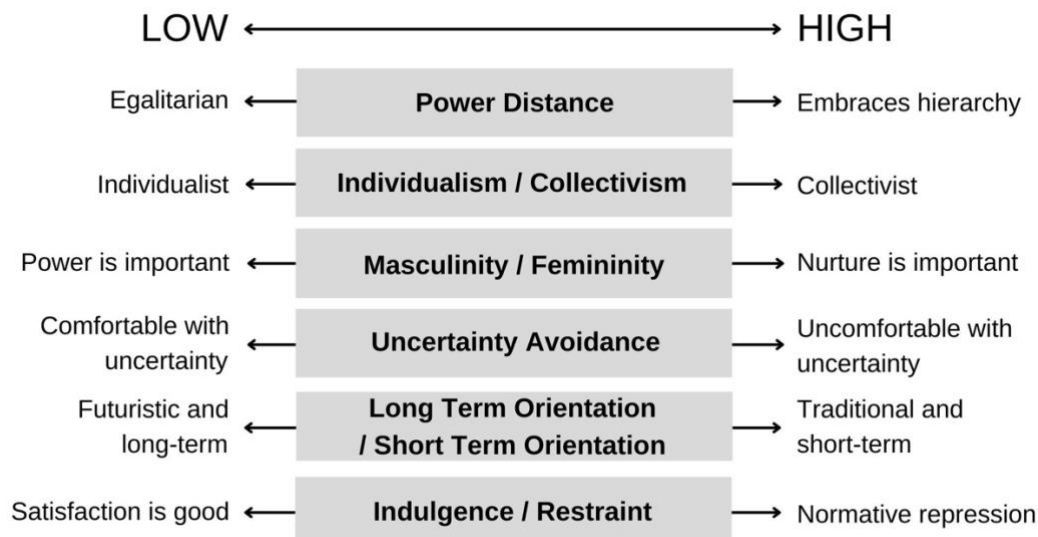


Figure 10. Hofstede's Six Dimensions

Study participants from countries with high PDI engage in loyalty programs with related rewards, and those with low PDI choose a 50% discount. Related rewards and the 50% discount are chosen by consumers from countries with low IDV values. Participants from countries high in MAS and UAI values prefer an immediate promotion offer over participation in loyalty programs. Loyalty programs with unrelated rewards were chosen by consumers from countries low in MAS and UAI. Accordingly, loyalty programs do not work the same in all countries. (Mattison Thompson & Chmura 2015.)

The results of the study show that shoppers from developing countries tend to choose loyalty programs offering both related and unrelated rewards. Consumers from a developed country, namely Germany, prefer to take advantage of instant promotions instead of participating in a loyalty program that offers benefits in the long term. (Mattison Thompson & Chmura 2015.)

It is worth noting that German consumers have cultural traits related to the history of discounts and loyalty programs that can influence their perception and engagement. Until 2001, Germany had legislation prohibiting discounts for certain groups of customers. If a company offered a discount, it had to apply equally to all customers. However, it was possible to give a discount for larger volumes of purchases. These limitations led marketers to invent the new type of loyalty program - customer clubs. Initially customer clubs did not provide any financial benefits, but it developed into an effective loyalty program. Although this type was discovered in Germany, it is now used in large companies all over the world. (Butscher 2016, 14.) This type of program is described in the chapter on loyalty types.

## 4 Creative Marketing

Creative ideas increase success of marketing actions. This claim is backed up by the study of the brain and neuroscience in the book written by Adam W. Morgan. The author of the book argues that emotional ideas are the strongest in communication with customers. The author gives a fundamental principle which is as follows:

*A creative idea is basically emotional idea.*

Based on the fundamental principle indicated above, the conclusion can be made that an idea that causes any emotion, such an idea will be considered creative. Different techniques can be used for this, such as storytelling, art, visuals, text, or a combination of these techniques. (Morgan 2019.) According to the Rae (2016), the design-driven brands outperform S&P 500 Index by 211 percent.

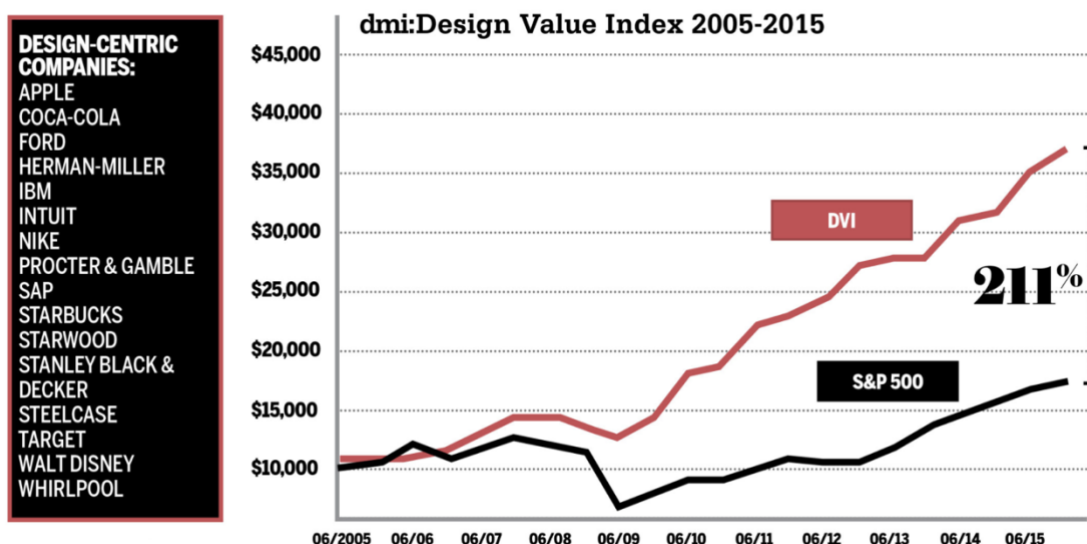


Figure 11. Design Value Index compared to S&P 500 Index from 2005 to 2015 (Rae 2016)

Working with customers is required for creative marketing, because customers are also creators, developing content and ideas. In various ways, companies can get information from buyers for creative marketing development. By conducting marketing research, the company can collect feedback, identify the needs and requests of customers. With the help of the loyalty program, the company also has the opportunity to identify the most valuable customers and work with this base. Another approach to working with clients is social media, where they can participate by uploading their stories, photos, videos and other content inherent to the brand. People become an extension of the company's marketing team and bring creative ideas if company encourage them. (Bonchek & France 2017.)

The concept of emotion was already defined in terms of building long-term customer relationship. Consequently, the fact of extreme importance of emotion is undeniable. Analysts have a common opinion about creativity and design thinking, it is competitive advantages for business. However, creative ideas are often not approved by senior management. This is due to the lack of an objective, logical assessment of creativity and fear due to the existing risk. If a creative idea is supposed to evoke emotions, then there is a risk that these emotions will be negative and this will form negative associations with the brand. That is why the company needs employees who understand the basic principles associated with emotions in order to effectively apply knowledge for marketing purposes. (Morgan 2019.)

In the human brain, there are parts that are conditionally responsible for logical thinking and emotional intelligence. Both of these functions are necessary for decision making and existence. In the history of brain research, there have been accidents that, as a result of their research, have helped scientists understand more about which parts are responsible for what and how they affect the daily life of people. The accidents were in the nature of serious damage to some part of the brain, which ceased to perform its functions, unlike the rest of the brain. (Morgan 2019.)

The example of the neuroscientist Antonio Damasio's patient named Elliot clearly shows the importance of the emotional component in our life. After the accident, Elliot was unable to feel or display any kind of emotion. His brain did not give any reaction to the events taking place, be they positive or negative. When a patient had to make a decision, such as which restaurant to go to, it could take a long time and never lead to a decision. Elliot and other patients with similar trauma used only logic to analyze all the factors influencing the choice and this led to a long-term evaluating process. Thus, it has been scientifically proven that the decision-making process is accompanied not only by logical conclusions, but also equally by emotions. (Morgan 2019.)

Decision making process is also based on memory, which is partly shaped by emotions. The most emotionally vividly lived memories remain in memory. And it is a success for the brand if the customer experience becomes one of those memories in the brain, because it will form a strong emotional connection with the brand. However, there is no need to provide such experiences on a permanent basis. It is necessary to provide moderately positive experiences that will form into a cause-and-effect relationship leading to repeated interactions with the brand. By remembering a satisfactory experience with a certain company the customer has the knowledge and the assumption that the next time he will have the same. (Morgan 2019.)

According to psychologists, consumer behavior is driven by emotional connection between the company and customer. Research data based on the United States based consumers shows that emotionally connected customers are more valuable than customers with high-level of satisfaction. Apparel and luxury goods sector satisfied customers spend two times less than emotionally connected customers. (Motista, 4-7.)

Creative loyalty programs help businesses stand out and create a desire for customers to participate. An engaging experience is what needs to be in a program to be considered creative. Not only should there be rewards behind the experience, but also emotional excitement, then customers will want to come back to the company for purchases and create word-of-mouth. Aesthetically beautiful design also plays a role on the perception of the loyalty program, it gives positive emotions and works more effectively. (Peckover 2020.)

As for rewards in a creative loyalty program, an effective technique is to give them when customers might not expect them. This creates an emotional connection by exceeding expectations. Giving rewards on a customer's birthday as a gift also works effectively. Any way of giving a reward that makes a customer smile can be considered a successful creative solution. (Peckover 2020.)

#### 4.1 Neuromarketing

Customers' emotions can be measured using expensive techniques that can scan the brain or identify facial expressions. The overview of neuromarketing techniques present in Figure 12. Brain studies that are conducted on consumers to understand their behavior are related to neuromarketing. Neuromarketing is an area of marketing that combines neuropsychology with marketing for research purposes. It helps companies develop in different marketing directions, such as evaluating the effectiveness of creative ideas, product development, and pricing. (Harrel 2019.)

Using techniques such as functional magnetic resonance imaging (fMRI) and facial coding it is possible to reveal detailed or general emotional responses. An fMRI uses strong magnetic fields to follow changes in blood flow through the brain. This tool is used to measure specific emotions, which is ideal for testing creative ideas based on theory. However, fMRI is the most expensive neuromarketing method. There is another technique that can be used to measure emotional responses by reading the minute movement of muscles in the face, this is facial-expression coding. This tool is cheaper than fMRI but is able to read only general emotions such as happiness, surprise or fear, instead of specific emotional processes occurring in the buyer's brain. (Harrel 2019.)

	<b>fMRI (functional magnetic resonance imaging)</b>	<b>EEG (electro-encephalogram)</b>	<b>Eye tracking: gaze</b>	<b>Eye tracking: pupilometry</b>	<b>Biometrics</b>	<b>Facial coding</b>
<b>How it works</b>	detects blood flow in the brain associated with increased neural activity	records electrical signals on the scalp from neurons inside the brain	detects exactly where subjects direct their gaze	measures whether subjects' pupils are dilated	measures skin conductance, heart rate, and respiration	identifies facial expressions
<b>What it reveals about consumers</b>	<ul style="list-style-type: none"> <li>detailed emotional responses</li> <li>level of engagement</li> <li>recall</li> </ul>	<ul style="list-style-type: none"> <li>level of engagement</li> <li>recall</li> </ul>	<ul style="list-style-type: none"> <li>what grabs their attention</li> <li>what confuses them</li> <li>speed of recognition</li> </ul>	<ul style="list-style-type: none"> <li>level of engagement</li> </ul>	<ul style="list-style-type: none"> <li>level of engagement</li> <li>whether their response is positive or negative</li> </ul>	<ul style="list-style-type: none"> <li>general emotional response: happiness, surprise, fear, and so on</li> </ul>
<b>Uses</b>	<ul style="list-style-type: none"> <li>set pricing</li> <li>improve branding</li> </ul>	<ul style="list-style-type: none"> <li>improve ads and branding</li> </ul>	<ul style="list-style-type: none"> <li>improve website design, ads, and packaging</li> </ul>	<ul style="list-style-type: none"> <li>improve ad content</li> </ul>		
<b>Pros and cons</b>	<ul style="list-style-type: none"> <li>most expensive and invasive method</li> <li>less detailed than EEG but considered the gold standard for measuring specific emotions</li> </ul>	<ul style="list-style-type: none"> <li>more expensive and invasive than many other methods</li> <li>not as precise as fMRI, but can measure changes over smaller increments of time</li> </ul>	<ul style="list-style-type: none"> <li>relatively inexpensive and easy to administer</li> <li>best used in conjunction with biometrics</li> <li>does not measure emotions</li> </ul>	<ul style="list-style-type: none"> <li>best used in conjunction with other methods, such as eye tracking</li> </ul>	<ul style="list-style-type: none"> <li>relatively inexpensive</li> </ul>	

Figure 12. Neuromarketing Techniques: An Overview (Harrel 2019)

Building successful relationship requires creating emotional experiences that connect with people because emotions shape human memory. Strong emotions increase the chances of retaining memories for a long time. In this way, emotion binds shoppers to past experiences and helps them make shopper choices. (Morgan 2019.) This correlates with the theory of customer loyalty. The presence of positive emotional experiences associated with the brand guarantees the appearance of attitudinal loyalty. Repetitive purchases without emotional attachment form only behavioral loyalty, which can be lost if it is more profitable for the buyer to buy from a competitor, as well as if an emotional relationship is formed with the competitor.

## 5 Empirical Study

As explained in earlier chapters it is necessary to survey customers in order to create a customer loyalty program concept which will be attractive to them. The main objective of this research is to collect supportive data by using mixed methods to answer the research question. The questions for the questionnaire were based on the research questions and on the outcomes from the theoretical framework. Qualitative questions are needed to gather ideas about the benefits customers want and what programs they use. Potential benefits that the author of the study proposes for implementation in the loyalty program of the case company should also be evaluated by customers. Participants were asked to answer "yes" or "no" to show their desire for a certain benefit.

Target group for research consists of case company's loyal customers. Loyal customers were classified using Debis's internal data of their purchase activity in 2021. The survey was sent to 41 customers and 20 of them participated. The survey was sent to customers by direct messages on Instagram because it is the main communication channel of the company. All 41 respondents were female, because it is a targeted group of the company for sales.

### 5.1 Analyzing Qualitative Data

Thematic analysis is used to analyze qualitative data, the process is depicted in the Figure 1. First, it is necessary to review the data (Caulfield 2021). Some participants were able to give a comprehensive answers, while others were answering in a narrow and simple manner. The results were decoded and put into the Excel table. Qualitative data from this study are attached as an appendix at the end of this paper work. At the familiarization stage, notes were made containing initial ideas identified during this step. Next comes coding, at this stage, words or sections of text are highlighted, which are grouped by meaning into codes. Each code or label describes the idea or feeling expressed in part of the text. The generated codes are combined into themes in the next step. It is necessary to find patterns between the codes in order to create themes that convey useful information about the obtained data and are comparable to research questions. Then, the fourth step includes reviewing themes to make sure they are useful and accurate representations of the data. After that, all topics are defined and named. That is, the meaning of each topic is formulated, which is necessary for understanding the research data. At the final step, the whole process is described in writing, which is done in this chapter. (Caulfield 2021.)

Topics related to what benefits the participants called attractive from other companies or which they want to receive in the program from Debis are depicted in the Figure 13. Every

participant mentioned discounts or bonuses as attractive benefits. This means that consumers are very used to getting hard benefits and the loyalty program should include them because that is what attracts customers in the first place. To the question «What appeals to you about the loyalty programs you use?» only three responses contained information about soft benefits. This can be seen from the point of view that buyers are not interested in such awards. However, the overwhelming majority of the participants answered the question about the desire to receive material awards in the affirmative. Moreover, from the answers to the question «What rewards or benefits would you like to receive when you participate in Debis loyalty program?» the topics Information, Especial benefits and Tangible benefits have been formed. This means that soft benefits as part of a case company's loyalty program can be a strong competitive advantage. Provided that a value-oriented approach is used that includes both hard and soft benefits.

Codes	Themes
<ul style="list-style-type: none"> <li>• Discounts</li> <li>• 15-50% discount</li> <li>• Discount on the second/third product in the check</li> <li>• Discount for birthday</li> <li>• Discount on a new collection</li> <li>• Cumulative discount system</li> </ul>	<b>Discounts</b>
<ul style="list-style-type: none"> <li>• Purchase bonuses</li> <li>• Cashback</li> </ul>	<b>Financial reward for purchase</b>
<ul style="list-style-type: none"> <li>• Information about new products</li> <li>• Information about sales</li> </ul>	<b>Information</b>
<ul style="list-style-type: none"> <li>• Special offers</li> <li>• Closed sale of new collections</li> <li>• Individual approach</li> </ul>	<b>Especial benefits</b>
<ul style="list-style-type: none"> <li>• Prize draws</li> <li>• Item as a gift</li> </ul>	<b>Tangible benefits</b>

Figure 13. Codes combined into themes. Attractive benefits

Many participants responded that the benefits can be anything or at the discretion of the staff. Since the participants were loyal customers, this shows that some buyers have built trust in the brand. They are ready to receive the awards that the company will offer them because they trust the company as it has a competence. Despite the fact that the research questions did not include the task of measuring the level of customer trust, it was possible to understand that it is there on the part of some customers to some extent. This is important to know because trust is the foundation for building long-term customer relationships.



The participants were asked to indicate the companies whose loyalty programs they use. Several participants replied that they did not use any or that the list was too long. Most of the clients listed brand names or company areas. Based on this information, a list of companies was compiled for analysis. It is not possible to analyze all companies within the framework of this work, therefore, only a few were selected.

The Figure 14 illustrates themes generated from codes with company loyalty programs used by customers. Many of the companies mentioned are sellers of perfume, cosmetics and various beauty products. The fastest growing brand Gold Apple was selected for the analysis. Finally, many members have written clothing brands, which means that the case company has a lot of competition among its loyal customers. It is necessary to consider the loyalty programs of some clothing brands. H&M was chosen because it was mentioned most often by the participants. The information about some of the companies that the participants mentioned as those whose loyalty programs they use could not be found. Accordingly, it is not possible to understand in what industry they operate and how their programs look like.

Codes	Themes
<ul style="list-style-type: none"> <li>• Rive Gauche</li> <li>• L'etual</li> <li>• Gold Apple</li> <li>• Cosmetic stores</li> </ul>	<b>Beauty industry</b>
<ul style="list-style-type: none"> <li style="width: 33%;">• H&amp;M</li> <li style="width: 33%;">• TJ Collection</li> <li style="width: 33%;">• ASOS</li> <li style="width: 33%;">• Zarina</li> <li style="width: 33%;">• Didi</li> <li style="width: 33%;">• Clothing stores</li> <li style="width: 33%;">• Charuel</li> <li style="width: 33%;">• Glenfield</li> <li style="width: 33%;">• Ushatava</li> <li style="width: 33%;">• Love Republic</li> <li style="width: 33%;">• Maker</li> <li style="width: 33%;">• Lady &amp; Gentlemen</li> <li style="width: 33%;">• Toto</li> <li style="width: 33%;">• O'STIN</li> <li style="width: 33%;">• City</li> </ul>	<b>Fashion industry</b>
<ul style="list-style-type: none"> <li>• Intimissimi</li> <li>• Etam</li> </ul>	<b>Lingerie brands</b>
<ul style="list-style-type: none"> <li>• Rendez-vous</li> <li>• Skechers</li> <li>• Shoe stores</li> </ul>	<b>Shoe stores</b>

Figure 14. Codes combined into themes. Usage of loyalty programs

## 5.2 Quantitative Research Results

Based on the theoretical part, it was decided to choose the tired type of loyalty program. However, given the goal of implementing the program - building long-term relationships with already loyal customers, the option of creating a customer club is also suitable. Therefore, it was necessary to ask the customers which option they prefer. Unfortunately, two participants did not answer this question. As shown in the Figure 15, thirty percent of the

participants chose the option «A program whose participants only the most loyal / regular customers. At the same time, rewards and bonuses carry a high value». This could mean that a certain proportion of loyal customers want to feel special and receive high rewards in return for their brand loyalty. Most customers have opted for a tiered loyalty program that is available to everyone. Thus, the Debis loyalty program should include tiers, but the most loyal customer can be provided with access to the highest echelon and benefits of the corresponding tier as soon as the program is introduced. Customers who have already made many purchases will feel special, the company will show that it cares about its loyal customers. Furthermore, welcome package can be provided. These actions will help form an emotional connection between the company and the client.

### Choose the option you prefer:

18 responses

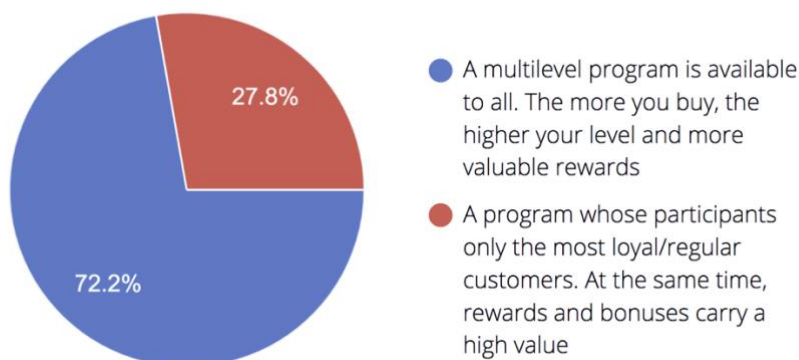


Figure 15. Preferred option of loyalty program type

It was decided to include exclusive events in the list of benefits of the loyalty program. Therefore, in the questionnaire it was necessary to ask the customers whether they would like to participate in such events or not. Examples of events have been provided in the question so that participants have a complete idea of how exclusive events might look like. As shown in the Figure 16, 90 percent of the participants would like to participate in such events. This means that this benefit can become one of the most attractive in the Debis loyalty program. Accordingly, it is worth spending time, effort and money on the development of this benefit.

**Would you like to participate in exclusive events available only to loyalty program members? (e.g., wine tasting, fashion lectures, presentation of new products, etc.)**

20 responses

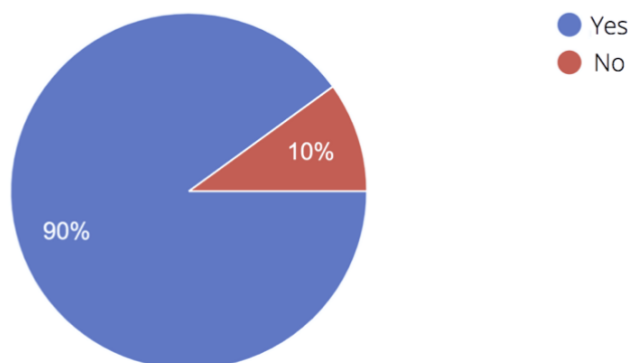


Figure 16. Attractiveness of exclusive events as loyalty program benefit

Another idea for a creative and personalized benefit was a photo signed by a designer personally for a loyalty program participant. This benefit requires a lot of resources to implement. Since both designers, whose clothes are sold by the case company, are located in Georgia, the photographs must be delivered from there. At this stage, logistical difficulties may arise, because the photos must be delivered in good quality and in the shortest possible time. In this case, the case company is faced with the fact that it does not have competence in printing and international delivery of photographs. As shown in the Figure 17, most of the participants would like to receive such a potential benefit. However, 25 percent would not want to, and this is a significant percentage in order to abandon this idea. If a significant majority of the participants answered in the affirmative to this question in the questionnaire, then this benefit should be considered as highly valuable.

**Would you like to receive a photo signed by the designer for you personally as a gift for your brand loyalty to Debis?**

20 responses

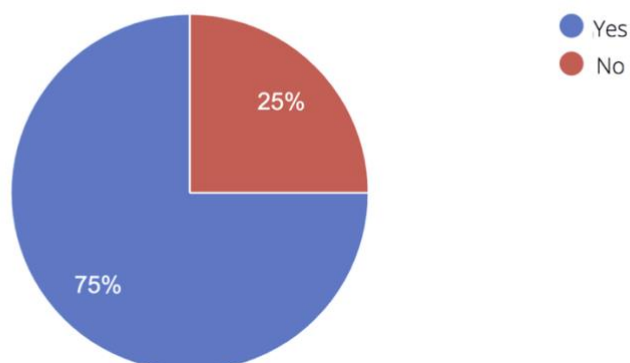


Figure 17. Attractiveness of photo signed by designers as benefit in loyalty program

Earlier in the theoretical part, it was said that one of the approaches to creative marketing is cooperation with clients. As part of the loyalty program, it was decided to reward customers for posts on social media containing information about a purchase at Debis. Social networks are the personal space of every person who decides how to use it. Therefore, there is a risk that buyers will not want to publish this kind of advertisement on their personal pages. It was necessary to ask buyers about their readiness and the majority responded that they are ready. A very small percentage of the respondents are not ready to do this, as shown in the Figure 18, and 35 percent answered «maybe». Accordingly, there is a chance that valuable rewards will encourage participants to post creative content.

**Would you be willing to post a photo or video containing information about your purchase in Debis if you had a chance to receive a reward for it, as part of the loyalty program?**

20 responses

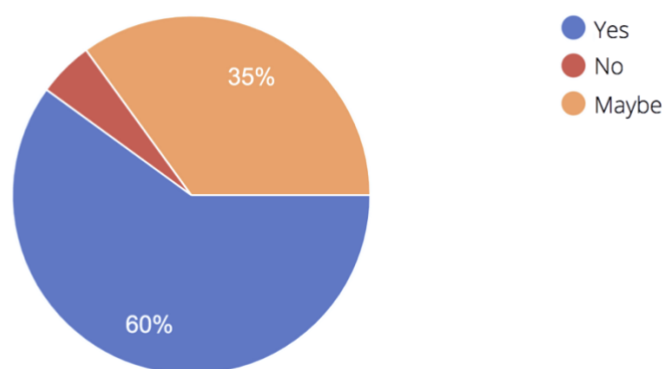


Figure 18. Willingness to post content about brand in order to get rewards

Telegram chat bots are considered as the technical solution for communication within the loyalty program for a case company. More details about chat bots and an example of how they are used by a large company are discussed in the Analysis of Successful Models chapter. It takes a lot of time to create a chatbot, therefore, before creating one, it is necessary to understand whether customers use Telegram and whether it is convenient for them to use chat bots. As shown in the Figure 19, 80 percent of the survey participants use Telegram and are ready to use the chat bot to participate in the loyalty program. Moreover, all participants use Telegram. However, 20 percent of them answered that it would be inconvenient for them to use chat bots. The inconvenience of using the Telegram chat bot in this case is input, but the participants do not yet know what output they will receive in the form of rewards. It is necessary to create a program in which there will be really valuable

benefits because of which customers will be ready to use chat bots. In addition to that, the user experience should generally be user-friendly.

**Do you use Telegram? Would it be convenient for you to use the Telegram chatbot for communication within the loyalty program?**

20 responses

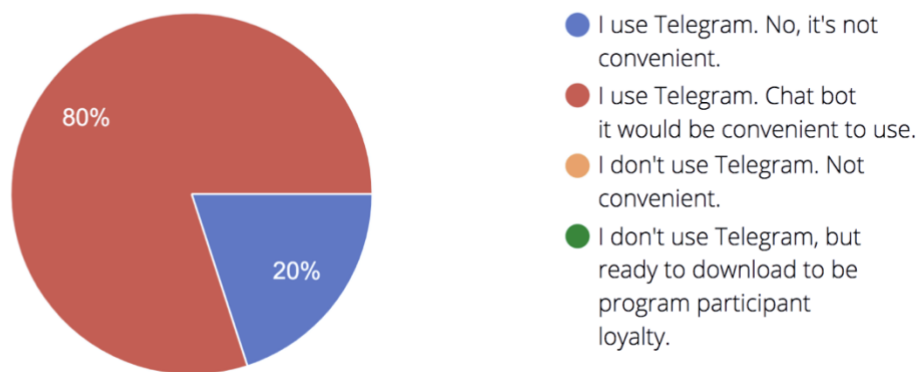


Figure 19. Usage of Telegram with convenience of usage chat bots in Telegram

## 6 Analysis of Successful Models

In this chapter, the customer loyalty programs of companies related to fashion industry and not will be analyzed. Challenges of luxury fashion industry will be also reviewed in order to get full picture of the market in which case company is operating. Famous global and Russian businesses will be taken as examples. Global brands will be viewed, taking into account its' professionalism. Large companies take a responsible approach to the development of loyalty programs considering their financial resources and reputation. There is a need to understand what they offer to their customers, who may also be customers of the case company, in order to develop distinctive features that can attract them (Butscher, 2016, 35).

### 6.1 Fashion Luxury Industry Challenges

In view of the facts Debis operates in the fashion industry and offers designer limited-edition clothing at prices higher than the mass market, it is worth to review loyalty programs examples of brands from the luxury fashion industry. Loyalty programs for fashion luxury brands are aimed at exclusivity and intimacy. (Chitrakon 2021.) Consumers of expensive items expect to receive gifts or awards that are of high value or are available to a small amount of special program participants. As gifts, brands offer designer clothes that are not available for sale, items signed by famous personalities, as well as special offers from partners matching the brand's status, for example, dinner at a restaurant. (Kecsma 2021.)

Creating an effective loyalty program in the luxury industry comes with many challenges. One of them is the fear of lowering the status of the brand or cheapening it by using discounts and the same programs as in the mass market. Companies also need to think about how to impress customers who, due to the large income, have a lot of experience, and this is difficult to do. (Kecsma 2021.) Kecsma (2021) claims that gamification techniques such as contests, exclusive clubs or user-generated content can be used without undermining brand status.

Choosing the tired type of program is also recommended over the Earn & Burn type. Customers who spend the most in the company will deserve to receive the most valuable rewards. It can be used to emphasize the VIP status of loyal customers. The combination of purchases with other tasks, e.g. donations to charity, opens a new level for the customers and they gain a higher status. Certain customers clubs can be formed by a company around a certain topic or product. For example, members of LuisaViaRoma's exclusive sneaker club get early access to upcoming shoe releases before publishers. The shoes sell out already at this stage. Another option for developing a pro-loyalty program in the luxury

fashion industry is paid memberships. Really loyal brand shoppers are willing to pay to provide high-value benefits. (Kecsma 2021.)

## 6.2 H&M

H&M is large fashion retailer and have successful loyalty program which is worth to analyze. The company is known for its fast fashion clothing for men, women, teenagers, and children. A year ago, the customer loyalty program H&M Member reached 100 million members. Thanks to its huge loyal customer base, the company was able to continue working even after the COVID-19 situation. Online sales and program development efforts helped H&M while 1,800 store were closed. (Jefferson 2021.)

Members of H&M loyalty program receive an initial sign-up offer, a birthday discount and free shipping on orders totaling more than 2000 rubles. Customers who reach a 500-point spending threshold get “Plus” access and receive additional program perks like bonus points, free shipping on every order and special access to limited collections. In total, the program includes two links, is completely digital and free to use. It also makes shopping more convenient with the ‘Shop now and pay for items later’ feature. (H&M 2021.) All conditions for the consumer are created in such a way that it is convenient and understandable to be a participant in the program.

The H&M loyalty program communicates brand values and rewards members who share their values. The products that the company sells with the Conscious label are positioned as sustainable and participants receive additional points for their purchase. Sustainability is an urgent agenda that evokes different emotions among consumers. Especially fast fashion brands are criticized and it is important for H&M to show complicity with consumers in solving common problems of society. Some people have changed their consumer behavior in connection with stable values and this affects their daily life. In addition to Conscious points, buyers receive a voucher for a 10% discount on 1 item if they bring their unnecessary items to H&M, which must then be recycled. (H&M 2021.) Encouraging the pursuit of sustainable values means building an emotional bond between the brand house and the customer.

Thus, the successful H&M example demonstrates the benefits of owning a loyalty program. The company's program has many benefits for members, which attracts a huge amount of new clients. Company's customer loyalty program is a perfect blend of benefits and community-driven experiences. Emotional connection is built through sharing common values such as sustainability.

### 6.3 Gold Apple

In the research participants mentioned Gold Apple as one of the companies with the loyalty program they use. Gold Apple is a Russian chain of beauty stores ranks second in Russia in terms of sales in its segment (Retail 2021a). It is necessary to consider the loyalty program of this company, as it effectively works in the Russian market among the female audience.

Gold Apple Loyalty Program is a hybrid type, combining "Earn & Burn" and Tiered types. There are only two tiers, the first of which offers a 10% discount to all customers who are members of the loyalty program. At the second tier get customers who have made purchases for a total amount of 15000 rubles and at this tier discount is given at the rate of 25%. (Gold Apple 2021a.) At any of the two levels, the goods in the check get bonuses at a rate of 1% from the cost of goods. The accumulated bonuses are used as a discount when paying for goods. (Gold Apple 2021b.) Detailed conditions for using the discounts are described in the figure below.

#### **Discount conditions**

##### **1. Discounts on luxury goods**

The discount will be applied in accordance with the face value of your card.

##### **2. For mass-market goods**

10% discount regardless of the purchase amount and card face value.

##### **3. Discount on sales days**

On days of sales, a maximum discount of 30%, 35%, 40%, or more may be set for certain products, which is applied regardless of the card face value.

##### **4. Gift certificates**

When buying a gift certificate, the card discount is not applied.

Figure 20. Discount conditions of Gold Apple company's loyalty program (Gold Apple 2021a)

In 2016, the company launched a loyalty program in the mobile application, offering the client an alternative between receiving a plastic and electronic card. In the application, customers could see the order history, check the news, leave a review. The app was relaunched in the fall of 2020. It has become not only a bonus platform, but also an online store. After the update, as a result, revenue and conversion increased. Now the application accounts for 80% of e-commerce revenue. The share of e-commerce is 30% of the total revenue of the Gold Apple company. In addition, the network was one of the first to launch a service with express delivery from 1 to 2 hours. (Retail 2021a.)



However, despite the successful development of the online store, Gold Apple has disadvantages regarding the convenience for customers in offline stores. A customer who comes to a physical store for the first time will be offered to download the application right at the checkout and register in it, if the customer didn't do it beforehand. Such a situation leads to customer dissatisfaction. It's inconvenient for the consumer to perform the actions of downloading and registering right at the checkout. There may be a queue behind the customer and slow internet or lack of it creates anxiety and stress as a reaction to this situation. These are negative emotions that the customer will associate with this company. The customer may leave the store without a purchase because he will not want to download the application, and without a loyalty program, the customer has the feeling that he is losing money because it is provided to everyone but him. Thus, it is critical to consider the steps a customer needs to take in order to become a member of the program. It also shows that inputs with outputs may not be balanced. The discount may not be a significant benefit for some buyers, and they are willing to neglect it to avoid feeling stressed.

#### 6.4 Vkusvill

The Telegram application is the second most popular messenger in Russia. Active users are 52% of the entire Internet audience, which can be over fifty million users. (Bochkareva & Novyi 2021.) The service was founded by Russian entrepreneur Pavel Durov. The American messenger WhatsApp remains the first in popularity among Russian users. (Deloitte 2021, 20.) However, WhatsApp has much fewer features available to both regular users and entrepreneurs.

In Telegram, it is possible to create a bot that can be used for corporate commercial purposes. Bots are special accounts in Telegram, created in order to automatically process and send messages. Users can interact with bots using messages sent through chat rooms. In fact, these accounts act as an interface to the service that runs on a remote server. (Telegram 2021.) Some large Russian companies use the bot function as an interactive communication channel (Gontmaher 2021). For example Vkusvill, a Russian retail supermarket chain and its own brand of products positioned as products for healthy eating (Retail 2021b). The Vkusvill bot was created as an assistant for the buyer, solving almost all of his problems and giving answers to the maximum amount of questions. Using the bot, customer can change the personal settings of the loyalty program, view electronic receipts, find out the manufacturer of the product, activate the card and perform many other operations. (Gontmaher 2021.)

An interactive communication channel, like a bot in Telegram, is a convenient tool for creating a loyalty program. The bot on behalf of the company can ask the user whether he

wants to participate in the promotion and the consumer himself decides whether he wants it or not. This is in contrast to typical marketing messages, which usually call for action without asking. The buyer's independent decision leads to thoughts accompanied by emotions, such as fear of losing profit if they refuse to participate. Moreover, the bot has the ability to offer the buyer to choose a promotion, this affects the growth of conversion, since the buyer chooses what he really needs. Thus, a customer focus is created, which plays an important role in the development of customer relationships. (Gontmaher 2021.)

## 7 Loyalty Program for Case Company

This chapter provides a description of the targeted group, general ideas for loyalty program concepts and benefits. The main ideas were developed within the framework of this work, however, this concept needs to be implemented and constantly developed. Based on the following conditions and characteristics, a loyalty program was created in the Telegram chat bot. With the development of the company and the increase in profits, accordingly, it will be necessary to introduce a CRM system capable of collecting and sorting data in order to optimize the processes of the loyalty program.

### 7.1 Target Group

The fundamental goal of the loyalty program is to increase profits. It is followed by the main goal of retaining loyal customers, building long-term relationships with them. Loyal customers in the company are the most valuable customers, who form the majority of the profit.

When creating a loyalty program, it is necessary to take into account not only the main characteristics required for segmentation, but also the cultural values of buyers. Loyalty programs do not work correspondingly good in all countries, for that reason cultural values in one country have to be studied. (Mattison Thompson & Chmura 2015, 87) Considering the fact that the case company operates in Russia and is not going to enter the international level, the cultural values of Russian consumers will be considered, the indexes represented in Figure 21.



Figure 21. Hofstede's Cultural Dimensions – Russia (Hofstede Insights 2021)

According to Mattison Thompson and Chmura (2015) consumers from emerging countries have a tendency to choose delayed rewards and thus more long-term loyalty-building programs. This must be taken into account in order to enter the Russian market, taking into consideration Russian buyers participated in the Mattison Thompson and Chmura's study.

To reach a larger amount of customers in emerging countries it is more efficient to provide programs with two value proposition options. Related and unrelated rewards should be provided to ensure success of company's loyalty building's strategy. (Mattison Thompson & Chmura 2015.)

## 7.2 The Concept

The name of the program will be "Debis Emotions", based on the goal of building long-term relationships with customers through the formation of an emotional connection. Tiered loyalty program type is the most suitable for the case company in view of the main objective. Two links will be available - yellow and black. A yellow color assigned to a level below evokes positive emotions and is associated with happiness (Dael et al. 2016.) A positive emotional connection associated with the perception of loyalty program design will help build relationships with customers. Moreover, it is the main brand color that dominates the logo. Black will refer to the highest premium tier, this is an understandable association for customers, despite the fact that black also refers to negative ratings (Dael et al. 2016.) The black level will be available to those who made purchases in the store for general amount of 30,000 rubles.

In the process of a customer making purchases, the purchase amount in percentage terms from 30,000 rubles will be displayed as a filling of the heart shape, as shown in the Figure 22. This gamifies the loyalty program, making it more fun. A customer who has made at least one purchase, for any amount, will be able to become a member of the loyalty program. Customers who have made purchases in Debis will be given access to the yellow link as soon as the program is launched. Loyal customers who made purchases for a total amount of more than 30,000 rubles before the implementation of the program will be given access directly to the black tier. They will not need to make new purchases in order to get high member status.



Figure 22. Debis Emotions loyalty program visual concept

Storytelling is the main technique for creating a creative idea. The decision was made to give meaning to the filling of the heart. Since Debis sells clothes of Georgian designers and the topic of Georgia is one of the main ones in marketing communications, it was decided to use some story from the history of the country. After a little research on the Internet, a suitable legend about the city of Signaghi was found. The full text looks like the following:

*Signaghi. A small town, red roofs, views of the Caucasus and the Alazani Valley. The city is a fairy tale. It is also called Signaghi City of Love. Why? There is a legend in Georgia on this subject. Once upon a time there was a city, whose people wallowed in sin and did not do anything but evil, then Lord decided to punish the people and ordered one of the angels to destroy the city. An angel named Signaghi disobeyed the order, and instead he entered every house, leaving a piece of his heart there. Each inhabitant was filled with unearthly love in full, until the angel became devastated and disappeared. The Lord, noticing what had been done, did not find in the city a single evil heart that would not repent. He forgave the city, resurrected the angel and ordered him to keep kindness and love in the city forever. Since then, all residents live in harmony, and everyone who visits the city receives a piece of an angel's heart, thus preserving and increasing love and virtue in the world. (Viva Georgia 2021)*

Each new participant in the program will be offered this story for reading. The heart that the participant of the program will fill in will be associated with the heart of an angel from the legend history. The main goal of this idea is to create positive emotions for customers and provide a memorable experience associated with company's loyalty program.

### 7.3 Benefits

The introduction of a loyalty program makes existing benefits more cost-effective (Avanto 2020). There are discounts in the case company now that any buyer can get immediately. Discounts apply to goods that have not been sold for a long time, or do not correspond to seasonal circumstances, or they are offered to push the purchase of a customer who is interested in it, but doubts. However, once the loyalty program is in effect, customers will only be able to receive certain discounts after they make their first purchase and become members of the program. Thus, one-time purchases will become more profitable, and buyers interested in hard benefits will continue to make purchases in order to get them. All benefits available for yellow tier members are also available for black. More valuable benefits appear at the black level.

#### 7.3.1 Discounts

Based on theory and empirical parts, discounts are the primary motivation for buyers to use the loyalty program, so they need to be offered benefits. Members who reach the premium level will have a 15% discount on the entire range, excluding new collections. Members of the yellow rank will receive discounts for posting on social media and other completed tasks.

#### 7.3.2 Free Delivery

The company provides free delivery to all customers, because it has low-cost agreement conditions with the delivery company. However, it would be more advantageous to introduce a minimum delivery fee of about 100 rubles. Such low shipping cost will not stop the customer from purchasing. On the other hand, free shipping, available only for members of the loyalty program, will become an attractive benefit for those who are not members. Moreover, the company will be able to slightly reimburse its shipping costs if customers do not want to join the loyalty program.

#### 7.3.3 Birthday Benefits

The Black level client's birthday wishes on behalf of Debis should be like a friend's congratulation, with best wishes, compliments and a gift. On their birthday, the buyer will receive an message in chat bot including information about what the buyer has purchased over the past year and comments about a good choice. The letter will also ask customer to choose a gift from an interior fashion book or a bottle of wine. As soon as the client gives an answer and consent to sending the gift, it must be sent at the expense of the company. Usually brands give a birthday discount, but since many brands do it on the same day, they

are no different from each other. Therefore, the physical gift will stand out from the competition and help form an emotional connection.

#### 7.3.4 Exclusive Events

Benefits, which can only be used by black level members, are exclusive events. A list of potential events might look like this:

- Cocktail party
- Lectures about fashion
- Presentation of a new collection
- Photo exhibition

#### 7.3.5 Tangible Gifts

Through research, ideas for tangible gifts were collected as part of soft benefits. Loyal customers expressed their desire to receive accessories or branded items. Accessories can be a keychain, scarf, gloves, and shoppers. Branded items can be postcards, hangers, branded packaging, or sweets. It is necessary to consider each benefit separately, taking into account the financial costs. After that, it will be possible to calculate which purchases will be more profitable to give such benefits.

#### 7.3.6 Charity Rewards

Charity is an important part of human life, which brings different emotions and feelings. Debis can encourage humanity in its customers by offering donations in return for rewards. For participants in the yellow level program, the balance of the «heart» can be increased by the amount of the donation made, this will be counted as a purchase. It is important that the places where people send donations were checked in advance by the company for authenticity because there are many scammers on the Internet. If customers lose their money, it will be associated with the Debis brand, which will lead to loss of trust and negative emotional experience.

#### 7.3.7 Closed Sale of New Collections

According to the research results, there is a need for closed sales of new collections among loyal customers. This may be due to their desire to feel their own peculiarity and exclusivity. This soft benefit is of high value and should certainly be provided to the most loyal customers.

## 8 Summary

The main goal of this work was to create a concept of a loyalty program for a case company. For this, a theoretical basis, research, and analysis of successful models had to be done. The concept of the loyalty program was created, which the company can implement.

In the theoretical part about customer relationship management, the definition was considered from different angles. The main finding is that a broader definition of customer relationship management leads to more effective practices for retaining customers. After which, satisfaction, trust, and commitment were considered as phenomena influencing the construction of long-term worthwhile relationships. Customer loyalty was studied, which served as the basis for studying the theory about loyalty programs, which are configured to form customer loyalty. As part of the study of customer loyalty, the elements of genuine business relationships have also been described.

In the theoretical part about loyalty programs, types, goals, benefits, and segmentation are indicated. As a result, there is an understanding that the development of a loyalty program is a complex process that includes many concepts and the technical part.

The result of the theoretical part was the understanding that human emotions play an essential role in the decisions that customers make every day. An emotional bond between the company and the customer is critical in building a long-term relationship. Therefore, the basic principles of the brain and emotions must be studied because this will increase the chances of effective marketing actions such as building customer relationships and developing a loyalty program.

The empirical part resulted in the information necessary to develop a loyalty program in a case company. Customer experiences, opinions, preferences, and ideas were collected in qualitative and quantitative data. It turned out that discounts are the main driver for participation in loyalty programs. However, the targeted group is also ready to accept other types of benefits.

Analysis of successful models of loyalty programs led to several conclusions that were taken into account when developing a loyalty program for a case company. The concept of the Debis loyalty program was created, taking into account the importance of emotional experiences. Creative ideas formed as a basis for the development of a competitive loyalty program.



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## Appendix 1. Customer Survey (in English, translated)

Good afternoon, \*name\*!

We are developing a loyalty program for you - our customers. And your voice plays an important role in this process. We are sure you have creative ideas or interesting desires. We invite you to share them in this questionnaire. (Link attached)

On the form you will see both open-ended questions and multiple choice answers. It is important to us that you answer carefully. You will need about 6 minutes to complete the form.

After answering the questions, you can participate in the 3000 rubles gift card raffle if you wish. The gift card can be used for purchase in our store.

Please fill out the questionnaire by October 29th.

If you have any questions regarding the questionnaire, please contact us.

1. Do you use other stores' loyalty programs? If so, please specify which ones.
2. What appeals to you about the loyalty programs you use?
3. What rewards or benefits would you like to receive when you participate in Debis loyalty program?
4. Would you like to receive any tangible gifts with your purchase from the Debis brand? If so, what kind of gifts?
5. Choose the option you prefer:
  - a) A multilevel program is available to all. The more you buy, the higher your level and more valuable rewards
  - b) A program whose participants only the most loyal / regular customers. At the same time, rewards and bonuses carry a high value
6. Would you like to participate in exclusive events available only to loyalty program members? (e.g., wine tasting, fashion lectures, presentation of new products, etc.)
  - a) Yes
  - b) No
7. Would you like to receive a photo signed by the designer for you personally as a gift for your brand loyalty to Debis?

- a) Yes
  - b) No
8. Would you be willing to post a photo or video containing information about your purchase in Debis if you had a chance to receive a reward for it, as part of the loyalty program?
- a) Yes
  - b) No
  - c) Maybe
9. Do you use Telegram? Would it be convenient for you to use the Telegram chatbot for communication within the loyalty program?
- a) I use Telegram. No, it's not convenient.
  - b) I use Telegram. Chat bot it would be convenient to use.
  - c) I don't use Telegram. Not convenient.
  - d) I don't use Telegram, but ready to download to be program participant loyalty.
10. If you want to participate in the drawing of 3000 rubles, please leave your email.

Thank you for your answers!

## Appendix 2. Qualitative Research Data

Respondent	1	2	3	4	5	6	7	8	9	10
Do you use other stores' loyalty programs? If so, please specify which ones.	Yes, I do.	Grocery retailers, Gold Apple, Stockman, H&M	There are cards of many stores. Zarina, H&M, Chaurael, etc.	Yes, Riv Gauche, L'etual and others	If you mean discount cards, I use them in all stores	Love republic, Nike, Adidas, Toto	TJ collection, Didi, Glenfield, Maker, Cozy home, Skechers	Yes, Rendez-vous	O'STIN, Intimissimi	The list is too long
What appeals to you about the loyalty programs you use?	Discount	Discounts and special offers		50% discount option and new product alerts	Size of discounts	Cumulative discount system	Discounts, bonuses	Discounts	Bonuses for purchase, discount on the second/third product in the check	Discounts
What rewards or benefits would you like to receive when you participate in Debis' loyalty program?	Purchase bonuses	Discounts	Item as a gift, closed sale, etc.	Discounts and early purchase of products from new collections	Prize draws	Discounts	Discounts for birthdays, major holidays of the year, and that bonuses would not bum out	Discounts	Anything	Anything
Would you like to receive any tangible gifts with your purchase from the Debis' brand? If so, what kind of gifts?	Socks, keychain Avtandil	Accessories	No	Postcards and branded packages	Neck scarf	Yes. Branded pretty things. Scarf, gloves, handbags, purse	For example, a shopper, some accessories, a garment bag	Accessories	Anything	What you can really use - Shoppers, hangers
Respondent	11	12	13	14	15	16	17	18	19	20
Do you use other stores' loyalty programs? If so, please specify which ones.	H&M, Asos	The list is too long	Nearly all shoe, cosmetic, clothing stores	Simple loyalty cards that all chain stores give	Bellhome, Aestetik, Etam	SOL, Polytope	Ushatava, Lady&Gentleman	These are usually fabric stores	Yes	No
What appeals to you about the loyalty programs you use?	The opportunity to buy good stuff at a 15% discount or higher	Convenient discount system	Big discounts	Cumulative discount system	Promotions, discounts, first choice of new collections	Discount on new collection	Discounts, cashback	First and foremost a discount. Cumulative customer discount.	Discounts, individual approach	
What rewards or benefits would you like to receive when you participate in Debis' loyalty program?	Cumulative discount system	Anything	Discounts	Cumulative discount system	Good loyalty bonuses	Discounts, information about sales	Bonuses	Bonus on the next purchase	Discounts	Cumulative discount system
Would you like to receive any tangible gifts with your purchase from the Debis' brand? If so, what kind of gifts?	Packaging, probably a box, if the purchase is expensive	Anything	Candy, wine, face mask, etc. Above all, the attention to the customer is pleasant	Branded things	It's always nice to get unexpected gifts with purchases	Anything	Little pretty things	I trust the seller's opinion	Discounts are enough	Branded chocolate bar