

University of Central Florida

STARS

Electronic Theses and Dissertations, 2020-

2022

The Antecedents of Program Satisfaction and Program Loyalty for Hotel Reward Programs

Jill Plumer

University of Central Florida



Part of the [Hospitality Administration and Management Commons](#), and the [Tourism and Travel Commons](#)

Find similar works at: <https://stars.library.ucf.edu/etd2020>

University of Central Florida Libraries <http://library.ucf.edu>

This Doctoral Dissertation (Open Access) is brought to you for free and open access by STARS. It has been accepted for inclusion in Electronic Theses and Dissertations, 2020- by an authorized administrator of STARS. For more information, please contact STARS@ucf.edu.

STARS Citation

Plumer, Jill, "The Antecedents of Program Satisfaction and Program Loyalty for Hotel Reward Programs" (2022). *Electronic Theses and Dissertations, 2020-*. 1638.

<https://stars.library.ucf.edu/etd2020/1638>

THE ANTECEDENTS OF PROGRAM SATISFACTION AND PROGRAM LOYALTY FOR
HOTEL REWARD PROGRAMS

by

JILL PLUMER

B.B.A. Northwood University, 1988

M.S. University of Nevada, Las Vegas, 2014

A dissertation submitted in partial fulfillment of the requirements
for the degree of Doctor of Philosophy
in the Department of Hospitality Management
in the Rosen College of Hospitality Management
at the University of Central Florida
Orlando, Florida

Summer Term
2022

Major Professor: Denver Severt

ABSTRACT

Hotel reward programs have been in existence for three decades. These programs were originally established as a customer relationship management tool to reward loyal guests for their patronage. Over time, there have been indications that the programs that are intended to inspire loyalty to the company have actually inspired loyalty to the program itself. The aim of this study was to analyze the antecedents of program satisfaction and program loyalty in hotels to determine the relationship between the program attributes and the impact on program loyalty. Switching costs were also analyzed to determine if they played a moderating role in the relationship between program satisfaction and program loyalty. Data was collected using an online questionnaire based upon measures from previous studies on the following variables: functional value, external value, utilitarian value, hedonic value, symbolic value, program satisfaction, switching costs, and program loyalty. Using the statistical software SPSS and SmartPLS, the data was empirically tested. The results indicated that program satisfaction is a driver of program loyalty. Switching costs did not have a statistically significant impact on the relationship between program satisfaction and program loyalty. Of great interest is the indicators of perceived value. As utilitarian value has been used as a dominant portion of reward programs in the past, in this study, it did not have a significant impact on the perceived value of the program. As the needs of customers change, it is necessary for industry to change as well. The research presented in this study has both theoretical and practical implications, as the results can provide a greater understanding of the value of hotel rewards from the customers viewpoint.

ACKNOWLEDGMENTS

I have been blessed with mentors that have helped me pursue my goals. At the top of the list of those I would like to thank is my committee chair and committee members. Denver, thank you for your support and guidance throughout the years, it has been greatly appreciated. To my committee members Dr. Kwun, Dr. Singh, and Dr. Green, thank you all for completing this long journey with me. I am grateful. I would also like to thank the many individuals at the Rosen College of Hospitality Management that helped along the way.

I would especially like to thank my GH&TM family at UWF. As I have spent the last several years as an instructor at the University of West Florida, I have had the opportunity to teach many future leaders of the hospitality industry. It is a job that one never needs to take a vacation from as it is enjoyable and fulfilling at every level.

On a personal level, I have had such an amazing support system that I do not have the words to describe how this has propelled me to accomplish my goals and dreams. My friends and family have patiently awaited the completion of this dissertation. The victory is as much for them as it is for me.

And to my wife, Cathy, we have never known life together without graduate school and a dissertation to complete. Your love and support have been constant and unconditional throughout this entire lengthy process. I look forward to the many future adventures life has in store for us. My heart is full of joy that this burden has finally been lifted from our shoulders. My heart is also filled with love for you and our life together.

TABLE OF CONTENTS

LIST OF FIGURES	vii
LIST OF TABLES	viii
CHAPTER ONE: INTRODUCTION.....	1
Background	1
Problem Statement	4
Purpose of the study	5
Significance of the Study	5
Research Questions	6
Summary	6
CHAPTER TWO: LITERATURE REVIEW	8
The Social Exchange Theory	8
The Relationship Marketing Theory	11
Customer Relationship Management	15
Reward Programs	16
Perceived Value.....	22
Functional Value.....	23
External Value	24
Utilitarian, Hedonic, and Symbolic Value.....	25
Case Study Comparisons	30
Program Satisfaction	32
Program Loyalty.....	33
Switching Costs.....	36
A Synthesis of the Literature and an Introduction of the Theoretical Framework	38
Theoretical Framework & Hypotheses Development.....	38
Hypotheses.....	40
Perceived Value and Program Satisfaction	42
Program Satisfaction and Program Loyalty	42
The Moderating effects of Switching Costs.....	43

Summary	43
CHAPTER THREE: METHODOLOGY	44
Introduction	44
Sampling Frame	44
Sample Size	45
Pilot Study	46
Survey Instrument Development.....	46
Functional Value.....	47
External Value	48
Utilitarian Value	49
Hedonic Value	49
Symbolic Value	50
Program Satisfaction.....	51
Program Loyalty	51
Switching Costs	52
Data Analysis	53
Summary	58
CHAPTER FOUR: FINDINGS	60
Introduction	60
Pilot Test	61
Main Study	64
Descriptive Statistics	65
Measurement Model	69
Reflective-Formative Model.....	73
Summary of Results	75
CHAPTER FIVE: DISCUSSION AND CONCLUSION	78
Summary of Study and Methodology	78
Discussion of Findings	80
Conclusions	85
Implications	86
Theoretical Implications	86

Practical Implications	88
Limitations and Future Research.....	88
Summary	91
APPENDIX A: IRB APPROVAL LETTER	93
APPENDIX B: SURVEY INSTRUMENT	95
APPENDIX C: SUPPLEMENTAL TABLES.....	101
LIST OF REFERENCES	105

LIST OF FIGURES

Figure 1: Conceptual Model	39
Figure 2: Reflective-Formative Model with t -values and R^2	75

LIST OF TABLES

Table 1: Comparison of Terminology.....	26
Table 2: Research Hypotheses	60
Table 3: Internal Consistency Reliability	62
Table 4: Constructs with Loadings	62
Table 5: Reward Members' Profile Information	65
Table 6: Respondents' Demographics	67
Table 7: Construct Loadings and Reliability	70
Table 8: Summary of Results.....	77
Table 9: Central Tendencies	102
Table 10: Construct Correlation Matrix.....	104

CHAPTER ONE: INTRODUCTION

In the first chapter of this study, the background of reward programs in the hotel industry will be discussed including the origins and importance of reward programs. Reward program size, scope, and status of members will be presented. Emanating from the gaps in the literature and the industry need, the problem statement, purpose of the study and significance of the study will be presented, followed by the research questions.

Background

Reward programs were implemented as a customer relationship management strategy in the hotel industry beginning in the 1990's. After decades of growth, now nearly all hotel chains have some type of reward system designed to attract new customers, retain current customers, and increase loyalty (Lee, Capella, Taylor, & Gabler, 2014). The question becomes, what type of loyalty these programs are creating? From the reward programs research perspective, there are different types of loyalty that have been identified by previous researchers including company, brand, and program. Reward members may stay at certain hotels not because of loyalty to the company but because of the awards earned by participating in the hotel reward program. This study will investigate the antecedents of program satisfaction and program loyalty by evaluating dimensions of perceived value of the reward programs.

As one of the seminal studies involving the constructs of program loyalty and brand loyalty, the findings of Yi and Jeon (2003) have been key to the progression of academic research. In a 2015 study, Kang, Alejandro, and Groza focused on program loyalty and company loyalty. Similarly, earlier work by Evanschitzky, Ramaseshan, Woisetschläger, Richelsen, Blut,

and Backhaus (2012) sought to improve the understanding of the different variables that drive company loyalty and program loyalty. In contrast, Suh and Yi (2012) tested the relationships between hedonic and utilitarian program loyalty and loyalty to online retailers. Kang et al. (2015) concurred with Yi and Jeon (2003) in the premise that reward programs contribute to the loyalty to the loyalty program but do not necessarily contribute to the company loyalty. In their study, it was further advised to transform customers that were loyal to the reward program into customers who are loyal to the company to reduce the risk of defection.

The attributes of reward programs have been studied extensively from a variety of perspectives. For example, Pesonen, Komppula, and Murphy (2019) investigated which loyalty attributes were most valued by Finnish hotel customers finding that intangible and symbolic benefits were appreciated by the respondents including late check-outs and room upgrades. Drivers of program loyalty, social benefits, program value, and special treatment were included in the conceptual model of Evanschitzky et al. (2012). Kang et al. (2015) investigated how financial and social benefits related to program loyalty. Redemption rewards' impact on program members' purchase behavior and reward expirations were the focus of the study by Dorotic, Verhoef, Fok, and Bijmolt (2014).

According to a meta-analysis by Tanford (2016), antecedents of loyalty including emotional commitment, image, reward program, brand, customer satisfaction, service quality, commitment and trust, and switching costs have not been treated consistently in previous studies. Lee, Tsang, and Pan (2015) explored the effects of social and economic rewards on reward programs. As the amount of academic literature published pertaining to reward programs has

grown, a need for research on the relevant variables that are important to program satisfaction and program loyalty still exists.

From the industry perspective, the following statistics indicate the industry size, scope, and level of engagement of reward programs. According to the 2017 Colloquy Loyalty Census, travel and hospitality reward program members number 1.1 billion with an anticipated annual growth of 20% (Fruend, 2017). This is 29% of the total membership in reward programs of 3.8 million in total across other industries such as retail and financial services. Enrollment in a reward program does not automatically lead to active loyalty. Although the number of reward program members is large, about 54% of those members are not active with the programs they belong to. Many leave programs without using rewards. For example, Feund (2017) found that 28% of customers have left reward programs without redeeming earned rewards. The top two reasons given for exiting a reward program include 1) the length of time is too long for earning points necessary for a reward and 2) the rewards/offers of the reward program are not a match for what the customer would like from the reward program. In a related study by Oracle Hospitality, it was found that 54% of hotel companies believed the reward offered were relevant, whereas only 22% of their members concurred. This disconnect between the hotel organizations and their consumers becomes even more evident as one study indicated that 39% of members surveyed believed that the rewards were rarely relevant (The Loyalty Divide, 2018). These industry-focused studies are informative and raise concerns as to whether reward programs are accomplishing the intended goals. The academic literature and these industry-focused studies amplify the current need for a more holistic assessment surrounding reward programs and the associated program satisfaction and program loyalty.

Today's customers have access to more information about their hotel choice and are increasingly demanding of their choice needs. The amount of competition in the hotel industry along with multiple options for membership in reward programs may explain, in part, the statistics reported above. In addition, researchers have not reached an agreement on the antecedents of program satisfaction and program loyalty leaving room for the creation and testing of more holistic and robust models (Bowen & Shoemaker, 2003; Raab, Berezan, Krishen, & Tanford, 2016).

Problem Statement

Most organizations have the goal of establishing long, positive, organic, and mutually beneficial relationships with their customers. When executed successfully, customer reward programs make such a promise. Even though the concept of customer reward programs has been around for three decades, changing needs and wants of customers (e.g., need for personalized service), technological innovations available to companies (e.g., big data-driven rewards programs), and fierce competition in the hotel industry creates a strong industry call and the shortage of academic literature necessitates additional research on customer reward programs.

The investigation of attitudes and perceptions of customers towards the benefits/costs of reward programs as associated to program satisfaction and program loyalty, is the cornerstone that this research contributes. The influence of switching costs and how that may interplay with program satisfaction and program loyalty is needed. Previous research, for example, Shanshan, Wilco, and Eric (2011) also suggested that research which identifies customers' preferences for benefits/costs offered in the program are necessary for improvement of reward programs.

Purpose of the study

The aim of the study is to determine the relationship between reward program attributes and the associated impact on program loyalty. The primary purpose of the study is to provide an updated assessment of the views of the sample of reward program members as they relate to program satisfaction and program loyalty. The secondary purpose of the study is to evaluate whether switching costs plays a moderating role in the relationship between program satisfaction and program loyalty. The perceived value dimensions of functional, external, utilitarian, hedonic, and symbolic, as they relate to program satisfaction and program loyalty will be measured. The partial least squared structural equation modeling (PLS-SEM) will be employed to test the relationships between the dependent variable (program loyalty) and the independent variables (perceived value and program satisfaction) with the intent to analyze the loyalty a customer possesses for a hotel reward program.

Significance of the Study

The study contributes to the body of knowledge by examining the impact of the program reward attributes on perceived value, program satisfaction, and program loyalty. It will also assist in identifying differences in customer desired rewards across the dimensions of perceived value (functional, external, utilitarian, hedonic, and symbolic). Further, it will investigate the nature of the relationship that switching costs has on the relationship between program satisfaction and program loyalty. The results will 1) extend and test current theory, 2) provide

implications for companies with loyalty programs, and 3) detect the differences between program satisfaction and program loyalty.

The application of these results can provide practitioners with information and ideas for evaluating current reward programs and allow them to improve the offerings to all segments of their customer base. According to Shanshan et al. (2011), there is a vast amount of likeness with the major hotel chains reward programs. As such, there is room for refining and differentiating these programs so they may increase customer acquisition, engagement, and retention.

Research Questions

The following research questions will be examined in this study.

- a) How does perceived value influence program satisfaction for participants in hotel reward programs?
- b) How does program satisfaction impact program loyalty for participants in hotel reward programs?
- c) How do switching costs influence the relationship between program satisfaction and program loyalty for participants in hotel reward programs?

Summary

The background of reward programs, the study problem statement, study purpose and potential contribution were introduced in this chapter. The research questions that arose from the purpose and literature were also introduced. In the next chapter, the scientific literature relevant

to the research study continues, ending with a presentation of the conceptual framework that will be studied.

CHAPTER TWO: LITERATURE REVIEW

This chapter will introduce the theoretical background for the research investigation including the Social Exchange Theory and the Relationship Marketing Theory. Next, the existing and relevant literature for the variables being investigated will be presented. These include the attributes of perceived value (functional value, external value, utilitarian value, hedonic value, and symbolic value), program satisfaction, program loyalty, and switching costs. Finally, the review of the literature is synthesized to explain the current gaps in the literature and present the conceptual framework which will be investigated.

The Social Exchange Theory

At the most basic level, the hotel industry is a customer service industry. As such, the interaction between the brand and its customers is one of interdependence. The brand is dependent on the revenue stream derived from the customer's stay and the customer is dependent on the hotel for the most basic of human needs – shelter. A social exchange takes place between the brand and customer with each transaction. Therefore, it not surprising that the Social Exchange Theory (SET) has been used to explain loyalty in the hotel industry (Lee et al., 2014). Furthermore, a reward program article disclosed and discovered that nearly 5% of articles related to reward programs employed SET as one of the relevant theoretical backgrounds to the studies (Chen, Mandler, & Meyer-Waarden, 2021).

The primary focus of the Social Exchange Theory is to explain relationships between individuals. It was largely developed by George Homans, John Thibaut, Harold Kelley, and Peter Blau (Emerson, 1976) and is rooted in psychology, sociology and economics. In 1958, Homans

referenced BF Skinner's (1953) operant conditioning experiments with pigeons as a means of discussing human behavior. This would become the foundation upon which Homans built his assumptions. At nearly the same time, Thibault and Kelly (1959) were working on "The Social Psychology of Groups". Their contributions varied in style but still helped to strengthen the exchange approach. While Homan, Thibault and Kelly's works were focused on behavioral psychology, Blau was a sociologist whose work was more focused on the economic analysis.

SET posits that there is an exchange process that takes place in social behaviors in which one attempts to maximize benefits and minimize costs (Homans, 1958). SET predicts that relationships can be strengthened as the levels of trust grows via cooperation, shared values and satisfaction. Overtime, these factors can influence commitment through the exchange of resources under a set of normative rules. It is these normative rules that allow a mutual understanding of the exchange process. Although there are lesser rules that impact the behavior of each party, the concept of reciprocity is a widely invoked notion cited by scholars when discussing SET (Cropanzano & Mitchell, 2005).

Reciprocity may also be thought of *repayment in kind* or *quid pro quo*. Reciprocity may be manifested as 1) a pattern of interdependent exchanges, 2) as a folk belief or 3) as a societal norm. A folk belief exchange process relies on the notion of *you get what you deserve* while, reciprocity as a societal norm relies on the notion of a cultural mandate or what society believes one *ought* to do (Cropanzano & Mitchell, 2005). Although the last two exchanges may be more heavily used in a psychological context, scant research has been completed using these type of exchanges as it relates to business transactions. Therefore, this researcher will focus on #1 – Reciprocity as a pattern of interdependent exchanges.

Since complete independence relies only on oneself and total dependence relies solely on another, they do not qualify as a true social *exchange*. By definition, reciprocity as a pattern of interdependent exchanges requires the participation of both parties. This exchange may be characterized by the notion that one party gives something to the other party with the expectation that something will be given in return. There is no bargaining in this type of exchange. Instead, one party's actions are dependent on the other party's behavior. This interdependence, which encourages on-going partnerships and reduces risk, is one the key components of social exchange (Cropanzano & Mitchell, 2005).

In the case of applying SET to business transactions, customers are continually determining what their personal benefit will be based upon their actions. A constant updating process involving cost/benefit analysis is used to decide whether the benefits of the relationship are greater than the costs of entering the relationship. The idea is that relationships are entered, in this case the relationship between the hotel and the customer, to maximize benefits and minimize costs (Lee et al., 2014).

Homan divided the system of social exchange into three assumptions: success, stimulus, and deprivation-satiation. The first assumption implies that when a person is rewarded for their actions, they will repeat the action. Secondly, the more often the past rewards are received increases the likelihood of future reward responses. Thirdly, the more the reward has been received previously, the less valuable the reward is to the individual (Emerson, 1976). Direct correlations may be made between these assumptions and the focus of this study. The first assumption, when translated in the field of hotel loyalty programs, would translate in the following manner: if a guest books a stay at a preferred hotel and the negotiated reward is 10%

off the next stay, the *success* of that transaction will lead to a repeat of booking their next stay at the same preferred brand. The second assumption would translate as: the more times they have received the *stimulus* of 10% off the more likely they become to continue booking future stays at the preferred brand. However, after a prolonged history of transactions between the customer and the brand, the true loyalty may start to wane. As the third assumption states, the more often a reward is received, the less valuable future rewards of the same type become to the customer. For example, if a reward member receives 10% off room rates multiple times, the reward member may become *satiated* by the discount and no longer view the reward as valuable but rather as expected. Hence, the removal of that reward (*deprivation*) could cause anger or resentment with the brand. Based upon this proposition, it is obvious that SET gives theoretical support to the current study in identifying the most valuable awards based upon purchase behavior. Moreover, due to SET's focus between customers and firms it is particularly applicable in explaining loyalty, in general – but especially so in the hotel context, due to the customer service nature of the industry. (Lee et al., 2014; Singh & Sirdeshmukh, 2000). SET is aligned with perceived value and perceived value is the driving mechanism of program satisfaction.

The Relationship Marketing Theory

The Relationship Marketing Theory was developed based upon neoclassical microeconomic theory, transaction cost theory, relational contracting theory, social exchange theory, equity theory, political economy theory, and resource dependence theory (De Wulf & Odekerken-Schröder, 2001). Berry introduced the term relationship marketing in the early 1980's. Several definitions of relationship marketing have been offered (Berry, 1983; Berry &

Parasuraman, 1991; Grönroos, 1996; Gummesson, 1994; Sheth, 1994; Sheth & Parvatiyar, 1995). Each of the definitions differ slightly, however, the common theme of this conceptual definition is identifying, understanding, and enhancing the relationships between all the parties in a business relationship. The definition that will be used for this study is as follows: “Relationship marketing refers to all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges” (Morgan and Hunt, 1994, p. 22).

The Relationship Marketing Theory builds upon the SET platform that is centered around motivation of each of the parties and the benefits anticipated to be gained through the relationship (Blau, 1964; Homans, 1958; Macaulay, 1963; Thibaut & Kelley, 1959). The advantages for the customer are numerous, and most notably, involve the notion that benefits of the relationship with the firm outweigh the associated costs. The literature presents a litany of ways in which the benefits may be manifested. The benefit that most closely aligns with the premise of this research was presented by Vargo and Lusch in 2014. They concluded that by participating in a relational exchange, the firm is better suited to produce goods and services that may be customized to the customer’s individual taste preferences. These may be tangible rewards such as a reduced rate or free night’s stay or intangible such as offering experiences, social connections or ongoing relationships. Additional benefits for the customer include reduced perceived risks based on a trust of the firm’s integrity, reliability and competency (Berry, 1995; Morgan & Hunt, 1994; Palmatier, Scheer, Houston, Evans, & Gopalakrishna, 2007; Sheth & Parvatiyar, 1995); decreased information processing and search costs (Sheth & Parvatiyar, 1995; Steinhoff, Arli, Weaven, & Kozlenkove, 2019) and shared moral obligations and values with the firm (Morgan & Hunt, 1994). These factors are especially important in the hotel industry since,

as described by Berry in 1995 (p. 237), “For continuously or periodically delivered services that are personally important, variable in quality, and/or complex, many customers will desire to be relationship customers.”

Not only are there benefits for customers, but for firms as well. Relationship marketing theory allows for the increased understanding of business strategy (Kleinaltenkamp, Ehret, Hunt, Arnett, & Madhavaram, 2006). Previous research has shown that engaging in relationship marketing strategies has a positive impact on competitiveness in the marketplace (Day, 2000; Hunt, 1997; Kleinaltenkamp et al., 2006; Smith & Barclay, 1997), higher customer satisfaction levels (Abdul-Muhmin, 2002; Kleinaltenkamp et al., 2006; Schellhase, Hardock, & Ohlwein, 2000), and greater profitability (Hunt, 2000).

Long-term relationships are essential to the success of relationship marketing (Reinartz & Kumar, 2002). Companies that embody relationship marketing strategies realize the positive, long-term impact of the partnership between the customer and the company (Kleinaltenkamp et al., 2006). As such, it is noted that successful relationships take time to develop a deep and rich history. Therefore, firms must allocate time, effort, and resources, while simultaneously completing a cost-benefit analyst, to be effective when implementing these strategies (Hunt & Arnett, 2006). Creating joint value by the partners is essential to long-term relationship success (Gummesson, 2002). Hotel reward programs facilitate long term relationships with customers by offering rewards based upon amount of spend and/or frequency of stay. In this way, the historic relationship behavior can impact future transaction behaviors.

Developing a service culture, such as that found in the hotel industry, relies on creating and enhancing buyer-seller interactions (Grönroos, 1990). These interactions have an extensive

impact on the future buying habits of the customer and determines whether the relationship with the firm will be long-term or short term, broad or narrow in scope and have feelings of detachment or connectedness. The relationship does not just happen – it must be earned. If long-term, broad and connected relationships can be established then the chances of continuing the exchanges unaided increases, thereby lowering the marketing costs per customer. The provider and customer engage in an exchange of promises and future commitments that, when kept, enhances and maintains the relationship for the mutual benefit of both parties. (Grönroos, 1990). Furthermore, customers may be more tolerant of service failures and less prone to be swayed by the marketing of a competitor when they are involved in a social relationship (Berry 1995). New customers are always going to be desirable but establishing and maintaining long-term relationships provides added value to the firms offering (Kandampully & Duddy, 1999). Indeed, Reichheld and Sasser (1990) noted across multiple services industries, when a company is able to lower their defection rates, they are able to grow their profits.

When successfully executed, the result of relationship marketing should be viewed as a win-win for both the customer and the firm. Hotel guests are more willing to stay in a relationship if there is collaboration and a high relationship quality, which in turn, has been proven to contribute to the operational and financial performance of the hotel (Dlačić, Grbac, & Lazarić, 2018). In summary, the benefits of engagement with a firm must be greater to the customer than the costs (Kleinaltenkamp et al., 2006) and the goals of the customer need to be meticulously analyzed by the firm to determine the desired outcome of the relationship (Bagozzi, 1995).

Managing relationships with customers can prove to be a difficult process as the needs and wants of the customers vary greatly (Kleinaltenkamp et al., 2006). These challenges are met by incorporating customer relationship management (CRM) programs that have been developed to identify customers' needs. CRM programs include components such as support teams and loyalty/reward programs. CRM is discussed in more detail below.

Customer Relationship Management

The term Customer Relationship Management (CRM) can be defined as “an integrated approach to managing relationships by focusing on customer retention and relationship development” (Chen & Popovich, 2003, p. 672). CRM is a management philosophy that focuses on the maximization of revenue over the lifetime of a relationship between the company and a customer (Piccoli, O'Connor, Capaccioli, & Alvarez, 2003). Creating value for customers, which in turn creates value for the firm through repeat business and greater sales, is a vital piece of CRM (Boulding, Staelin, Ehret, & Johnston, 2005). In the case of a hotel patron, CRM is aimed at increasing the value for the customer by offering reward programs, providing the customer special discounts and beneficial treatment to increase demand because of the customer's continued activity, and interaction with the company as measured by the reward program (Mathies & Gudergan, 2007). Traditional marketing has been focused on the short-term transactions of many customers. In contrast, CRM is a strategy that focuses on the individual customer over multiple years and multiple transactions and is designed to create a win-win situation increasing company sales and increasing customer loyalty.

The key elements of CRM include personalizing the product and service to the individual, assessing the needs and preferences of each customer, and building a one-to-one relationship (Piccoli et al., 2003). In a perfect world CRM allows for the identification, satisfaction, and retention of the customer, hence maximizing the value of a company by identifying the best and most profitable customers. Based on the relationship marketing theory, CRM shifts market strategy away from products and services to focus on the life cycle of the customer (Wang, 2012). When firms implement a CRM system, the firm must build a relationship with each customer which means that firms must reconfigure the management philosophy to revolve around the customer (Piccoli et al., 2003). CRM offers increased customization and personalization of products and services which is key to creating value and improving relationships with the customer (Nguyen, 2011). Successful CRM systems cross many departments of the organization including marketing, operations, information systems, and accounting. This requires significant investments in technology, process redesign, and training of staff. Hotel companies around the globe are using CRM, as when it is properly designed and executed, the CRM program will distinguish their brand from the competition (Padilla-Melendez & Garrido-Moreno, 2014). However, the full usefulness of the strategy has yet to be realized and varies by corporate entity.

Reward Programs

Reward programs have become common in the hospitality industry. The airline industry led the way in the 1980's and since that time, reward programs have been adopted by rental car companies, cruise lines, and hotel chains (Xie & Chen, 2014). In 2017, a Colloquoy survey

estimated the total number of reward program members in the United States at 3.8 billion (Fruend, 2017). Reward programs are initiatives that target customers who are seeking engagement in an exchange for rewards based upon their purchases (Xie & Chen, 2013). In addition, they serve as a way of telling customers that they and their associated business are recognized and appreciated (Kumar & Shah, 2004).

For reward programs to operate more effectively and increase customer satisfaction, changes need to be made to improve the options available for customers to collect and redeem points (Mathies & Gudergan, 2007). If customers are unable to redeem their rewards, it may cause dissatisfaction and result in the loss of customers (Stauss, Schmidt, & Schoeler, 2005). A poll on Webflyer.com reports that nearly half of all frequent flyer members were unable to redeem their earned rewards for a free flight. Only 59% of those attempting to obtain an upgrade were successful (Mathies, Gudergan, & Wang, 2013).

When developing a customer reward program, it is essential to consider the non-monetary benefits such as the additional customer information that can be attained that is beneficial in the future development of company promotions and to consider the ability to forecast revenue (Verhoef & Langerak, 2002). As the availability of customer information became available with technology in the 1980's, companies were overwhelmed with the amount of customer behavior data that could be collected (Boulding et al., 2005). As computer software has become readily available, companies can analyze the data to attract new customers, build ongoing relationships with current customers, increase personalized communication, and better segment customers based upon their profitability to the company. Big data access making

artificial intelligence more possible has advanced this further (Boulding et al., 2005; Wu & Lu, 2012).

Information technology allows customer data to be collected, consolidated, and analyzed (Piccoli et al., 2003). After this, the hotel company can use the data to increasingly tailor products and services to the needs and preferences of those individual customers (Noone, Kimes, & Renaghan, 2003). Organizations can track each customer's behavior. This includes purchases, time and duration of stay, and other selected demographic information. This allows the company to calculate the potential lifetime economic value of a customer and allows data to be used for the ranking of the customers allowing for the identification of the most potentially valuable and repeat customers. Such repeat behavior is also defined as behavioral loyalty.

As managers in the industry strive to improve their customer reward programs, academic research may be more confounding than insightful making the need for clarifying research even more important (McCall & Voorhees, 2010). Previous studies have identified potential problems with customer reward programs and have considered the cost concerns of administering the programs. These concerns include levels of customer commitment and customer frustration (Xie & Chen, 2013). Perception of fairness issues need to be at the forefront of management's decisions when developing a customer relationship management strategy (Nguyen & Simkin, 2013). Loyal customers, those giving one brand of property repeat business, have higher expectations for price discounts and better service in return for their commitment (Nguyen, 2011). When compared with new guests, they may expect superior treatment (Nguyen & Simkin, 2013). The idea that another customer is receiving a better price or better service may lead to dissatisfaction. The difference in treatment from one customer to another may lead to

perceptions of unfairness which could damage the company's reputation and the associated relationship between those perceiving unfairness and the company (Nguyen, 2011). In addition, in the event of a service failure or dissatisfaction, a reward program member's negative behavioral intentions (i.e., to exit the relationship, to spread negative information by word-of-mouth, diminished trust, lower commitment, and weakened or destroyed loyalty) may be stronger than a non-member customer's negative intentions (Xie & Chen, 2013).

Another issue that needs to be addressed in identifying the 'loyal customer' is the assumption that business travelers are the best guests to attract. To the contrary, Skogland and Siguaw (2004) found that business travelers were the least satisfied, least loyal, and the least involved when compared to other customer segments. The authors also stated that information needs to be collected on the demographics of the company's guests to gain a better understanding of how these customers differ by gender, age, education, income, travel type, and how this information relates to the loyalty and economic value of each segment. It is also important to identify those customers who are more difficult to please and are hence less likely to return. It has been thought that loyal customers are less price sensitive, but this is an area that demands further research analysis by a company's varying customer segment to determine validity. It has been met with conflicting conclusions (Skogland & Siguaw, 2004).

Identifying which customer is coveted by the organization is imperative to building lasting relationships that are accompanied by longevity (Rigby, Reicheld, & Schefter, 2002). Contrary to other studies, Verhoef and Langerak (2002) posited that loyal customers do not necessarily lead to greater profitability. Their study suggested that loyal customers are no less price sensitive than customers that do not participate in reward programs. Surprisingly, there

may not be any significant difference in marketing or operating costs between customers that the company has a relationship with and new customers. Additionally, the premise that satisfied customers are more loyal may be false. For example, repeat purchase behavior can be attributed to other reasons including switching costs and convenience. Thus, an enhanced understanding of customer loyalty drivers is key to determining how customer relationship marketing strategies are developed (Rigby et al., 2002).

Obtaining the right customers for each individual business is the first step in CRM (Cao & Gruca, 2005). Therefore, it is essential that companies use the tools available to identify customers that are most profitable and have the potential to become long-term, repeat customers (Lee et al., 2014). Since profitability is the end goal, it is essential to identify loyal customers by the profitability associated with each transaction as well as cumulative transactions. All else equal, the customers with higher profitability by transaction will indicate the customers to be targeted for retention. Segmentation by profitability enhances the ability to offer the most attractive incentives to the most valuable customers and to determine which segments the company should separate (Rigby et al., 2002). Companies should allocate adequate resources to identifying the customers that are the most loyal and profitable (Cao & Gruca, 2005). In addition, it is potentially equally important to identify those customers who are not and do not have the promise of becoming loyal and profitable. In most reward programs, members are self-selecting which may indicate behavior loyalty to the firm without the reward program (Leeheer, van Heerde, Bijmolt, & Smidts, 2007). If brand loyal customers constitute the majority of the active program members, the company may be providing rewards to customers that would purchase their product or service in the absence of a reward program (McCall & Voorhees, 2010).

Therefore, these marketing resources may be wasted on the current loyal customers. When too many resources are directed towards the current loyal customers, there are less resources available to recruit and court future customers that have promise to be profitable (Verhoef & Langerak, 2002). These prospective customers may be the ideal client. With the use of sophisticated data analytics, companies can design rewards that are relevant and perceived as high in value to customers.

Although reward programs are implemented by companies across the hospitality industry, there is not much evidence that these programs increase loyalty, drive profitability, or improve firm performance (McCall & Voorhees, 2010). There is also not a clear understanding of what attributes contribute to a successful hotel reward program.

As there is usually not a cost to maintain a membership in a reward program, customers may have memberships in several programs for the purpose of seeking the best deals. This potentially has nothing to do with loyalty to the program and can be defeating the company's purpose for the reward program (Kumar & Shah, 2004; Xiong, King, & Hu, 2014). Hotels have no control over how many reward programs their customers are members in. However, hotels can have control over the perceived value of their reward program (Xiong et al., 2014). Because competitors may provide the same level of service and rewards in similar reward programs, managers should pay attention to the process and consider a program design that improves the value of products and services (Hu, Huang, & Chen, 2010). Existing programs need to be evaluated on a regular basis to make sure the program is continuing to create value for the members and the program is revised when appropriate. These programs should also be assessed to determine whether participants initially perceived value in the reward program.

In summary, reward programs are developed for the purpose of building relationships with customers and rewarding frequent customers for their business; however, it has been found that most customers that join reward programs do not actually change their purchase patterns after they join the reward program (Lo, Im, Chen, & Qu, 2017). Companies can however use reward programs to identify the most profitable customers to personalize products and services for the goal of retaining customers (Stauss et al., 2005). Finally, when studying reward programs, key variables of interest show up in the literature as relevant to these studies including perceived value, made up of the dimensions of functional, external, utilitarian, hedonic, and symbolic value. These, and the literature surrounding them in the context of reward programs, are discussed in the section below. Following that, program satisfaction, program switching costs, and program loyalty will be discussed.

Perceived Value

Perceived value has been defined as “the tradeoff between what the product can offer to the customer and what the customer has to pay to get the product” (Xie & Chen, 2014, p. 110). The perceived value of a reward program is determined by what the program has to offer in comparison to what the customer must give up to benefit from the program (Shoemaker & Lewis, 1999). Perceived value has much support as an antecedent to loyalty. It is important to note that perceived program value does not generate loyalty alone (Berezan, Raab, Tanford, & Kim, 2015). The perceived value of a reward program has an impact on brand loyalty through program loyalty in high-involvement cases. In the case of low-involvement, perceived value did not show an effect on brand loyalty (Yi & Jeon, 2003). Understanding why certain reward

programs are perceived by guests to be more valuable is crucial to the development of a successful program (Xie & Chen, 2014). Five attributes of perceived value arise from the literature and will also be measured during this study. They include functional value, external value, utilitarian value, hedonic value, and symbolic value.

Functional Value

Functional value of a reward program refers to the ease at which the program can be used and the inherent ways that the program extends flexibility when needed (Dowling & Uncles, 1997). Functional value has also been conceptualized and operationalized based on the level of quality, consistency, and service that exceeds the consumers expectations (Tynan, McKechnie, & Chhuon, 2010; Vigneron & Johnson, 1999, 2004; Wiedmann, Hennings, & Siebels, 2007, 2009; Yang & Mattila, 2016).

Past research has measured perceived value constructs as the functional value it has when the consumer compares benefits expected to the required costs (Cravens, Holland, Lamb, & Moncrieff, 1988; Sinha & DeSarbo, 1998; Sweeney, Souter, & Johnson, 1999; Williams & Soutar, 2009). When both the buyer and seller assess relationship benefits received are greater than relationship costs incurred, they each benefit (Sinha & DeSarbo, 1998; Williams & Soutar, 2009).

Based on previous research in several studies, value perceptions help to predict the associated consumer loyalty including purchase behavior and purchase intentions (Tynan et al., 2010; Vigneron & Johnson, 1999, 2004; Wiedmann et al., 2007, 2009; Yang & Mattila, 2016). There is agreement between Smith and Colgate (2007) and Shukla and Purani (2012) that there is

a significant relationship linking consumers' perceived value and purchase behavior (Yang & Mattila, 2016).

As found in a study of luxury products in the hospitality industry, functional value measures the quality and performance that consumers desire (Yang & Mattila, 2016). While the other attributes of perceived value (utilitarian, hedonic, and symbolic) focus on the economic, social and emotional value, the essence of functional value is determined by the primary benefits and fundamental utilities that are expected by the consumer. Service quality and atmosphere are two of the intangible dimensions that differentiate the hospitality industry from industries that produce only tangible products (Yang & Mattila, 2016).

The perception of loyalty attributes was determined using the factors of functional value, psychological value, and psychological, procedural, and financial switching costs in a study by Xie, Xiong, Chen, and Hu in 2015. It is essential to use multiple dimensions of perceived value to explain consumer decisions as a unidimensional approach will not adequately measure the entirety of consumer value perceptions.

External Value

As hotel corporations look to differentiate their reward programs from the competition, they have looked to external partners to offer additional rewards and value to their programs (Yoo, Berezan, & Krishen, 2018). By forming alliances with brands in different segments of the hospitality industry, and even in non-related industries, hotels have looked to add value to the reward programs and add relevant reward options for members seeking to increase the attitudinal and behavioral loyalty of their reward program members.

A deep understanding related to what the reward members consider to be of value is critical to the success of these partnerships. The industries that hotels have formed alliances with include credit card companies, car rental companies, and airlines. The creativity and uniqueness of these external partnerships have no limitations if the consumer perceives value in the external offerings (Yoo et al., 2018). For example, Marriott International's Bonvoy reward program has formed a partnership with Uber taking advantage of complementary products that will each have a strong likelihood of adding value to the customer's overall experience.

Utilitarian, Hedonic, and Symbolic Value

When reviewing the literature regarding the types of rewards that may be offered, there are two schools of thought that emerge. Although the vernacular is different, the meanings and findings remain consistent. In the first school, researchers speak in terms of two types of rewards - extrinsic rewards and intrinsic rewards (Desi , 1972; Lee et al, 2015; Noble, Esmark, & Noble, 2014;) while researchers in the other school engage in a three-step approach reviewing utilitarian, hedonic and symbolic measures (Mimouni-Chaabane & Volle, 2010; Meyer-Waarden, Benavent, & Casteran, 2013; Xie & Chen, 2014; Ryu, Han, and Jang, 2010; Evanschitzky et al., 2012). The two schools both start similarly with the three-stage approach using the terms tangible and intangible in the place of extrinsic and intrinsic, respectively. However, the second school then further breaks the intangible rewards into hedonic and symbolic. Regardless of the school of thought, extrinsic and tangible rewards are both viewed as economic rewards, while intrinsic and intangible rewards are both viewed as social rewards. The primary difference is that the social rewards are further broken down into hedonic and symbolic

rewards while utilitarian rewards stand alone. Table 1 provides an overview of the ways that the verbiage may be interchanged.

Table 1: Comparison of Terminology

2 types	2 types	Primary indicators	3 types	3 types	Primary Indicators
Extrinsic	Economic	Monetary Rewards	Tangible/ Economic	Utilitarian	Discounts/Points
Intrinsic	Social	Preferential treatment such as special lounges or parties	Intangible/ Social	Hedonic Symbolic	Experiences Status/Recognition

The researcher will present findings from the two-step approach of extrinsic and intrinsic before focusing on the three-step approach of utilitarian, hedonic and symbolic reward offerings. There will be a brief definition and overview of each, followed by a deeper look into the individual economic components of utilitarian. Next, since the social components of hedonic and symbolic are so tightly woven together, they will be reviewed in tandem. Finally, the results of several case studies that shows the relationships between the three types will be presented.

Customer perception of the benefits and rewards is a key component to the success of the reward program (Lee et al., 2015). In the first school of thought, rewards can be seen as either extrinsic (economic) or intrinsic (social). Extrinsic is defined as “monetary rewards in return for desired behavior” (Lee et al., 2015, p. 21). Extrinsic rewards are most commonly referring to rewards such as cash, discounts, or points that can be exchanged for something of value (Deci, 1972). Lee et al. (2015) conducted a scenario-based study with respondents who were members of a hotel reward program. The purpose of the study was to determine the customer’s perception

of economic and social rewards and to understand whether reward type impacted the customer-to-firm relationship. Social rewards were found to build stronger relationships than economic rewards. Economic rewards are usually accumulated over time based on frequency of stay and can be redeemed for a percentage or dollar amount discounts and complimentary rooms (Lee et al., 2015). In these programs, restrictions on when and how these rewards can be redeemed can have a negative effect on customers' value perception (Noble et al, 2014). If this is the case, it may be beneficial for the hotel to highlight social rewards.

Intrinsic (social) can be defined as “preferential treatment (in the form of exclusive access to a particular service), personalized recognition from the staff, friendship with service staff, and special services” (Lee et al., 2015, p.21). Social rewards are intangible awards of recognition, a sense of achievement, or a conscious satisfaction. Social rewards could take the form of access to special lounges or dining areas, attendance at exclusive events, spa services, or the like that create memorable experiences. Providing members with special incentives creates psychological value and emotional attachment to the program (Xie & Chen, 2014). It was further suggested that long-term relationships with customers could be fostered through offering social and economic rewards (Lee et al., 2015).

In the second school of thought, reward program members experience what has been classified as three types of benefits from the program. These types satisfy desires for the economic aspects of utilitarian benefits, the experience of hedonic rewards, and the sense of status of symbolic rewards. According to the study by Yoo et al. (2018), the traditional benefits offered by hotel reward programs need to be updated with new and innovating rewards beyond those that are expected.

The first type in this school of thought is Utilitarian. Utilitarian is defined as “Goal oriented consumption that is mainly driven by the desire to fill a basic need or to accomplish a functional task (ie. laundry detergent to wash clothes)” (Ryu et al., 2010, p. 417). Utilitarian benefits are derived from financial incentives such as discounts and convenience that reduces the effort of choice (Terblanche, 2015). These benefits reduce the economic costs and narrow choices to save time and effort. This type of economic reward may also be referred to as tangible or extrinsic. According to Lee et al. (2015), utilitarian rewards are readily imitated by competitors therefore, they should be used as a defensive strategy. Utilitarian rewards were found to be a stronger predictor of program loyalty than hedonic or symbolic rewards. The result is that customers may find themselves more loyal to the program than to the actual company. (Lee et al., 2015).

One of the most common uses of utilitarian rewards, in the hotel industry, is the implementation of a ‘points’ programs in which points are allocated to customers based on frequency of purchase or amount spent. These points can be redeemed for upgrades or free items such as: a night stay in a hotel, room upgrades, free flights, and other amenities such as free internet. (Kumar & Shah, 2004). The rewards vary by organization and industry. Most of the programs are linked to frequency of use and amount spend, but not on profitability (Kumar & Shah, 2004).

Most hotel reward programs utilize a tiered reward structure. Tiered reward programs are intended to encourage repeat patronage by offering more desirable benefits and privileges. Higher tiers are reached through increased stays and dollars spent (Tanford, 2013). Segmenting customers in tiers by previous purchasing behavior allows companies to differentiate rewards by

different levels (McCall & Voorhees, 2010). Tier structured programs may also reduce costs of maintaining and administering the reward program (McCall & Voorhees, 2010).

Whereas utilitarian benefits are often economically based, hedonic benefits are non-monetary or intangible (Mimouni-Chaabane & Volle, 2010). Hedonic has been defined as “pleasure-oriented consumption that is primarily motivated by the desire for sensual pleasure, fantasy, and fun (Ryu et al., 2010, p. 417).” Hedonic benefits consist of exploration (trying new products and services offered by the company) and entertainment (the enjoyment of attaining and redeeming rewards) (Mimouni-Chaabane & Volle, 2010). Symbolic benefits are defined as benefits that refer to the identification-related aspects of consumption, understood as a form of expression (Keller, 1993). To obtain recognition from the company in the form of an elite status or privileges and the sense of belonging to social groups are examples of symbolic benefits. The higher tier earned within the program - the greater the symbolic benefit. Identification with a certain status can lead to greater commitment to both the program and the company. Special incentives such as spa treatments may create a psychological bond with members (Xie & Chen, 2014). Company loyalty is driven more by symbolic rewards, which increases internal enjoyment and may develop into an emotional attachment to the company (Evanschitzky et al., 2012).

Both of these types of social rewards (hedonic and symbolic) may also be referred to as intangible or intrinsic. While economic rewards have a stronger impact on program loyalty, hedonic and symbolic rewards have a stronger impact on company loyalty. In contrast to the previously mentioned notion that utilitarian rewards should be used as a defensive strategy, hedonic and symbolic rewards should be used as an offensive strategy to foster relationships with customers (Lee et al., 2015) These intangible benefits are more difficult for competing

companies to duplicate so differentiation through intangible rewards is necessary in competitive markets. Proper segmentation of customers is necessary to personalize rewards to each segment (Meyer-Waarden et al., 2013).

Case Study Comparisons

In fast-casual restaurants, Ryu, Han, and Jang (2010) examined hedonic and utilitarian values along with the associated customer satisfaction and behavioral intentions. Although this study included student respondents, it was determined that it was an appropriate sample for a fast-casual restaurant study. The findings indicate that hedonic and utilitarian values significantly impacted customer satisfaction and behavioral intentions.

A study conducted by Nobel et al. (2014) used a scenario-based survey in a coffee shop to determine whether accumulated or instant rewards and social or economic value impacted commitment to the company offering the program. The findings indicate that economic value decreased consumer commitment while social value increased commitment. The authors suggest companies need to understand which reward program rewards are perceived to have the most value to maximize commitment.

The findings of Terblanche (2015) suggest that perceived utilitarian, hedonic, and symbolic value of rewards may be industry specific. The 2015 study was conducted within the airline industry where utilitarian benefits were labeled convenience benefits. These utilitarian benefits include financial benefits which may reduce a member's complications of selecting between alternative options. It was further suggested that hedonic benefits significance is in the customers' quest for exploration and entertainment benefits that lead to experiences that the

customer would not have experienced otherwise. With regards to symbolic benefits, the study found that reward program members identify as privileged customers and are awarded privileges that non-members are not (Terblanche, 2015).

A case study in Finland by Pesonen et al. (2019) supported prior research by Tanford, Raab, and Kim (2013) positing that reward program benefits are not a significant factor in purchase decisions for frequent business or leisure travelers. However, the intangible and symbolic benefits of late checkouts and room upgrades were found significant for both segments of travelers. Additionally, it was reported that tangible benefits were more effective for leisure travelers. Business travelers indicated a preference for symbolic benefits such as being recognized by hotel staff. Pesonen et al. (2019) study support the findings of Mattila (2006) and Tanford (2013) that symbolic benefits contribute to commitment and attitudinal loyalty towards the company. Empirical findings indicated that social rewards have a stronger association with company loyalty while economic rewards have a strong association with program loyalty (Evanschitzky et al., 2012; Lee et al., 2015).

Developing a reward program that customizes utilitarian, hedonic, and symbolic rewards motivate customers to develop an emotional attachment to a company. McCall and Voorhees (2010) indicated that to improve the effectiveness of a program, it is important to increase the customer fit to the program by providing rewards personalized to the individual's needs and preferences. Rewards should reflect the value of the active loyalty member by offering value that cannot be imitated by other brands (Xiong et al., 2014). Differentiating the attributes of perceived value leads to stronger attitudinal loyalty (Kumar & Shah, 2004). It was further suggested that reward programs should not be looked at as a financial burden but viewed as a

profit center as long as the program is designed and maintained in a manner that provides value to the hotel and the customer. Understanding how each type of value motivates customers can allow organizations to structure effective reward programs.

The benefits that a program provides serve as the primary motivator for customers to participate in a reward program. Program benefits, also referred to as the “what’s in it for me” mentality, refer to the perceived value that a customer can attribute to their participation in the program (Holbrook, 1996; Mimouni-Chaabane & Volle, 2010). The reward must justify the investment for a customer to consider the reward program valuable (Omar, Wel, Musa, & Nazri, 2010).

Program Satisfaction

Satisfaction is a measure of how a customer’s expectations are met (Oliver, 1996) while *program* satisfaction is defined as a program member’s affective state resulting from the cumulative evaluation of experience gained from the loyalty program. Becker, Greve, and Albers (2009) posit that it is essential for the customer to be enticed by the program’s attributes first, yet few studies have analyzed the attributes that lead to program satisfaction.

Mimouni-Chaabane and Volle (2010), Yi and Jeon (2003) and Omar et al. (2010) found that members who received valuable benefits are predisposed to being satisfied with the program exhibiting behaviors that enhance the relationship and loyalty to the program. Customers who are satisfied with the program, in turn, become more loyal to the program (Omar & Nazri, 2011). The results of past research support the notion that as program satisfaction increases, the members become more loyal and less price sensitive (Demoulin & Zidda, 2008; Hu et al., 2010;

Omar et al., 2010; Vesel & Zabkar, 2009). A 2015 study by Omar, Ramly, Alam, and Nazri showed a positive correlation between program satisfaction and program loyalty. Offering high quality and desirable benefits can lead to program satisfaction which, in turn, can lead to program loyalty (Omar et al., 2010).

Program Loyalty

Building loyalty begins with an obligation to deliver excellence at all times, permeating the company, by showing an alignment of similar goals from upper management to the employees on the front line (Crotts, Dickson, & Ford, 2015). This excellence must be part of the culture of that organization. Reward programs have been designed by lodging companies on the pretext of building customer loyalty (Tanford, 2013). However, the current study puts forth the discussion that these reward programs may be building loyalty to the program itself and not to the company. Program loyalty has been found to be centered on economic reward while company loyalty has been shown to be predominantly driven by emotional attachment to the company (Evanschitzky et al., 2012; Lee et al., 2015).

To clearly understand the program loyalty construct in this research, it is essential to understand customer loyalty, brand loyalty, and program loyalty (Evanschitzky et al., 2012). Customer loyalty and brand loyalty are being discussed to differentiate them from program loyalty.

Customer loyalty has been defined as:

“a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1999, p.34).

Brand loyalty has been defined as a biased behavioral response that is formed from a psychological process (So, King, Sparks, & Wang, 2016). Since customers may be members of several reward programs within the same industry, some customers may appear to be loyal to more than one brand (Mägi, 2003). This has led researchers to differentiate program loyalty from brand loyalty while conceptualizing customer loyalty (Hu et al., 2010; Omar & Nazri, 2011; Yi & Jeon, 2003). Program loyalty can be conceived as the desire to maintain a relationship based on the benefits received, whereas brand loyalty is expressed through repeat purchases and high positive attitudes (Omar et al., 2010).

Program loyalty has been “conceptualized as a positive attitude or emotional attachment toward the benefits or rewards of a reward program” (Lee et al., 2015, p. 19). A customer’s program loyalty can be defined as either behavioral or attitudinal or a combination of the two (Noone et al., 2003; Tanford & Malek, 2015). Behavioral loyalty has been defined as the easy availability of a product or service and a purchase process that is as simple and enjoyable as possible (Leingpibul, Thomas, Broyles, & Ross, 2009). The behavioral aspect includes the intentions to repurchase brand (Bowen & Chen, 2001). Attitudinal loyalty has been defined as the measurement of emotional and psychological connection to the product, service, or brand (Bowen & Chen, 2001).

Loyalty enhances the bond between the brand and its consumers (Leingpibul et al., 2009). The measurement of customer loyalty is often based upon repurchase intentions and word-of-mouth advertising (Skogland & Siguaw, 2004). Although brand loyalty has a stronger impact on word of mouth and price insensitivity, program loyalty drives a larger share of wallet and higher purchases because it is more directly linked to customers (So, Danaher, & Gupta, 2015). Even

though reward program members may generate a higher percentage of sales than non-members, this does not indicate that reward programs are meeting the company reward program goals (Leenheer et al., 2007). Thus, the loyalty may not be a direct result of the reward program.

Whether reward programs are in the form of membership cards or rewards programs, these programs have been identified as having a direct impact on customer loyalty (Hu et al., 2010; Tanford et al., 2013). Other studies have introduced determinants that have an impact on customer loyalty as cited in Kandampully, Zhang, and Bilgihan (2015) including customer perceived value, customer and employee engagement, brand image, trust, brand experience, and relational benefits. It is imperative to note that program loyalty may lower the customer's willingness to pay more for products and services (So et al., 2015). Sensitivity to price created by the rewards program could work against such immediate goals of increased profitability.

As suggested by the research of Tanford et al. (2013), there is a difference in loyalty attributes between guests at full-service hotels and guests at limited-service hotels. It was found that emotional commitment was key to prevent switching to another brand with full-service guests. It is suggested that in full-service hotels, management focuses on personalization of services and customer experience to maintain a relationship with the customer. In the same study, value was found to be the most important factor for commitment to the brand. This suggests that to create stronger loyalty and commitment, multi-brand companies may need to vary reward programs by hotel segment type (Tanford et al., 2013).

Experiential, financial, and relational constructs were determined to be indirect antecedents that are related to five direct antecedents (emotional commitment, trust, satisfaction, service quality, and switching costs) of customer loyalty (Tanford, 2016). Loyalty phases include

cognitive, affective, conative, and loyalty intentions (Oliver, 1999). As shown in Tanford's (2016) conceptual framework, three loyalty outcomes identified included: attitudinal loyalty, behavioral intention, and behavior. The findings suggest that all direct antecedents are positively related to loyalty.

Switching Costs

Switching costs have been defined as “the perceived economic and psychological costs associated with changing from one alternative to another” (Jones, Motherbaugh, & Beaty, 2002, p. 441). In addition to the economic and psychological costs, there are other switching barriers that are related to relational (breaking emotional attachments), and lack of alternatives. In this study, it was determined that the focus would be on the economic and psychological costs of the switching costs and how those costs impact the relationship between program satisfaction and program loyalty.

If customers are offered better economic rewards by a competitor, they are likely to switch hotels to take advantage of the better offer (Lee et al., 2015). Since there are low switching costs associated with the hospitality industry, investment in loyalty management is especially important (Kumar & Shah, 2004). Switching costs may be more effective than the perceived value of the reward program in developing program loyalty (Xie et al., 2015). The intent for a customer to defect from a company is affected by commitment and switching costs (Tanford et al., 2013). Building customer loyalty is important but determining why customers leave also needs to be determined. Although a customer may perceive themselves as loyal,

considerations made in the purchasing process (hotel location, rating, convenience, and amenities) may be cause for the customer to purchase from another brand (Tanford et al., 2013).

To prevent customers from patronizing other hotel brands, switching costs should be high (Tanford et al., 2013). What is the difference between positive (reasons why customers want to stay in the program) and negative switching costs (reasons why customers have to stay in the program)? Take into consideration that customers may feel trapped which may cause repeat purchase behaviors without cultivating long-term relationships or true loyalty. When switching costs decrease, those that feel they have been trapped without choice may defect quickly (Xie et al., 2015). Switching costs may be a driver of active customer loyalty and may be used to entice engagement with the reward program (Xie & Chen, 2014). With the abundance of hotel reward programs, customers may be taking the benefits of these programs for granted (Xie et al., 2015). If an emotional bond is not created, the reward program members may defect to another company (Berezan et al., 2015). Price has a major impact on the purchasing decision process, whereas loyalty membership has an impact during the actual purchase (Tanford et al., 2013). Price plays a key role in customer defection. Instead of spending more on efforts to improve the reward program, companies may want to use a defensive tactic and increase the cost of switching brands to increase customer retention (Xie et al., 2015). However, high switching costs may also incite anger and frustration from the customer. To prevent the loss of loyal customers that the company has used resources to obtain, it is necessary for management to understand why loyal customers defect (Tanford et al., 2013).

A Synthesis of the Literature and an Introduction of the Theoretical Framework

Past studies have shown the various types of value related to the program are important to the overall perceived value of the program. Though these have been studied often, they have not been holistically measured together. They have also not been studied from the perspective of the preferred program. In this study, the measurements of total perceived value are measured to see their impact on program satisfaction and program loyalty.

The importance of preferences of favored reward program to members is important information that has been partially studied in the literature including the work of Evanschitzky et al. (2012), Xie et al. (2015), and Yi and Jeon (2003). This leaves room for a holistic preferred rewards program study. This study will aim to identify the perceived value of the rewards, the overall program satisfaction, program loyalty, and the impact of switching costs on the relationship between program satisfaction and program loyalty. Though Pesonen et al.'s (2019) study suggested a hotel chain that currently does not have a reward program consider intangible and symbolic benefits as attributes that would appeal to the hotel's customers, their study did not consider program satisfaction, switching costs, or program loyalty.

Theoretical Framework & Hypotheses Development

The aim of this study is to determine which attributes of reward programs have a positive impact on the perceived value of the program. In addition, the study will provide an updated assessment of the relationship between program satisfaction and program loyalty. The secondary purpose of the study is to evaluate whether switching costs play a moderating role on the

relationship between the program satisfaction and program loyalty. The study will address the following research questions:

- a) How does perceived value influence program satisfaction for participants in hotel reward programs?
- b) How does program satisfaction impact program loyalty for participants in hotel reward programs?
- c) How do switching cost influence the relationship between program satisfaction and program loyalty for participants in hotel reward programs?

To answer these research questions, the following hypotheses and conceptual model (Figure 1) were developed based upon The Social Exchange Theory, The Relationship Marketing Theory, and the review of the literature. This study proposes the following conceptual model.

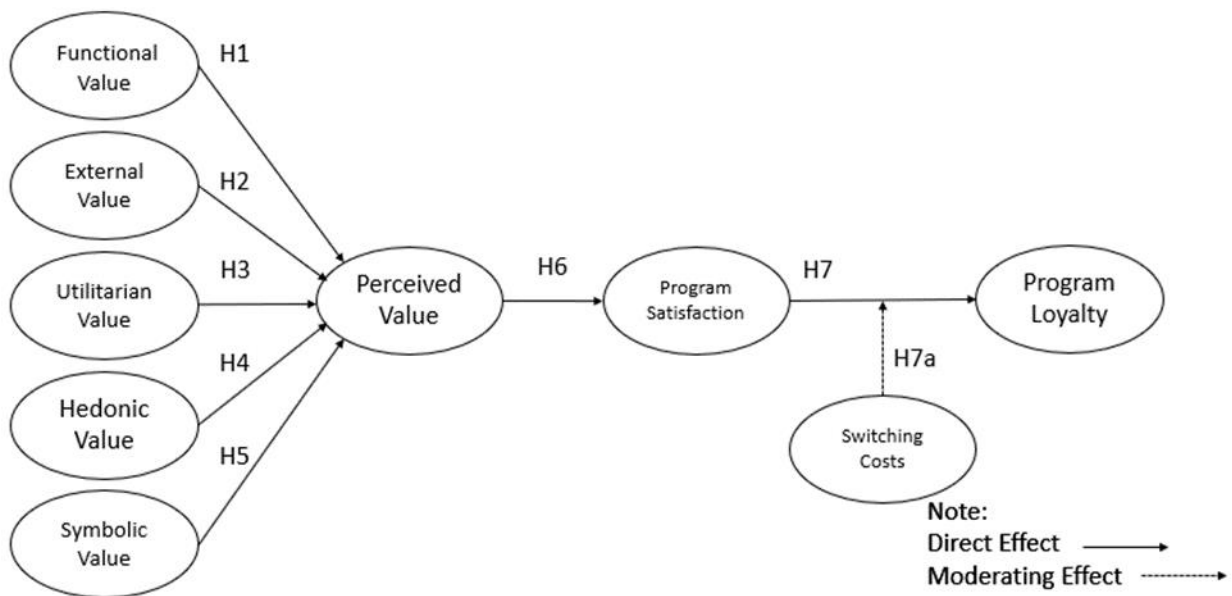


Figure 1: Conceptual Model

Hypotheses

Perceived value has been referred to by Zeithaml (1988) as the customer's assessment of what is given and what is received. In this study, it is measured as a formative second-order construct by five attributes (functional value, external value, utilitarian value, hedonic value, and symbolic value). The use of multiple dimensions of perceived value is necessary as customer value perceptions cannot be measured adequately with a unidimensional approach. Each will be presented briefly in the next paragraphs.

Functional Value (usability) relates to the ease and flexibility of the program (Dowling & Uncles, 1997). The areas of greatest focus are the ability of reward program members to understand how the program works, the process of earning rewards and redeeming rewards, and the absence of blackout dates for the redemption of awards earned (Xie & Chen, 2014). Functional value has been determined as a critical factor in the decision of customers (Dowling & Uncles, 1997). Based upon the literature review and the discussion above, this study therefore proposes:

H1: Functional value of the reward program is positively related to the perceived value of the reward program.

The External Value is the inclusion of partnerships with outside companies where points can be accumulated and redeemed (Kim, Kim, & Leong, 2003). The partnerships range from credit cards to airlines to rental cars. In the case of Hilton Honors, it is reported on their website that 75 companies partner with the hotel's reward program. These partnerships allow members to redeem points for free night stays, products from Amazon.com, Live Nation Concerts, and VIP events. With the abundance of opportunities to redeem rewards, the current study will measure

whether the external value received contributes significantly to the reward program. Based upon the literature review and the discussion above, this study therefore proposes:

H2: External value of the reward program is positively related to the perceived value of the reward program.

Utilitarian is defined as “Goal oriented consumption that is mainly driven by the desire to fill a basic need or to accomplish a functional task (i.e., laundry detergent to wash clothes)” (Ryu et al., 2010, p. 417). Utilitarian benefits are derived from financial incentives such as discounts and convenience that reduces the effort of choice (Terblanche, 2015). These benefits reduce the economic costs and narrow choices to save time and effort. Based upon the literature review and the discussion above, this study therefore proposes:

H3: Utilitarian value of the reward program is positively related to the perceived value of the reward program.

Whereas utilitarian benefits are often economically based, hedonic benefits are non-monetary or intangible (Mimouni-Chaabane & Volle, 2010). Hedonic has been defined as “pleasure-oriented consumption that is primarily motivated by the desire for sensual pleasure, fantasy, and fun (Ryu et al., 2010, p. 417).” Hedonic benefits consist of exploration (trying new products and services offered by the company) and entertainment (the enjoyment of attaining and redeeming rewards) (Mimouni-Chaabane & Volle, 2010). Based upon the literature review and the discussion above, this study therefore proposes:

H4: Hedonic value of the reward program is positively related to the perceived value of the reward program.

Symbolic benefits are defined as benefits that refer to the identification-related aspects of consumption, understood as a form of expression (Keller, 1993). To obtain recognition from the company in the form of an elite status or privileges and the sense of belonging to social groups are examples of symbolic benefits. Based upon the literature review and the discussion above, this study therefore proposes:

H5: Symbolic value of the reward program is positively related to the perceived value of the reward program.

Perceived Value and Program Satisfaction

Previous studies have suggested that program perceived value is a driver of program satisfaction (Omar et al., 2010). It is important for customers to believe there is value in a long-term relationship with the program along with the ability to earn rewards that are valuable to them. The literature reflects that program satisfaction has been found to be a cumulative evaluation of the program and the value derived from the program. Hence, the following hypothesis is proposed:

H6: Perceived value is positively related to program satisfaction.

Program Satisfaction and Program Loyalty

In previous studies, program satisfaction has been found to be an antecedent to program loyalty with program loyalty being operationalized using a combination of attitudinal and behavioral loyalty measures. Based on the past literature, this researcher posits that satisfaction with the program leads to program loyalty. Hence, the following hypothesis is proposed:

H7: Program satisfaction is positively related to program loyalty.

The Moderating effects of Switching Costs

Switching costs may be a driver of active customer loyalty and may be used to entice engagement with the reward program (Xie & Chen, 2014). With the abundance of hotel reward programs, there is not a switching barrier related to the lack of alternatives. In this study, switching costs are operationalized to determine whether perceived economic and psychological switching costs moderate the relationship between program satisfaction and program loyalty (Baron & Kenny, 1986). The moderating effect determines switching costs strengthen or weakens the relationship between program satisfaction and program loyalty. Based upon the literature review and this discussion, this study proposes:

H7a: Switching costs have a moderating impact between program satisfaction and program loyalty.

Summary

The literature review chapter has summarized the antecedents of program loyalty. Although considerable research has been done in the area of customer loyalty, there is a lack of studies completed on the predictors of program loyalty. Therefore, this study will attempt to identify those program attributes that have the greatest impact on program loyalty. Secondly, the study will evaluate whether the switching costs associated with the program has a moderating effect on the relationship between program satisfaction and program loyalty. The next chapter of the study will discuss the population and sample for the study, the survey instrument and development, data collection, and the data analysis method to be used.

CHAPTER THREE: METHODOLOGY

Introduction

This chapter presents the research design of the study and the methods that were used to collect and analyze the data. The chapter begins by presenting the sampling frame for the study. Next the development of the survey instrument and the sampling technique are discussed. The chapter concludes with the description of the data collection procedure, pilot test, and the data analysis techniques that were used to test the hypotheses.

Sampling Frame

The study was a quantitative study that utilized online surveys for the purpose of collecting data. The target population for this study was active hotel reward program members. The study population includes respondents that are a member of a hotel reward program, have stayed in a hotel in the last 24 months, and are at least 18 years of age. The parameter for the stay in a hotel was expanded from 12 months to 24 months due to the COVID-19 pandemic.

The data for this study was collected via a self-administered online questionnaire. Convenience sampling, a non-probability sampling technique, was used to gather the data. Screening questions were included in the survey. The respondents self-reported that they met the population parameters. The sample was obtained through Amazon Mechanical Turk (MTurk). All MTurk workers are above the age of 18. A study by Mason and Suri (2012) found that MTurk allows access to a diverse group of respondents, who are willing to take part in research studies, at a low cost. It has also been found that data collected from MTurk participants is reliable and consistent with traditional data collection (Goodman, Cryder, & Cheema, 2013). The

use of an online survey has the advantages of greater access to diverse participants, lower costs, and the ability to collect information faster (Fraenkel, Wallen, & Hyun, 2011). Online surveys have also been found to reduce interviewer and social desirability bias (Zikmund, Babin, Carr, & Griffin, 2010).

Sample Size

The data collection took place in May 2022 with a sample size of 1,000. The rule of thumb for sample sizes when using PLS-SEM suggest that the sample should be 10 times the highest number of structural paths that are directed toward a construct. In this study, the highest number of structural paths directed towards a construct is 5. Therefore, using this rule, the sample size requirement would be 50 respondents. Since data was collected from 1,000 respondents, the minimum sample size was met and exceeded (Hair, Black, Babin & Anderson, 2010). The PLS-SEM estimations are more precise with larger sample sizes.

The study sample included active members of a hotel reward program as the objective was to identify the antecedents that lead to program satisfaction and program loyalty. If the respondent was a member of more than one hotel reward program, they were asked to answer the survey questions based on their preferred hotel reward program. Participants received a \$1.00 incentive upon completion and approval of the completed survey. All data collected was anonymous and confidential with no identifying markers for participants. Approval from the Institutional Review Board (IRB) at the University of Central Florida has been obtained for data collection (Appendix A). All procedures followed the IRB guidelines for human subject research.

Pilot Study

A pilot study was conducted with the survey instrument to collect data from similar respondents as those to be used in the study. The purpose of the pilot study was to determine face validity and if the procedural design of the study worked as intended. It allowed the researcher to evaluate the survey instructions and survey questions to ensure they are clear and concise (Zikmund et al., 2010). For the pilot study, the survey was sent to a total of 100 respondents in MTurk. The data collected from the pilot study was used to assess the scales for validity and reliability. Upon evaluation of the results, appropriate adjustments were made to the survey instrument prior to the final distribution of the survey for the main study. The results from the pilot study also allowed the researcher to refine any confusing language or questions for the reduction of errors in the main study (Zikmund et al., 2010).

Survey Instrument Development

The survey was operationalized with the variables based upon previous research that was identified in the literature review. The questionnaire was composed of three sections including a screening data section, an experience section that presents the items for the study variables, and a demographic section. The average response time was measured to make sure it kept within a range that does not lead to survey fatigue. The survey was hosted on Qualtrics and distributed through MTurk.

The first section consisted of screening data and general information such as accommodation preference, reason for travel, average amount paid per night, and preferred hotel reward program. The second section required responses based on their prior experience with

their preferred hotel reward program. All questions in the second section were measured on a 7-point Likert scale anchored by 1 (strongly disagree) to 7 (strongly agree). The final section included demographic questions including age, gender, sexual orientation, education level, marital status, and employment status.

The survey was accompanied by a cover letter that was distributed to the respondents prior to completion. The cover letter informed the respondents about the study and guided each through the completion of the survey. In addition, the cover letter informed the respondents that their participation in the study was voluntary, and identities would be anonymous. Contact information for the researcher was also included in the cover letter in the event the respondents had any questions, which complies with the policy of the university's Institutional Review Board.

The scales used to measure the constructs were adapted from previous studies and established measurement scales. The survey instrument is presented in Appendix B. In the following sections, a discussion of the source of where the previously used measures were obtained along with the adaptations that have been made for this proposed survey instrument is presented.

Functional Value

The functional value measures were adapted from Xie and Chen (2014). The functional value factor in the original study consisted of eight measures. The Cronbach's alpha for the measurement scale was 0.88. The original study measured these scale items with a range of 1 = low to 5 = high. In this study, these items were measured on a 7-point Likert scale with 1 =

strongly disagree to 7 = strongly agree. The study by Xie and Chen (2014) examined the relationship between perceived program value and active loyalty of hotel reward programs.

FV1: It is easy to achieve award redemption

FV2: There are reasonable rewards for what I spend

FV3: It is easy to understand the reward program

FV4: There is no processing fee for reward transfer

FV5: The point I have accumulated never expire

FV6: There are many reward redemption possibilities

FV7: There are no blackout dates to redeem free nights

FV8: There are many reward options

External Value

The external value measures were adapted from Xie and Chen (2014). The external value factor in the original study consisted of three measures. The Cronbach's alpha for the measurement was 0.81. The original study measured these scale items with a range of 1 = low to 5 = high. In this study, these items were measured on a 7-point Likert scale with 1 = strongly disagree to 7 = strongly agree. The study by Xie and Chen (2014) examined the relationship between perceived program value and active loyalty of hotel reward programs.

EV1: Partnerships with credit card companies is important to me

EV2: I have the ability to combine hotel points and airline miles

EV3: I have the ability to transfer points to someone I know

Utilitarian Value

The utilitarian perceived value dimension was adapted from Lee et al. (2015) and refers to the types of physical rewards that a participant may receive such as monetary savings or discounts as a member of a hotel reward program. The utilitarian value factor in the original study consisted of three measures. The Cronbach's alpha for the measurement scale was 0.94. The objective of the study was to determine how social and economic rewards impact program loyalty for program members. The respondents were members of a hotel reward program and data was collected through an online scenario-based survey on Amazon's MTurk. The questions were used to evaluate this dimension by altering their 5-point Likert scale to a 7-point scale with 1 = strongly disagree to 7 = strongly agree.

UV1: I get financial incentives

UV2: I get a discount or a special deal on hotel products/services

UV3: I save money compared to people who do not join the hotel reward program

Hedonic Value

The hedonic perceived value dimension was adapted from So et al. (2015) and refers to the types of pleasure or happiness that a participant may experience by using the reward program. The utilitarian value factor in the original study consisted of 11 measures. The Cronbach's alpha for the measurement scale was 0.97. The study was conducted using respondents that were reward program members at an Australian department store and cosmetics retailer. Although this study is outside of the hospitality industry, it has been determined that the

measurement items are appropriate for this study. Questions were used to evaluate this dimension using the same 7-point Likert scale as utilized by So et al. (2015).

HV1: I get excited about the rewards

HV2: I am excited to use the program

HV3: I am enthusiastic about collecting points

HV4: The program is appealing to me

HV5: Collecting points from the program is entertaining

HV6: Redeeming points is enjoyable

HV7: I feel good when I redeem points for rewards

HV8: I enjoy using the program

HV9: I feel rewarded by the program

HV10: I am delighted by the rewards I receive

HV11: I am happy when I receive rewards for my purchases

Symbolic Value

The symbolic dimension was adapted from Tanford (2013) and refers to the emotional rewards that are associated with belonging to the reward program. The symbolic value factor in the original study consisted of 4 measures. The Cronbach's alpha for the measurement scale was 0.90. The original study sampled 800 hotel reward program members on the impact of tier level on loyalty, both attitudinal and behavioral. The questions that evaluate symbolic rewards were altered by changing the "preferred brand (PB)" terms to "reward program." Tanford (2013) used the same 7-point Likert scale as was used throughout this study.

SV1: My relationship with the reward program has a great deal of personal meaning to me

SV2: I feel emotionally attached to the reward program

SV3: I have a sense of belonging to the reward program

SV4: I feel like a part of a family as a member of the reward program

Program Satisfaction

The program satisfaction construct was measured with four items adapted from Koo, Yu and Han (2020). The measures had a Cronbach's alpha of 0.92 and were measured on a 7-point Likert scale. The study investigated perceived of a reward program, functional value, psychological value, external value, satisfaction with the reward program, affective commitment, lack of attractive alternatives, switching costs, and customer brand loyalty. The program satisfaction measures were adapted for this study by removing the name of the loyalty program.

PS1: I am fully satisfied with the reward program

PS2: The reward program fulfills my expectations

PS3: My experiences with the reward program are excellent

PS4: My reward program has never disappointed me so far

Program Loyalty

Program loyalty will be measured using seven questions. The questions combine the dimensions of attitudinal loyalty and behavioral loyalty. The first three questions are adapted from So et al. (2015) with a Cronbach's alpha of .87. This study was conducted in Australia using hotel and airlines as the sample brand categories to determine the link between customer

engagement and key brand loyalty development factors. The remaining four questions are adapted from Mattila (2006). These measures had a Cronbach's alpha of .93. In a study of travelers waiting for flights, a self-administered survey was administered to determine the effects of affective commitment and calculative commitment on behavioral loyalty. Each of the questions were modified by substituting hotel "reward program" for hotel "brand." Both of the previous studies used a 7-point Likert scale which coincides with the study being set forth.

PL1: I say positive things about the hotel reward program to others

PL2: I would recommend the reward program to others

PL3: I encourage friends and relatives to join my preferred hotel reward program

PL4: I consider the preferred reward program when making travel plans

PL5: I like the program more than other hotel reward programs

PL6: I have a strong preference for this reward program

PL7: I will use the reward program in the next 12 months

Switching Costs

Switching costs were measured with statements adapted from Xie et al. (2015) with a Cronbach's alpha of .89. Switching costs have been modified from the original by removing the word 'new' in the original statements and will be measured with five items (Xie et al., 2015). In this study, the authors examined the relationships among perceived program value, switching costs, and active loyalty from domestic travelers. The original items were measured using a 5-point Likert scale where 1 = Low and 5 = High. For the current study, once again, the items were measured using a 7-point Likert scale with 1 = strongly disagree and 7 = strongly agree.

SC1: If I switch to another reward program, I could not use the services and benefits of my current reward program, such as complimentary room upgrade, free access to the club lounge, and a redemption stay

SC2: Switching to another reward program will increase monetary costs, such as paying a higher price for room and food

SC3: For me, the cost in time and effort to switch to another reward program are high

SC4: In general, it would be inconvenient and a hassle to switch to another reward program

Data Analysis

Data was analyzed using descriptive statistics for demographics and reward program memberships. The suggested procedures by Churchill (1979) were followed to purify data, assess reliability, and validity. The data screening and data preparation were done using SPSS 28.0 with the analyses for Confirmatory factor analysis (CFA), Structural Equation Modeling (SEM), and moderation using Smart PLS 3.3 (Ringle, Wende, Sven & Becker, 2015). The data was cleaned by examining the distribution of data (Hair et al., 2010).

Confirmatory factor analysis tested how well the constructs are represented by the measured variables. For CFA there are five elements: latent constructs, measured variables, loadings on each construct, relationships among constructs, and error terms for every indicator (Hair et al., 2010). For construct validity, the factor loading should be greater than 0.5 with 0.7 being desired. Convergent validity adequacy is suggested with an AVE greater than or equal to 0.5. Evidence of discriminant validity can be indicated if AVE estimates for two factors greater

than the square of the correlation between the two. Internal consistency is indicated when the construct reliability is 0.7 or higher. Content validity was determined both qualitatively by experts' opinions and quantitatively with uni-dimensionality (Hair et al., 2010). All latent constructs were measured using at least three measured variables. All measured variables were assessed to confirm that no cross loading onto more than one construct occurred.

Partial least squares structural equation modeling (PLS-SEM) was used to determine the relationships between the exogenous constructs and the endogenous constructs. PLS-SEM was chosen for the statistical analysis as it offers a greater robustness and statistical power than covariance-based SEM (Hair, Hult, Ringle, & Sarstedt, 2016). The use of PLS-SEM allows for the assessment of a series of dependent relationships at the same time and provides the significance of each dependent variable (Hair et al., 2016).

The preliminary considerations for PLS-SEM are distributional assumptions, sample size, statistical power, and goodness-of-fit. When the distribution is non-normal, PLS-SEM is more robust when there is a small n in comparison to CB-SEM. Sample size can use the rules established by Cohen (1992) in the multiple regression statistical power analysis with outer loadings greater than 0.7. For example, the minimal sample size needed for a significance level of 0.05, a minimum R^2 of 0.25, and a statistical power of .80 with four independent variables would be 41. The sample size for this study met and exceeded that recommendation. Model fit measures for PLS-SEM are evaluated using the root mean square residual covariance with a threshold of 0.12. Values less than the threshold indicate a good model fit (Hair, Sarstedt, Ringle, & Gudergan, 2017).

The latent variables of the model (unobservable constructs) can be measured by using PLS-SEM. Relationships between constructs are represented by single-headed arrows representing the direction of the relationship. A formative measurement exists when the arrows point from the indicators to the construct where the indicators form the concepts. A reflective indicator arrow is from the construct to the indicators. Reflective measures have an error term associated with them and there is an assumption that the construct causes the measurement (Hair et al., 2017). PLS-SEM can assess either formative or reflective models. In addition, PLS-SEM can be applied to very complex models as long as there is no multicollinearity between the indicators in a formative model.

There are three characteristics of SEM including: multiple and interrelated dependence relationships estimation, unobserved concepts representation accounted for by measurement error in the process, and model definition, that can be done for the entire relationship (Hair et al., 2017). Normal distribution is not an assumption of PLS-SEM. If the interaction effect of the moderator is significant, the size of size of the effect will be analyzed with values for a small effect size, a medium effect size, and a large effect size being 0.02, 0.15, and 0.35 respectively (Hair et al, 2017).

PLS-SEM simultaneously tests measurement error and moderation effects. Error terms are connected to the exogenous constructs. The sample size was sufficient ($N=1,000$) using the 10 times rule (Hair et al., 2010). This rule indicates that the sample size should be the larger of 10 times the largest number of indicators that measure a construct or 10 times the largest number of paths that are directed at a construct. Also, as discussed previously, the sample size also exceeded the recommendations for sample size by Cohen (1992). All constructs have three or

more measured items. The study followed the stages listed below in applying PLS-SEM (Hair et al., 2016).

1. Specify the Structural Model
2. Specify the Measurement Model
3. Collect and Test Data
4. Estimate the PLS Path Model
5. Assess the PLS-SEM Results of the Reflective-Formative Measurement Model
6. Assess the PLS-SEM Results of the Structural Model
7. Advanced PLS-SEM Analyses Testing for Moderating Effects
8. Interpret Results and Draw Conclusions

The assessment of the structural model includes: VIF, explanatory power and out-of-sample predictive power, R^2 , Q^2 , and PLS predict, respectively. The R^2 statistic is a measure of the model's predictive power. Values range from 0 to 1 with higher numbers suggesting higher levels of accuracy in the prediction. For studies that examine satisfaction and loyalty, an R^2 of 0.75 or higher may be expected. The effect size (f^2) is also evaluated and are the same as the earlier reported ranges. Values of effect size that are less than 0.02 indicates there is no effect. Out-of-sample predictive power (Q^2) utilizes the blindfolding techniques to predict omitted data using a subset of the data in the estimation of model parameters (Hair et al., 2017). Values for Q^2 that are greater than zero indicate the endogenous construct used has predictive relevance with values of zero or less not having predictive relevance. Bootstrapping was used to determine the significance of the path coefficients. The recommended number of samples to be used for

bootstrapping is 5,000. To determine significance at a 0.05 level, the t values for a two-tailed test are significant at a level of 1.96 or greater.

The measurement model identified all latent constructs included within the model with the measured indicator variables assigned (Hair et al., 2010). The model indicates measurement, structural, and correlational relationships between constructs and included error terms for the individual indicators and the endogenous constructs. The individual constructs for the study have been adapted from established reliable scales used in prior research. All constructs were measured using a 7-point Likert scale. A Likert scale is ordinal, however, when it is perceived as symmetric and equidistant, it acts more like an interval scale allowing for interval-level measurement which allows the utilization of PLS-SEM (Hair et al., 2016).

Although PLS-SEM is a nonparametric method, the distribution was evaluated to determine that the distribution does not vary extremely from normal as that would increase standard errors during the bootstrapping process which would influence the significance of some relationships. Skewness and kurtosis was assessed to examine the distribution of the data looking for values between the -1 and +1 acceptable range. If the deviation from normal is not severe, it will not be considered an issue (Hair et al., 2016).

PLS-SEM is used more to predict than explain the hypothesized relationships and maximize the amount of variance that can be explained in the endogenous variables. Using Smart PLS 3, the path model estimates the standardized loadings, outer weights, and structural model path coefficients (Hair et al., 2016). The standardized coefficients of the construct relationship and the R^2 value are also provided for the endogenous constructs. The goal of PLS-SEM is maximizing the explained variance (R^2), the effect size (f^2), predictive relevance (Q^2), along with the

significance of the path coefficients and size of each for the structural model, as mentioned previously. For the measurement model, reliability, convergent validity, and discriminant validity are the most important metrics and they need to be established before the model estimates are analyzed (Hair et al., 2016).

Switching costs as a moderator was operationalized using the two-stage approach to create the interactive term. The relationship between program satisfaction and program loyalty is the main effect model that will be assessed in Stage 1 (Hair et al., 2017). In Stage 2, the latent variable scores of program satisfaction and switching costs are multiplied which creates a single item to measure the interaction. This approach has a higher level of statistical power compared to other approaches. When analyzing the results, significance of the interaction term will be of interest. If the interaction term is significant, it will be concluded that switching costs (moderator) influences the relationship between program satisfaction and program loyalty. It is important to note that switching costs is a reflective indicator that represents unobservable traits using multiple items. As switching costs are not categorical measurement items, it is not necessary to do a group analysis or create dummy variables for the moderation testing.

Summary

This chapter has discussed the research methodology that was used in this study. The discussion also included the population sample, the survey instrument, and the statistical techniques. Measures adopted from previous studies, demographic data, and screening questions were presented and were used on a Qualtrics survey for data collection. The self-administered survey was distributed through Amazon Mechanical Turk. The results of the statistical analysis

will be reported in the Findings chapter of this study with the conclusions and limitations being presented in the final chapter.

CHAPTER FOUR: FINDINGS

Introduction

This chapter presents the data collection process, the empirical analyses, and the tests of the hypotheses for this study. The purpose of the study was to determine the relationship between reward program attributes and the associated impact on program loyalty. A summary of the hypotheses tested is included in Table 2 for ease of interpretation. The hypotheses are followed by the data collection for the pilot test. It continues with the statistical analyses of the pilot test. The main study will then be presented including descriptive statistics, the outer model, the inner model, and the findings of the hypotheses testing. For the statistical analyses, two statistical programs were used, SPSS v. 28.0 and SmartPLS 3.3.

Table 2: Research Hypotheses

H1	Functional value of the reward program is positively related to the perceived value of the reward program.
H2	External value of the reward program is positively related to the perceived value of the reward program.
H3	Utilitarian value of the reward program is positively related to the perceived value of the reward program.
H4	Hedonic value of the reward program is positively related to the perceived value of the reward program.
H5	Symbolic value of the reward program is positively related to the perceived value of the reward program.
H6	Perceived value is positively related to program satisfaction.
H7	Program satisfaction is positively related to program loyalty.
H7a	Switching costs have a moderating impact between program satisfaction and program loyalty.

Pilot Test

The pilot test was conducted utilizing MTurk. The size of the pilot test was 100 respondents. The target population for the study is active hotel reward program members who have stayed in a hotel in the last 24 months and are at least 18 years of age. The data for the pilot test was collected utilizing a self-administered online questionnaire on the Amazon Mechanical Turk (MTurk) platform. All data collected from the pilot test was entered into SPSS 28.0. The screening criteria was included at the beginning of the study. The data collected was checked to ensure that the screening criteria was met. As the online questionnaire “forced” a response for each question, no missing values were observed.

The purpose of the pilot study was to assess the measurement scales used in the survey for validity and reliability along with the refinement of any confusing language to reduce errors in the main study. The pilot study data collection found no critical errors or misinterpreted questions. The data analyses found the indicators to load properly on the intended constructs. In addition, the path analyses indicated that the structural model developed using theory and previous research in the literature review worked as anticipated.

The measurement scales used in the study were adapted from previously published research that was identified in the literature review. A confirmatory factor analysis (CFA) was conducted to confirm the reliability and validity of the measurement scales. Table 3 reports the internal consistency reliability with the Cronbach’s alpha for each scale. The generally accepted threshold for Cronbach’s alpha is 0.70 or greater (Hair et al., 2010). The internal consistency for each of the measurement scales were found to be adequate, with Cronbach’s alpha exceeding 0.70 for the scales of Functional Value ($\alpha = 0.792$), External Value ($\alpha = 0.715$), Hedonic Value

($\alpha = 0.953$), Symbolic Value ($\alpha = 0.915$), Program Satisfaction ($\alpha = 0.840$), Switching Costs ($\alpha = 0.869$), and Program Loyalty ($\alpha = 0.874$). The measurement scale for Utilitarian Value had a Cronbach's Alpha of 0.668 which was deemed acceptable.

Table 3: Internal Consistency Reliability

Measurement Scale	Number of Items	Cronbach's Alpha
Functional Value (FV)	8	0.792
External Value (EV)	3	0.715
Utilitarian Value (UV)	3	0.668
Hedonic Value (HV)	9	0.953
Symbolic Value (SV)	4	0.915
Program Satisfaction (PS)	4	0.840
Switching Costs (SC)	4	0.869
Program Loyalty (PL)	7	0.874

The factor loadings for each indicator were assessed. In Table 4, the measurement items with the corresponding loadings are reported. For each construct, the indicators loaded as expected. All of the factor loadings are greater than 0.4 which is deemed acceptable (Hair et al., 2010).

Table 4: Constructs with Loadings

Construct	Items	Loading
Functional Value	FV1: It is easy to achieve award redemption	0.604
	FV2: There are reasonable rewards for what I spend	0.638
	FV3: It is easy to understand the reward program	0.692
	FV4: There is no processing fee for reward transfer	0.584
	FV5: The points I have accumulated never expire	0.488
	FV6: There are many reward redemption possibilities	0.700
	FV7: There are no blackout dates to redeem free nights	0.643
	FV8: There are many reward options	0.731
External Value	EV1: Partnerships with credit card companies is important to me	0.757
	EV2: I have the ability to combine hotel points and airline miles	0.823

Construct	Items	Loading
	EV3: I have the ability to transfer points to someone I know	0.812
Utilitarian Value	UV1: I get financial incentives	0.704
	UV2: I get a discount or a special deal on hotel products/services	0.826
	UV3: I save money compared to people who do not join the hotel reward program	0.795
Hedonic Value	HV1: I get excited about the rewards	0.816
	HV2: I am excited to use the program	0.849
	HV3: I am enthusiastic about collecting points	0.910
	HV4: The program is appealing to me	0.681
	HV5: Collecting points from the program is entertaining	0.828
	HV6: Redeeming points is enjoyable	0.833
	HV7: I feel good when I redeem points for rewards	0.821
	HV8: I enjoy using the program	0.861
	HV9: I feel rewarded by the program	0.828
	HV10: I am delighted by the rewards I receive	0.817
	HV11: I am happy when I receive rewards for my purchases	0.819
Symbolic Value	SV1: My relationship with the reward program has a great deal of personal meaning to me	0.878
	SV2: I feel emotionally attached to the reward program	0.918
	SV3: I have a sense of belonging to the reward program	0.910
	SV4: I feel like a part of a family as a member of the reward program	0.864
Program Satisfaction	PS1: I am fully satisfied with the reward program	0.889
	PS2: The reward program fulfills my expectations	0.866
	PS3: My experiences with the reward program are excellent	0.830
	PS4: My reward program has never disappointed me so far	0.696
Program Loyalty	PL1: I say positive things about the hotel reward program to others	0.766
	PL2: I would recommend the reward program to others	0.761
	PL3: I encourage friends and relatives to join my preferred hotel reward program	0.781
	PL4: I consider the preferred reward program when making travel plans	0.750

Construct	Items	Loading
	PL5: I like the program more than other hotel reward programs	0.751
	PL6: I have a strong preference for this reward program	0.868
	PL7: I will use the reward program in the next 12 months	0.592
Switching Costs	SC1: If I switch to another reward program, I could not use the services and benefits of my current reward program, such as complimentary room upgrade, free access to the club lounge, and a redemption stay	0.804
	SC2: Switching to another reward program will increase monetary costs, such as paying a higher price for room and food	0.869
	SC3: For me, the cost in time and effort to switch to another reward program are high	0.793
	SC4: In general, it would be inconvenient and a hassle to switch to another reward program	0.912

Based on the empirical results of the pilot test, it was determined that the measurement scales were of sufficient validity and reliability to advance to the collection of data for the main study.

Main Study

The main study was conducted utilizing a Qualtrics hosted survey on the MTurk platform. The sample size for the main study was 1,000 respondents. As with the pilot study, the respondents must be active members of a hotel reward program, stayed in a hotel in the last 24 months, and be at least 18 years of age. The survey consisted of three sections. The first section collected general information on the travelers' profile, the second section required responses

based upon their experience with their preferred hotel reward program and the third section collected demographic information.

Descriptive Statistics

Descriptive statistics were generated using SPSS. Table 5 summarizes the travelers' profile information. The preferred type of accommodation when travelling was hotels (82.7%). The number of trips taken per year was reported by just over half of the respondents responding between 4 and 6 trips (51.4%). The purpose of travel was relatively evenly split between business (44.1%), leisure (24.5%), and a combination of business and pleasure (31.4%). The average rate paid for accommodations by night was \$100-200 (72.20%). The next set of questions asked the respondent the number of hotel reward programs in which they were a member. Half of the respondents (46.0%) indicated they were members of 4 to 6 different hotel reward programs. The preferred reward program amongst respondents was Hilton Honors (23.9%) followed by Marriott Bonvoy (18.4%). Finally, when asked whether they were members of other reward programs in the hospitality and tourism industry, airline reward programs were most popular with the respondents (43%), followed by casino reward memberships being the next most popular (37.10%).

Table 5: Reward Members' Profile Information

	Percentage
Preferred type of accommodation	
Hotel	82.7
Bed and Breakfast	9.80
Airbnb/VRBO/Home Away	6.80
RV/Campground	0.70
Number of Trips per year	
2-3	33.7

	Percentage
4-6	51.4
7-10	9.60
More than 10	5.30
Primary purpose of travel	
Business	44.10
Leisure	24.50
Combination Business/Leisure	31.40
Average rate paid per night	
Under \$100	16.10
\$100-200	72.20
Over \$200	11.70
Number of hotel reward program memberships	
1-3	41.30
4-6	46.00
7-10	9.30
More than 10	3.40
Preferred hotel reward program	
Hilton Honors	23.90
Marriott Bonvoy	18.40
Choice Privileges	16.00
IHG Rewards	6.70
Best Western Rewards	12.30
Wyndham Rewards	3.70
Radisson Rewards Americas	6.90
World of Hyatt	5.40
I Prefer Hotel Rewards	4.70
Other	2.00
Other reward program memberships	
Airline	43.00
Car Rental	31.90
Casino	37.10
Cruise line	20.10
Online Travel Agency	26.10

The respondents' personal demographic data collected is displayed in Table 6. Just over half (58.0%) were male. The age of the respondents was overwhelmingly (73%) between 18-40 with 36.1% between the ages of 18 and 30 and 36.9% between the ages of 31 and 40. Over one

third (37.5%) of the respondents reported their household income between \$50,000 and \$74,999 with only 18 (1.8%) of respondents reporting a household income more than \$150,000. Respondents employed full-time was 93.6% while 2% reported student status. Seven out of ten (69.9%) listed their level of education completed as a four-year degree with only one (0.1%) respondent earning less than a high school diploma and 16.9% of respondents had a master's degree. Finally, the majority (82.5%) of the respondents were married. Using MTurk as a data collection platform, it is possible to have a non-response bias. This may be a problem in a study if the sample does not have similarities to the intended population. For this research, the demographics of the respondents indicate a representation of the intended population when evaluating the age, education, and income of the respondents. There are a limited number of older respondents along with high income respondents which may have an impact on the results, however, that possible impact is not deemed to be significant.

Table 6: Respondents' Demographics

	Percentage
Gender	
Male	58.0
Female	41.2
Non-binary	0.30
Prefer not to say	0.50
Age	
18-30	36.1
31-40	36.9
41-50	26.7
51-70	7.70
Over 70	0.00
Household Income	
Under \$50,000	26.3
\$50,000 to \$74,999	37.5
\$75,000 to \$99,999	26.7

	Percentage
\$100,000 to \$149,999	7.70
\$150,000 or more	1.80
Employment	
Employed full-time	93.6
Employed part-time	4.60
Retired	1.40
Unemployed	0.20
Student	0.20
Education	
Less than a high school diploma	0.10
High school graduate	4.80
Some college or trade school	4.20
2-year college degree	4.50
4-year college degree	69.9
Professional degree	16.3
Doctorate degree	0.20
Marital status	
Married	82.5
Divorced	0.20
Widowed	1.00
Separated	0.50
Domestic partnership	14.9
Never married	0.90

The central tendencies of all the indicators used in the study were analyzed. The mean scores for the indicators are consistent. All are between 5.19 and 5.72. Standard deviations scores range 1.032 and 1.370. Although normal distribution is not an assumption of PLS-SEM, the data is relatively close to having a normal distribution as shown by the Skewness (-0.679 to -1.192) and Kurtosis (.472 to 2.534) measurements. Normal distribution measurements are scores between the parameters of -1 to +1. As PLS-SEM is a nonparametric statistical method, the data is not required to be normally distributed. See Appendix C for central tendency data and the correlation matrix.

Measurement Model

The measurement model results are presented in this section. The results present the quality of the assessment criteria including factor loading, Cronbach's Alpha, and the Average Variance Extracted (AVE). These criteria indicate the reliability and validity of the constructs.

Confirmatory factor analysis tested how well the constructs are represented by the measured variables. The confirmatory factor analysis (CFA) confirmed the reliability and validity of the measurement scales. CFA is sufficient for this study as all measurement scales were adapted from existing scales. Table 7 reports the internal consistency reliability with the Cronbach's alpha for each scale. The generally accepted threshold for Cronbach's alpha is 0.70 or greater (Hair et al., 2010). The internal consistency for each of the measurement scales was found to be adequate, with Cronbach's alpha exceeding 0.70 for all except 1 of the scales. Specifically, those valued above the threshold were Functional Value ($\alpha = 0.847$), External Value ($\alpha = 0.691$), Hedonic Value ($\alpha = 0.919$), Symbolic Value ($\alpha = 0.858$), Program Satisfaction ($\alpha = 0.767$), Switching Costs ($\alpha = 0.802$), and Program Loyalty ($\alpha = 0.864$). The measurement scale for Utilitarian Value had a Cronbach's Alpha of 0.640 shy of the 0.70 threshold but was deemed acceptable.

Table 7 also presents the construct measurement items with the corresponding loading along with the Cronbach's alpha, Composite Reliability, and the AVE for each construct. High composite reliability is an indicator that the items are measuring the same construct. The Composite Reliability scores for the constructs range from 0.807 to 0.931 all greater than the 0.70 guideline but less than the undesirable score of 0.95. Composite Reliability is appropriate

for CFA. AVE scores greater than 0.50 also provides evidence of reliability that supports discriminant validity (Fornell & Larcker, 1981).

Table 7: Construct Loadings and Reliability

Construct	Items	Loading	Cronbach's Alpha	Composite Reliability	AVE
Functional Value	FV1: It is easy to achieve award redemption	0.644	0.847	0.882	0.618
	FV2: There are reasonable rewards for what I spend	0.750			
	FV3: It is easy to understand the reward program	0.699			
	FV4: There is no processing fee for reward transfer	0.635			
	FV5: The point I have accumulated never expire	0.640			
	FV6: There are many reward redemption possibilities	0.744			
	FV7: There are no blackout dates to redeem free nights	0.693			
	FV8: There are many reward options	0.744			
External Value	EV1: Partnerships with credit card companies is important to me	0.754	0.691	0.829	0.618
	EV2: I have the ability to combine hotel points and airline miles	0.820			
	EV3: I have the ability to transfer points to someone I know	0.783			
Utilitarian Value	UV1: I get financial incentives	0.745	0.640	0.807	0.582
	UV2: I get a discount or a special deal on hotel products/services	0.809			
	UV3: I save money compared to people who do not join the hotel reward program	0.733			

Construct	Items	Loading	Cronbach's Alpha	Composite Reliability	AVE
Hedonic Value	HV1: I get excited about the rewards	0.761	0.919	0.931	0.551
	HV2: I am excited to use the program	0.760			
	HV3: I am enthusiastic about collecting points	0.746			
	HV4: The program is appealing to me	0.734			
	HV5: Collecting points from the program is entertaining	0.743			
	HV6: Redeeming points is enjoyable	0.730			
	HV7: I feel good when I redeem points for rewards	0.728			
	HV8: I enjoy using the program	0.725			
	HV9: I feel rewarded by the program	0.762			
	HV10: I am delighted by the rewards I receive	0.728			
	HV11: I am happy when I receive rewards for my purchases	0.749			
Symbolic Value	SV1: My relationship with the reward program has a great deal of personal meaning to me	0.837	0.858	0.903	0.701
	SV2: I feel emotionally attached to the reward program	0.847			
	SV3: I have a sense of belonging to the reward program	0.803			
	SV4: I feel like a part of a family as a member of the reward program	0.859			
Program Satisfaction	PS1: I am fully satisfied with the reward program	0.790	0.767	0.851	0.589
	PS2: The reward program fulfills my expectations	0.790			

Construct	Items	Loading	Cronbach's Alpha	Composite Reliability	AVE
	PS3: My experiences with the reward program are excellent	0.783	0.864	0.896	0.552
	PS4: My reward program has never disappointed me so far	0.705			
Program Loyalty	PL1: I say positive things about the hotel reward program to others	0.750	0.802	0.871	0.628
	PL2: I would recommend the reward program to others	0.757			
	PL3: I encourage friends and relatives to join my preferred hotel reward program	0.750			
	PL4: I consider the preferred reward program when making travel plans	0.731			
	PL5: I like the program more than other hotel reward programs	0.751			
	PL6: I have a strong preference for this reward program	0.769			
	PL7: I will use the reward program in the next 12 months	0.688			
Switching Costs	SC1: If I switch to another reward program, I could not use the services and benefits of my current reward program, such as complimentary room upgrade, free access to the club lounge, and a redemption stay	0.763	0.798		
	SC2: Switching to another reward program will increase monetary costs, such as paying a higher price for room and food	0.798			

Construct	Items	Loading	Cronbach's Alpha	Composite Reliability	AVE
	SC3: For me, the cost in time and effort to switch to another reward program are high	0.806			
	SC4: In general, it would be inconvenient and a hassle to switch to another reward program	0.801			

Reflective-Formative Model

The model is a reflective-formative model. The indicators for the constructs of functional value, external value, utilitarian value, hedonic value, symbolic value, program satisfaction, program loyalty, and switching costs are reflective measures. Reflective indicators are interchangeable with each other, meaning they measure the same concept, and should be highly correlated. For example, when measuring program satisfaction, four items are used that ask respondents how satisfied they are with the program with different phrasing. Formative measurements are not interchangeable with each indicator capturing a different aspect of the construct. In this model, perceived value is a second-order formative measure. A two-stage approach was used in these statistical analyses. For reflective measures, outer loadings are assessed. Whereas, with formative measures the outer weights are assessed (Hair et al., 2016).

A reflective-formative model occurs when the first order constructs have reflective indicators but the indicators of the second order construct is formative. When analyzing this reflective-formative higher order construct model, a two-stage approach was used. In the first stage, the lower-order indicators are estimated and measured based on the standard model. In stage two, the latent variable scores from the formative indicators become the measurement

model for the construct. In this research, perceived value is a second-order formative construct. The formative indicators of functional value, external value, utilitarian value, hedonic value, and symbolic value comprise the perceived value construct. Arrows from the indicators will point to the second-order formative construct perceived value (Hair et al., 2016). Latent scores were calculated using SmartPLS 3.0. These latent scores were then inserted into the SPSS data set. The data set included the latent variable scores for functional value, external value, utilitarian value, hedonic value, and symbolic value. These scores were then uploaded to SmartPLS. The latent scores were inserted as the formative indicators of the construct perceived value. The PLS algorithm was conducted, and the remaining statistical results are reported for the two-stage model. PLS-SEM does not assume that data is normally distributed. Therefore, the bootstrapping procedure is used to test the statistical significance for nonparametric data. Bootstrapping creates subsamples at random from the data set, in this research 5,000 subsamples were created to test for the statistical significance of path coefficients, HTMT, and R^2 values (Hair, Hult, Ringle, & Sarstedt, 2022). Figure 2 presents the reflective-formative model with the corresponding t -values. T -values greater than 1.96 are considered statistically significant.

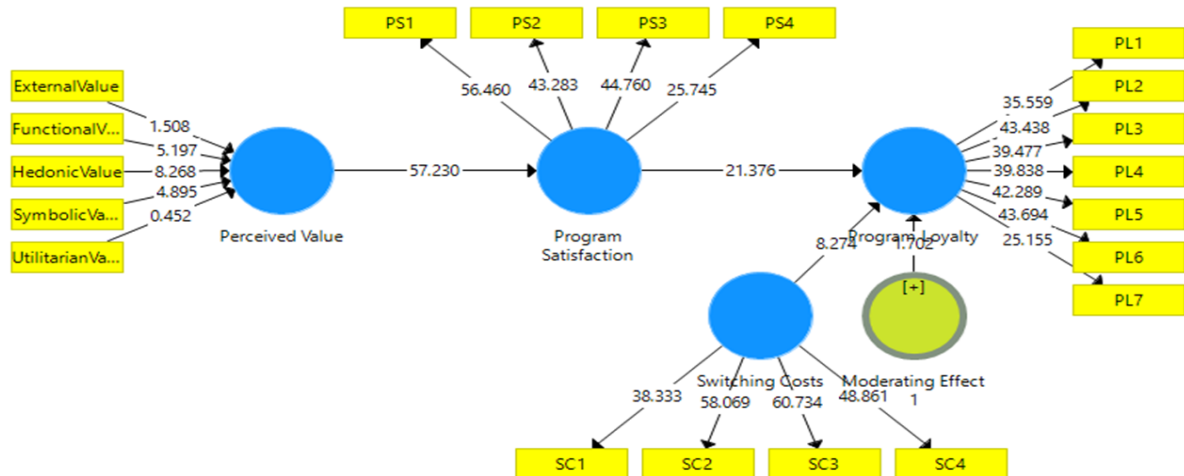


Figure 2: Reflective-Formative Model with t -values

The Coefficient of Determination (R^2) values range from 0 to 1, with numbers closer to one having higher predictive accuracy. In the model, the R^2 for the constructs program satisfaction indicates that the perceived value construct explains 0.675 (67.5%). With the variable of program loyalty, the R^2 value indicates that 0.727 (72.7%) of the variance is explained by program satisfaction.

Summary of Results

The hypotheses testing was done in SmartPLS. The path coefficients for each path in the model were analyzed. Those path coefficients were calculated using bootstrapping with 5,000 subsamples. The t -value of each path coefficient was analyzed. A t -value greater than 1.96 with a p -value less than 0.05 is considered statistically significant. The summary of results of the

hypotheses testing is presented in Table 8. Functional value (H1) was supported with a statistically significant positive relationship with perceived value ($t\text{-value} = 5.285, p < 0.01$). External value (H2) was not supported as it did not have a statistically significant positive relationship with perceived value of the program ($t\text{-value} = 1.528, p = 0.127$). Utilitarian value (H3) was also not supported as it did not have a statistically significant positive relationship with perceived value of the program ($t\text{-value} = 0.461, p = 0.645$). Hedonic value (H4) did have a statistically significant positive relationship with perceived value therefore it was supported ($t\text{-value} = 8.228, p < 0.01$). Symbolic value (H5) was also supported with a statistically significant positive relationship with perceived value ($t\text{-value} = 4.887, p < 0.01$). Perceived value was found to be positively related to program satisfaction as H6 was supported ($t\text{-value} = 58.036, p < 0.01$). H7 was also supported as program satisfaction was positively related to program loyalty ($t\text{-value} = 21.789, p < 0.01$). The moderating variable of switching costs did not have a significant impact on the relationship between program satisfaction and program loyalty, therefore H7a was not supported ($t\text{-value} = 1.735, p = 0.083$).

Table 8: Summary of Results

Hypothesis	Description	Decision
H1	<i>Functional value of the reward program is positively related to the perceived value of the reward program.</i>	Supported
H2	<i>External value of the reward program is positively related to the perceived value of the reward program.</i>	Not Supported
H3	<i>Utilitarian value of the reward program is positively related to the perceived value of the reward program.</i>	Not Supported
H4	<i>Hedonic value of the reward program is positively related to the perceived value of the reward program.</i>	Supported
H5	<i>Symbolic value of the reward program is positively related to the perceived value of the reward program.</i>	Supported
H6	<i>Perceived value is positively related to program satisfaction.</i>	Supported
H7	<i>Program satisfaction is positively related to program loyalty.</i>	Supported
H7a	<i>Switching costs have a moderating impact between program satisfaction and program loyalty.</i>	Not Supported

CHAPTER FIVE: DISCUSSION AND CONCLUSION

The purpose of this study was to determine the relationship between hotel reward program perceived value attributes on program satisfaction, and program satisfaction's subsequent impact on program loyalty. Secondly, the study tested whether the attribute of switching costs had a moderating impact upon program loyalty. This chapter offers a discussion of the major findings including a summary of the study and methodology, a discussion of the findings, conclusions, and implications of the study. Lastly, a discussion of the limitations of the study and future research suggestions will be presented.

Summary of Study and Methodology

The study was based on The Social Exchange Theory and The Relationship Marketing Theory, both which have been used by previous researchers to explain loyalty in the hotel industry (e.g., Chen et al., 2021; Lee et al., 2014). As many customers are members of more than one hotel reward program, as shown in the profiles of the respondents, it appears that there may not be true loyalty to one brand or one program (Mägi, 2003). Program loyalty can be conceived as the desire to maintain a relationship based on the benefits received. The focus of this study was solely programmatic allowing for a deeper understanding of loyalty to current programs, the satisfaction with those programs, and the perceived values of those programs.

Loyalty to a specific program lowers the cost of information gathering and processing along with search costs (Sheth & Parvatiyar, 1995; Steinhoff et al., 2019). The reward members return patronage may be based on the benefits they will receive from the program and not on the attributes of the company or brand. There have been few studies in the hotel industry that have

investigated program loyalty however in these studies, program loyalty was not the primary focus (Evanschitzky et al., 2012; Lee et al., 2015; Yi & Jeon, 2003). To bridge the gap in prior research, a holistic approach considering perceived value, program satisfaction and program loyalty were all considered. This allowed for a deeper understanding of the relationship of perceived value attributes on program satisfaction and program loyalty. This study adds to the body of knowledge as the primary focus was on the potential of hotel reward members to become loyal to the benefits of the hotel reward program itself. This then requires an examination of what type of rewards bring value to the customer that will increase their satisfaction with the program and ultimately develop loyalty to the program.

To accomplish the objectives of the study, a survey was developed in Qualtrics which is a powerful survey building tool. This online self-administered survey was then distributed on the Amazon Mechanical Turk (MTurk) crowdsourcing platform. Data collected from MTurk workers allows access to diverse groups of respondents that are willing to take part in a research study. The data collected from MTurk has been found to be reliable and consistent with traditional data collection methods (Goodman et al., 2013).

The survey instrument was based on the literature review and previously published measurement scales. The survey consisted of three sections. The first section covered the traveler profile information. The second section covered the main study variables including perceived program value, program satisfaction, program loyalty, and program switching costs. The third section included demographic data from the respondents.

The target population for the study consisted of individuals who were members of a hotel reward program, had stayed in a hotel in the past 24 months, and were at least 18 years of age.

Due to the COVID-19 pandemic, the stay in the hotel requirement was increased from 12 months to 24 months. Data collection took place in May of 2022. A total of 1,000 responses were received from the self-administered survey on MTurk. The Partial Least Squares Structural Equation Modeling (PLS-SEM) statistical method was used to determine the relationships between the perceived value, program satisfaction, program loyalty and switching costs. PLS-SEM was employed as it is capable of determining the relationships between observed data and latent variables in complex models. It also offers a greater robustness and statistical power compared to covariance-based SEM (Hair et al., 2016). PLS-SEM analyzed the structural model and the measurement model for statistically significant relationships between the latent variables. PLS-SEM is used more to predict than explain the hypothesized relationships. Further, it maximizes the amount of variance that can be explained in the dependent variables (Hair et al., 2016).

Discussion of Findings

Confirmed by study results, perceived value has much empirical support as an antecedent to satisfaction and loyalty. (Shoemaker & Lewis, 1999). It is important to note that perceived program value alone does not generate loyalty (Berezan, Raab, Tanford, & Kim, 2015). Perceived value was represented in the study by five different dimensions: functional value, external value, utilitarian value, hedonic value, and symbolic value.

Functional value was measured using 6 items, external and utilitarian values were tested using 3 each while hedonic value was measured with 11 items, and symbolic was measured with 4 items. Path models were then run in SmartPLS to determine the statistical significance of all

the dimensions of perceived value. As expected, the hypotheses corresponding to functional, hedonic, and symbolic value were found to be statistically significant with a positive relationship with perceived value. Alternatively, the hypothesis of external value having a positive relationship was not determined to be statistically significant. The utilitarian value hypothesis also did not reveal a statistically significant relationship in the formation of perceived value. According to the study by Yoo et al. (2018), the traditional utilitarian benefits offered by hotel reward programs need to be updated with new and innovative rewards beyond those expected. The construct of perceived value indicated a statistically significant positive relationship with program satisfaction. This result is consistent with previous studies that found that reward members who received value benefits are predisposed to being satisfied with the program (Mimouni-Chaabane & Volle, 2010; Omar et al., 2010; Yi & Jeon, 2003).

Functional value of a reward program refers to the ease at which the program can be used and the inherent ways that the program extends flexibility when needed (Dowling & Uncles, 1997). In this study, functional value was found to be statistically significant. Respondents indicated that the ease of use of the program, flexibility of the program, and the quality and consistency of the products and services were important (Yang & Matilla, 2016). With the technological advances that have taken place since the creation of hotel reward programs, it is essential that the reward program is user friendly, accessible from mobile devices, and easy to use. The lack of usability may trigger frustration from the customer which may end up in defection.

As hotel corporations look to differentiate their reward programs from the competition, they have looked to external partners to offer additional rewards and value to their programs

(Yoo, Berezan, & Krishen, 2018) thus attempting to build external value. In this study, the external value of partnerships was not found to be statistically significant. This may be caused by the lack of understanding of the rewards offered by the partnership. It could also reflect that the alliances the hotel has made with out of industry partners are not relevant to the members. Additional research that is more specific on the types of external value would be beneficial for a better understanding. The traveler profile information indicated that many of the respondents held reward programs from airlines, rental cars, casinos, credit card companies, and cruise lines. These additional memberships may possibly make the rewards redundant if the member already has access to rewards through another source.

Utilitarian benefits are derived from financial incentives such as discounts and convenience that reduces the effort of choice (Terblanche, 2015). These benefits reduce the economic costs and narrow choices to save time and effort. The hypothesis was not supported. This is a development not expected as utilitarian or economic rewards have been found in previous studies to be a main driver of satisfaction and loyalty. It begs the question of why the results of this study are different. There may be several explanations. First, the reward programs are fundamentally the same as at their inception when it comes to discounts and rewards for free night stays. These rewards must accumulate over a long period of time to be able to redeem the points earned for a free night. At the time of the inception of the programs, a different demographic were the main travelers. These travelers are now quite a bit older, and a new generation are the largest percentage of travelers. Younger individuals have been known for the desire of instant gratification and may find that the accumulation of points to redeem is not attractive. They may rather enjoy a smaller reward now than the possibility of a larger reward

sometime in the future. Younger generations may hold experiences more valuable than an economic reward.

Hedonic benefits consist of exploration (trying new products and services offered by the company) and entertainment (the enjoyment of attaining and redeeming rewards) (Mimouni-Chaabane & Volle, 2010). As the hypothesis of the hedonic was statistically significant, it may indicate, as discussed earlier, this result supports the claim that the needs and desires of today's travelers have switched from economic to experiential. The support of this hypothesis reflects the importance for hotels to modify their reward programs to include experiences that relate to the emotional needs and desires of the customer. Hedonic value is more subjective and emotional, and results more from fun and entertainment than from task completion (Babin et al., 1994; Holbrook & Hirschman, 1982). Pleasing properties such as consumer aesthetics, variety seeking or exploration, and enjoyment are hedonic values or benefits. Additional research would be beneficial to further investigate the alignment of the current hotel programs with the current wants and needs of the current travelers.

Symbolic benefits are defined as benefits that refer to the identification-related aspects of consumption understood as a form of expression (Keller, 1993). To obtain recognition from the company in the form of an elite status or privileges and the sense of belonging to social groups are examples of symbolic benefits. Once again, this hypothesis was supported in this study. As symbolic value has been characterized as less product-related than hedonic benefits. Symbolic value includes an increase in status, self-expression, social approval, and self-esteem. As with hedonic value, the emphasis on symbolic value may be due to the changing of the times and the travelers.

The results of this study concur with those of past research supporting the ideation that program satisfaction is related to increased levels of program loyalty. As the members become more loyal to the program, they may be less sensitive to price changes (Demoulin & Zidda, 2008; Hu et al., 2010; Omar et al., 2010; Vesel & Zabkar, 2009). A 2015 study by Omar et al. (2010) showed a positive correlation between program satisfaction and program loyalty. Offering high quality and desirable benefits can lead to program satisfaction which, in turn, can lead to program loyalty. The novelty of this study is that program satisfaction and program loyalty were considered as an entity unto themselves much like another attribute of the product of the hotel experience and did not necessarily attribute that to customer loyalty to the hotel.

The secondary purpose of the study evaluated whether switching costs played a moderating role in the relationship between program satisfaction and program loyalty. Switching costs have been defined as “the perceived economic and psychological costs associated with the change from one alternative to another” (Jones, Motherbaugh, & Beaty, 2002, p. 441). If customers are offered better economic rewards by a competitor, they are likely to switch hotels to take advantage of the better offer (Lee et al., 2015). In light of this previous research involving switching costs, it was hypothesized that switching costs have a moderating impact between program satisfaction and program loyalty. As a moderating variable, high perceived switching costs could strengthen the relationship between program satisfaction and program loyalty, weaken that relationship, or have no impact on the relationship. In this study, the findings did not indicate that switching costs had a statistically significant effect on the relationship between program satisfaction and program loyalty. One explanation for this is that currently, many programs offer matches to enter the program. This means if I have 10,000 Marriott points, the

consumer may be offered the equivalent points to join the new program. Matching benefits definitely create less of a barrier to a customer and the fear of loss of benefits from switching. As a result of the statistical analyses, five of the eight proposed hypotheses were supported in the current model.

Conclusions

This study has contributed to the body of knowledge by examining and empirically testing the conceptual model. To the best of the researcher's knowledge, it is the first study to simultaneously test the influence of perceived program value on program satisfaction and program loyalty. Even though the concept of customer reward programs has been around for three decades, and a plethora of research has been done on the constructs of customer satisfaction, customer loyalty, and brand loyalty, there has been a lack of research that focused on a holistic approach to the importance of the offerings of the hotel reward programs making up perceived value from the customer perspective, further testing the simple program satisfaction and program loyalty in isolation of customer or brand loyalty. Additionally, this study was the first to examine the unit of measurement as the customer's preferred program view.

In response to the question in the survey on the number of hotel reward programs to which each respondent is a member, the results indicated that over eighty-seven percent (87%) are members of 1-6 hotel reward programs. This brings into question how loyal can travelers be if they are members of multiple hotel reward programs? Determining what is of greatest perceived value to the travelers of today is essential for hotels to remain competitive with loyalty program offerings. With nearly seventy-three percent (73%) of the respondents in this study

being between the ages of 18 and 40, the young potentially have different patterns and different values that are important to them as compared with older travelers. The desires and needs of travelers may change with age. The utilitarian discounts of the past may not be as attractive to the new generation. The experiences of hedonic awards and the status of symbolic rewards have been found in this study to be of greater impact than the traditional monetary awards. In addition, the partnership with external companies was not found to be as valuable as the function and understanding of the program itself. The fierce competition in the hotel industry creates a strong industry call and the shortage of academic literature necessitates additional research on customer reward programs. Determining the roots that create value in the reward program that has been shown as a pathway to program satisfaction and program loyalty.

Implications

Theoretical Implications

This study offers several important contributions to the body of knowledge. Prior to this study, the research for hotel reward programs or as often referred to as hotel loyalty programs, have concentrated on the company and brand. The findings of this research offer a deeper understanding of which rewards are perceived to be valuable in forming program satisfaction and program loyalty from the consumer viewpoint in a younger sampling of individuals. In The Social Exchange Theory, Homans divided the system of social exchange into three assumptions: success, stimulus, and deprivation-satiation. The first assumption implies that when a person is rewarded for their actions, they will repeat the action. Secondly, the more often the past rewards are received increases the likelihood of future reward responses. Thirdly, the more the reward

has been received previously, the less valuable and novel the reward is to the individual (Emerson, 1976). Direct correlations may be made between these assumptions and the focus of this study. The researcher would conclude that the third assumption is now applicable to hotel reward programs. The more the reward has been received previously, the more it may establish a different reference point especially in the case of utilitarian rewards. If a member always receives a discount, the discounted price becomes the new price reference, with the discount no longer holding the same value as it did previously. This indicates that evolution of hotel reward programs is imperative to begin the cycle again with the revisitation of the first assumption of SET. This implies that when a person is rewarded for their actions, they will repeat the action. Thus, the time factor and changes in consumer sentiment based on comparison to other programs helps to constantly update what each reward program customer considers to be an interesting, relevant and valuable reward which will help alleviate the progression to the third assumption of satiation.

The Relationship Marketing Theory builds upon the SET platform. With the focus of long-term relationships with customers, firms need to continually develop new strategies that increase the perceived value of the relationship to the customer. Relationships need to be fostered over a period of time which makes it essential for the reward programs to keep current on travel trends and make the appropriate adjustments in the reward program to retain customers. It is also necessary to understand the diversity of the customer base and offer multiple options within the reward earning and redemption process. What is pertinent to one demographic may not be to another. The use of technology allows for the customization and personalization of rewards, helps maintain long-term relationships and provides added value (Kandampully &

Duddy, 1999). Thus, the actual experience with the rewards program for each guest must be considered, evaluated, and measured to maximize satisfaction and associated program loyalty.

Practical Implications

Although this is a single study, there are practical implications that offer insights to the long-term success of hotel reward programs. Every program or service finds it necessary to evaluate and evolve their offerings, policies, and procedures as the business environment changes. The environment has changed in regard to the needs and desires of travelers. When hotel reward programs were established, the intent was to identify and reward the most loyal customers. As time progresses, there may not be the same results in retention of customers by offering rewards that are easily replicated by other brands, instead this can easily become an expectation that is provided by the company to the guests. It has also been stated in a study by Oracle Hospitality, that 54% of hotel companies believed the rewards offered were relevant, whereas only 22% of their members concurred (The Loyalty Divide, 2018). This disconnect between the hotel companies and their reward members reflects the need for a transformation of the reward programs. Research, such as this study, benefits the hotel industry by bringing to light the opportunities to revamp the current programs to become more valuable to the customer thus increasing the program satisfaction and program loyalty.

Limitations and Future Research

One of the critical limitations of this study is the sample population. As all data was collected from respondents on the MTurk platform, the results are likely not generalizable to the population. Future research should attempt to collect data from a more diverse population of

travelers including travelers above the age of 50 and with incomes greater than \$100,000.

Customer relationship marketing tools now available to hotel companies allows for independent collection of data from their guests and target market. Using data collected from their current loyal customers would give insight on how to attract and retain others that have similar demographics and psychographics.

Another limitation is the use of a survey to collect data. A different format of data collection such as employing a mixed design approach beginning with a qualitative section such as open ended questions or the utilization of focus groups made up of the company's reward program users could bring a more robust viewpoint revealing specific attributes customers would perceive as relevant and valuable in a reward program allowing for an updating of the consumer modeling of perceived value attributes that are more indicative to the current consumer expectations. It would be essential to not look just at the higher tier travelers, also collecting data from others that did not utilize the program regularly may offer valuable insight on how those consumers could be motivated to stay more frequently and spend more.

The survey is also limited as there were no group comparisons. Namely how each attribute could benefit from group analysis between different quality levels of hotels. Additionally, comparisons could have been made by dividing the groups between highly satisfied and less satisfied reward program members. Finally, frequency of travel could be helpful consideration by studying expectations and desires of different tiers of reward programs.

As preferred program implies there is already satisfaction with the program which may explain the constructs all having means above five indicating a low level of dissatisfaction. Other

research studying only dissatisfied program members who travel frequently would be a different way of collecting insightful information quantitatively.

Switching costs could be examined in a more comprehensive manner by including additional constructs such as psychological costs and cases where there is a lack of alternatives. As a defense measure, many companies have increased the perception of the difficulty of switching programs. Although this may retain individuals, this is really not the side of retention that the business wants to be associated with. From an offensive standpoint, competitors that would match the level of number of points a customer has achieved may be an incentive for customers to defect especially if the competition is willing to offer a match.

Further research involving generational differences would be helpful in understanding the nonsignificant results of this hypotheses. Another possibility may occur in the case of redemption of rewards. Meaning, if hotel nights are earned and points are redeemed for the stay, there is not an outlay of currency by the consumer. Paying with points would have a different financial impact on customers than paying out of their bank account. Another possibility may be the ability to use other discounts such as AAA membership to procure a lower rate than is offered to reward members. Additional research would be beneficial to understand why the utilitarian value and other non-supported proposition contradict other studies.

Future research is suggested to do group comparisons between age, income level, and reason for travel to determine if there is a significant difference in the results. Using the travelers' profile information as control variables could be valuable to future research to further investigate the alignment of the current hotel programs with the current wants and needs of current travelers. Analyzing the purpose of travel would allow for the identification of any

differences between business travelers, leisure travelers, and those that travel for a combination of both purposes. Understanding these differences would allow for separate marketing strategies based upon the needs of each group. This would be especially useful if the profile of the weekday customer is a business traveler, and the weekend occupancy is lower. It opens up an opportunity to offer attractive packages to the leisure travelers to increase occupancy on off peak days and seasons.

Summary

Reward programs were created to retain loyal customers. The findings of this study are valuable to both theory and practice. As the Social Exchange Theory discussed satiation with rewards, this study with the younger demographic offered support that utilitarian (economic) rewards are not as valuable as they have been in the past. It is possible the traveler of today would rather have a reward in the present instead of accumulating points for the possibility of a reward in the future. This may lead to additional research on the difference between the demographics of travelers including the differences in generational expectations.

This research increases the body of knowledge by identifying two well documented perceived value dimensions as not having a significant impact. These findings may represent a switching of the tide in the types and timing of program rewards. In addition, a plethora of studies have investigated customer loyalty and brand loyalty with very little focusing on program loyalty. Considering program loyalty as an attribute of the hotel experience that merits study with customer loyalty may provide deeper insights. This study demonstrates that there is a need to conduct further research on the effectiveness of reward programs, the impact that the rewards

have on forming loyalty to the program and how program loyalty can be an antecedent to customer and brand loyalty.

APPENDIX A: IRB APPROVAL LETTER



UNIVERSITY OF CENTRAL FLORIDA

Institutional Review Board
FWA00000351
IRB00001138
Office of Research
12201 Research Parkway
Orlando, FL 32826-3246

EXEMPTION DETERMINATION

February 12, 2019

Dear Jill Plumer:

On 2/12/2019, the IRB determined the following submission to be human subjects research that is exempt from regulation:

Type of Review:	Initial Study, Category
Title:	The Antecedents of Program Loyalty in the Hotel Industry
Investigator:	Jill Plumer
IRB ID:	STUDY00000149
Funding:	None
Grant ID:	None

This determination applies only to the activities described in the IRB submission and does not apply should any changes be made. If changes are made, and there are questions about whether these changes affect the exempt status of the human research, please contact the IRB. When you have completed your research, please submit a Study Closure request so that IRB records will be accurate.

If you have any questions, please contact the UCF IRB at 407-823-2901 or irb@ucf.edu. Please include your project title and IRB number in all correspondence with this office.

Sincerely,

Adrienne Showman
Designated Reviewer

APPENDIX B: SURVEY INSTRUMENT

What is your preferred type of accommodation when traveling?

- Hotel
- Bed and Breakfast
- Airbnb/VRBO/Home Away
- RV/Campground

How many trips per year do you take that include a hotel stay?

- 2-3
- 4-6
- 7-10
- More than 10

What is the primary purpose of your travel?

- Business
- Leisure
- Combination Business and Leisure

What is the average rate paid per night?

- Under \$100
- \$100-200
- Over \$200

In how many hotel reward programs are you a member?

- 1-3
- 4-6
- 7-10
- More than 10

Which hotel reward programs are you a member? (Please check all that apply.)

- Hilton Honors
- Marriott Bonvoy
- Choice Privileges
- IHG Rewards
- Best Western Rewards
- Wyndham Rewards
- Radisson Rewards Americas
- World of Hyatt
- I Prefer Hotel Rewards
- Other

What is your preferred hotel reward program?

- Hilton Honors
- Marriott Bonvoy
- Choice Privileges

IHG Rewards
Best Western Rewards
Wyndham Rewards
Radisson Rewards Americas
World of Hyatt
I Prefer Hotel Rewards
Other

Are you a member of any of the following reward programs?

Airline
Car rental
Casino
Cruise
Online Travel Agency
Credit Card

All statements measure on a 7-point Likert scale anchored with strongly disagree (1) and strongly agree (7).

Functional Value

1. It is easy to achieve award redemption.
2. There are reasonable rewards for what I spend.
3. It is easy to understand the reward program.
4. There is no processing fee for reward transfers.
5. The points I have accumulated never expire.
6. There are many reward redemption possibilities.
7. There are no blackout dates to redeem free nights.
8. There are many reward options.

External Value

9. Partnerships with credit card companies is important to me.
10. I have the ability to combine hotel points and airline miles.
11. I have the ability to transfer points to someone I know.

Utilitarian Value

12. I get financial incentives.
13. I get a discount or a special deal on hotel products/services.
14. I save money compared to people who do not join the hotel reward program.

Hedonic Value

15. I get excited about the rewards.

16. I am excited to use the program.
17. I am enthusiastic about collecting points.
18. The program is appealing to me.
19. Collecting points from the program is entertaining.
20. Redeeming points is enjoyable.
21. I feel good when I redeem points for rewards.
22. I enjoy using the program.
23. I feel rewarded by the program.
24. I am delighted by the rewards I receive.
25. I am happy when I receive rewards for my purchases.

Symbolic Value

26. My relationship with the reward program has a great deal of personal meaning to me.
27. I feel emotionally attached to the reward program.
28. I have a sense of belonging to the reward program.
29. I feel like a part of a family as a member of the reward program.

Program Satisfaction

30. I am fully satisfied with the reward program.
31. The reward program fulfills my expectations.
32. My experiences with the reward program are excellent.
33. My reward program has never disappointed me so far.

Switching Costs

34. If I switch to another reward program, I could not use the services and benefits of my current reward program, such as complimentary room upgrade, free access to the club lounge, and a redemption stay.
35. Switching to another reward program will increase monetary costs, such as paying a higher price for room and food.
36. For me, the cost in time and effort to switch to another reward program are high.
37. In general, it would be inconvenient and a hassle to switch to another reward program.

Program Loyalty

38. I say positive things about the hotel reward program to others.
39. I would recommend the reward program to others.
40. I encourage friends and relatives to join my preferred hotel reward program.
41. I consider the preferred reward program when making travel plans.
42. I like the program more than other hotel reward programs.
43. I have a strong preference for this reward program.
44. I will use the reward program in the next 12 months.

What is your gender?

- Male
- Female
- Non-binary
- Prefer not to say

Which of the following terms best represents your sexual orientation?

- Heterosexual
- Gay
- Lesbian
- Bisexual
- Other
- Prefer not to say

What is your age?

- 18-30
- 31-40
- 41-50
- 51-70
- Over 70

What is your household income?

- Under \$50k
- \$50k to \$74,999
- \$75k to \$99,999
- \$100k to \$149,999
- \$150k or more

What is your employment status?

- Employed full-time
- Employed part-time
- Retired
- Unemployed
- Student

What is your highest level of education completed?

- Less than high school
- High school graduate
- Some college or trade school
- 2-year degree
- 4-year degree
- Professional degree
- Doctorate

What is your marital status?

Married

Divorced

Widowed

Separated

Domestic partnership

Never married

APPENDIX C: SUPPLEMENTAL TABLES

Table 9: Central Tendencies

Construct Items	Mean	Standard Deviation	Skewness	Kurtosis
FV1	5.35	1.108	-1.012	1.590
FV2	5.56	1.132	-.829	.933
FV3	5.72	1.036	-.834	.752
FV4	5.56	1.116	-.743	.637
FV5	5.19	1.370	-.916	.530
FV6	5.47	1.110	-.679	.704
FV7	5.28	1.320	-.845	.472
FV8	5.61	1.105	-.757	.582
EV1	5.36	1.232	-1.101	1.545
EV2	5.40	1.292	-1.003	1.143
EV3	5.40	1.361	-1.166	1.374
UV1	5.43	1.188	-.939	1.213
UV2	5.64	1.032	-.791	1.132
UV3	5.61	1.091	-.757	1.026
HV1	5.53	1.142	-.959	1.298
HV2	5.59	1.131	-.806	.920
HV3	5.71	1.092	-.982	1.338
HV4	5.59	1.078	-.948	1.447
HV5	5.55	1.147	-.901	1.369
HV6	5.64	1.104	-.936	1.326
HV7	5.69	1.059	-.860	.919
HV8	5.71	1.084	-.966	1.264
HV9	5.72	1.089	-1.192	2.534
HV10	5.51	1.136	-1.009	1.679
HV11	5.71	1.046	-.881	1.236
SV1	5.56	1.239	-1.130	1.501
SV2	5.30	1.358	-.970	.799
SV3	5.42	1.270	-1.042	1.329
SV4	5.40	1.340	-1.114	1.351
PS1	5.58	1.124	-.797	.674
PS2	5.62	1.073	-.874	1.305
PS3	5.59	1.098	-1.047	2.110
PS4	5.47	1.245	-1.025	1.224
PL1	5.54	1.130	-1.007	1.556
PL2	5.55	1.137	-.860	1.007

Construct Items	Mean	Standard Deviation	Skewness	Kurtosis
PL3	5.54	1.139	-.895	1.013
PL4	5.60	1.083	-.770	.925
PL5	5.54	1.122	-.957	1.652
PL6	5.60	1.145	-.979	1.603
PL7	5.70	1.076	-.987	1.476
SC1	5.23	1.273	-.893	.778
SC2	5.33	1.251	-.787	.586
SC3	5.35	1.225	-.827	.615
SC4	5.45	1.234	-.793	.377

Table 10: Construct Correlation Matrix

	FV	EV	UV	HV	SV	PS	PL	SC
FV	1.000							
EV	.689	1.000						
UV	.777	.577	1.000					
HV	.789	.635	.777	1.000				
SV	.690	.692	.590	.748	1.000			
PS	.737	.566	.650	.792	.697	1.000		
PL	.778	.587	.726	.873	.721	.825	1.000	
SC	.632	.560	.557	.590	.613	.566	.641	1.000

LIST OF REFERENCES

- Abdul-Muhmin, A. G. (2002). Effects of suppliers' marketing program variables on industrial buyers' relationship satisfaction and commitment. *Journal of Business & Industrial Marketing*, 17(7), 637-651.
- Bagozzi, R. P. (1995). Reflections on relationship marketing in consumer markets. *Journal of the Academy of Marketing Science*, 23(4), 272-277.
- Baron, R. M., & Kenny, D. A. (1986). The moderator–mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, 51(6), 1173.
- Becker, J.U., Greve, G. & Albers, S. (2009). The impact of technological and organizational implementation of CRM on customer acquisition, maintenance, and retention. *International Journal of Research in Marketing*, 26(3), 207-215.
- Berezan, O., Raab, C., Tanford, S., & Kim, Y. S. (2015). Evaluating loyalty constructs among hotel reward program members using eWOM. *Journal of Hospitality & Tourism Research*, 39(2), 198-224.
- Berry, L. L. (1983). Relationship marketing. *Emerging Perspectives on Services Marketing*, 66(3), 33-47.
- Berry, L. L. (1995). Relationship marketing of services—growing interest, emerging perspectives. *Journal of the Academy of Marketing Science*, 23(4), 236-245.
- Berry, L.L. and Parasuraman, A. (1991). *Marketing Services*, The Free Press, New York, NY.
- Blau, P. M. (1964). *Exchange and Power in Social Life*. Transaction Publishers.

- Boulding, W., Staelin, R., Ehret, M., & Johnston, W. J. (2005). A customer relationship management roadmap: What is known, potential pitfalls, and where to go. *Journal of Marketing*, 69(4), 155-166.
- Bowen, J. T., & Chen, S. L. (2001). The relationship between customer loyalty and customer satisfaction. *International Journal of Contemporary Hospitality Management*, 13(5), 213-217.
- Bowen, J. T., & Shoemaker, S. (2003). Loyalty: A strategic commitment. *The Cornell Hotel and Restaurant Administration Quarterly*, 44(5-6), 31-46.
- Cao, Y., & Gruca, T. S. (2005). Reducing adverse selection through customer relationship management. *Journal of Marketing*, 69(4), 219-229.
- Chen, Y., Mandler, T., & Meyer-Waarden, L. (2021). Three decades of research on loyalty programs: A literature review and future research agenda. *Journal of Business Research*, 124, 179-197.
- Chen, I. J., & Popovich, K. (2003). Understanding customer relationship management (CRM) People, process and technology. *Business Process Management Journal*, 9(5), 672-688.
- Chin, W. W. (2010). How to write up and report PLS analyses. In *Handbook of Partial Least Squares* (p. 655-690). Springer, Berlin, Heidelberg.
- Churchill Jr, G. A. (1979). A paradigm for developing better measures of marketing constructs. *Journal of Marketing Research*, 16(1), 64-73.
- Cohen, J. (1992). Statistical power analysis. *Current Directions in Psychological Science*, 1(3), 98-101.

- Cravens, D. W., Holland, C. W., Lamb Jr, C. W., & Moncrief III, W. C. (1988). Marketing's role in product and service quality. *Industrial Marketing Management*, 17(4), 285-304.
- Cropanzano, R., & Mitchell, M. S. (2005). Social exchange theory: An interdisciplinary review. *Journal of Management*, 31(6), 874-900.
- Crotts, J., D. Dickson, and R. Ford (2005). Auditing organizational alignment for guest service excellence. *Academy of Management Executives*, 19(3), 54-68.
- Day, G. S. (2000). Managing market relationships. *Journal of the Academy of Marketing Science*, 28(1), 24-30.
- Deci, E. L. (1972). Intrinsic motivation, extrinsic reinforcement, and inequity. *Journal of Personality and Social Psychology*, 22(1), 113.
- Demoulin, N. T., & Zidda, P. (2008). On the impact of loyalty cards on store loyalty: Does the customers' satisfaction with the reward scheme matter? *Journal of Retailing and Consumer Services*, 15(5), 386-398.
- De Wulf, K. D., & Odekerken-Schröder, G. (2001). A critical review of theories underlying relationship marketing in the context of explaining consumer relationships. *Journal for the Theory of Social Behaviour*, 31(1), 73-101.
- Dlačić, J., Grbac, B., & Lazarić, M. (2018). Exploring relationship quality in the hospitality industry. *Tourism and Hospitality Management*, 24(2), 287-306.
- Dorotic, M., Verhoef, P. C., Fok, D., & Bijmolt, T. H. (2014). Reward redemption effects in a loyalty program when customers choose how much and when to redeem. *International Journal of Research in Marketing*, 31(4), 339-355.

- Dowling, G. R., & Uncles, M. (1997). Do customer reward programs really work? *Sloan Management Review*, 38(4), 71-82.
- Emerson, R. M. (1976). Social exchange theory. *Annual Review of Sociology*, 2(1), 335-362.
- Evanschitzky, H., Ramaseshan, B., Woisetschläger, D. M., Richelsen, V., Blut, M., & Backhaus, C. (2012). Consequences of customer loyalty to the reward program and to the company. *Journal of the Academy of Marketing Science*, 40(5), 625-638.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39-50.
- Fraenkel, J. R., Wallen, N. E., & Hyun, H. H. (2011). *How to design and evaluate research in education*. New York: McGraw-Hill Humanities/Social Sciences/Languages.
- Fruend, M. (2017). COLLOQUY Loyalty Census. *COLLOQUY*. <http://go.pardot.com/l/229542/2017-06-28/hpkd>.
- Goodman, J. K., Cryder, C. E., & Cheema, A. (2013). Data collection in a flat world: The strengths and weaknesses of Mechanical Turk samples. *Journal of Behavioral Decision Making*, 26(3), 213-224.
- Grönroos, C. (1990). Relationship approach to marketing in service contexts: The marketing and organizational behavior interface. *Journal of Business Research*, 20(1), 3-11.
- Grönroos, C. (1996). Relationship marketing: strategic and tactical implications. *Management Decision*, 34(3), 5-14.
- Gummesson, E. (1994). Making relationship marketing operational. *International Journal of Service Industry Management*, 5(5), 5-20.

- Gummesson, E. (2002). *Total relationship marketing: Marketing management, relationship strategy, and CRM approaches for the network economy*. Woburn, MA: Butterworth Heinemann
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis: International version*. New Jersey: Pearson.
- Hair, J. F., Hult, G. T. M., Ringle, C. M. & Sarstedt, M. (2016). *A primer on partial least squares structural equation modeling (PLS-SEM)*. Thousand Oaks, CA: Sage.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., and Sarstedt, M. (2022). *A primer on partial least squares structural equation modeling (PLS-SEM) 3rd edition*. Thousand Oaks, CA: Sage.
- Hair, J. F., Sarstedt, M., Ringle, C. M. & Gudergan, S. P. (2017). *Advanced issues in partial least squares structural equation modeling*. Thousand Oaks, CA: Sage.
- Holbrook, M. B. (1996), Customer Value - A Framework for Analysis and Research, *Advances in Consumer Research*, Vol. 23, No. 1, pp. 138-141.
- Holbrook, M. B., & Hirschman, E. C. (1982). The experiential aspects of consumption: Consumer fantasies, feelings, and fun. *Journal of Consumer Research*, 9(2), 132-140.
- Homans, G. C. (1958). Social behavior as exchange. *American Journal of Sociology*, 63(6), 597-606.
- Hu, H. H., Huang, C. T., & Chen, P. T. (2010). Do reward programs truly build loyalty for lodging industry? *International Journal of Hospitality Management*, 29(1), 128-135.
- Hunt, S. D. (1997). Competing through relationships: Grounding relationship marketing in resource-advantage theory. *Journal of Marketing Management*, 13(5), 431-445.

- Hunt, S.D. (2000). *A General Theory of Competition*. Thousand Oaks, CA Sage Publications, Inc.
- Hunt, S. D., & Arnett, D. B. (2006). Does marketing success lead to market success? *Journal of Business Research*, 59(7), 820-828.
- Jones, M. A., Mothersbaugh, D. L., & Beatty, S. E. (2002). Why customers stay: Measuring the underlying dimensions of services switching costs and managing their differential strategic outcomes. *Journal of Business Research*, 55(6), 441-450.
- Kandampully, J., & Duddy, R. (1999). Relationship marketing: a concept beyond the primary relationship. *Marketing Intelligence & Planning*, 17(7), 315-323.
- Kandampully, J., Zhang, T., & Bilgihan, A. (2015). Customer loyalty: A review and future directions with a special focus on the hospitality industry. *International Journal of Contemporary Hospitality Management*, 27(3), 379-414.
- Kang, J., Alejandro, T. B., & Groza, M. D. (2015). Customer–company identification and the effectiveness of loyalty programs. *Journal of Business Research*, 68(2), 464-471.
- Keller, K. L. (1993). Conceptualizing, Measuring, Managing Customer-Based Brand Equity. *Journal of Marketing*, 57(1), 1–22.
- Kim, W.G., Kim, S.Y. & Leong, J.K. (2003). Impact of guest reward programs on the firms' performance. *Journal of Quality Assurance in Hospitality and Tourism*, 4(1), 87-109.
- Kleinaltenkamp, M., Ehret, M., Hunt, S. D., Arnett, D. B., & Madhavaram, S. (2006). The explanatory foundations of relationship marketing theory. *Journal of Business & Industrial Marketing*, 21(2), 72-87.

- Koo, B., Yu, J., & Han, H. (2020). The role of loyalty programs in boosting hotel guest loyalty: Impact of switching barriers. *International Journal of Hospitality Management*, 84, 102328.
- Kumar, V., & Shah, D. (2004). Building and sustaining profitable customer loyalty for the 21st century. *Journal of Retailing*, 80(4), 317-329.
- Lee, J. J., Capella, M. L., Taylor, C. R., & Gabler, C. B. (2014). The financial impact of loyalty programs in the hotel industry: A social exchange theory perspective. *Journal of Business Research*, 67(10), 2139-2146.
- Lee, J. S., Tsang, N., & Pan, S. (2015). Examining the differential effects of social and economic rewards in a hotel reward program. *International Journal of Hospitality Management*, 49, 17-27.
- Leenheer, J., van Heerde, H. J., Bijmolt, T. H., & Smidts, A. (2007). Do reward programs really enhance behavioral loyalty? An empirical analysis accounting for self-selecting members. *International Journal of Research in Marketing*, 24(1), 31-47.
- Leingpibul, T., Thomas, S., Broyles, S. A., & Ross, R. H. (2009). Loyalty's influence on the consumer satisfaction and (re)purchase behavior relationship. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 22, 36-53.
- Lo, A. S., Im, H. H., Chen, Y., & Qu, H. (2017). Building brand relationship quality among hotel reward program members. *International Journal of Contemporary Hospitality Management*, 29(1), 458-488.
- Macaulay, S. (1963). Non-Contractual Relations in Business: A Preliminary Study. *American Sociological Review*, 28(1), 55. Retrieved from <https://search-ebscohost->

com.ezproxy.net.ucf.edu/login.aspx?direct=true&db=edsjsr&AN=edsjsr.2090458&site=eds-live&scope=site

- Mägi, A. W. (2003). Share of wallet in retailing: The effects of customer satisfaction, loyalty cards and shopper characteristics. *Journal of Retailing*, 79(2), 97-106.
- Mason, W., & Suri, S. (2012). Conducting behavioral research on Amazon's Mechanical Turk. *Behavior Research Methods*, 44(1), 1-23.
- Mathies, C., & Gudergan, S. (2007). Revenue management and customer centric marketing—How do they influence travelers' choices? *Journal of Revenue and Pricing Management*, 6(4), 331-346.
- Mathies, C., Gudergan, S. P., & Wang, P. Z. (2013). The effects of customer-centric marketing and revenue management on travelers' choices. *Journal of Travel Research*, 52(4), 479-493.
- Mattila, A. S., (2006). How affective commitment boosts guest loyalty (and promotes frequent guest programs). *Cornell Hotel and Restaurant Administration Quarterly*, 47(2), 174-181.
- McCall, M., & Voorhees, C. (2010). The drivers of reward program success an organizing framework and research agenda. *Cornell Hospitality Quarterly*, 51(1), 35-52.
- Meyer-Waarden, L., Benavent, C., & Castéran, H. (2013). The effects of purchase orientations on perceived reward programmes' benefits and loyalty. *International Journal of Retail & Distribution Management*, 41(3), 201-225.

- Mimouni-Chaabane, A., & Volle, P. (2010). Perceived benefits of reward programs: Scale development and implications for relational strategies. *Journal of Business Research*, 63(1), 32-37.
- Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3), 20-38.
- Nguyen, B. (2011). The dark side of CRM. *The Marketing Review*, 11(2), 137-149.
- Nguyen, B., & Simkin, L. (2013). The dark side of CRM: advantaged and disadvantaged customers. *Journal of Consumer Marketing*, 30(1), 17-30.
- Noble, S. M., Esmark, C. L., & Noble, C. H. (2014). Accumulation versus instant reward programs: The influence of controlling policies on customers' commitments. *Journal of Business Research*, 67(3), 361-368.
- Noone, B. M., Kimes, S. E., & Renaghan, L. M. (2003). Integrating customer relationship management and revenue management: A hotel perspective. *Journal of Revenue and Pricing Management*, 2(1), 7-21.
- Oliver, R. L. (1996). Satisfaction: A behavioral perspective on the consumer evaluation in product usage. *Journal of Business Research*, 13, 235-246.
- Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing*, 63(4), 33-44.
- Omar, N. A., & Nazri, M. A. (2011). Understanding the relationships of program satisfaction, program loyalty and store loyalty among cardholders of loyalty programs. *Asian Academy of Management Journal*, 16(1).

- Omar, N. A., Ramly, S. M., Alam, S. S., & Nazri, M. A. (2015). Assessing the effect of loyalty program benefits in satisfaction-loyalty relationship: evidence from Malaysia. *Jurnal Pengurusan (UKM Journal of Management)*, 43.
- Omar, N. A., Wel, C. A. C., Musa, R., & Nazri, M. A. (2010). Program benefits, satisfaction and loyalty in retail loyalty program: Exploring the roles of program trust and program commitment. *IUP Journal of Marketing Management*, 9(4).
- Padilla-Meléndez, A., & Garrido-Moreno, A. (2014). Customer relationship management in hotels: Examining critical success factors. *Current Issues in Tourism*, 17(5), 387-396.
- Palmatier, R. W., Scheer, L. K., Houston, M. B., Evans, K. R., & Gopalakrishna, S. (2007). Use of relationship marketing programs in building customer–salesperson and customer–firm relationships: Differential influences on financial outcomes. *International Journal of Research in Marketing*, 24(3), 210-223.
- Pesonen, J., Komppula, R., & Murphy, J. (2019). Plastic loyalty—Investigating loyalty card programs for a Finnish hotel chain. *Tourism Management*, 73, 115-122.
- Piccoli, G., O'Connor, P., Capaccioli, C., & Alvarez, R. (2003). Customer relationship management—A driver for change in the structure of the US lodging industry. *Cornell Hotel and Restaurant Administration Quarterly*, 44(4), 61-73.
- Raab, C., Berezan, O., Krishen, A. S., & Tanford, S. (2016). What's in a word? Building program loyalty through social media communication. *Cornell Hospitality Quarterly*, 57(2), 138-149.
- Reichheld, F. F., & Sasser, W. E. (1990). Zero defections: Quality comes to services. *Harvard business review*, 68(5), 105-111.

- Reinartz, W., & Kumar, V. (2002). The mismanagement of customer loyalty. *Harvard Business Review*, 80(7), 86-95.
- Rigby, D. K., Reichheld, F. F., & Schefter, P. (2002). Avoid the four perils of CRM. *Harvard Business Review*, 80(2), 101-109.
- Ringle, C.M., Wende, Sven, & Becker, J-M. (2015). Smart PLS 3. Boenningstedt: SmartPLS.
Retrieved from <https://www.smartpls.com>
- Ryu, K., Han, H., & Jang, S. (2010). Relationships among hedonic and utilitarian values, satisfaction and behavioral intentions in the fast-casual restaurant industry. *International Journal of Contemporary Hospitality Management*, 22(3), 416-432.
- Schellhase, R., Hardock, P., & Ohlwein, M. (2000). Customer satisfaction in business-to-business marketing: The case of retail organizations and their suppliers. *The Journal of Business and Industrial Marketing*, 15(2-3), 106-121.
- Shanshan, N., Wilco, C., & Eric, S. (2011). A study of hotel frequent-guest programs: Benefits and costs. *Journal of Vacation Marketing*, 17(4), 315-327.
- Sheth, J. N. (1994). The domain of relationship marketing. In *The 2nd Research Conference on Relationship Marketing, Emory University, Atlanta, GA, June* (pp. 9-11).
- Sheth, J. N., & Parvatiyar, A. (1995). The evolution of relationship marketing. *International Business Review*, 4(4), 397-418.
- Shoemaker, S., & Lewis, R. C. (1999). Customer loyalty: the future of hospitality marketing. *International Journal of Hospitality Management*, 18(4), 345-370.
- Shukla, P., & Purani, K. (2012). Comparing the importance of luxury value perceptions in cross-national contexts. *Journal of Business Research*, 65(10), 1417-1424.

- Singh, J., & Sirdeshmukh, D. (2000). Agency and trust mechanisms in consumer satisfaction and loyalty judgments. *Journal of the Academy of Marketing Science*, 28(1), 150-167.
- Sinha, I., & DeSarbo, W. S. (1998). An integrated approach toward the spatial modeling of perceived customer value. *Journal of Marketing Research*, 35(2), 236-249.
- Skogland, I., & Siguaw, J. A. (2004). Are your satisfied customers loyal? *Cornell Hotel and Restaurant Administration Quarterly*, 45(3), 221-234.
- Smith, J. B., & Barclay, D. W. (1997). The effects of organizational differences and trust on the effectiveness of selling partner relationships. *Journal of Marketing*, 61(1), 3-21.
- Smith, J. B., & Colgate, M. (2007). Customer value creation: a practical framework. *Journal of Marketing Theory and Practice*, 15(1), 7-23.
- So, J. T., Danaher, T., & Gupta, S. (2015). What do customers get and give in return for reward program membership? *Australasian Marketing Journal*, 23(3), 196-206.
- So, K. K. F., King, C., Sparks, B. A., & Wang, Y. (2016). The role of customer engagement in building consumer loyalty to tourism brands. *Journal of Travel Research*, 55(1), 64-78.
- Stauss, B., Schmidt, M., & Schoeler, A. (2005). Customer frustration in reward programs. *International Journal of Service Industry Management*, 16(3), 229-252.
- Steinhoff, L., Arli, D., Weaven, S., & Kozlenkova, I. V. (2019). Online relationship marketing. *Journal of the Academy of Marketing Science*, 47(3), 369-393.
- Suh, J. C., & Yi, Y. (2012). Do consumption goals matter? The effects of online loyalty programs in the satisfaction-loyalty relation. *Psychology & Marketing*, 29(8), 549-557.
- Sweeney, J. C., Soutar, G. N., & Johnson, L. W. (1999). The role of perceived risk in the quality-value relationship: A study in a retail environment. *Journal of Retailing*, 75(1), 77-105.

Tanford, S. (2013). The impact of tier level on attitudinal and behavioral loyalty of hotel reward program members. *International Journal of Hospitality Management*, 34, 285-294.

Tanford, S. (2016). Antecedents and outcomes of hospitality loyalty: A meta-analysis. *Cornell Hospitality Quarterly*, 57(2), 122-137.

Tanford, S., & Malek, K. (2015). Segmentation of reward program members to increase customer loyalty: The role of attitudes towards green hotel practices. *Journal of Hospitality Marketing & Management*, 24(3), 314-343.

Tanford, S., Raab, C., & Kim, Y. S. (2013). A model of hotel defection at the purchasing stage. *Journal of Hospitality Marketing & Management*, 22(8), 805-831.

Terblanche, N. S. (2015). Customers' perceived benefits of a frequent-flyer program. *Journal of Travel & Tourism Marketing*, 32(3), 199-210.

The loyalty divide: Operator and consumer perspectives (2018).

<http://www.oracle.com/us/industries/hospitality/oracle-hs-loyalty-hotels-view-4423844.pdf>

Thibaut, J.W. & Kelley, H.H. (1959). *The Social Psychology of Groups*. New York: John Wiley.

Tynan, C., McKechnie, S., & Chhuon, C. (2010). Co-creating value for luxury brands. *Journal of Business Research*, 63(11), 1156-1163.

Vargo, S. L., & Lusch, R. F. (2014). Evolving to a new dominant logic for marketing. In *The Service-Dominant Logic of Marketing* (pp. 21-46). Routledge.

Verhoef, P. C., & Langerak, F. (2002). Eleven misconceptions about customer relationship management. *Business Strategy Review*, 13(4), 70-76.

- Vesel, P. and Zabkar, V. (2009), Managing customer loyalty through the mediating role of satisfaction in the DIY retail loyalty program, *Journal of Retailing and Consumer Services*, 16(5), 396-406.
- Vigneron, F., & Johnson, L. W. (1999). A review and a conceptual framework of prestige-seeking consumer behavior. *Academy of Marketing Science Review*, 1(1), 1-15.
- Vigneron, F., & Johnson, L. W. (2004). Measuring perceptions of brand luxury. *Journal of Brand Management*, 11(6), 484-506.
- Wang, X. L. (2012). Relationship or revenue: Potential management conflicts between customer relationship management and hotel revenue management. *International Journal of Hospitality Management*, 31(3), 864-874.
- Wiedmann, K. P., Hennigs, N., & Siebels, A. (2007). Measuring consumers' luxury value perception: a cross-cultural framework. *Academy of Marketing Science Review*, 2007, 1-21.
- Wiedmann, K. P., Hennigs, N., & Siebels, A. (2009). Value-based segmentation of luxury consumption behavior. *Psychology & Marketing*, 26(7), 625-651.
- Williams, P., & Soutar, G. N. (2009). Value, satisfaction and behavioral intentions in an adventure tourism context. *Annals of Tourism Research*, 36(3), 413-438.
- Wu, S. I., & Lu, C. L. (2012). The relationship between CRM, RM, and business performance: A study of the hotel industry in Taiwan. *International Journal of Hospitality Management*, 31(1), 276-285.
- Xie, K. L., & Chen, C. C. (2013). Progress in reward program research: Facts, debates, and future research. *Journal of Hospitality Marketing & Management*, 22(5), 463-489.

- Xie, K. L., & Chen, C. C. (2014). Hotel reward programs: how valuable is valuable enough? *International Journal of Contemporary Hospitality Management*, 26(1), 107-129.
- Xie, K. L., Xiong, L., Chen, C. C., & Hu, C. (2015). Understanding active loyalty behavior in hotel reward programs through customers' switching costs and perceived program value. *Journal of Travel & Tourism Marketing*, 32(3), 308-324.
- Xiong, L., King, C., & Hu, C. (2014). Where is the love? Investigating multiple membership and hotel customer loyalty. *International Journal of Contemporary Hospitality Management*, 26(4), 572-592.
- Yang, W., & Mattila, A. S. (2016). Why do we buy luxury experiences? Measuring value perceptions of luxury hospitality services. *International Journal of Contemporary Hospitality Management*, 28(9), 1848-1867.
- Yi, Y., & Jeon, H. (2003). Effects of reward programs on value perception, program loyalty, and brand loyalty. *Journal of the Academy of Marketing Science*, 31(3), 229-240.
- Yoo, M., Berezan, O., & Krishen, A. S. (2018). Do members want the bells and whistles? Understanding the effect of direct and partner benefits in hotel loyalty programs. *Journal of Travel & Tourism Marketing*, 35(8), 1058-1070.
- Zikmund, W.G., Babin, B.J., Carr, J.C. & Griffin, M. (2010). *Business Research Methods*. Mason, OH: South-Western, Cengage Learning.