The One- or Two-Way Route?

A quantitative study on the effects of one-way and two-way marketing communication on brand loyalty among members of loyalty programs in the beauty industry.

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ABSTRACT

Marketing communication has been a widely researched area throughout recent years, due to the emergence of the internet. The different marketing communication channels used by customer loyalty programs in order to reach members efficiently, must be adapted to fit the consumer’s demand in order to deliver the message of the marketing actions. The marketing communication matrix claims that marketing communication can be divided into two perspectives, where one-way marketing communication is the communication actions that creates a monologue from a firm, and two-way marketing communication is the communicative action that creates a dialogue between companies and their loyal members. In order to test this, the communication channels for one-way communication have been identified as direct emails, text messages and catalogue send outs. The drivers of two-way communication have been further identified as tangible rewards, interpersonal communication and social media interaction. Thereby, the purpose of this study has been to test the effects of one-way marketing communication and two-way marketing communication on attitudinal loyalty and behavioral loyalty, among members of a loyalty program within the beauty industry. In addition, the effects of relationship quality have also been tested on brand loyalty. The findings have been applied for analysis on the big cosmetics chain SEPHORA on their operations in Scandinavia. Therefore, the population has been found within Sweden and Denmark.

Prior research has found that standardized, non-personalized marketing communication, which is often conducted via emails, led to brand loyalty. However, previous studies have also found that many of these emails remain unopened in the receiver’s inbox, and the content of the marketing action does not fulfill its marketing purpose. In addition, other existing literature claim that dialogical communication between firms and their customers increase customer satisfaction. A gap in the existing knowledge has therefore been found, as there are no studies conducted that focus on the effects of dialogical marketing communication on brand loyalty. In order to fulfill the purpose of this study, a quantitative research method has been utilized. Therefore, a web-based survey has been sent to active Facebook users, that had joined different beauty communities on this social media platform.

The regression analyses showed that the drivers of one-way marketing communication that had positive effects on attitudinal loyalty were direct emails and text messages. Further, the drivers of two-way marketing communication that had positive effects on attitudinal loyalty were interpersonal communication and social media interaction. Direct emails was the only driver of one-way communication that had a positive effect on behavioral loyalty, and other positive effects found was the drivers of two-way marketing communication, identified as interpersonal communication and social media interaction, on behavioral loyalty. The only driver of relationship quality that was found to have a positive effect on the two loyalty behaviors was relationship commitment. The conclusion of the study is that marketing communication in general has positive effects on both attitudinal loyalty and behavioral loyalty. However, as some drivers of marketing communication did not have any effect on brand loyalty, it is evident that firms must adapt their communication channels to fit their customer segments and to emerging technology. Practical recommendations were also presented for SEPHORA Scandinavia, which proposed that networks and communities should be the future targets in order to find the profitable customers.
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1.0 INTRODUCTION

This chapter provides knowledge to the reader about the research topic investigated in this thesis and specifies the knowledge gaps. Further information regarding the problem background, and company background of the organization that this study is applied to is also presented. Furthermore, a research question that fulfills the purpose of the study, and the expected contributions of this study is presented in this chapter.

1.1 CHOICE OF SUBJECT

We are two business students within management and marketing, enrolled in the Business Administration program at Umeå School of Business, Economics and Statistics. Both of us have, prior to this semester, been on internships at companies that operate within the beauty industry, which created a growing interest of conducting a research within this business area. We received the opportunity to write this thesis on commission for SEPHORA, which is a large chain of cosmetics stores worldwide (SEPHORA, 2018a), in order to help them gain knowledge for their future operations. The study has been applied to SEPHORA’s operations in Scandinavia, as one of us has been on an internship at their head office and has prior knowledge of the organization.

We are both interested in Customer Relationship Management (CRM), and how companies internally work with their customer loyalty program, in order to communicate with their loyal customers. Another interest of ours is how the communicative technology is used in order to reach consumers, and whether a form of communication can strengthen a customer’s sense of belonging to a customer loyalty program. Therefore, the study of this thesis investigates which communicative channels have effects on brand loyalty among members enrolled in a loyalty program within the beauty industry. Customer Relationship Management will hereinafter be shortened by CRM, and the view adopted of CRM will further be regarded as a process of identifying customer’s needs, and strive for a strong relationship between the two parts (Richards & Jones, 2008, p. 121).

Furthermore, this thesis will focus on the perceptions that consumers obtain towards a brand, and therefore take a consumer-based approach as the area of interest remains on the marketing communication between a firm and its customers. In other words, the study aims to gain knowledge regarding the marketing communication actions provided by a customer loyalty program, and investigate if these actions have any effects on its members’ brand loyalty. The results of the study are further applied to the operations within marketing communication of SEPHORA Scandinavia. The marketing communication performed by the customer loyalty program at SEPHORA Scandinavia is important for the organization, as it informs the members of the program about exclusive events, promotions and recognizes their members’ birthdays through emails. This information was found in an exploratory interview with the Head of E-commerce manager at SEPHORA Scandinavia. Furthermore, SEPHORA is a retailer within the cosmetics industry, and therefore they have a wide range of various brands in their stores. Therefore, as brand loyalty is mentioned in this thesis, it refers to the brand loyalty a consumer obtains towards the organization.
1.2 COMPANY BACKGROUND

Before Dominique Mannaoud founded SEPHORA in 1969, many beauty stores were rather restrictive with displaying products sold, as these were usually hidden behind counters (SEPHORA, 2018d). Customers had to purchase products before they could try them on, and therefore Mannaoud got the idea of creating a modern beauty platform for women and add value to the purchase experience within the store (SEPHORA, 2018d). Furthermore, as he implemented his ideas of this modern beauty store, he added beauty advisors to the store that would consult the customers with products well suited for them (SEPHORA, 2018d). SEPHORA became the most innovative beauty store with the new concept and in-store experience, and joined Groupe LVMH Moët Hennessy Louis Vuitton in 1997 (LVMH Moët Hennessy Louis Vuitton, 2018; SEPHORA, 2018d). Through this merge, SEPHORA became recognized as a high end store for cosmetics, and a unification with the luxury group, Groupe LVMH Moët Hennessy Louis Vuitton, was an obvious step for their future growth (SEPHORA, 2018d).

In order to maintain their innovativeness, the company tries to keep up with the new emerging technology and adapts quickly to new market trends. For example, an app was recently launched in order for their web shop to fit smaller screens, such as cell phones and tablets. SEPHORA’s main targeted customer segment are youths and young adults between the ages of 18 to 25, and these generations are generally more technology-driven (Turner, 2015, p. 104-105). Therefore, a demand to always adapt to modern technology (Euromonitor International, 2017, p. 5-8) in order to meet the customers on their preferred technological platforms is crucial for the organization (Boumphrey & Brehmer, 2017, p. 20-21).

A part from the innovative activities in their stores, they are also active users of customer loyalty programs. “SEPHORA Insider” is the customer loyalty program for all customers that join as exclusive members at SEPHORA, and it was launched in the United States and Canada in 2007 (SEPHORA, 2018b). This program created an opportunity for the company to maintain the relationships with their customers, as they would earn points for every purchase made, get exclusive offers, birthday gifts and other premiums as they reached a certain level of points (SEPHORA, 2018b; Yi, & Jeon, 2003, p. 229). For most countries, three membership levels exist. These levels are labeled as “White-card”, “Black-card”, and “Gold-card” (SEPHORA, 2018b). SEPHORA Scandinavia only operates through two levels of memberships, and these are “White-card” and “Black-card”. As this research is based on customers from Denmark and Sweden, the level of “Gold-card” will not be taken into consideration in this study (SEPHORA, 2018c).

1.3 PROBLEM BACKGROUND

The rapidly growing beauty industry is constantly adapting to new innovation and product developments (Euromonitor International, 2017, p. 1). A study created by Euromonitor International (2017, p. 5-8) identifies the different generations and their spending habits, where millennials are identified as people within the ages of 20-34 years old, and generation X is people between the ages of 35-49. The Baby Boomers are consumers who are 50 years and older, and they show the slowest rate in adoption of innovative skincare products (Euromonitor International, 2017, p. 5-8). Millennials are inclined to venture out and buy newer, sustainable and green products, whereas the people in the generation
called Baby Boomers are likely to rely on their past experiences of products. In addition, Baby Boomers may try new products if they hear about these products through the word-of-mouth, which is the information received by a friend or online reviews (Euromonitor International, 2017, p. 5-8; Huang et al., 2011, p. 1278). In addition, Turner (2015, p. 104-105), has identified Generation Y, which are the people between 14-20 years old, and claim that they are increasing the demand for companies to keep developing and adapting to new, emerging technologies. Physical stores and online shops must therefore keep up with the demand and new market trends, as the rising phenomenon of consumers buying online, also called “Connected Consumers” is growing (Boumphrey & Brehmer, 2017, p. 20-21). In order to customize products and meet consumers demand, marketing communication is vital in order to gain knowledge regarding the need of consumers (Turner, 2015, p. 104-105; Zbuchea & Mocanu, 2013, p. 298). A developed Customer Relationship Management within a company will be able to capture information needed in order to gain customer satisfaction, and a common action taken is to implement a customer loyalty program (Bolton et al., 2000, p. 95).

Jayachandran et al., (2005, p. 178) regard technology to be of great importance in order for a firm to establish a relationship with its consumers, as technology enable firms to find committed customers, gain trust and maintain a good relationship. Marketing communication is the main tool for a firm to enhance these relationships, and the use of social medias creates an interaction between brands and customers in order for the companies to respond quickly to the demands within the targeted segments (Jayachandran et al., 2005, p. 178). This two-way marketing communication may increase brand loyalty, as marketing is in these cases not driven by a monologue (Shen & Bissell, 2013, p. 647). Customer Relationship Management initiatives that are designed to support, and increase the knowledge for customer service personnel ought to make the experience for the customer less time consuming during problem solving (Richards & Jones, 2008, p. 127). In addition, the personnel will obtain easy accessible knowledge regarding its customers, and further be able to communicate instantly with members within their loyalty program, and improve the speed and effectiveness when resolving issues (Richards & Jones, 2008, p. 127).

The technology used within customer loyalty programs is crucial in order for marketers to reach their loyal members with information, and the main communication tools used between a customer loyalty program and their members is mainly driven by text-messages or emails (Merisavo & Raulas, 2004, p. 499). This is however claimed to not meet the technological demands of certain generations (Nickerson, 2007, p. 370; Scott, 2001, p. 632). Therefore, it is of great importance to clarify that the notion of marketing communication used in this study is to suit SEPHORA’s activities within Scandinavia, which is between their customer loyalty program and their use of communicative emails and social media channels. In an interview with the Head of E-commerce manager at SEPHORA Scandinavia, information regarding their marketing communication tools was found. The main marketing communication tools used are their various social medias, such as emails, Facebook, Snapchat, Instagram and YouTube. These social media platforms used at SEPHORA Scandinavia is communicating with both non-loyal customers and loyal customers, depending on whether they have subscribed to their channels, or not. In addition, these customers can also subscribe to their newsletters, conducted via emails.
The advantage of using email send-outs for companies that operate through a customer loyalty program is the fast and broad reach it creates (Gupta et al., 2013, p. 489-490; Merisavo & Raulas, 2004, p. 498). Many companies are today measuring delivery rates, click-rates and open-rates, where the short-term aim is to receive a click from a customer within an email (Merisavo & Raulas, 2004, p. 499; Zbuchea & Mocanu, 2013, p. 308). The communicative email is seen as a success if the recipient, in this case, a subscriber, will enter the online shop through the email, and therefore increase the traffic to the webpage (Merisavo & Raulas, 2004, p. 499; Zbuchea & Mocanu, 2013, p. 308). Click and open-rates are dependent on various factors, and according to Zbuchea and Mocanu (2013, p. 308) headlines may be too narrow in order to create an interest among consumers to open the email. This is however only considered a one-way communication, as it will not leave much room for their consumers to feel a sense of belonging to the customer loyalty program (Melancon & Dalakas, 2018, p. 157-158; Merisavo & Raulas, 2004, p. 498).

Shen and Bissell (2013, p. 631-632) claim that it is of great advantage for a firm to implement new technology to their operations as they will be able to adapt to consumers’ needs and demands. Therefore, companies are investing more in marketing efforts over social medias, as in 2011, 50% of social media users follow brands on their social media platforms (De Vries et al., 2012, p. 83). In addition, through modern social media it is possible to create a dialogue between companies and their consumers, which may generate brand loyalty (Shen & Bissell, 2013, p. 631-632). Also, by using social media today, customers are able to meet on a web-based platform (Zbuchea & Mocanu, 2013, p. 298), in order to receive reviews and recommendations of products from consumers world-wide (Bafna & Toshniwal, 2013, p. 143). A study made by Yoo et al. (2012, p. 1313-1314) also claim that consumers are more prone to buy products that they never been in contact with before, if these are recommended by someone they know, or another physical person that remains objective in regards to the product. In other words, it may be profitable for a company that operates within a customer loyalty program to let their consumers interact with each other, as this may enhance their feelings regarding brands or products (McCall & Voorhees, 2010, p. 49; Yoo et al., 2012, p. 1313-1314).

A problem is recognized within this research area, as Merisavo and Raulas (2004, p. 498) claim that emails, which is considered to be standardized and an impersonal communication tool, have an effect on brand loyalty and are considered to be effective. In contrast, Shen and Bissell (2013, p. 631-632) claim that dialogical communication has an effect on customer satisfaction. As no prior studies have been investigating the effects of different communication channels that creates monologues or dialogues, this study will focus on which drivers of marketing communication have effects on brand loyalty, and apply the findings to the Scandinavian operations of SEPHORA.

1.4 THEORETICAL BACKGROUND

In order for companies to maintain a good and nurturing relationship with their customers, studies claim that it is efficient to start this process by establishing an effective CRM (Hillebrand et al., 2011, p. 595). A qualitative study conducted by Stone and Labus (2010, p. 156-157) explored if any differences exist in the perceptions one obtains of what CRM is. In addition, this study was conducted and tested on various people that acted as corporate clients within the telecom business. One person explained CRM as a phenomenon and a strategic implementation by companies, as managers want to establish and form a profitable relationship with their clients (Stone & Labus, 2010, p. 156-157).
Another person said that CRM is a software artifact that keeps sales people from doing their job. And in contrast, another person perceived it as a system that lets a company obtain complete knowledge of their customers (Stone & Labus, 2010, p. 156-157). Richards and Jones (2008, p. 121) state that CRM is perceived differently for each individual, as some people may consider it as a tool to customize products for their customers, and some claim it to be the direct customer contact through emails. With this being said, the notion of CRM can take many different forms for different people (Richards & Jones, 2008, p. 121).

The aim in general for well-established CRM operations is for the company to make consumers perceive their brand to be of greater value, and establish a long and profitable relationship (Chen & Myagmarsuren, 2011, p. 959). The relationship is strengthened with retention programs, such as customer loyalty programs, as the customer will feel the sense of belonging to a certain brand, which can enhance the feeling of trust and personal feelings associated with the company (Bligh & Turk, 2004, p. 72; Chen & Myagmarsuren, 2011, p. 959; Low & Johnston, 2006, p. 678). Rust et al. (2000, p. 99) go further by explaining which drivers that leads to customer retention within a company's customer-based operations, which they further recognized as loyalty programs, special recognition programs, affinity programs, community programs and knowledge-building programs.

A customer loyalty program usually intends to offer financial, promotional and beneficial rewards to customers, in order to keep them re-purchasing products or services (Oh et al., 2011, p. 118). Therefore, the main purpose of a loyalty program is to understand the beneficial consumers, in order to build and maintain long term relationships with them (Liu, 2007, p. 19). In addition, it is a way for a company to give back to its customers, and increase satisfaction and rewarding them for doing business with the firm (Winters & Ha, 2011, p. 373). In order for a company to reach out to the members within their customer loyalty program with promotions or premiums offered, they need an effective communication tool and information regarding their exclusive members (De Wulf et al., 2001, p. 34). Customer loyalty programs are claimed to increase a customer's various behaviors of loyalty towards the brand that the program is targeting, and it is of great importance to identify these behaviors in order for the reader to gain knowledge of the subject (Winters & Ha, 2011, p. 373).

The word “loyalty”, linked to the area of consumer behavior has been described as a behavior of re-purchasing products with a strong commitment to a certain brand (Liu, 2007, p. 20). Furthermore, Chaudhuri and Holbrook (2001, p. 90) further found that brand loyalty consists of two different perspectives, which concern the behavioral perspective and the attitudinal perspective. They identify behavioral loyalty as the behavior of repeated purchases within a brand, while attitudinal loyalty refers to the degree of personal commitment that is held towards a brand. Brand loyalty has also been explained in a study by Ha (1998, p. 52) as a customer’s attitude regarding a brand, that will favor the firm by repeated purchases and positive associations. This view has however been a criticized way of seeing brand loyalty, indicating that the relationship described by this definition is not explained with enough depth in order to be defining loyalty towards a brand (Ha, 1998, p. 52). This research will be examining two different behaviors: how a customer perceives and identifies themselves with a brand through continuous communication, and how this communication can have an impact on the spending patterns towards a brand. Therefore, the view of Chaudhuri and Holbrook (2001, p. 90) will be adopted, as it claims that brand loyalty can take two different perspectives.
There are many ways of defining communication, as Burns et al. (2003, p. 186) claim it as the process of creating and negotiating meanings, which can take place under cultural, social and political situations. In addition, Rayudu (2009, p. 2) further explains communication as a process of selecting and sorting information in order to help the receiver to create his or her own perception of the information transferred. Communication can also be driven in two different aspects, where it can be conducted through a monologue or a dialogue (Maratos, 2015, p. 186). A monologue is explained as “speaking alone”, as an act of expressing oneself without any contact with another physical person (Maratos, 2015, p. 186). In contrast, a dialogue is defined as an interaction between two people, which creates an exchange and interaction (Maratos, 2015, p. 186).

Communication can also take the perspective of marketing, in both mass-marketing and direct marketing (Grönroos, 2004, p. 102). Mass-marketing is used to target all customers at the same time by only one advertising tool, and direct marketing is individualized to one targeted customer, with customized content (Grönroos, 2004, p. 102). Mass-marketing can also be categorized into one-way marketing communication, and in contrast, direct marketing can be categorized as two-way marketing communication (Melancon & Dalakas, 2018, p. 157-158; Merisavo & Raulas, 2004, p. 498). Two-way marketing communication is the kind of marketing communication that creates an interaction between a firm and its customers, where customers can reach a company with opinions or questions (Melancon & Dalakas, 2018, p. 157-158; Wilson et al., 2015, p. 307). As marketing communication is quite complex and can take many different forms, this thesis will see the notion of marketing communication as the two-way interaction as a dialogue, and the one-way interaction as a monologue.

Through marketing communication, companies are able to enrich customer loyalty, as marketing communication from a firm is seen to have an effect on customers’ attitude towards their brand (Merisavo & Raulas, 2004, p. 499). The rapid growth of the internet has further enabled companies to interact and communicate with their customers in an efficient way, as they now can make use of the speed and effectiveness that social medias may bring (Huang et al, 2011, p. 1278-1279). In addition, social medias help firms to market their products, and gain a wider reach within their targeted segments. This is of great importance, as companies are concerned with strengthening the relationship with their customers and establish a loyal purchasing behavior towards the products or services that the organization provides (Kwon & Lennon, 2009, p. 563; O’Brien & Jones, 1995, p. 78-79; Putti et al., p. 44-45). Findings from earlier studies claim that feelings concerning commitment to a brand is strengthened by informative marketing communication between the user and the organization who provides the service or product that the consumer use (Putti et al., p. 44-45; Sinisalo, 2011, p. 23). Therefore, companies try to interact with their customers continuously through various channels of information, such as the internet, face-to-face interaction and call centers (Putti et al., p. 44-45; Sinisalo, 2011, p. 23).

Merisavo and Raulas (2004, p. 498) identify emails as a common channel of marketing communication for operations within CRM. They further claim that emails may increase purchasing behavior, as customers take part of information provided by the customer loyalty program. In addition, marketing communication that is not directed towards the mass market, but towards the individual consumer, is perceived by companies to lead to a higher perceived value of the product in terms of quality, price and convenience.
(Richards & Jones, 2008, p. 128). In contrast, recent studies claim that email users are exposed to dangers such as spam or viruses through emails that are received from various, unreliable sources (Grimes et al., 2007, p. 319). Reinke and Chamorro-Premuzic (2014, p. 502) also claim that email usage can be ineffective if it creates a feeling that is out of control for the recipient, causing an inbox overload of emails from many different senders. Therefore, many people that are using this kind of marketing communication service want to give their permission to the senders, which in this case is the customer loyalty program, before they receive their emails (Reinke & Chamorro-Premuzic, 2014, p. 502). This is due to the fact that it otherwise can be categorized as “junk” by the receiver (Merisavo & Raulas, 2004, p. 498). Scott (2001, p. 632) goes further by explaining that marketing communication between a loyalty program and its members should be carefully conducted via the different communication tools as it may invade the customers personal space, and cause negative associations towards the brand.

By taking this information into consideration, it is evident that many people consider the email use as spam, or “junk” if there is a lack of acceptance of the reception of emails from a consumer’s customer loyalty program (Merisavo & Raulas, 2004, p. 498). There is a fear from a company’s point of view that their loyal customers may unsubscribe to their informative emails, if the customer feel as if these are invading their private space (Scott, 2001, p. 632). As this situation may arise, the company will not be able to reach their loyal customers, and it may lead to a loss of loyalty. In addition, as the marketing communication tool of emails is frequently used among companies that operates through a customer loyalty program, a problem in how to reach and communicate with their loyal customers has arisen. This is mainly due to the use of marketing through emails is purely driven by a monologue, and not a dialogue. By adapting to the new tools of social medias or other channels that create an interaction between the two parts may lead to strengthened relationships between customers and their loyalty programs, which in turn can increase brand loyalty. However, according to Merisavo and Raulas (2004, p. 498), emails are considered cost-efficient and effective to reach consumers that are enrolled in a loyalty program, and this marketing strategy is shown to increase customer satisfaction. Therefore, this study will further explore the two different ways of interacting with customers within a customer loyalty program, and investigate whether consumers respond better with their loyalty through a monologue or a dialogue. In addition, it will also look at which marketing communication channels are the most appropriate for the targeted segment of customer loyalty programs within beauty, and apply the results to the operations of SEPHORA Scandinavia.

1.5 RESEARCH QUESTION

According to Bryman and Bell (2011, p. 82) the research question must be stated in a clear manner, in order for the reader to comprehend how the question is connected to the subject. The question must be developed in accordance to the gaps found within the different theories and prior research, in order to specify the problem and provide clarity to the research (Sandberg & Alvesson, 2011, p. 24). Although this thesis is written on commission for SEPHORA Scandinavia, it is important to clarify that the research question is based on the existing literature and theories, and not pre-given from the organization. Therefore, the findings of the study can be applied to other companies as long as the application of the data is used for a customer loyalty program within the beauty industry.
By carefully examining the literature, a knowledge gap was identified and the research question was formulated:

**What are the effects of one-way and two-way marketing communication on attitudinal and behavioral loyalty of members in a loyalty program within the beauty industry?**

### 1.6 PURPOSE

According to Thomas (2010, p. 516-517) the purpose of a study should be deeply rooted to the object of the research. In other words, the purpose for conducting the study should be specified. In addition, by emphasizing the importance of clear writing, it is easier for the reader to understand the connection between the researched area and the aim of the study by a clear and specific writing process (Bryman and Bell, 2011, p. 83-83; Ragins, 2012, p. 494).

The main purpose of this study is to investigate the effects of one-way and two-way marketing communication on attitudinal loyalty and behavioral loyalty. Therefore, this thesis aims to examine the marketing communication channels used by a customer loyalty program, and which of these are shown to have positive effects on attitudinal and behavioral loyalty. In addition, the study will further investigate whether perceived relationship investment and relationship commitment have positive effects on the two perspectives of brand loyalty for members within a loyalty program in the beauty industry.

The marketing communication channels used in order to reach loyal members with information are shown to be vital for consumers (Korkala et al., 2009 p. 162). These channels must fit their needs, in order to create brand loyalty and therefore, this thesis will define different drivers of one-way and two-way marketing communication, to further examine the effects of these drivers on brand loyalty. For now, the marketing communication channels adopted by the customer loyalty program at SEPHORA Scandinavia are mainly based on emails which may be outdated for their customer segment. This information was brought to attention in an interview with the Head of E-commerce manager at SEPHORA Scandinavia, and this research may hand the managers of the CRM operations an indication on how they can communicate more efficiently with their customers.

The authors aim to contribute to previous research regarding the effects of marketing communication on brand loyalty. Furthermore, this study is taking a customer-based approach, in order to investigate which of the marketing communication tools adopted by a customer loyalty program have effects on brand loyalty, and which of these are useful in order to reach different customer segments. This subject is widely researched with existing literature, as the channels of communication are constantly changing in order to adapt to the needs of a company's targeted customer segment. However, the existing literature does not provide information regarding which perspective of marketing communication is more effective in order to establish a stronger relationship with customers, and which marketing communication tool is the most efficient in regards to loyalty.

The findings are further applied to the Scandinavian operations of SEPHORA, hence this research aims to provide insights in how the external communication performed by their customer loyalty program can become more effective, and reach the end-users with the
content of their marketing communication. This thesis has used emails, text messages and catalogue send outs as the drivers of one-way communication, as these are frequently used among customer loyalty programs. The drivers of two-way communication are identified as tangible rewards, interpersonal communication and social media interaction, and the research can provide insights in which of these have the strongest effects on the adopted perspectives of brand loyalty.

Another area that this thesis has touched upon is relationship quality, which consists of two drivers, identified as perceived relationship investment and relationship commitment. The study further investigates these drivers’ effects on brand loyalty. By examining the effects of these drivers, implications can be given for SEPHORA Scandinavia in how to become more effective in their daily CRM operations, and expand their customer base among loyal consumers.
2.0 SCIENTIFIC METHODOLOGY

This chapter aims to provide the reader with the philosophical stances which further explain how the nature of knowledge and social settings are viewed upon. In addition, the research approach and the design of the study are presented in this part of the thesis. By the end of the chapter, the literature search is presented along with the choice of theories.

2.1 ONTOLOGICAL CONSIDERATIONS

Ontology is the perceptions one obtains regarding the nature of social entities, and whether the social entities are to be viewed as objective or constructive. In addition, the entities differentiate from each other in the form of organization and culture (Bryman & Bell, 2011, p. 20). Further explained, the paradigm of ontology guides the researchers to explore the concerns of whether social entities exist independently from social actors, or if they are social constructions that cannot exist themselves, without actors (Bryman & Bell, 2011, p. 20).

Objectivism is an ontological viewpoint that suggests that the social environment affects actors as an external artifact that is out of reach and influence, and that the reality is predetermined (Bryman & Bell, 2011, p. 21). Therefore, rules and regulations exist within this ontological viewpoint in which this thesis is obliged to follow, and learn to adapt to. Thereby, researchers have during many years been concerned about what is right or wrong (Bryman & Bell, 2011, p. 21; Heiphetz & Young, 2017, p. 78).

As objectivism is the pre-existing social environment that exists independently from social actors, constructionism is in contrast the other position of the ontological viewpoint. In other words, constructionism exists due to social actors and the actions they proceed with (Bryman & Bell, 2011, p. 21). Therefore, organizations and cultures are seen as a pre-given social entity (Bryman & Bell, 2011, p. 21). In addition, an organization is viewed as continuously moving and changing, and as for the rules and regulations adopted within an organization are obliged in a less extensive manner (Bryman & Bell, 2011, p. 21).

The view that is adopted of marketing communication according to ontology, is that it is considered as a phenomenon that is predetermined. In addition, rules and regulations of marketing communication are obliged to be adopted and followed in order to implement an effective customer loyalty program. As external marketing communication is internally performed by the customer loyalty program, to reach the loyal consumers easier that are enrolled within the program, communication is seen to be out of reach and influence for the loyalty program to change a consumer's mind through these actions. Furthermore, brand loyalty exists without any actors, as it is a pre-existing phenomenon and cannot be influenced by external factors. In addition, the buyer-and-seller relationship that is connected to the customer loyalty programs in this thesis is regarded as social actors, who interact with each other in order to achieve economic outcomes. Therefore, the embraced approach of ontology for this thesis is objectivism, as the study is quantitative and considered to be of most relevance for this kind of study. By adopting this approach, the research question and the purpose of this study will be fulfilled. Furthermore, the study aims to examine if marketing communication have any effects on brand loyalty, among the members within a customer loyalty program in the beauty
industry. The viewpoint of objectivism is utilized in order for the researchers of this study to remain objective and view the social phenomena of marketing communication, relationship quality, brand loyalty and values to exist independently, without any social actors. In order to keep the reader away from misunderstandings, a logical structure and the rules for a quantitative research are adopted. Thereby, as an objective approach is adopted, objective writing language is utilized throughout the thesis (Holloway & Todres, 2003, p. 347-349; Ragins, 2012, p. 494; Wright et al., 2016, p. 98).

According to Wright et al. (2016, p. 98) the aim of a quantitative research is to remain objective, in order to reduce the researchers’ impact of the data collected, as it may influence the results in a negative manner. This statement is agreed upon and as some knowledge within the industry is already possessed, it is of great importance that this approach is taken. Therefore, the data gathered will be considered as the only source of information to interpret, and it will be analyzed in a value-free manner. In other words, the personal feelings regarding the subject are not to be taken into consideration while testing the data gathered.

2.2 EPISTEMOLOGICAL CONSIDERATIONS

The epistemological paradigm concerns the question regarding what kind of knowledge is acceptable and if it can be verified (Bryman & Bell, 2011, p. 15). The main purpose of this view is to explore if the social environment can be studied according to the same framework, rhetorical manners and procedures as the natural sciences (Bryman & Bell, 2011, p. 15). In other words, the approach deals with the perception held by the authors regarding if they view knowledge as external, or if they are considered to be a part of it (Bryman & Bell, 2011, p. 15).

Positivism is concerned with the application of methods of natural sciences in regards to how one perceives social reality (Bryman & Bell, 2011, p. 15). This approach provides a relationship between the researcher and the identified problem, along with the theoretical approach (Bryman & Bell, 2011, p. 15; Collis & Hussey, 2014, p. 44-45). Furthermore, through a positivism approach, knowledge is obtained by studying observations and aim to provide a study that is not influenced by the researchers’ own values (Bryman & Bell, 2011, p. 15). In addition, personal values should not influence the results of the study conducted, and the theoretical model that has been drawn from the results of the study should be based on the empirical data (Bryman & Bell, 2011, p. 15). In order to clarify this approach further, Hasan (2016, p. 318) explains positivism from a sociological viewpoint, where he claims that the use of positivism is to remain value-free of the external environment in order to gain further understanding of the social world (Hasan, 2016, p. 318).

An interpretivist viewpoint argues that there are differences in observing studies of human beings and other artifacts (Saunders et al., 2012, p. 137). Furthermore, it states that it is impossible for researchers to remain objective if they are personally involved within the targeted area of research, and that due to different interpretations of the environment it will differ depending on pre-understandings and knowledge within the subject area (Saunders et al., 2012, p. 137). According to Hasan (2016, p. 318) the interpretivist approach within a perspective of sociological environment works as a way of understanding the environment around us, in a similar manner as the positivism approach. However, these separate from each other as the interpretivist approach takes a subjective viewpoint.
This thesis has taken the epistemological viewpoint of positivism, as the main goal has been to gain further knowledge of the effects of marketing communication on brand loyalty, and these two concepts have further been regarded to be a part of the social world. In addition, the data has been interpreted value-free, and seen as the only knowledge obtained from the observations from the data collection, in which the researchers remain objective to. With this logical approach of structure, the aim has been to fulfill the purpose of this thesis, which is to examine the relationship between marketing communication and brand loyalty of members within a customer loyalty program.

According to Holloway and Todres (2003, p. 347-349) it is of great importance to remain consistent within the structure of a thesis, and follow a certain framework. The results gained from the study have been tested with statistical measurements in order to regard the outcome as new knowledge. Therefore, by taking a positivist view on social reality, the outcome of the study has been interpreted in a value-free manner. Therefore, it has been vital that the researchers view the knowledge without any personal value added on the result (Bryman & Bell, 2011, p. 15). Some knowledge and interest within the beauty industry has been obtained by the researchers of this thesis prior to the data collection. However, as this was brought to awareness, it has been taken into consideration throughout the thesis and interpretation of data.

2.3 PRE-UNDERSTANDINGS

The term pre-understandings can be described as earlier experiences, that have led to the gained knowledge and understanding of a certain subject (Gilje & Grimen, 2007, p. 183). The subjects explored in this thesis are touching the areas of CRM, customer loyalty programs, marketing communication and brand loyalty, which are topics that the authors have gained prior knowledge of from previous courses within the Business Administration program.

According to Bryman and Bell (2011, p. 414), pre-understandings are the knowledge, insights and experiences that researchers possess of an organization. This knowledge may be regarding the history, culture or other key events that are routed within a firm (Bryman & Bell, 2011, p. 414). In addition, it may also be the knowledge of where to find further information about an organization, if the researchers do not possess it themselves (Bryman & Bell, 2011, p. 414). Due to this fact, researchers may have difficulties separating their role in the conducted study as their own personal opinions may influence the generated data that is collected for the study. In addition, this may create a conflict of interest among the researchers and scatter the results gained, as the results may be interpreted according to the perceptions of the researchers and lead to biased information (Bryman & Bell, 2011, p. 414). Therefore, it is of great importance that the researchers are self-aware in regards to their background knowledge of the targeted subject area and attempt to remain objective throughout the process (Bryman & Bell, 2011, p. 414-415).

It is also claimed that personal experiences within an organization can be perceived and experienced differently due to social interactions with others, depending on each individual's background (Gilje & Grimen, 2007, p. 183). According to Ragins (2012, p. 496), the pitfall for researchers that have pre-understandings within the researched area is the lack of explanations of definitions within a thesis, as it is of clarity for the authors but not necessarily for the readers. Therefore, it has been of great importance to have the reader in mind throughout the process, in order to avoid misunderstandings regarding the subject approached in this thesis.
Due to previous internships, both authors have prior experience of work within the beauty industry, and thereby some knowledge within the industry has already been obtained. Before implementation of the study, discussions regarding the prior knowledge of the beauty industry have been conducted, in order for the authors to be aware of the extent of knowledge that they’ve obtained. Some knowledge regarding CRM and customer loyalty programs has also been obtained prior to the research. However, only one of the authors has been working at the head office of SEPHORA Scandinavia, and therefore the extent of knowledge differs between the two authors. However, this is regarded to be an advantage for this thesis, as two different perspectives of the results can be interpreted and processed. In addition, the researchers seek to complement each other’s knowledge and enter the research open-minded in order to reduce biased results. Another action taken in order to reduce biased results is the choice of philosophical stances, where objectivism from the ontological considerations has been utilized. Therefore, the external environment has been regarded as out of reach or influence of the study. Furthermore, the knowledge regarding the relationship between customer loyalty programs, marketing communication and brand loyalty is limited, and the results gained from the study is regarded as new knowledge. The other philosophical stance taken in order to reduce biased results is within the epistemological viewpoint, positivism. The paradigm of positivism has been followed in order to remain value-free, and not interpret the results with prior knowledge in mind. Thereby the results gained from this study has been statistically tested in order to regard it as valid knowledge. By taking this into consideration, valuable findings have been found in order to fulfill the purpose of the study, which is to examine whether there are any effects of one-way and two-way marketing communication on brand loyalty, of members enrolled in a customer loyalty program within the beauty industry. The results have further been applied to the Scandinavian operations of the organization SEPHORA.

2.4 RESEARCH APPROACH

There are three kinds of approaches researchers can utilize while working with theories and empirical data; inductive, deductive or abductive reasoning. These are three separate ways to collect data (Patel & Davidson, 1994, p. 21), which will be defined and explored below.

If a researcher were to work deductively, he or she would base their research on empirical evidence (Patel & Davidson, 1994, p. 21). In other words, it is a method that is concept-driven, as the deductive method is characterized by drawing conclusions from general principles and common theories, thereafter creating a hypothesis about the current case in order to test the hypothesis empirically (Graneheim et al., 2017, p. 30; Patel & Davidson, 1994, p. 21). Graneheim et al. (2017, p. 30) further explain this as a method that is based on general theories that is in the later stages evaluated by gathered data, in order to specialize within a certain area and clarify a specific problem gap. This means that an existing theory has determined what information the researcher is to gather, how it is processed and how the results can be related to the existing theory that the research was based on (Patel & Davidson, 1994, p. 21). The risks that may arise by using this method is recognized by Graneheim et al. (2017, p. 30) in how to store data that has not been of use, as it may not have been an appropriate fit for the chosen theory or to the explanatory model. In addition, categorizing the data appropriately to a certain theory can be tough, and if it would be conducted the wrong way, it could lead to biased data collection (Graneheim et al., 2017, p. 30).
In contrast to deductive reasoning, Patel and Davidson (1994, p. 21) mention inductive reasoning. This method is mainly called data-driven or text-driven, and the method leaves a lot of room for interpretation of the data that is collected by the researchers (Graneheim et al., 2017, p. 30). This means that a researcher uses inductive reasoning while he or she will study the research area or object, in order to add new knowledge to the framework used. The researcher will then create a theory based on the gathered information and experiences (Patel & Davidson, 1994, p. 21). The risk while using this method is that the theories the researcher creates may not be perfectly suited for any situation or not being general enough, since they are based on empirical findings that are specific in their time, place and group of people (Patel & Davidson, 1994, p. 21). Graneheim et al. (2017, p. 30) further explain this by emphasizing on the fact that researchers may get stuck in empirical summaries, that are only touching the base of the subject, but they do not provide a deeper knowledge of different concepts that are to be studied.

The third research method is a combination of induction and deduction, which is called abduction (Patel & Davidson, 2011, p. 23). This method can in turn be seen as a complementary approach (Graneheim et al., 2017, p. 31; Patel & Davidson, 2011, p. 23). Abduction means that the researcher develops a hypothetical pattern that is tested on the theory that sets the framework of the study (Patel & Davidson, 2011, p. 23). The first step in abduction is similar to the first step the inductive method, which is to observe the case, which is followed by a hypothesis that is tested towards a specific case (Patel & Davidson, 2011, p. 23). Later on, the researcher works deductively and the hypothesis is broadened and extended to become generalizable (Patel & Davidson, 2011, p. 23). According to Graneheim et al. (2017, p. 31), this method makes it easier to find patterns in order to gain deeper knowledge within the researched area, as it increases transparency of a study. However, the difficulties of this method is that few scientific articles that are of qualitative content identifies an abductive gap (Graneheim et al., 2017, p. 31).

It remains important to conduct the research in a logical approach, in order to keep clear, transparent and consistent actions, and to make sure that the reader is aware of all steps taken in this study (Holloway and Todres, 2003, p. 347-349; Ragins, 2012, p. 494). As the research is testing variables of marketing communication and its effects on brand loyalty, the deductive approach is suitable for the study. The deductive approach is also in accordance to the philosophical stances of objectivism and positivism the preferred approach of this study, as this approach is used in order to analyze data with statistical measures. In addition, as the aim of this study is to investigate the effects within the subject matter, the knowledge obtained is verified through empirical support and are regarded as the only valid source of information for the study. As this study takes a quantitative approach of research, a literature review and findings from previous studies has guided the data collection efforts. As the study aims to examine the marketing communication and its effect on brand loyalty of members within a customer loyalty program, theories in pre-existing literature and concepts has been found to guide the framework. An existing theory has allowed the researchers to investigate the results gained from the data collection, in order to analyze and draw conclusions of the effects measured. This approach has further helped the researchers to answer the research question and the research purpose, which is to investigate the effects of marketing communication on attitudinal loyalty and behavioral loyalty of members in a loyalty program in the beauty industry.
2.5 RESEARCH DESIGN

Qualitative and quantitative research methods are the two methodological approaches that can be adopted while conducting a study, in order to collect data of the sample that are targeted in the research (Bryman & Bell, 2011, p. 26). These two approaches are argued to have different epistemological and ontological considerations, as these methods view the social entities and the view on knowledge differently. Therefore, researchers must adapt their research method in a preferring manner in order to collect data with a method that suits their study (Bryman & Bell, 2011, p. 26). According to Gawlik (2016, p. 4) a qualitative method emphasizes the importance of understanding the identified problem from the participants own perspective, and the quantitative approach focus on testing data with statistical measures.

The qualitative approach of a study is mainly used to create new theoretical frameworks and that has not been explored by a prior inductive research (Bryman & Bell, 2011, p. 386; 389). In order to gain knowledge by a qualitative approach, data is collected by words from focus groups, interviews or collections from previous qualitative analysis of texts (Bryman & Bell, 2011, p. 386; 389). Therefore, the data does not consist of numbers that are generated in order to draw empirical support from the data gathered. Due to the fact that the qualitative approach collects data through words, it cannot take an objective point of view, and it is only considered to be of value if it takes a subjective perspective (Gawlik, 2016, p. 4). The qualitative data collection method is criticized to be too subjective, as the findings of these studies may rely too heavily on the researchers who are conducting the research (Bryman & Bell, 2011, p. 412-413). The researcher decides which questions and information that will add value to the study, and problems may arise if these questions are too open-ended. In addition, as the sampling of data is based on words, it is of great importance to receive answers of depth to find valuable information in order to create a theoretical framework (Bryman & Bell, 2011, p. 412-413). Gawlik (2016, p. 4) emphasizes on the fact that the method has further limitations, due to that the sample is often rather small, and it may be difficult to base an entire study on a small sample. In addition, there might be a lack of transparency in how the researcher did in order to get to the conclusion of the thesis (Bryman & Bell, 2011, p. 412-413).

Quantitative research method is in contrast to the qualitative research method, based on a deductive approach in order to analyze numbers and empirical data (Saunders et al., 2012, p. 162). It is a structured method used, that takes an objective viewpoint, in the process of collecting data to gain knowledge within a subject area (Burns & Grove, 2005, p. 365-366). Burns and Grove (2005, p. 365-366) also look at the usage of the quantitative method, saying that it is a method that examines relationships between variables and to recognize the effects of them. Bryman and Bell (2011, p. 334) also explains the importance of being in full control of the variables tested before conducting the survey, as the researchers cannot expect the variables to be applicable to all different techniques evident within this method. In addition, Bryman and Bell (2011, p. 27) states that this collection method is mainly driven by positivism and obtains a social reality that is objective, and external to the social entities. It is also based on identifying a gap among previous studies, which separates from the qualitative approach, as this framework will test the effects or relationship of variables, and not provide a new framework (Gawlik, 2016, p. 3-4). As stated by Gawlik (2016, p. 3-4), the quantitative method is mainly used in order to examine characteristics in a larger sample of people that are repetitive and
The main limitations of this method are explained by Gawlik (2016, p. 4-5), which claims that some areas cannot be examined with a quantitative study, due to the lack of theoretical frameworks within the area.

According to Gawlik (2016, p. 3-4), a quantitative research method is useful as researchers aim to investigate a repetitive behavior among a large sample of recipients. As the purpose of this thesis is to examine the effects of one-way and two-way marketing communication on attitudinal loyalty and behavioral loyalty, among members within a customer loyalty program, a larger sample of people must be included in order to gain accurate knowledge of these effects. As existing literature on brand loyalty and marketing communication has been found, and provided a broad range of prior research, a quantitative approach was preferred. Further, if a qualitative approach were to be adopted, the interviews held with people in a customer loyalty program would only give an insight with a few people within a huge sample. An exploratory interview has been held with the Head of E-commerce manager at SEPHORA Scandinavia, but this was primarily to gain knowledge of the organization itself, and is not regarded to be a part of a research method conducted. In order to follow the philosophical stances, it is of great importance that the paradigms chosen are followed. Therefore, in order to test the effects of the different communicative drivers on brand loyalty, it is a better fit to the study to conduct a quantitative approach. This is mainly because the knowledge from the data collection can only be regarded as valid if it is tested with statistical measures according to positivism. Thereby, the aim is to answer the research question of what effects marketing communication have on attitudinal and behavioral loyalty among members in a loyalty program within the beauty industry.

2.6 LITERATURE SEARCH

The subject area that creates the foundation of this thesis is to investigate the interaction that is conducted by a loyalty program, and their loyal members. The interest of this area grew during the prior internships mentioned, as both researchers in this thesis obtained more knowledge of the industry. As the deductive approach and quantitative method has been adopted for the study, the personal preferences and views within the problem background has been set aside, in order to conduct the research open-minded and remain value-free.

According to Baker (2000, p. 219) literature search is an “essential first step and foundation when undertaking a research project” and aims to find the sources relevant to the specific study, thus making a relevant contribution to the research. It is important to consider the sources’ validity and objectivity in order to accomplish high quality research (Patel & Davidson, 2011, p. 69). The emphasis on diversity and broad search fields has been obtained, in order to cover literature from a wide range of angles within the subject. According to Patel and Davidson (2011, p. 69) it is of great importance that the theories chosen supports the arguments claimed by the researcher and broaden the field of research area. The subject area of this study was therefore narrowed down to the concepts of CRM, brand loyalty, and marketing communication in a customer loyalty program.

Primary sources are defined by Patel and Davidson (1994, p. 56) as the sources with the closest proximity to the actual event, such as witnesses and first hand reports. Furthermore, Bell (2006, p. 125) defines a secondary source as information obtained that has been interpreted and compiled by several different primary sources, for example survey results, interviews or witness protocols. The importance of using primary sources
is based on the fact that the information has not been interpreted by many different authors, and therefore the knowledge obtained from primary sources will not be influenced by emotional values from other researchers. According to Ejvægård (2003, p. 63), content of literature may lose its original value as it is interpreted from its original purpose. Therefore, it has been crucial to find the primary sources to the theories chosen. However, some references were not possible to be found in its original literature, as these required to be purchased. Hence, in these few cases, secondary referencing was used.

In order to find theories to support this thesis and other peer-reviewed articles the databases from Umeå University Library, Business Source Premier (EBSCO) and the search engine on Google Scholar were used. The aim was to use peer-reviewed articles and other primary sources from course literature and other books of concepts and theories in order to ensure academic relevance in the research. The previous literature of methodology that has guided the structure of this thesis, and has been of great importance of the logical writing process has been found in Bryman and Bell (2011; 2015). Other useful books to guide the scientific methodology and practical method have been found in Saunders et al. (2009; 2012) and Patel and Davidson (1994; 2011). These books have been used in previous courses at Umeå University, and are seen as reliable sources to use. Furthermore, the theoretical framework has been based on the concept of “marketing communication matrix”, created by Ballantyne (2004) regarding two-way and one-way communication. This framework is among the first studies conducted within the area of marketing communication, and is therefore seen as reliable concepts to set the framework. In order to guide the researchers in the field of brand loyalty, Chaudhuri and Holbrook (2001) set the view of this loyalty behavior. Furthermore, the view of CRM that has been approached in this thesis has been identified in Reinartz et al. (2004).

Furthermore, the keywords used on the databases of google scholar and Umeå University Library, in order to find the theories and scientific articles that are of relevance of the subject in the thesis have been: brand loyalty, attitudinal loyalty, behavioral loyalty, customer loyalty program, Customer Relationship Management (CRM), marketing communication, direct marketing, and mass-marketing.

### 2.7 CHOICE OF THEORIES

The broad range of theories within marketing communication have been carefully investigated in order to find theories of relevance to the chosen subject. The theories have provided a conceptual framework to originate from, and the conceptual framework has been found within the subject area of CRM, customer loyalty, brand loyalty and marketing technology. A review of the literature is important in order for the researcher make the reader aware of why the theories have been chosen, and whether they have any drawbacks or limitations (Bryman & Bell, 2011, p. 98).

The theoretical framework starts with a definition of Customer Relationship Management (CRM), as the implementation of customer loyalty programs are usually initiated by this management. The chosen view of CRM is operational CRM, as it emphasizes on the relationships between firms and their loyal customers (Chen & Myagmarsuren, 2011, p. 959; Reinartz et al., 2004, p. 294). Most definitions found of CRM explained the different processes and perceptions one could hold of the subject, both internally and externally. By defining the operations of CRM as operational actions, that will nurture and maintain a good, and sound relationship between a firm and its loyal customers (Reinartz et al., 2004, p. 294), a natural transition to customer loyalty program was evident. Hence, this
definition enabled the process of linking customer loyalty programs to internal operations within a company. Therefore, the definition of operational CRM was chosen to guide the authors through the writing process.

Customer loyalty programs are the main operations that are implemented by a firm in order to keep close and continuous contact with its loyal customers, and thereby gain customer retention (Butscher, 2002, p. 6; Yi & Jeon, 2003 p. 238-239). This thesis will be approaching the view provided by Butscher (2002, p. 6; 14) which implies that the actions provided by a loyalty program are customer-centric approach, as the study aims to provide managerial implications of communication between a loyalty program and its loyal customers, and the preferred tools to channel this information. Previous literature has provided knowledge in how interactions via standardized emails can increase satisfaction and trust among members within a customer loyalty program, but as technology is changing rapidly, firms may need to adapt to new technology in order to keep their targeted segments satisfied (Zbuchea & Mocanu, 2013, p. 313-314).

Marketing communication has, according to Ballantyne (2004, p. 116) been categorized into two different ways. These are one-way communication and two-way communication, that can be adopted by a firm, dependent on how they want to reach their consumers. This framework was chosen to be proceeded with, as it explains how this communication is developed and implemented within a firm. The framework argues further that a one-way communication, or further explained as a monologue, can lead to unopened emails as the recipient is unaware of the impact this direct marketing may have on them (Ballantyne, 2004, p. 116). This kind of monologue of direct marketing is considered to be mass-marketing, as it is a non-personalized and automatic way of approaching customers (Ballantyne, 2004, p. 116). Thereby, the authors developed suspicions that dialogues may be approached more positively, as it is a more inviting and friendly way of marketing. In addition, this in turn may lead to an increased loyalty.

In order to finalize the theoretical framework, brand loyalty will be further discussed. This is a broad concept, with many different studies and concepts. In other words, it is widely explored and discussed. A definition that was considered to be more of interest was provided by Chaudhuri and Holbrook (2001, p. 82), who claim that brand loyalty can take two different behaviors. These are defined as attitudinal loyalty and behavioral loyalty. By taking this approach, the study would be able to tell if any differences exist in the outcome of the different ways of communicating which in turn can gain more knowledge to SEPHORA Scandinavia. As the attitudinal loyalty is concerned with how consumers perceive and identify with a brand, and behavioral loyalty is explained as the behavior of re-purchasing a product, consumers may respond differently to the various ways of marketing communication.
3.0 THEORETICAL FRAMEWORK

This chapter presents an overview of the theories and frameworks that set the foundation of the study. The theoretical framework is primarily introducing the concept of customer relationship management, and continue with a deeper view on marketing communication and the Marketing Communication Matrix. Furthermore, the drivers of one-way marketing communication and two-way marketing communication in loyalty programs has been identified in order to create the conceptual model.

3.1 CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

According to Richards and Jones (2008, p. 121), definitions of CRM can be categorized into two different views. These are referred to as strategic and operational CRM. The strategic point of view considers the process of identifying, retaining and building the buyer-seller relationships. In addition, this view also creates consumer knowledge among a company’s loyal customers, by forming the customers’ perceptions towards the company and their products (Richards & Jones, 2008, p. 121). In addition, the strategic CRM operations are determining how a company can reach its customers in the most effective way, through tools as messages, products, services and other channels of interaction. Parvatiyar and Sheth (2001, p. 5) further claim that CRM is “a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer”. Further explained by LaPlaca (2004, p. 463) CRM is according to a seller’s perspective: the management of a mutually beneficial relationship between a firm and a customer.

The other view of CRM is the operational point of view, which is closely linked to the technologies and processes used in order to increase and establish customer relationships (Richards & Jones, 2008, p. 121). Rigby et al. (2002, p. 101) further explain this by claiming that operational CRM enables a company to identify the most valuable customers, and increase customer loyalty by customize products. Another explanation of operational CRM has been developed by Reinartz et al. (2004, p. 294) which claim that CRM is “a systematic process to manage customer relationship initiation, maintenance, and termination across all customer contact points, in order to maximize the value of the relationship portfolio”. In addition, given that CRM is driven by processes, three factors may have an impact on the operational processes, which are defined as initiation, maintenance and termination (Richards & Jones, 2008, p. 121). The aim in general for well-established CRM operations is for the company to make consumers perceive their brand to be of greater value, and establish a long and profitable relationships (Chen & Myagmarsuren, 2011, p. 959).

The view that was adopted for the conceptual framework has been operational CRM, as it corresponds and targets the loyal customers that will in turn generate value to the company, and maintain profitable relationships (Chen & Myagmarsuren, 2011, p. 959; Reinartz et al., 2004, p. 294). This view has been approached as the focus of this thesis is to explore which channels of communication are found to be the better option of marketing communication, in order for a company to increase brand loyalty among their loyal members. Operational CRM is explained as the core actions of marketing communication, and consist of processes that will help a company to implement
communication channels, in order to generate effective marketing (Buttle & Reiny, 2006, p. 25). Payne and Frow (2005, p. 172-173) further claim that it is of high importance to choose effective channels in marketing communication to consumers as firms are implementing their CRM systems. In addition, the use of various communication channels in a firm enables companies to reach their customers efficiently, and further provide the consumers with consistent and high quality interactions. Rust et al. (2000, p. 99) further explain that by maintaining and increasing the relationship quality, and customer retention in a business-to-customer relationship, it is of great efficiency to implement loyalty programs.

3.2 CUSTOMER LOYALTY PROGRAMS

A loyalty program has been defined by Butscher (2002, p. 6), as a communicative group of people that is gathered and driven by an organization in order to have direct contact with its members continuously. In addition, Butscher (2002, p. 6) claims that a customer loyalty program offers its members benefits with a high perceived value, with the aim of creating an emotional relationship and increase their loyalty towards the firm. These are for example tangible rewards, which will add value to each purchase made by the loyal members, which can take the form of point or gift (Yi & Jeon, 2003 p. 238-239).

Butscher (2002, p.14) further identifies two different relationships that are evident for a customer loyalty program. These are Business-to-Business (B2B) and Business-to-Customer (B2C) relationships, where the intention is to offer added value to the end-user (Butscher, 2002, p. 6; 14). However, there are differences between these loyalty operations, as the B2B relationship emphasizes on the potential benefit of the company, rather than the personal benefit of joining a loyalty program (Butscher, 2002, p. 11). A loyalty program may be perceived and identified in different ways for different people (Butscher, 2002, p. 6; Yi & Jeon, 2003 p. 238-239). Therefore, when mentioning a customer loyalty program in this thesis it is in regards to a customer-centric point of view, and as the word “relationship” arises, it will be regarding the business-to-customer relationship. This theoretical perspective has been chosen considering that the study has been conducted with the view of members enrolled in a loyalty program in the beauty industry. Thereby, the study has been based on the members’ preferences regarding the relationship quality and marketing communication that is preferred on a daily basis.

The main benefit of a customer loyalty program that most companies aim to obtain is for the customers to become better acquainted with the products offered by the company and therefore extend the range of products that customer buys from the company (Uncles et al., 2002, p. 298). In addition, the aim is to increase the usage and purchase level of the loyal customers (Uncles et al., 2002, p. 298). Another potential benefit that companies can achieve by loyalty programs is a long-term relationship, where the company aims to build a closer bond between their brand and their customers in order to maintain a sound customer base (Yi & Jeon, 2002, p. 229). Furthermore, O’Brien and Jones (1995, p. 79-81) found five factors that generate value of loyalty programs, such as cash value, redemption choice, aspirational value, relevance, and convenience. They identify these factors as attitudinal behaviors that will influence customers to act in different ways, depending on which actions that speak the most to a customer (Bowen & McCain, 2015, p. 418). Therefore, it is important to emphasize for the reader that the authors of this thesis claim that all customers are entitled to different behaviors and attitudes.
According to Scott (2001, p. 632) the continuous information updates are important to establish customer loyalty. The communication tools used should frequently provide information regarding the brand or store through various channels, and companies are obliged to invest in one-way information-based activities that are suitable for their targeted segment (Scott, 2001, p. 632). The main importance of the marketing communication between a customer loyalty program and its subscribers is the way of presenting and reaching out to customers using a tool that will not invade their personal space, as it can be seen as private and may lead to discomfort among the customers (Scott, 2001, p. 632). This in turn, may lead the members to unsubscribe to the marketing communication channels (Fernando, 2011, p. 10). A firm should also offer high levels of technological interactivity that is suitable for the customer segment (Zbuhea & Mocanu, 2013, p. 313-314). In order for a company to maintain an established relationship with customers, they must adapt to how their segments are using technology, as if the tools used are outdated and the segment adapts to technology quicker than the majority, the firm must adapt to the same extent (Zbuhea & Mocanu, 2013, p. 313-314). Scott (2001, p. 632) is also emphasizing on the importance of two-way communications, such as forums and online chat rooms, as these are claimed to better foster the relationship and listen to the needs of the loyal customers.

3.3 MARKETING COMMUNICATION

Marketing communication is argued by Berezan et al. (2016, p. 104) to establish trust, satisfaction and loyalty among consumers. This can further be called relationship marketing, which is explained as the extent to which managers put emphasis on the exchange between the firm and the targeted consumers, in order to have a good ongoing relationship (Vincent & Webster, 2013, p. 1622). This approach is argued to move further away from monetary marketing strategies, in order to nurture a profitable relationship to the firm's customers (Vincent & Webster, 2013, p. 1622). This view is argued to be crucial within CRM operations, in order to provide consumers with information, services and handle problems that may arise within the customer-based actions (Berezan et al., 2016, p. 104; Sinisalo, 2011, p. 26). The emergence of technology within CRM and its marketing communication operations, has led to an increased ability for companies to meet their customers, and influence their purchase decisions (Berezan et al., 2016, p. 104; Sinisalo, 2011, p. 26). It is therefore seen as a process of building awareness, and identifying customer preferences through the initial stages of interactions (Berezan et al., 2016, p. 104). In contrast, the long-term aim of an established business-to-customer marketing communication is to provide and update the segment with information and services (Berezan et al., 2016, p. 104).

Personal interaction between customers and firms are performed mainly through the increased technology use, which is claimed to have positive effects on the relationship (Jayachandran, 2005, p. 177). In addition, by the emergence of technology, these interactions are expected by customers today to be more customized and personal, due to the increased accessibility of marketing communication (Berezan et al., 2016, p. 104). In addition, as firms adopt personal interaction to their customer loyalty programs, and target one individual customer in a non-standardized way, it is claimed to increase the customer satisfaction levels (Berezan et al., 2016, p. 104). Furthermore, this will provide faster service as the distance of the relationship between a business and their customers is smaller due to technology (Berezan et al., 2016, p. 104; Hung et al., 2013, p. 29). However, this also increases the expectations among consumers’ perceived interactions with a firm, as the demand of being seen as one individual has increased due to the
customization within relationship marketing (Raab et al., 2016, p. 139-140; Varey and Ballantyne, 2006 p. 16). Therefore, one could argue that the customized emails that are planned and automatic to reach a whole segment may be overlooked by the targeted customers, as they will recognize the mass send-outs and not feel as the individual target (Ballantyne, 2004, p. 116). In contrast, the effectiveness of these automatic and standardized “no-reply”-emails can also generate clicks to a firm’s web page, which in turn can generate profit (Merisavo & Raulas, 2004, p. 499; Paul, 2008, p. 10; Zbuchea & Mocanu, 2013, p. 308). “No-reply”-emails will further be mentioned in this thesis, and it corresponds with the one-way route between a sender and a receiver, which creates a monologue of communication from the sender (Ballantyne, 2004, p. 115; Paul, 2008, p. 10).

Richards and Jones (2008, p. 128) explored the implementation of technology and marketing communication, and how this could have effects on a firm's CRM operations. In addition, they found that increased technology usage in marketing communication canals leads to profit benefits and strengthened relationship retention. In addition, by the emergence of technology, it has gotten easier to identify the targeted customers, receive feedback and define the profitable consumers (O’Brien & Jones, 1995, p. 78-79; Peppers & Rogers, 1993, p. 15; Shen & Bissell, 2013, p. 647). Today, companies are facing the challenge of meeting every customer’s needs and demands individually, as there is a shift in marketing-trends that are moving from mass-marketing towards one-on-one marketing and customized marketing messages (Richard & Jones, 2008, p. 126).

Ballantyne (2004, p. 116) developed the framework “Marketing Communication Matrix” within relationship marketing, that describes the two aspects of the business-to-customer marketing communication. He further explains that the actions taken by a firm within marketing communication, in order to reach their customers, are mainly based on the supply-side, or demand-side. The actions that are driven with the aim to generate and maximize profits, are the marketing efforts provided by firms that mainly think from a suppliers point of view. In addition, these actions are mainly driven by mass-marketing and try to reach as many consumers possible in a standardized way (Gurău et al., 2003, p. 200; Varey & Ballantyne, 2006 p. 13). In contrast, operations that are meant to target individual customers, is marketing efforts that are customized to fit the firm’s targeted segments, and therefore these marketing actions are driven by the demand-side (Ballantyne, 2004, p. 116; Gurău et al., 2003, p. 200). These marketing operations do not mainly focus on viewing value in the form of profits, but emphasize the importance to meet customers demand in order to create satisfaction, which in turn may lead to gained profits (Ballantyne, 2004, p. 116; Gurău et al., 2003, p. 200).

The concept of marketing communication has further been explained by Gurău et al. (2003, p. 200), which categorized and distinguished the old media usage, with the emerging technology of the internet, and how marketing communication has changed over time (see Table 1). The one-to-many communication model is the concerned with the old use of media, which concerns branding, and targets customers through monologues, in order to reach as many consumers as possible (Gurău et al., 2003, p. 200). This kind of marketing communication is used to reach consumers in a personal manner, but the content of the marketing communication remains the same for all customers (Varey & Ballantyne, 2006 p. 16). Therefore, these techniques are not mainly driven by dialogue or interactions between a firm and a customer, as these tools are usually standardized emails that are sent through “no reply” email addresses that the receiver
cannot reply to, but these marketing communication channels are considered to be a personal platform (Merisavo & Raulas, 2004, p. 498; Varey & Ballantyne, 2006 p. 16).

**TABLE 1. OLD MEDIA VS. THE INTERNET (ADAPTED FROM GURĂU ET AL., 2003)**

<table>
<thead>
<tr>
<th>Old media</th>
<th>Internet</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-to-many communication model</td>
<td>Marketing communication matrix</td>
<td>Company-to-customer communication can be approached by one-way or two-way communication by the emergence of the internet</td>
</tr>
<tr>
<td>Mass-marketing</td>
<td>Individualized marketing</td>
<td>Personalization is possible due to the rising technology to manage different preferences</td>
</tr>
<tr>
<td>Monologue</td>
<td>Dialogue</td>
<td>The internet has increased opportunities for interactions on social media platforms</td>
</tr>
<tr>
<td>Branding</td>
<td>Communication</td>
<td>Increased involvement of consumers in company’s branding strategies, thereby helping company’s to add value to their brands</td>
</tr>
<tr>
<td>Emphasizing on the supply-side</td>
<td>Emphasizing on the demand-side</td>
<td>Customer pull becomes more important</td>
</tr>
<tr>
<td>Customer as target</td>
<td>Customer as friends</td>
<td>Company’s are able to receive more inputs from customers regarding their operations</td>
</tr>
<tr>
<td>Segmentation</td>
<td>Communities</td>
<td>Like-minded customers in the same communities are targeted rather than customer segments</td>
</tr>
</tbody>
</table>

Ballantyne (2004, p. 116) further identifies two different ways of marketing communication with his matrix (see Table 2). He claims that the marketing communication that is taken with the supply-side in mind is the mass-marketing that will target many consumers at the same time, which is regarded as one-way marketing communication. Further, the marketing communication that is performed with the demand-side in mind performed through an exchange, called two-way marketing communication, in which creates a dialogue between two parts (Ballantyne, 2004, p. 116). Ballantyne (2004, p. 116) explains that the evolution of marketing communication has been developed from a monologue to a dialogue the past decade due to firms’ implementation of new technology. In other words, the increased technology use has created opportunities for companies to have dialogues with their customers, and this is today more common than having monologues.

In order to connect one-way marketing communication to mass-marketing it is described by Varey and Ballantyne (2006, p. 13) to be the actions provided by a firm of self-interest in order to create profit maximization. By conducting one-way marketing communication, companies claim to become efficient with their marketing communication towards a homogenous group of people (Varey & Ballantyne, 2006, p. 15). However, according to Varey & Ballantyne (2006, p. 15) this act of one-way marketing communication is not regarded as an interaction, as there is no exchange between the two parts. This means that the primary control and dominance are found in the sender, which in this case is the customer loyalty program (Varey and Ballantyne, 2006, p. 13). Varey and Ballantyne (2006, p. 16) explain that this automatic and planned marketing communication may be the reason for unopened emails or text messages in consumers’ inboxes, and that the receivers may be unaware of the motives behind these
advertising actions. Therefore, a choice may be made by the consumer to not open an email or text message with advertising purposes, as they might not want to be influenced by the content it holds.

In order to identify the connection between the two-way marketing communication of dialogues and marketing communication, Varey and Ballantyne (2006, p. 15) explains that in order to create an effective marketing strategy, marketers must see their marketing operations as a social action. Therefore, it is of great importance for a company to compromise with the targeted segment of customers in order for both parts to gain value of the operations provided by the company (Ballantyne, 2004, p. 115). Communication is identified as a process created by listening, watching or reading, in which leads to an equal understanding between two parts (Luhmann, 2000, p. 4), and this process of communication is further claimed to only be enabled by a dialogue (Varey & Ballantyne, 2006, p. 15). As a two-way marketing communication strategy is seen to be a dialogue, it is seen as more spontaneous, and creates a voluntary exchange between two parts, rather than a forced one (Varey & Ballantyne, 2006, p. 14). Although the aimed outcomes of this exchange may be profit-oriented, the social purpose of this action can be fulfilled which satisfies the consumers need for recognition, and can further build interactions on trust (Varey & Ballantyne, 2006, p. 17).

The one-way marketing communication of a firm is claimed to be messages that are directed “to”, or “for” the targeted customers of a preferred segment within a company (Varey & Ballantyne, 2006, p. 14). The difference between the two directions within a one-way marketing communication route, denoted “to” and “for”, are that messages “to” a customer are planned and automatic, with the intention of increasing loyalty and gain recognition of the brand (Ballantyne, 2004, p. 115). Whereas the targets “for” a customer is sent from the firm with an intent of add value and target a more narrow segment, for example members within a customer loyalty program only (Varey & Ballantyne, 2006, p. 14). These messages are however still planned and sent automatically, and as these messages are in the form of emails or text messages, they may remain unopened as they are perceived as impersonal (Ballantyne, 2004, p. 115; Merisavo & Raulas, 2004, p. 499; Zbuche & Mocanu, 2013, p. 308). This kind of marketing strategy is proven to have beneficial short-term effects, but it remains unclear what the long-term benefits are (Varey & Ballantyne, 2006, p. 14).

Ballantyne (2004, p. 115) further explains that the concept of a two-way marketing communication is practiced with the intention to nurture and maintain a good relationship by interactions between the two parts. This kind of marketing communication can be performed “with” customers and the seller, or “between” the customer and seller (Varey & Ballantyne, 2006, p. 14). In addition, the two-way marketing communication is considered to be both formal and informal, but can be experienced by customers to be more spontaneous than a one-way marketing communication. The encounters that are “with” the customers are mainly through channels such as call centers, face-to-face interactions or responding email contact (Varey & Ballantyne, 2006, p. 15). Furthermore, the dialogue that occurs “between” customers and a firm are mainly due to joint interests in, for example, customization of products, or expansion of communities online. Ballantyne (2004, p. 121) claims that firms that are considering their interactions with consumers as a process that may generate knowledge, the process of two-way marketing communication may create trust for a mutual and equal relationship. He further claims that the marketing efforts that are performed through a dialogue enables a firm to create
an equal relationship with their customers and this in turn can generate more value, as customers may not question the intentions of the marketing efforts of the company (Ballantyne, 2004, p. 121).

**TABLE 2.** ONE-WAY MARKETING COMMUNICATION AND TWO-WAY MARKETING COMMUNICATION (ADAPTED FROM BALLANTYNE, 2004)

<table>
<thead>
<tr>
<th>One-way communication</th>
<th>Communication &quot;to&quot;</th>
<th>Communication &quot;for&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>A common managerial approach, which will plan and create informational messages</td>
<td>Planned persuasive messages aimed at securing brand awareness and loyalty</td>
<td>Planned persuasive messages but with augmented offerings for targeted markets</td>
</tr>
<tr>
<td>(Many messages will remain unopened, unseen and unheard)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Two-way communication</th>
<th>Communication &quot;with&quot;</th>
<th>Communication &quot;between&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicative interaction, both formal and informal, which may take the form of planned messages &quot;to&quot; or &quot;for&quot; customers</td>
<td>Integrated mix of planned messages and interactively shared knowledge</td>
<td>Dialogue between participants based on trust, learning and adoption, with co-created outcomes</td>
</tr>
<tr>
<td>(Includes more spontaneous interaction and dialogical approaches, which includes listening and learning)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To conclude, implementing marketing communication channels that enables a two-way communication opportunity, between a company and its loyal customers, may satisfy the need of up-to-date news and information among consumers (Meng et al., 2015, p. 211). In addition, firms can seek recognition from their consumers, as the company may be regarded as a living entity and increase the feeling among consumers of belonging to a community (Meng et al., 2015, p. 211). By providing unique and customized offers, the relevance of the proposed offering will be more evident to the consumer (Meng et al., 2015, p. 211). This in turn can increase the acceptance of interactions between the sender and receiver, which in this case is the buyer-seller relationship (Meng et al., 2015, p. 211). Furthermore, modern marketing communication channels enable consumers to interact with other loyal customers with joint interests, which can lead to increased consumer engagement and identification with a brand (Meng et al., 2015, p. 211). In addition, Ballantyne (2004, p. 116) claims that the way of communicating through mass-marketing is generally conducted in an automatic and planned manner, which may lead to negative outcomes. It is also claimed that one-way marketing communication does not create a proper dialogue between the two parts, and can therefore be ignored by the recipient (Ballantyne, 2004, p. 116). This may therefore lead to failure in delivering a message, and the information that was communicated may not be delivered and thereby not reach the end-user (Ballantyne, 2004, p. 115). Varey and Ballantyne (2006 p. 13) further explain that one-way marketing communication that is performed by firms mainly have the supply-side in mind while conducting their marketing strategies. Therefore, in order to adapt to the new markets one should change the strategies toward a customer-centric view of communicating in order to increase profits (Varey & Ballantyne, 2006, p. 13).
words, firms should see each one of their consumers as individuals and personally recognize them through personal interactions.

3.4 BRAND LOYALTY

Srinivasan et al. (2002, p. 41) claim that the cost of acquiring one new customer relationship can be unprofitable as there is a risk that the consumer ends up being a one-time buyer. However, if the customer returns and makes repeated purchases, the customer relationship investment becomes profitable, and so the process of retaining a customer can be a costly, but lucrative, investment (Srinivasan et. al., 2002, p. 41). Therefore, companies aim to maintain and nurture their relationships with their customers that are considered profitable (O'Brien & Jones, 1995, p. 78-79). Therefore, customers that make repeated purchases within the same brand are considered to be of “customer loyalty” (Cossío-Silva et al., 2016, p. 1621). Further, “customer loyalty” is described as the behavior of re-purchasing a product or service, which implies that a customer has established a good relationship and a positive attitude about a product or the brand that exist on the market (Cossío-Silva et al., 2016, p. 1621).

Another fundamental concept in the subject of relationship marketing is brand loyalty (Wernerfelt, 1991, p. 229). According to Oliver (1999, p. 34) brand loyalty can be explained as a bond between a brand and a consumer that creates a re-purchasing behavior. Furthermore, brand loyal customers are less price sensitive, as they are usually willing to pay more for one certain brand (Oliver, 1999, p. 34). In Tucker’s (1964, p. 33) research, they examined brand loyalty as the probability that a customer would buy a new product from the same brand, but from another series of products, or another product category.

Chaudhuri and Holbrook (2001, p. 82) further state that the concept of brand loyalty can take two different perspectives, where one perspective of loyalty is the act of repurchasing products from the same brand, called behavioral loyalty. In addition, the other act of loyalty is attitudinal behavior which is defined as the extent a consumer perceives and identifies themselves with a brand (Chaudhuri & Holbrook, 2001, p. 82). Therefore, the concept of brand loyalty adopted in this thesis is seen as members within a loyalty program who obtain at least one of these loyalty behaviors. Therefore, a loyal consumer must not necessarily possess an extreme purchasing behavior within one brand, nor have to identify themselves to the brand. However, at least one of these behaviors must be evident in order for a consumer to count as loyal to a loyalty program in the beauty industry in this study.

Attitudinal loyalty can be described as the internal and psychological attitude that a consumer has towards a brand, which can provide a positive effect of word-of-mouth (Hong & Cho, 2011, p. 471). Mellens et al. (1996, p. 512) describe attitudinal loyalty as the combined predisposition of the consumers’ commitment towards a brand and their purchase intention. A positive attitude towards a company can potentially result in a good relationship between the company and customer, which in turn may lead to greater satisfaction for the consumer (Mellens et al., 1996, p. 512). Attitudinal loyalty can according to Kumari & Patal (2017, p. 120) lead to a positive word-of-mouth, which is the spread of a recommendation regarding a brand or company among friends and family. This will in turn generate a good reputation for a company and thus generate positive perceptions for potential customers.
Behavioral loyalty concerns the measurable and observable aspects of brand loyalty regarding purchase behavior, such as repeat purchases and actual spending patterns (Russell-Bennett et al., 2007, p. 1258). Jacoby et al. (1973, p. 2) define behavioral brand loyalty as the act of repeat purchases, which is claimed to be the traditional view of brand loyalty. While studying behavioral loyalty, Gommans et al. (2001, p. 44) explain the importance of satisfying a consumer, as this behavior generates profits and increased monetary benefits. Behavioral loyalty can be expressed both towards the loyalty of a brand, but also to a specific store or retail outlet (Corstjens & Lal, 2000, p. 284). As Chaudhuri & Holbrook (2001, p. 90) combine these two behaviors, and use brand loyalty as an umbrella-term for both behaviors, it is of great interest to gain more knowledge of the specific behaviors within brand loyalty, and therefore this study will approach both of these behaviors.

In order to maintain loyalty among consumers, firms are in need of a developed customer loyalty program, or established CRM operations which are efficient and suit their customer segment (Kwon and Lennon, 2009, p. 563; O’Brien & Jones, 1995, p. 78-79; Putti et al., p. 44-45). Previous research has shown that if firms put focus on their customers and implement customer-centric marketing, they will be able to target the profitable consumers in order to make long-term profits (Chen & Myagmarsuren, 2011, p. 959; Reinartz et al., 2004, p. 294). In addition, as firms need to market their products for a specific customer base, the marketing tools in order to communicate this information is vital (Merisavo & Raulas, 2004, p. 499; Zbucha & Mocanu, 2013, p. 308). The tools used will have to be adapted for the targeted segment in order to be effective, and it is claimed that customers today are expecting service fast, due to the emergence of technology (Dwyer et al., 1987 p. 16-17).

According to Dwyer et al. (1987, p. 16-17) managing conflicts is crucial, as they may lead to deeper conflicts if these are not solved correctly. Therefore, marketing communication operations of a company should be carefully implemented and established within a firm’s CRM operations. As conflicts are handled with care by managers, it may generate an increase in loyalty among customers, depending on the level of satisfaction it may bring (Rusbult et al., 1998, p. 359). In contrast, if these complaints and remarks are not handled professionally, it may lead to a negative effect on the relationship trust (Berezan et al., 2016, p. 104). Through social media channels, these actions of problem solving can increase the speed of information. In addition, by creating an online brand community through social media, a customer loyalty program may engage consumers and strengthening their bond, which potentially may result in an increased brand loyalty (Laroche et al., 2013, p. 78).

3.5 CONCEPTUAL MODEL AND HYPOTHESES

Based on the prior research on Ballantyne’s (2004, p. 116) marketing communication matrix, there are empirical evidence suggesting that marketing communication and brand loyalty may be closely linked together (Zehir et al., 2011, p. 1219). Therefore, it is crucial for firms with established CRM to handle the external processes carefully, in order to nurture the relationship with their customers in their customer loyalty program, in order to gain long-term profits (Jayachandran et al., 2005, p. 190; Meyer-Waarden, 2008, p. 87). The marketing communication from a firm must be managed internally, and therefore the firm must retain control of these customer orientated actions (Li et al., 2014, p. 96-97). Therefore, it is vital for the management of CRM to act and communicate according to their loyal customers demands, and adapt for their needs in order to make customers
perceive the brand and company in a preferred manner (Srivastava, 2011, p. 340). However, this thesis has aimed to add more knowledge regarding the effects of marketing communication and brand loyalty, by adopting two separate perspectives of brand loyalty. These has been identified as attitudinal loyalty and behavioral loyalty.

In this thesis, two ways of marketing communication has been identified. These are two-way marketing communication, which is the interaction between a customer and a firm which creates a dialogue, and one-way marketing communication that is seen as the marketing communication from a firm to a consumer that creates a monologue (Melancon & Dalakas, 2018, p. 157-158; Merisavo & Raulas, 2004, p. 498). Through the interview with the E-commerce manager at SEPHORA Scandinavia, the main two-way marketing communication channels adopted at SEPHORA Scandinavia are social medias. By communicating through these channels, they are able to reach their subscribers, which are consumers that are enrolled within their loyalty program, and consumers that subscribes to their channels. Further, the interview conducted also found that the one-way marketing communication adopted by SEPHORA Scandinavia, is mainly performed by newsletters in the form of emails, which targets consumers within their loyalty program, and consumers that has subscribed to their email send outs. These emails are seen as one-way marketing communication, as they are non-personalized emails, with the same content to all end-users.

As this study aims to add knowledge to the matrix of marketing communication by Ballantyne (2004, p. 116), and apply the findings to customer loyalty programs within the beauty industry, the drivers that are commonly used for marketing communication within loyalty programs has been investigated. Besides direct emails, within one-way marketing communication, text messages and catalogue send outs have been used (Sorce, 2002, p. 15). These are channels of mass-marketing, as they contain the same information to all end-users. Further, the drivers of two-way marketing communication, besides social media interaction, are interpersonal communication and tangible rewards, which are common tools to add value to the in-store experience (De Wulf et al., 2001, p. 36). De Wulf et al. (2001, p. 36-37) further mention relationship commitment and perceived relationship investment as drivers for relationship quality, which has been included in the study and tested to see if these have any effects on attitudinal loyalty and behavioral loyalty. Thereby, the conceptual model that has been developed to build on Ballantyne’s (2004, p. 116) marketing communication matrix is presented below in Figure 1:
3.5.1 ONE-WAY MARKETING COMMUNICATION

The drivers of one-way communication used by a company will be identified as the automatic and planned actions they take in order to strategically reach out to a large segment, and target customers by mass-marketing in order to gain market shares (Ballantyne, 2004, p. 115; Merisavo & Raulas, 2004, p. 499; Zbuchea & Mocanu, 2013, p. 308). The communicative tools that this thesis will consider as drivers for this kind of marketing communication is adapted to fit the operations of SEPHORA Scandinavia's customer loyalty program. The main marketing communication tool that is used in the everyday operations to market new products, or inform customers regarding events, are through the non-personalized email that are sent from a “no-reply” email address. Other tools that are commonly used among other customer loyalty programs are text messages and catalogue send outs, which will also be recognized as one-way tools of marketing communicating.

The term direct email is defined as the tools used to keep loyal customers up to date with information and commercialization of products (De Wulf et al., 2001, p. 35). This is claimed to lead to trust and sense of belonging to a customer loyalty program and also encourage the interest among consumers to consume more (De Wulf et al., 2001, p. 35). In order to specify this commonly used tool among companies, it is important to explain that direct emails are considered to be a mass send out to one homogenous sample. Therefore, it will be regarded as mass-marketing, as the emails are not personalized, but
automatic and planned with the same content to one targeted segment. This mass-customization of standardized newsletters are however argued to have negative effects on consumers’ acceptance, and therefore remain unopened in customers’ inboxes (Ballantyne, 2004, p. 116). Direct emails will be regarded as a channel of one-way communication and the aim is to obtain knowledge regarding if the usage of this channel can increase attitudinal loyalty and behavioral loyalty among loyal customers. Therefore, we propose the following hypotheses:

**H1:** Direct emails have a positive effect on attitudinal loyalty.

**H2:** Direct emails have a positive effect on behavioral loyalty.

*Direct text messages* are used as a common communication tool by companies in order to efficiently reach out to customers in a personal and quick manner. In addition, this tool of communication within mass-marketing is frequently used as it is cost-efficient and can reach the end-user with information fast (Scharl et al., 2005, p. 159). The main advantages of this kind of mobile marketing is that consumers are often connected, and offers that are communicated through text messages can take a more time-limited approach, as the consumer will receive the information and be notified of it instantly (Berman, 2016, p. 432). Further, it is of interest to test if text messages have a positive effect on brand loyalty, as it is a fast and personal way of marketing communicating. In addition, this tool is the most modern marketing communication channel, which is widely adopted by loyalty programs (Pescher et al., 2014, p. 43-44). Thereby, we will test the following hypotheses:

**H3:** Direct text messages have a positive effect on attitudinal loyalty.

**H4:** Direct text messages have a positive effect on behavioral loyalty.

*Catalogue send outs* are a more tangible action provided by a firm in order to reach their loyal customers with offers or other information (Dowling & Uncles, 1997, p. 72). Catalogue send outs are usually seen as a kind of reward and benefit of joining a customer loyalty program (Dowling & Uncles, 1997, p. 72), however it is not considered to be an interaction between a firm and a loyal customer, as the catalogue send outs are not given with a purchase. In addition, these are usually sent out in planned and automatic manners, similarly to emails that contain newsletters and other standardized updates (Varey & Ballantyne, 2006, p. 15). As these catalogue send outs are similar to the non-personalized emails, but in a tangible form, these may have an increased effect on brand loyalty. Therefore, we propose the following hypotheses:

**H5:** Catalogue send outs have a positive effect on attitudinal loyalty.

**H6:** Catalogues send outs have a positive effect on behavioral loyalty.

### 3.5.2 TWO-WAY MARKETING COMMUNICATION

The drivers of two-way marketing communication practiced by a company have been identified as the dialogue, which takes a more spontaneous form of interaction which lead to a mutual relationship between a firm and a customer (Ballantyne, 2004, p. 121). The communicative marketing tools that this thesis will consider as drivers for this two-way communication is adapted to fit the operations within SEPHORA Scandinavia’s customer loyalty program. The main marketing communication channels that are used in the everyday operations to market new products or inform customers regarding events, are the social media platforms, in which this thesis will be referred to as social media
interaction. Based on the interview with the Head of E-commerce manager at SEPHORA Scandinavia, it was found that the main social media platforms used by the organization were Facebook, Instagram, YouTube and Snapchat. Other drivers of two-way communication are interpersonal communication, and tangible rewards that customers are familiar with as they are experiencing the physical in-store environment.

Tangible rewards can be regarded as the main benefits of joining a customer loyalty program, as this is the added value that is tangible, and thereby the most noticed form of benefit from a consumer’s point of view, as they join a customer loyalty program (De Wulf et al., 2001, p. 36). These are the added value of discounts or gifts that a customer will receive from a company in return for their loyalty. This is considered to be a two-way communication strategy, as it is an interaction between two parts where it consists of an exchange of receiving and giving between two parts. This thesis will see tangible rewards as an interaction, as these rewards are noticed by the customer as they are making their purchases in store. In order to apply this to SEPHORA Scandinavia’s operations within their customer loyalty program, points and non-monetary promotions are used to add value for each customer’s purchases. In addition, this is claimed to help consumers to remain loyal to one certain company (De Wulf et al., 2001, p. 36). Thereby, we will test the following hypotheses:

H7: Tangible rewards have a positive effect on attitudinal loyalty.
H8: Tangible rewards have a positive effect on behavioral loyalty.

Interpersonal communication has been described by De Wulf et al. (2001, p. 36) as the perceived warmth and emotional manners that is adopted as a company communicates with their loyal customers. Interpersonal communication will in this thesis be regarded as any kind of two-way marketing communication that can be performed through emails, text messages or physical interaction that will create a dialogue between the two parts. This interaction is claimed to increase the social relationship and trust, as feelings of familiarity and friendship may arise (De Wulf et al., 2001, p. 36). As these positive feelings may increase favorable behavior among consumers, it could generate in accelerating purchase behavior and a positive attitudinal behavior. Therefore, we propose the following hypotheses:

H9: Interpersonal communication has a positive effect on attitudinal loyalty.
H10: Interpersonal communication has a positive effect on behavioral loyalty.

Social Media Interaction are the interactions that are performed via social medias, that enables a firm and a customer to have a dialogue with each other (Varey & Ballantyne, 2006, p. 15). These channels are making the distance between companies and their customers smaller, and creates an effective exchange that both parts can benefit from (Ballantyne, 2004, p. 121). These applications are claimed to nurture the customer engagement towards a brand (Cabiddu et al., 2014, p. 187), and these social media channels allow firms to have a more in depth, personal contact with their customers (Meng et al., 2015, p. 208). In addition, this may strengthen the satisfaction among loyal customers, as they may feel a sense of belonging to the community (Meng et al., 2015, p. 208). Therefore, we will test the following hypotheses:

H11: Social Media Interaction has a positive effect on attitudinal loyalty.
H12: Social Media Interaction has a positive effect on behavioral loyalty.
3.5.3 RELATIONSHIP QUALITY

In order to maintain a long-term relationship in a seller-buyer environment, firms should hold a high relationship quality, and proceed with customer-based actions, that will lead to customer satisfaction (Naudé & Buttle, 2000, p. 352). As the quality of products or services keep a consistent performance, it is claimed to create and increase relationship quality (Naudé & Buttle, 2000, p. 352). Relationship quality consists of several different key components that is influencing the strength of the relationship between a consumer and a firm (Hennig-Thurau et al., 2002, p. 233). Two of these are identified by De Wulf et al. (2001, p. 36-37) to be relationship commitment and perceived relationship investment. All the drivers for relationship quality will not be tested for the study. However, a choice was made to put focus on the two drivers mentioned, in order to test if the perceptions among consumers regarding their loyalty program affects brand loyalty, and if the commitment and actions provided by the program effects the different perspectives of loyalty.

Perceived relationship investment is emphasized to measure the bond between the efforts of marketing performed by a customer loyalty program and the quality of the relationship between the company and its loyal customers (De Wulf et al., 2001, p. 35). This relationship is primarily based on the retention of customers, and all efforts that will boost a loyal behavior among customers (De Wulf et al., 2001, p. 35). It will be interesting to examine this further, as it will give an indication of the consumers’ perception of their customer loyalty programs’ efforts of relationship quality and if this can increase loyalty behaviors. Therefore, the following hypotheses were proposed:

H13: Perceived relationship investments have a positive effect on attitudinal loyalty.
H14: Perceived relationship investments have a positive effect on behavioral loyalty.

Relationship commitment is defined by De Wulf et al. (2001, p. 37) as the continuous desire among consumers to maintain a friendly relationship, and the efforts made by a company to explore it further. As commitment may be a driver for loyal behavior, it is of interest to test this in order to verify the aspects that this might be the case. By exploring this, the study can add more knowledge to the behavior of loyalty, which in turn can be used as strategic information for the actions taken by a customer loyalty program. Therefore, the following two hypotheses are tested:

H15: Relationship commitment has a positive effect on attitudinal loyalty.
H16: Relationship commitment has a positive effect on behavioral loyalty.
4.0 PRACTICAL METHOD

This chapter contains the research design and analysis methods used for this study. The data collection methods are presented, along with the statistical methods that were used in order to analyze the data. The chapter ends with a general discussion of the ethical considerations that have been brought to attention.

4.1 SOURCES OF DATA

The two types of data sources that are evident for researchers in order to gain knowledge about their research area are primary data, and secondary data (Saunders et al. 2012, p. 304). These differ in terms of which initial purpose a study has, where primary data has been collected for a specific purpose, whilst secondary data is data that has been collected for another study, that is applicable to the basis of other studies (Bryman & Bell, 2011, p. 312; Saunders et al., 2012, p. 304). Annual reports, qualitative and quantitative data, and accounts of sales are sources used for secondary data (Saunders et al., 2012, pp. 304; 307). The advantages of secondary data are that it is cheaper and takes less time to process and organize (Vartanian, 2011, p. 3). In addition, a majority of secondary data can be found at no cost via websites of organizations, governments or other reliable websites over the internet. The disadvantages of this source of data is however that it has, as mentioned, been collected for a different initial purpose, and may not fit the research question of another study (Bryman & Bell, 2011, p. 320; Saunders et al., 2012, pp. 319-320). According to Vartanian (2011, p. 3) primary data can take a greater amount of time to collect and process, in order to later structure and organize the data, to test for significance and validity. In addition, this data collection method is seen as more reliable as the collection of the data fits to the initial purpose of the study conducted (Bryman and Bell, 2011, p. 157-158). Hox and Boeije (2005, p. 593) further explain that primary data collection is specifically collected for the problem and knowledge gap identified in a study, and thereby this source of data will add more knowledge to existing literature.

After carefully examining these two types of data, collecting primary data would better suit the study, as it has been difficult to find secondary data that would fit the purpose of this thesis. Previous studies are found to study either loyalty within customer loyalty programs, or marketing communication and its impact on consumers. However, this study aims to test the effects of marketing communication on attitudinal loyalty and behavioral loyalty among members within a customer loyalty program in the beauty industry, which targets a rather specific purpose. As the time frame of this study is considered to be long enough to collect the data for the specific purpose, a choice was made to proceed with primary data collection.

4.2 DATA COLLECTION

By following the philosophical stances in accordance with the design of the study, and follow a logical structure, the different data collection methods of quantitative research design have been taken into consideration. According to Saunders et al. (2012, p. 416) quantitative data collection is a method used to collect data by asking a set of questions in the same manner to each person that will participate in the study. There are many ways of proceeding with quantitative data gathering, as it can be conducted through interviews, surveys, experiments and observations (Bryman & Bell, 2011, p. 175; 270).
Interviews conducted for data collection can be proceeded with in various ways (Bryman & Bell, 2011, p. 201). The process of a quantitative setting of interviews that collects primary data, is usually called structured interviews. In other words, these interviews contain a prepared set of questions, and are in turn asked in precisely the same manner to all of the participants. These interviews can be conducted face-to-face, through phone calls or web-based via other communication tools (Bryman & Bell, 2011, p. 231; Saunders et al., 2012, p. 421). It is also possible to conduct interviews that are computer-assisted, where the participant will not meet a physical interviewee (Saunders et al., 2012, p. 419). The reason that interviews were not utilized in this thesis was because the researchers wanted to test the effects of marketing communication on brand loyalty among members within a loyalty program within the beauty industry. In addition, as the researchers have been based in Umeå, difficulties regarding the interviews of the population frame could arise, as these would be hard to reach. There have also been difficulties to find the population targeted in Denmark and Sweden, as the people that fit the population criteria exist in many different cultures, demographics and ages.

Observation is a tool of collecting data that allows the researchers to observe their sample in a natural environment that will further provide useful and specific data of the variables chosen (Allen-Meares & Lane, 1990 p. 452). According to Bryman and Bell (2011, p. 270), the method is efficient as it will provide a deeper insight of the researched problem, and can observe behaviors physically. These observations differ from qualitative observation data collection methods, as the observation methods are performed systematically (Allen-Meares & Lane, 1990 p. 452). The reason that this method was not utilized in this research was due to the difficulties of observing preferences obtained among loyal members of a loyalty program in the beauty industry. As this thesis aims to test the effects of marketing communication on loyalty behaviors, observations would not suit the study, as the effects of the independent variables on the dependent variables must be tested with statistical measures. As a positivistic point of view has been adopted for the research, the data gathered will only be regarded as valid with statistical tests, in order for the researchers to remain objective and interpret the results in a value-free manner.

Another method that can be used in a quantitative study is by conducting experiments in order to gain knowledge regarding the researched subject (Kleinbaum et al., 1982, p. 42). Identified are three ways of exploring this kind of data, which are laboratory experiments, field experiments and natural experiments (Gerber & Green, 2011, p. 358-359, Kleinbaum et al., 1982, p. 42). To mention these briefly, laboratory experiments handle knowledge that are acute, as the results drawn from these experiments can be drawn within a short period of time (Kleinbaum et al., 1982, p. 42-43). In contrast, field experiments collect data in a natural environment, as the variables may not be found in a laboratory room (Jensenius, 2014, p. 402-403). The main advantage of this method is that researchers are able to further gain knowledge of the surroundings and local implications of their variables tested (Jensenius, 2014, p. 402-403). In addition, natural experiments are conducted by putting individuals for exposure by natural conditions for observation by researchers, in order for them to see if any external implications can change the individual's way of acting (Allen-Meares & Lane, 1990 p. 455; Kleinbaum et al., 1982, p. 47). This method will not be used for the research conducted, as it does not fit to the purpose of the study. This study aims to measure abstracts artifacts, more specifically the effects of marketing communication on a consumer’s loyalty behavior, which cannot be observed. Furthermore, the population was found in both Denmark and Sweden, which
created barriers for experiments as the population was scattered across these both countries. Further, according to the philosophical stances adopted for this research, the social entities are out of reach and influence from social actors, and that the reality is predetermined. In addition, statistical measurements must be taken in order to regard the knowledge gained as valid, and thereby this data collection method does not fit the purpose of the study.

Questionnaires are the most common way of gathering data within quantitative research method (Slattery et al., 2011, p. 831; Wright et al., 2016, p. 97). A questionnaire is rather cheap and easy to conduct, and if the research concerns measurements between two or more variables, a survey provides the desirable result that will be easier to test in order to generalize and interpret knowledge with the research question in mind (Bryman & Bell, 2011, p. 163-164; Vartanian, 2011, p. 3). A disadvantage of creating and conducting surveys is that researchers cannot reach out to participants with follow ups or complementing data collection, as the respondents may choose to participate anonymously (Bryman & Bell, 2011, p. 177; Saunders et al., 2012, p. 419).

As the purpose of this study is to examine if marketing communication have any effects on customer loyalty program members’ brand loyalty, a questionnaire is favorable in order to reach a wide set of people within the sample (Wright et al., 2016, p. 98). As the sample of this study is characterized as homogenous, it does not have to be as large as a heterogeneous population (Bryman & Bell, 2011, p. 189), and an opportunity to choose whether to conduct a survey, or interviews prevailed. However, according to the philosophical stances, the knowledge is only regarded as valid with statistical measurements in order for the researchers to interpret the data value-free. Therefore, a choice was made to conduct surveys, in order for the population frame to represent more people from different ages and countries. In addition, this thesis is based on consumers’ preferences regarding the operations of marketing communication within a customer loyalty program, and therefore, questionnaires are efficient to collect the information needed. Saunders et al. (2012, p. 419), further explain that questionnaires that participants are able to self-complete are efficient to reach a large sample in a small period of time. As the research question is based on what the effects are of marketing communication on brand loyalty, and the purpose is to examine if the effects exists among consumers within a customer loyalty program, statistical tests would be a good fit. Therefore, conducting a survey is more favorable for the purpose of the study, as the effects are more likely to be found based on statistical tests.

Questionnaires that are web-based are sent via the internet to all participants, usually through emails or other social media channels (Saunders et al., 2012, p. 421). In addition, these are able to reach a wide range of people in various geographical areas (Bryman & Bell, 2011, p. 231). As the population frame for this thesis is set to fit the operations of SEPHORA Scandinavia, the population was found to be in Denmark and Sweden as this is where SEPHORA Scandinavia operates. Therefore, the questionnaire that collected the data for this thesis was web-based, as the survey had to reach people in both of these countries enrolled in loyalty programs of the beauty industry. The tool used to create the questionnaire was Google Survey. The main advantage of using Google Survey was that this online market-research tool was free and easy to share with others (Google Support, 2018). In addition, it aggregates and helps to analyze results in a comprehensive way using a simple online interface (Google Support, 2018). By conducting the survey online,
the fast actions of the internet enabled the authors to reach a wide range of consumers in both Denmark and Sweden.

4.2.1 QUALITATIVE EXPLORATORY INTERVIEW

In order to gain more knowledge regarding the CRM operations of SEPHORA Scandinavia, an exploratory interview was conducted. An exploratory interview intends to hand researchers or interviewees deeper information about a particular industry or business operation (Cooper & Schindler, 2008 p. 129). Thereby, it is common that the person interviewed has a profession that can provide a desirable outcome for researchers, and hand them insights that otherwise would be difficult to find (Cooper & Schindler, 2008, p. 129).

The interview was conducted by an email with the Head of E-commerce manager at SEPHORA Scandinavia, which is recognized to have the most insights in the operations of CRM, online marketing and marketing communication performed by the organization. The information obtained by the interview regarded the areas of which channels of marketing communication that are utilized in the operations of their online marketing and which customer segment they target. The questions asked can be further found in Appendix 2.

4.2.2 SURVEY CONSTRUCTION

According to Saunders et al. (2012, p. 423), a questionnaire must contain questions that will enable the researchers to receive information regarding the tested variables. Therefore, it is crucial that the questions formulated are well defined in order to get the opportunity to test the variables statistically. Bryman and Bell (2011, p. 240) are further explaining this by claiming that questions in the questionnaires should be clearly stated and it should provide the participant with clear information in every step in the process of answering the survey. The variables that are tested in this thesis are the drivers of two-way and one-way communication that are commonly adopted by customer loyalty programs. These variables have been tested on the two adopted views on brand loyalty, which are defined in this paper as behavioral loyalty and attitudinal loyalty.

Patel and Davidson (2011, p. 88) claims that the Likert scale is an effective way of measuring behaviors and preferences. This scale generally consists of a scale of numbers, where the participants are ranking their feelings or thoughts on a scale. The questionnaire that was developed for this thesis adopted the Likert scale, as it aims to measure which effects of marketing communication on brand loyalty. Bryman and Bell (2011, p. 240) further explain that the range of numbers on the scale derives from 1 to 5, where the score of 1 implies that the participant does not agree with the statement in the questionnaire, and 5 indicates that the participant agrees with the statement. This thesis adopted a Likert scale of 1-6, in order for the questionnaire to encourage respondents to choose to either disagree or agree with the statements stated. In addition, this would make the respondents unable to choose a middle value on the scale. Further, by implementing a scale with larger numerical range diminishes the difference of the scale for the respondents which can mislead them, but having a smaller range on the scale, disables the researchers from making a proper analysis from the responses.

The first four questions regard the area of current country of residence, gender, age and if the participant is a part of a loyalty program. If the answer is “no” or “I don’t know” to
the question regarding: *Are you a member of Customer Loyalty Program within the Beauty Industry?*, the participant will be informed to not proceed with the questionnaire. This choice was made due to that these participants are not a part of the targeted population. The reason that the respondents were asked to answer questions about age, country of residence and gender was in order for the researchers to gain as much knowledge about the respondents as possible. This is important because according to Moore et al. (2010, p. 90) people of gender, nationality and age react differently to marketing efforts depending on these factors, which can therefore be interesting when researching a population.

To conclude the first part of the survey, a question is asked regarding which brand or store the participants have in mind while conducting the survey, in which they can choose within a wide set of proposed customer loyalty programs within the beauty industry. By asking the respondents to specify only one customer loyalty program, the aim is to put them in a state where they only had one loyalty program in mind, as it may be hard to distinguish between the different memberships one obtain. Thereafter, the participants conducted all other questions in the questionnaire, but they were not obliged or forced to complete it if they were not willing to.

The constructs and set of questions used for the thesis and questionnaire have been found in prior articles in order to ensure reliability (Saunders et al., 2012, p. 431). This questionnaire has not been in a process of a pilot study, and therefore the aim of finding reliable questions regarding the subject has been vital. The questions used have therefore been found in prior research, where question 1 is found in Ball et al. (2004, p. 1276). Further, the other introductory questions, which are question 2-8, has been found in Evanschitzky et al. (2012, p. 636). These questions measures customer satisfaction and expectations a customer holds of a loyalty program. Most of the drivers identified within the one-way and two-way marketing communication have been found in De Wulf et al. (2001, p. 46-47), who identified tangible rewards, perceived relationship investment, relationship quality, relationship commitment, behavioral loyalty, interpersonal communication and the use of direct emails. Therefore, in order to have reliable and consistent set of questions that have earlier been linked to the same questionnaire, questions 8-23 are drawn from De Wulf et al. (2001, p. 46-47). Attitudinal loyalty is tested in the questions numbered 24-26, which have been found in Evanschitzky et al. (2012, p. 636). The questions 27-29 regard the sense of belonging to a loyalty program, and have been found in Evanschitzky et al. (2012, p. 636), and questions 30-34 regard a consumer’s social media seeking and are found in Raab et al. (2016, p. 143). Interpersonal communication is measured in questions 34-39, and these are as earlier mentioned found in De Wulf et al. (2001, p. 46-47). Finally, the last part of the questionnaire contains questions regarding one-way and two-way marketing communication tools. These are chosen to fit the study and fulfill its purpose, and therefore the questions are carefully chosen within different scientific articles and books. The questions 40-41 that touch the area of direct emails are found within De Wulf et al. (2001, p. 46-47), and the rest of the remaining questions of direct emails, catalogue send outs and text messages, numbered questions 42-46 are found in Sorce (2002, p. 15). Further found in Sorce (2002, p. 15) are an extended set of questions that regard interpersonal communication that is conducted on various communication channels, which are the concluding questions numbered 47-49 in the questionnaire. The questions within the conducted survey can be further found in Appendix 1. The questionnaire includes some questions regarding customer satisfaction, expectations of the customer loyalty program, relationship quality and sense
of belonging to a loyalty program, which has not been used for further analysis. These questions are primarily asked in order to provide more information for SEPHORA Scandinavia regarding the satisfaction, expectation and the quality of the relationship obtained by their members. However, these do not fit the purpose of this thesis and have thereby not be used.

4.2.3 SAMPLING TECHNIQUE

There are two main sampling techniques at disposal when conducting a quantitative study, which are probability sampling and non-probability sampling methods (Bryman & Bell, 2011, p. 176). Probability sampling is the method where each individual of a population has the same possibility of being chosen and being part of the sample (Bryman & Bell, 2011, p. 176; Hansen et al., 1983, p. 788). In contrast, non-probability sampling is a sampling techniques where all individuals in a population do not have an equal chance of being chosen (Acharya et al., 2013, p. 332).

The sampling technique that is approached in this thesis is non-probability sampling method as the population of this study is spread across two different countries. Thereby, the accessibility of reaching the targeted population would have been difficult. The researchers did not obtain the contact information of all the loyal customers enrolled in SEPHORA Scandinavia’s customer loyalty program, but if this information was obtained, a probability sampling technique would have been used. However, by not narrowing the population down to only members of SEPHORA Scandinavia’s customer loyalty program, the study can be used for other loyalty programs within the beauty industry.

Convenience sampling method is the most common method of non-probability sampling techniques (Acharya et al., 2013, p. 332). The samples are chosen due to the easy access of individuals, as long as these people fulfill the criteria of participating in the study (Bryman & Bell, 2011, p. 190). The main advantages of this method is that it is rather cheap to conduct and a list of the targeted population is not necessary. However, some limitations are evident, as bias and variability of this method can be hard to estimate and the results drawn from these tests are not of use for other samples (Acharya et al., 2013, p. 332).

Convenience sampling method is chosen as the technique used in this thesis in order to collect the data from the targeted population. This is mainly due to that the targeted population can be hard to find without any access to contact information from members within a customer loyalty program. In addition, the population was easy to find online as beauty communities exists and are easily accessible on Facebook. The authors are aware of the biased result that may arise by using online survey only, as a large part of the population may be excluded by conducting the survey through social medias. Sampling error arises as the study conducted does not represent the whole sample accurately (Bryman & Bell, 2011, p. 196). This did however not affect the study, as the population chosen are people that use social medias since that is one of the chosen communication tools that are tested in this research. In addition, the population of this study has been narrowed down to online users, as SEPHORA Scandinavia’s targeted consumer segment are within the ages of 18-25, which was the preferred age group to reach. Another drawback of the questionnaire is that it is written in English, and the questions and answers will also be presented in English. Therefore, it is vital to understand that all participants do not have English as their first language, as most of the participants are
from Sweden or Denmark. A choice was made to create the questionnaire in English, as translations may lead to faulty reference and misinterpretations.

As the population of the research are inhabitants in Sweden and Denmark that are enrolled in a customer loyalty program within the beauty industry, a choice was made to narrow the population down to social media users. Thereby, the targeted population is limited to people that are active followers of beauty communities online. The choice of conducting the study online and through social media was that it could otherwise arise difficulties of reaching the targeted population in Denmark. In addition, online forums are easy accessible and can reach an already categorized community within beauty fast, and instead of finding the contact information for all the people enrolled within a beauty community, these people have already created a targeted community that suits the population of this study. The questionnaire has been shared on several different Facebook groups, where the targeted population of the study are likely to be found. These Facebook groups are created and joined by people that are living in Denmark and in Sweden, as SEPHORA Scandinavia only operate within these countries, thereby the research is applicable to the organization. The different Facebook groups that was chosen as the population for the study, was Facebook communities with members that considered themselves to have a great interest in beauty. As many of the members in these Facebook groups discussed and revised products for other members, it was indicated that the majority of them obtained exclusive memberships in customer loyalty programs. In addition, many of the members revised each other of different loyalty programs within beauty, in order for others to find the most suitable program for them.

The Facebook group “Skönhetstips & Mode” was joined by 41 003 people at the time of send outs of the questionnaire, and it was shared on the 26th of March 2018 on the Facebook group. On this day, the questionnaire was also shared within the Swedish Facebook group “Skönhetsgruppen”, which was joined by 18 003 members. On the 27th of March, the questionnaire was shared in the Danish Facebook group “Makeup og Tips”, which were joined by 36 829 members, to share different thoughts and experiences of makeup products. The questionnaire was further shared on the Facebook groups of “Hudvårdssnack - Vi som älskar hudvård” with 4 797 members, and “Skönhetsgruppen: Köp & Sälj” with 4 060 members on the 27th of March. All these groups are exclusively joined, where the individual that joins must fill the criteria set by the administrator in order to be accepted as a member. On the 4th of April, the questionnaire was shared once more on these Facebook communities as a reminder for the members to answer the survey. Thereby, the sampling frame of the population in this thesis is all followers and members enrolled within these Facebook communities, and if all these individuals that the questionnaire has reached would have answered, the whole population frame would have been represented.

4.3 DATA ANALYSIS

The first step in analyzing the results from the quantitative data collection, was to extract the resulting data from Google Docs into an Excel spreadsheet, and then insert it into the statistical analysis software Minitab 17 (Saunders et al., 2009, p. 415). This section of the thesis aims to explain how the researchers analyzed the reliability in Cronbach’s Alpha, and interpreted the descriptive statistics and multiple regression analyses. Thereby, an examination on relationship quality, one-way and two-way marketing communication can be performed regarding the potential effects the variables have on behavioral loyalty and attitudinal loyalty within a customer loyalty program.
4.3.1 CRONBACH’S ALPHA

As Saunders et al (2009, p. 156) explain, reliability is a vital part of the research in order for it to generate knowledge, as reliability is the ability to yield consistent findings from a researcher’s data collection techniques and analysis process. Variables that are derived from a test instrument are considered reliable after they deliver the same results after multiple implementations of the test (Reynaldo & Santos, 1999, p. 1). The method to test the reliability of the constructs used is to use the Cronbach’s Alpha (Bland & Altman, 1997, p. 572). Cronbach’s Alpha is expressed as a number between 0-1 and it is a method created to evaluate the internal consistency of a test (Tavakol & Dennick, 2011, p. 53). According to Bryman & Bell (2011, p. 159), the Cronbach’s Alpha coefficient should be above 0.8 in order to indicate a good connection between two questions in the questionnaire. However, according to George and Mallery (2003, p. 238) 0.6 is the minimum value in order to consider the constructs as reliable in the study.

4.3.2 DESCRIPTIVE STATISTICS

The term descriptive statistics is explained to as a tool to help researchers compare and analyze variables numerically, which was utilized in this thesis (Saunders et al., 2009, p. 444). Part of the descriptive statistics are central tendencies, which is a term describing the single value that represents the central part of a set of data used in order to get a fundamental understanding of the results (Leys et al., 2013, p. 764), thereby this thesis has analyzed and compared the different means of each constructs. The mean is effective to calculate in order to find the average value of each variable, which is measured by adding all of the numerical values in one set of data, and then dividing that sum by the number of entries (Moore et al., 2010, p. 27).

This thesis further utilized the value of standard deviation in order to display the variability in the distribution of the responses by looking at how far the observations are spread from the mean, where a high standard deviation indicate a large spread in the responses (Moore et al., 2010, p. 34). For a normal distribution population, around 95% of the respondents will have registered values two standard deviations from the mean, whereas the other 5% of the population are equally scattered below and above this limit (Altman & Bland, 2005, p. 903). This will be useful when analyzing the variability in the distribution or the respondents in this research, and will help to further analyze the results of the questionnaire.

Another method that has been used in this thesis is Pearson correlation analysis. This analysis method is a technique that measures the strength in correlation between two variables (Dutilleul et al., 2000, p. 132). The Pearson correlation coefficient should be between -1 and +1, where a 0 implies that the two variables are completely independent from one another with no relation (Bryman & Bell, 2011, p. 347). A correlation value of -1 demonstrates a perfect correlation between two variables in decreasing relationship, and a correlation of +1 represents a perfect correlation in an increasing relationship (Bolboacă & Jäntschi, 2006, p. 185).

4.3.3 MULTIPLE REGRESSION ANALYSIS

A multiple regression analysis is an extension of a regression analysis, which measures two or more variables (Saunders et al., 2009, 462). In order to conduct a multiple regression analysis, both dependent variables, identified as variables that change in
response to other variables, and independent variables, identified variables that cause change in dependent variables, will be inserted in a formula for analysis (Saunders et al., 2009, 367). The formula will therefore be $Y = \beta_0 + \beta_1 X_1 + \ldots + \beta_n X_n + \varepsilon$, where the $Y$ represents the expected or predicted value of a dependent variable, $\beta_0$ is the constant intercept where the regression line meets the Y-axis (Preacher et al., 2006, p. 438). $\beta_n$ is the coefficient for the predicting variable $X$, which is the tilt of the slope. In addition, $\varepsilon$ is the residual error, or the error for prediction (Preacher et al., 2006, p. 438). By using this kind of regression analysis, the researchers could measure the values of constant coefficients and the value of the slope coefficients from the results generated by the previously conducted questionnaire (Saunders et al., 2009, p. 462). The relationship between the dependent and independent variables is explained by the tilt of the slope that the regression line represents, and an expression used to explain the correlation between a numerical dependent variable and numerical independent variables is the coefficient of determination. The coefficient of determination, also known as $R^2$, calculates to what extent the variation of the dependent variable can be explained by the independent variable statistically (Saunders et al., 2009, p. 461). The R-squared value of a regression model will indicate the goodness-of-fit. The value will lie between 1, and -1, where one the value above 0 will indicate a positive effect, and the value below 0 will indicate a negative effect of the independent variables on the dependent variable (Cameron & Windmeijer, 1997, p. 229-330). Besides analyzing and interpreting the R-squared value, the significance values will also be of great impact as the data is tested. Furthermore, Saunders et al. (2012, p. 523), claim that low significance values indicate that the variables are likely to have occurred alone. This thesis performed a multiple regression analysis, in order to test the effects of the independent variables on the dependent variables.

The independent variables of this study are the drivers for one-way communication, identified as direct emails, text messages and catalogue send outs. Further, the independent variables for two-way communication, which are tangible rewards, interpersonal communication and social media interaction. These variables were tested in two separate multiple regressions, where one of these will take the dependent variable of attitudinal loyalty, and the other multiple regression with the dependent variable of behavioral loyalty. In addition, the drivers of relationship quality were used in a multiple regression analysis, one where the dependent variable is attitudinal loyalty and the other behavioral loyalty. The drivers of relationship quality are identified as perceived relationship investment and relationship commitment.

4.4 ETHICAL CONSIDERATIONS

Ethical principles can be described as being fair, impartial and reasonable (Zikmund et al., 2013, p. 88). These traits have been consistently in the mind of the authors within and throughout the process. Bryman and Bell (2011, p. 128) identify the four different ethical issues as harm to participants, lack of informed consent, deception and invasion of privacy. The moral standards, which are the principles that categorize which actions are perceived as unethical or ethical have been taken into consideration, before implementation of the questionnaire (Zikmund et al., 2013, p. 88). In this section, a discussion regarding the ethical considerations that have been taken into consideration will be presented.

Bryman and Bell (2011, p. 128) claim that it is important that no participants are put in a harmful situation or in the risk of being harmed. This harm can take physical or psychological forms, which can affect a participant’s self-esteem, cause stressful
situations or repercussion (Bryman & Bell, 2011, p. 128). Therefore, the people that are participating in the study should conduct the survey actively and of free will (Zikmund et al., 2013, p. 89). According to Saunders (2012, p. 241) it is vital that all participants feel comfortable to answer all questions, and have the ability to remain private if any question feel too private. Therefore, participants always had the right to not answer questions that could be perceived to be private at any given time. In addition, the researchers have made a great effort in order to diminish this risk. The questions in the survey have been formulated in a friendly and positive manner, in order for participants to feel comfortable in answering all questions. As sensitive questions were asked, the option of not declaring gender or country of residence was evident. In order to avoid causing this harm, participants have not been forced to conduct and finalize the survey if a question is perceived to be too personal to answer. In addition, they have been informed that they can stop at any time while conducting the survey. The harm that can be caused does not only regard the physical and emotional stances, but also the anonymity and confidentiality that is mentioned above, which has been of concern for this study.

Lack of informed consent is another ethical issue that has been taken into consideration. In order to avoid this issue, it is crucial for participants to receive enough information of the study conducted (Bryman & Bell, 2011, p. 133). This is in order for them to be able to evaluate if they would like to participate in the study, or not (Bryman & Bell, 2011, p. 133). Therefore, included in the survey was a short summary of the purpose of the study, and information regarding the approximate time it would take to conduct the questionnaire, which was estimated to take 10 minutes. Furthermore, contact information to the authors of this thesis was incorporated in the short introduction of the survey if any questions or doubts would arise in the process of answering the survey. Thereby, all active participants in the study had been of informed consent.

The invasion of privacy states that the participants of the study must be granted with anonymity and confidentiality (Bryman & Bell, 2011, p. 136). According to this consideration, the participants shall be treated with respect. Thereby, the establishment of trust and respect between the two parts has been vital (Saunders et al., 2012, p. 231). In order to avoid invasion of privacy, a self-administered online survey was utilized. The answers in this survey tool could not trace any answers to a specific individual, and thereby all participants remained anonymous. This way, the authors have been able to decrease the unethical conduct. Before the participants entered the section of questions in the questionnaire, an introduction of the subject area was presented and therefore all participants were informed of the anonymous participation.

Another factor of ethical considerations that was brought to attention was deception. This is the phenomenon of a researcher who claims to study something other than what the participants are told, which may cause harm among the recipients (Saunders et al., 2012, p. 238). Therefore, it has been of importance to inform the participants of why they take part of the study (Patel & Davidson, 2011, p. 63), and thereby be informed of the research purpose. Therefore, a short introduction was evident before the participants entered the section of questions within the questionnaire. Bryman and Bell (2011, p. 137), claim that revealing the purpose of the study may affect the respondents’ motivation of answering or reveal their feelings regarding certain questions. However, the area of subject within this study is not considered to consist of questions that may be sensitive or too personal to answer. Thereby, the purpose of the study was presented, as deception was considered to not be beneficial to the study.
While conducting the survey, it has been of great importance to argue how the ethical guidelines have been followed throughout the project (Bryman & Bell, 2011, p. 128). As this research is performed and written on commission through the Scandinavian operations of SEPHORA, several discussions regarding how to proceed with all the information received from the organization in the most ethical way. Therefore, the programs used within the organization and the information regarding their internal operations will not be presented in an analytical or deeper level. Furthermore, in order to protect the brand name and reputation of SEPHORA Scandinavia, a choice was made not to incorporate their name in the questionnaire. This was mainly due to fact that if any mistakes were made by the authors, this may lead to a negative impact on the participants, and in turn may change their perceptions of the brand in a negative manner.
5.0 EMPIRICAL FINDINGS AND ANALYSIS

This chapter is presenting the empirical findings generated from the quantitative study. The demographics are presented and analyzed at first, followed by Cronbach’s Alpha and descriptive statistics. Further, the multiple regression analyses are presented and concludes this chapter.

5.1 SAMPLE DEMOGRAPHICS

The questionnaire was posted on the 26th of March and in total, the survey was completed by 100 people, where 67 people were members of a loyalty program within the beauty industry (See Figure 2). However, some participants were found outside of the geographic location, where 1 person claimed to be from the fictive country Wakanda, 1 person was living in Finland, and 3 people was living in the United States, presented in Figure 2. Thereby, a decision was made to exclude these people from the sample, as the study targeted people within Denmark and Sweden. After excluding the answers from these participants on the 9th of April, 62 answers were processed and used for the testing of data and the demographic distribution of these responses are demonstrated below.

The survey created in order to collect the data for the study started with introductory questions, in order to gain information of the background of the sample. The survey started off with questions regarding the respondents’ gender and country of residence and the respondents’ memberships in customer loyalty programs within the beauty industry.

![Figure 2. Gender Distribution of the Sample](image)

The findings regarding gender of the respondents indicated that a vast majority of respondents that were part of customer loyalty programs within the beauty industry were female, as 90% of the participants identified as such. Further, 8% of the respondents identified as males, and 2% as “Other” (see figure 2).
FIGURE 3. AGE DISTRIBUTION OF THE SAMPLE

While observing the findings regarding the age of the respondents, the majority of the respondents were shown to be in the age span between 20-29 (71%), which can be shown in Figure 3. The sample of the respondents within the ages of 16-19 showed the least amount of replies (3%), and the ages of 40-49 was also a rather small proportion of the answers in the survey (5%) (see Figure 3). People in the ages of 50 years or older showed to be 8% of the sample, and the second largest age group among the respondents were people within the ages of 30-39 (13%) (see Figure 3). The conclusion that can be drawn from this result is that the majority of respondents are within SEPHORA Scandinavia's targeted segment of consumers, as they market themselves towards youths within the ages of 18-25. Therefore, a more preferable result regarding the ages of the participants would be to reach more participants in the age group of 16-19, as this group is a part of the targeted consumer segment of SEPHORA Scandinavia as well. However, as the survey reached a majority of respondents within the ages of 20-29, the outcome is considered to be of relevance of the study to answer the research question, and to fulfill the purpose of the study, which is to investigate what the effects are of one-way and two-way marketing communication on attitudinal loyalty and behavioral loyalty.

FIGURE 4. MEMBERSHIP WITHIN CUSTOMER LOYALTY PROGRAM
Out of the 100 people that responded to the survey, 67% answered that they were part of a customer loyalty program within the beauty industry, which is shown in Figure 4. The remaining respondents claimed that they were not (28%) or that they did not know (5%) whether or not they were enrolled in a customer loyalty program within the beauty industry (see Figure 4). The ones responding “No” or “I do not know” were asked to not complete the questionnaire and out of the 67% percent, five responses were deemed unusable. Therefore, out of the 100 people that responded, 62% or 62 answers were taken into consideration in this thesis.

**FIGURE 5. COUNTRY OF RESIDENCE DISTRIBUTION**

To ensure the Scandinavian residency of the respondents in this survey, the question of country of residence was asked. The respondents were predominantly Swedish, with a percentage of 90%, and 10% of the respondents were Danish (see Figure 5). This result is the outcome of the difficulties of reaching the targeted population in Denmark. The optimal result spread of participants would be 50% in Sweden and 50% in Denmark. The study will not compare the two different countries in the discussion of the results, but it is of importance to recognize that the residents of these different countries may have different preferential perceptions when it comes to customer loyalty programs within beauty.

**FIGURE 6. DISTRIBUTION OF CUSTOMER LOYALTY PROGRAMS**

The respondents were initially asked to keep a Customer Loyalty Program in mind while completing the survey, to help the responders relate the questions to a real situation. The
majority of the participants were shown to keep Åhléns in mind throughout the survey, as 45% of the respondents replied to have this retailer as their customer loyalty program. The second largest customer loyalty program that was represented in the sample was Kicks (27%). The loyal customers of SEPHORA represented 13% of the sample, and other loyalty programs that were represented was The Body Shop (2%), Eleven (6%), Lyko (3%), Davines (2%) and Glossybox (2%).

The different customer loyalty programs will not be generalized or compared in this study and this question was mainly asked in order for the participants to be consistent while completing the survey and only have one loyalty program in mind. Therefore, this sample is of relevance, as it can be applied to all CRM operations of customer loyalty programs in the beauty industry.

5.2 CRONBACH’S ALPHA

In order to assess the reliability of the variables measured in the questionnaire, the Cronbach’s Alpha coefficient was calculated for each construct (see Table 3) (Bryman & Bell, 2011, p. 159). By testing the variables with this measurement, a value of 0.8 or above indicates reliability of the constructs (Saunders et al., 2012, p. 439). In table 3, the results show that the values of “Text Messages” and “Catalogue send outs” showed values of 0.58. However, according to George and Mallery (2003, p. 238) a value that approaches 0.6 is questionable, but considered to be reliable. Therefore, a choice was made to keep these drivers for the study as these constructs are considered to be of importance for the study. “Interpersonal Communication” was also shown to be of a value slightly lower than 0.8, however, it is quite close to a value of 0.8 and is thereby considered to be reliable (see Table 3). In addition, all of the other variables indicated good reliability according to Cronbach’s Alpha, with values over 0.8 (see Table 3).

At the first test of Cronbach’s Alpha, the measurements of tangible rewards were shown to not be reliable with a value of 0.24. Therefore, question 3 in the questionnaire regarding tangible rewards was removed (See Appendix 1). Question 3 asked the participant if their customer loyalty program often offers discounts on purchases, which might have confused the participants in terms of the ranking scale or shown low results in general regarding this question. Therefore, the reliability may have been influenced, as question 1 and 2 displayed high values on the Likert Scale, and question 3 received very low values, which generated conflicted results in Cronbach’s Alpha. The questions regarding behavioral loyalty have also been revised in order to gain a reliable value in Cronbach’s Alpha. Question 1 and 3 questions how many times a customer shops within their customer loyalty program. Question 2 measures the percentage of times a customer shops within their customer loyalty program, and as the numerical measures were different, question 2 was chosen to be removed.
TABLE 3. RELIABILITY OF INDEPENDENT AND DEPENDENT VARIABLES

<table>
<thead>
<tr>
<th>ONE-WAY COMMUNICATION</th>
<th>CRONBACH’S ALPHA</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIRECT EMAILS</td>
<td>0.9</td>
</tr>
<tr>
<td>DIRECT TEXT MESSAGES</td>
<td>0.58</td>
</tr>
<tr>
<td>CATALOGUE SEND OUTS</td>
<td>0.58</td>
</tr>
<tr>
<td>TWO-WAY COMMUNICATION</td>
<td></td>
</tr>
<tr>
<td>TANGIBLE REWARDS</td>
<td>0.73</td>
</tr>
<tr>
<td>INTERPERSONAL COMMUNICATION</td>
<td>0.77</td>
</tr>
<tr>
<td>SOCIAL MEDIA INTERACTION</td>
<td>0.9</td>
</tr>
<tr>
<td>RELATIONSHIP QUALITY</td>
<td></td>
</tr>
<tr>
<td>PERCEIVED RELATIONSHIP INVESTMENT</td>
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</tr>
<tr>
<td>RELATIONSHIP COMMITMENT</td>
<td>0.90</td>
</tr>
<tr>
<td>BRAND LOYALTY</td>
<td></td>
</tr>
<tr>
<td>ATTITUDINAL LOYALTY</td>
<td>0.83</td>
</tr>
<tr>
<td>BEHAVIORAL LOYALTY</td>
<td>0.89</td>
</tr>
</tbody>
</table>

5.3 DESCRIPTIVE STATISTICS

As the drivers ensured the reliability in Cronbach’s Alpha, the descriptive statistics of the drivers, and the perspectives of loyalty were calculated. Descriptive statistics provide knowledge of the distribution of the means, standards deviation and the correlation with Pearson Correlation. Thereby, the means and standard deviations are shown in table 4 below. The questionnaire adopted a 6-point Likert scale in order for the participants to rank their answers according to their perceptions regarding the statements in the questionnaire. In Table 4 it is shown that the construct with the highest mean was tangible rewards, with a value of 4.8. The second highest mean was perceived relationship investment with a value of 4.15, and the construct with the lowest mean was social media interaction with a value of 2.95 (see Table 4). The average point on the 6-point Likert scale is a value between 3 and 4, and almost all mean values of the constructs are within this area. The standard deviation explains the spread around the means, and these vary between 1.14 at the lowest for perceived relationship investment, and 1.7 for catalogue send outs (see Table 4). This spread indicates that the answers were quite scattered, as the standard deviation in general for the variables were rather high.

By taking the means into consideration, a conclusion can be drawn that tangible rewards, perceived relationship investment, direct emails, catalogue send outs and behavioral loyalty are perceived to have positive associations among members in a loyalty program. The variable with the lowest mean was social media interaction and interpersonal communication, displayed in Table 4. Overall, the results are indicating that all constructs have positive perceptions among loyal customers and in general, most of the constructs
are moving slightly above, or slightly beneath center of the Likert-scale. However, the means are quite low, which may indicate that other actions should be implemented or developed within a customer loyalty program in order to increase brand loyalty. The generally low means of the variables may indicate that consumers have neutral feelings regarding their customer loyalty program.

**TABLE 4. SAMPLE MEANS AND STANDARD DEVIATIONS**

<table>
<thead>
<tr>
<th>ONE-WAY COMMUNICATION</th>
<th>MEAN</th>
<th>STANDARD DEVIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIRECT EMAILS</td>
<td>3.74</td>
<td>1.63</td>
</tr>
<tr>
<td>DIRECT TEXT MESSAGES</td>
<td>3.1</td>
<td>1.55</td>
</tr>
<tr>
<td>CATALOGUE SEND OUTS</td>
<td>3.79</td>
<td>1.7</td>
</tr>
<tr>
<td>TWO-WAY COMMUNICATION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TANGIBLE REWARDS</td>
<td>4.8</td>
<td>1.23</td>
</tr>
<tr>
<td>INTERPERSONAL COMMUNICATION</td>
<td>3.02</td>
<td>1.53</td>
</tr>
<tr>
<td>SOCIAL MEDIA INTERACTION</td>
<td>2.95</td>
<td>1.58</td>
</tr>
<tr>
<td>RELATIONSHIP QUALITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERCEIVED RELATIONSHIP INVESTMENT</td>
<td>4.15</td>
<td>1.14</td>
</tr>
<tr>
<td>RELATIONSHIP COMMITMENT</td>
<td>3.11</td>
<td>1.50</td>
</tr>
<tr>
<td>BRAND LOYALTY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATTITUDINAL LOYALTY</td>
<td>3.33</td>
<td>1.55</td>
</tr>
<tr>
<td>BEHAVIORAL LOYALTY</td>
<td>3.55</td>
<td>1.68</td>
</tr>
</tbody>
</table>

As the means showed similar values on the tested constructs, additional analysis of the age groups was made, which can be seen in Table 5. These means showed that direct emails and catalogue send outs are preferred in all age groups within one-way communication (see Table 5). In addition, text messages showed to be the least preferred marketing communication channel of one-way marketing communication (see Table 5). Further, social media interaction showed the strongest mean among youths in the ages of 16-19, and 20-29, and the same age groups are more prone to interpersonal communication with their customer loyalty program (see Table 5). Both of the age groups of people in the age of 16-19 and 20-29 also show higher means on behavioral loyalty and attitudinal loyalty, which is shown in Table 5.
People within the ages of 16-19 indicated to have higher attitudinal loyalty and behavioral loyalty to their customer loyalty program than older age groups (see Table 5). Further, tangible rewards, perceived relationship investment and relationship commitment were shown to be of high values, which indicates that this age group consider their customer loyalty program within beauty to commit to their customers, and that their customers also perceive their efforts to be of positive impact on the relationship. However, only 3% of this age group represented the sample (see Figure 3). The means of the ages within 20-29 represented 71% of the participants and as more participants in the sample are within this age group, the results of the mean values for the different constructs are more reliable (see Figure 3). The other age group with the most participants was people within the ages of 30-39 which represented 13% of the sample, and as there are apparent differences in the means between these age groups, these will be compared to show the differences in behaviors and attitudes (see Figure 3). In general, a trend can be seen among the younger generations, that show that these age groups are more prone to interactions and social media usage. With more participants among older generations (40-49 and 50 or older) this trend may have been more distinct in the differences regarding the behavior and attitudes, and the results would be of more reliability. The younger generations (16-19 and 20-29) are also shown to be more loyal towards their customer loyalty program than the other generations. These results do however not provide statistical evidence, as further

<table>
<thead>
<tr>
<th>TABLE 5. SAMPLE MEANS AND STANDARD DEVIATIONS OF ALL AGE GROUPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONE-WAY COMMUNICATION</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>DIRECT EMAILS</td>
</tr>
<tr>
<td>DIRECT TEXT MESSAGES</td>
</tr>
<tr>
<td>CATALOGUE SEND OUTS</td>
</tr>
<tr>
<td>TWO-WAY COMMUNICATION</td>
</tr>
<tr>
<td>TANGIBLE REWARDS</td>
</tr>
<tr>
<td>INTERPERSONAL COMMUNICATION</td>
</tr>
<tr>
<td>SOCIAL MEDIA INTERACTION</td>
</tr>
<tr>
<td>RELATIONSHIP QUALITY</td>
</tr>
<tr>
<td>PERCEIVED RELATIONSHIP INVESTMENT</td>
</tr>
<tr>
<td>RELATIONSHIP COMMITMENT</td>
</tr>
<tr>
<td>BRAND LOYALTY</td>
</tr>
<tr>
<td>ATTITUDINAL LOYALTY</td>
</tr>
<tr>
<td>BEHAVIORAL LOYALTY</td>
</tr>
</tbody>
</table>
statistical tests would have to be conducted. However, the means will provide an indication on the answers of participants on the Likert scale for each construct.

5.4 PEARSON CORRELATION

Table 6 investigates the different drivers and their correlations with attitudinal loyalty and behavioral loyalty. The correlations can take the values between +1 to -1 in Pearson Correlation. A value of +1 indicates a perfectly positive correlation, and a value of -1 indicates a perfectly negative correlation. Further, a correlation value of 0 explains that the variables are perfectly independent. The table further presents that all variables are positively correlated with each other. All constructs were shown to be positively related to attitudinal loyalty at p < 0.01, or p < 0.05 (see Table 6). The lowest correlation was found between catalogues and attitudinal loyalty (r = 0.235), and the highest correlation was found between attitudinal loyalty and behavioral loyalty (r = 0.899) (see Table 6). Besides text messages and catalogue send outs, all constructs were also found to be positively related to behavioral loyalty at p < 0.01, or p < 0.05. This positive correlation indicates that the variables are correlated with each other, and that an increase in one of these independent variables, will lead to an increase in the dependent variables.

The correlation Table 6 also found that behavioral loyalty had the strongest relationship with relationship commitment (r = 0.764), and interpersonal communication (r = 0.713). Further, the table also show that attitudinal loyalty had the strongest relationship with relationship commitment (r = 0.584), and interpersonal communication (r = 0.408). The weakest relationship with attitudinal loyalty was direct emails (r = 0.378) and perceived relationship investment (r = 0.365). Further, text messages (r = 0.037) and catalogue send outs (r = 0.235), was found to not have any correlation with attitudinal loyalty, as p > 0.05. In addition, the lowest correlation with behavioral loyalty was found with catalogue send outs (r = 0.248) (see Table 6).
### Table 6. Correlations of All Independent and Dependent Variables

<table>
<thead>
<tr>
<th>Constructs</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioral Loyalty (1)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitudinal Loyalty (2)</td>
<td>0.899*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Emails (3)</td>
<td>0.636*</td>
<td>0.378*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Text Messages (4)</td>
<td>0.275**</td>
<td>0.037</td>
<td>0.139</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catalogues (5)</td>
<td>0.248**</td>
<td>0.235</td>
<td>0.394*</td>
<td>0.213</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Tangible Rewards (6)</td>
<td>0.484*</td>
<td>0.370*</td>
<td>0.484*</td>
<td>0.067</td>
<td>0.186</td>
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</tr>
<tr>
<td>Interpersonal Communication (7)</td>
<td>0.713*</td>
<td>0.408*</td>
<td>0.540*</td>
<td>0.360*</td>
<td>0.223</td>
<td>0.405*</td>
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<td></td>
</tr>
<tr>
<td>Social Media Interaction (8)</td>
<td>0.640*</td>
<td>0.392*</td>
<td>0.443*</td>
<td>0.419*</td>
<td>0.267**</td>
<td>0.474*</td>
<td>0.781*</td>
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<td></td>
</tr>
<tr>
<td>Perceived Relationship Investment (9)</td>
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<td>0.365*</td>
<td>0.420*</td>
<td>0.142</td>
<td>0.167</td>
<td>0.452*</td>
<td>0.633*</td>
<td>0.592*</td>
<td>0.423*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Relationship Commitment (10)</td>
<td>0.764*</td>
<td>0.584*</td>
<td>0.698*</td>
<td>0.264**</td>
<td>0.391*</td>
<td>0.469*</td>
<td>0.745*</td>
<td>0.651*</td>
<td>0.587*</td>
<td>0.569*</td>
<td>1</td>
</tr>
</tbody>
</table>

* P-value < 0.01  
** P-value < 0.05

### 5.5 Regression 1: Marketing Communication and Attitudinal Loyalty

In order to draw conclusions regarding the effects of the independent variables on the dependent variables, a choice was made to conduct four multiple regression analyses. The choice of conducting four different regression models was due to the study measures two dependent variables, attitudinal loyalty and behavioral loyalty. Therefore, all independent variables of marketing communication, identified as direct emails, text messages, catalogue send outs, tangible rewards, interpersonal communication and social media interaction were tested to attitudinal loyalty in regression 1 (see Table 7). Further, all these independent variables of marketing communication were tested to behavioral loyalty in regression 2 (see Table 8). The independent variables of relationship quality, identified as relationship commitment and perceived relationship investment were also tested against the two independent variables in separate tests, where regression 3 tested relationship commitment and perceived relationship investment on attitudinal loyalty (see Table 9). Regression 4 further tested the same variables of relationship quality on behavioral loyalty (see Table 10). The ‘enter’ method was used during the conduction of all regressions.

The first regression analysis conducted included the drivers of one-way and two-way marketing communication, also called the independent variables (see Table 7). In order
to measure one-way marketing communication, the drivers were identified as direct emails, text messages and catalogue send outs. The constructs for two-way marketing communication were further identified as tangible rewards, interpersonal communication and social media interaction. This regression model had attitudinal loyalty as its dependent variable and was shown to be overall significant (F = 15.30; p < 0.05), and the adjusted R-square of this model was 41.29%, which indicated that the independent variables explain 41.29% of the variance in attitudinal loyalty (see Table 7). Table 7 shows that both direct emails (β = 0.48, p < 0.05) and text messages (β = 0.1891, p < 0.05) have positive effects on attitudinal loyalty. Catalogues send outs showed a negative effect on attitudinal loyalty (β = -0.0316, p > 0.05) but was not of significance and can therefore not be claimed to have an effect on attitudinal loyalty (see Table 7).

The constructs for two-way marketing communication, identified as tangible rewards, interpersonal communication and social media interaction were also included in multiple regression model 1, shown in Table 7. Further, tangible rewards were shown to not be significant (β = 0.145, p > 0.05), however, both interpersonal communication (β = 0.867, p < 0.05) and social media interaction (β = 0.568, p < 0.05) showed significance, and thereby have positive effects on attitudinal loyalty (see Table 7). As interpersonal communication had a higher beta value, it is indicated that this variable may have a stronger effect on the dependent variable, than social media interaction.

**TABLE 7. MULTIPLE REGRESSION MODEL 1: ATTITUDINAL LOYALTY AND MARKETING COMMUNICATION**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.84</td>
<td>0.469</td>
</tr>
<tr>
<td>Direct Emails</td>
<td>0.48</td>
<td>0.2</td>
</tr>
<tr>
<td>Text messages</td>
<td>0.1891</td>
<td>0.0878</td>
</tr>
<tr>
<td>Catalogues</td>
<td>-0.0316</td>
<td>0.0987</td>
</tr>
<tr>
<td>Tangible Rewards</td>
<td>0.145</td>
<td>0.155</td>
</tr>
<tr>
<td>Interpersonal Communication</td>
<td>0.867</td>
<td>0.183</td>
</tr>
<tr>
<td>Social Media Interaction</td>
<td>0.568</td>
<td>0.132</td>
</tr>
</tbody>
</table>

**Dependent Variable: Attitudinal Loyalty**

By observing the different beta values of the drivers, both interpersonal communication and social media interaction are found to be of higher impact on attitudinal loyalty than text messages and direct emails. This conclusion can be drawn as the variables with higher beta values in a regression model will have a greater impact on the dependent variable if any changes in these would occur (Cameron & Windmeijer, 1997, p. 229-330).
5.6 REGRESSION 2: MARKETING COMMUNICATION AND BEHAVIORAL LOYALTY

The second regression analysis had the same independent variables incorporated as the first regression, but behavioral loyalty was chosen as the dependent variable of the test. This regression was shown to be overall significant (F = 3.48; p < 0.05), and the adjusted R-square of this model was 10.89%, which indicates that the independent variables explains 10.89% of the variance in behavioral loyalty (see Table 8). Table 8 presents that direct emails have significant, positive effects on behavioral loyalty (β = 0.79, p < 0.05), and that text messages (β = -0.026, p > 0.05) showed a negative effect on behavioral loyalty, but not with significance. Further, catalogue send outs (β = 0.0790, p > 0.05) was shown to not show significance (see Table 8). Thereby, text message and catalogue send outs cannot be proven to have an effect on behavioral loyalty.

The independent variables in Table 8 represent two-way marketing communication, showed that tangible rewards were shown to not be significant (β = 0.359, p > 0.05). The other two variables showed significance, where interpersonal communication (β = 0.687, p < 0.05) is indicated to have a positive effect on behavioral loyalty, and social media interaction (β = 0.568, p < 0.05) also obtained a positive effect on behavioral loyalty (see Table 8). Social media interaction obtained a higher beta value than interpersonal communication, which indicates that the effect may be stronger between social media interaction and behavioral loyalty, than of interpersonal communication.

**TABLE 8. MULTIPLE REGRESSION MODEL 2: BEHAVIORAL LOYALTY AND MARKETING COMMUNICATION**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.58</td>
<td>0.904</td>
</tr>
<tr>
<td>Direct Emails</td>
<td>0.79</td>
<td>0.256</td>
</tr>
<tr>
<td>Text messages</td>
<td>-0.026</td>
<td>0.0956</td>
</tr>
<tr>
<td>Catalogues</td>
<td>0.0790</td>
<td>0.178</td>
</tr>
<tr>
<td>Tangible Rewards</td>
<td>0.359</td>
<td>0.278</td>
</tr>
<tr>
<td>Interpersonal Com.</td>
<td>0.687</td>
<td>0.176</td>
</tr>
<tr>
<td>Social Media Inter.</td>
<td>0.568</td>
<td>0.173</td>
</tr>
</tbody>
</table>

Dependent Variable: Behavioral Loyalty

By looking at these two regression models, the beta value is higher when attitudinal loyalty is the dependent variable on marketing communication. This may indicate that these identified drivers of marketing communication have stronger effects on attitudinal loyalty, than of behavioral loyalty. Furthermore, the R-square percentage is higher in regression 1 with attitudinal loyalty as the dependent variable (41.29%). This indicates
that communication have a better fit with attitudinal loyalty, than with behavioral loyalty, shown in regression 2 (10.89%).

Overall, the beta value of direct emails is higher than the beta values of interpersonal communication and social media interaction. Thereby, it can be argued that direct emails have a stronger effect on behavioral loyalty than the other significant drivers in regression model 2 (see Table 8). In general, the findings from regression models 1 (see Table 7) and 2 (see Table 8) indicate that the two different forms of marketing communication have a bigger impact on attitudinal loyalty, which is identified as how consumers perceive and identify themselves with a brand (Chaudhuri & Holbrook, 2001, p. 82). The research also shows that the effects of marketing communication on both perspectives of loyalty is positive, but there is an evident difference in the R-squared values between the regression 1 (see Table 7) and 2 (see Table 8), where marketing communication has greater impact on attitudinal loyalty.

5.7 REGRESSION 3: RELATIONSHIP QUALITY AND BRAND LOYALTY

In the third regression, the effects of the drivers for relationship quality on attitudinal loyalty were tested (see Table 9). The constructs identified as drivers for relationship quality in this thesis are perceived relationship investment and relationship commitment. The tests were conducted with a significance level at p < 0.05, and therefore it is evident that perceived relationship investment is not significant in the model, as its p-value was found to be 0.455 in the model (p > 0.05) (see Table 9). The regression was found to be significant (F=42.15; p < 0.05). The adjusted R-squared value was shown to be 57.43% of this regression analysis, which indicates that the independent variables explain 57.43% of the variance in attitudinal loyalty, and the high value of R-square adjusted suggests that this model is strong (see Table 9). Table 9 presents the independent variables of relationship quality. The table shows that perceived relationship investment did not have a significant, positive effect on attitudinal loyalty (β = 0.104, p > 0.05). However, relationship commitment was found to have a positive effect on attitudinal loyalty (β = 0.698, p < 0.05) (see Table 9).

<table>
<thead>
<tr>
<th>Model</th>
<th>COEFFICIENTS</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized Coefficients</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td></td>
<td>0.727</td>
<td>0.480</td>
</tr>
<tr>
<td>Perceived relationship investment</td>
<td>0.104</td>
<td>0.139</td>
</tr>
<tr>
<td>Relationship Commitment</td>
<td>0.698</td>
<td>0.100</td>
</tr>
<tr>
<td></td>
<td>Dependent Variable: Attitudinal Loyalty</td>
<td></td>
</tr>
</tbody>
</table>

In the fourth and last regression model, the same independent variables were included as in regression 3. The aim was to measure the drivers of relationship quality, which were
identified as perceived relationship investment and relationship commitment, but the dependent variable was changed to behavioral loyalty (see Table 10). The regression model was overall significant ($F = 15.33; p < 0.05$), and the adjusted R-square value showed that the model explains 31.96% of the variations in the dependent variable. The model shows that perceived relationship investment is not significant at a 5% significance level, with a $p$-value of 0.790 (see Table 10). Thereby, a conclusion can be drawn that this variable does not have an effect on behavioral loyalty ($\beta = 0.043, p < 0.05$). However, relationship commitment was found to be significant to behavioral loyalty ($\beta = 0.498, p < 0.05$), and thereby a positive effect exists of relationship commitment and behavioral loyalty (see Table 10).

**TABLE 10. MULTIPLE REGRESSION MODEL 4: BEHAVIORAL LOYALTY AND RELATIONSHIP QUALITY**

<table>
<thead>
<tr>
<th>Model</th>
<th>COEFFICIENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized Coefficients</td>
</tr>
<tr>
<td></td>
<td>B</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.947</td>
</tr>
<tr>
<td>Perceived relationship investment</td>
<td>0.043</td>
</tr>
<tr>
<td>Relationship Commitment</td>
<td>0.498</td>
</tr>
</tbody>
</table>

**Dependent Variable: Behavioral Loyalty**

By looking at the beta coefficients of regression 3 (see Table 9) and 4 (see Table 10), it is evident that relationship commitment had a higher impact on attitudinal loyalty. This indicates that the effect of relationship commitment on attitudinal loyalty is stronger than the effect of relationship commitment on behavioral loyalty. In addition, relationship commitment can explain more of the variance in regression 3 (see Table 9). Thereby, a conclusion can be drawn that the physical actions and efforts performed by a customer loyalty program have a stronger impact on their members’ attitudinal loyalty, than their behavioral loyalty.

5.8 REVISED CONCEPTUAL MODEL

The regression analyses presented in this chapter indicates that direct emails, which is a driver of one-way communication, have a positive effect on both attitudinal and behavioral loyalty. Further, the other two drivers of two-way communication, identified as interpersonal communication and social media interaction also had significant and positive effects on both loyalty behaviors. Text messages, which is a driver of one-way communication was shown to have a positive effect on attitudinal loyalty, but not on behavioral loyalty (see Table 7 & 8). In addition, tangible rewards and catalogue send outs were shown to not have positive effects on neither behavioral loyalty nor attitudinal loyalty (see Table 7 & 8). In addition, regression model 3 and 4 were conducted with the independent variables of perceived relationship investment and relationship commitment, which are identified as drivers of relationship quality (see Table 9 & 10). These regression models showed that perceived relationship investment did not have significant effects on
attitudinal loyalty, or behavioral loyalty. However, relationship commitment had significant and positive effects on both attitudinal loyalty and behavioral loyalty (see Table 9 & 10).

With these results, the conceptual model that was presented prior to the conducted tests had to be revised in accordance with the outcome of the results. Direct emails, text messages, social media interaction, interpersonal communication and relationship commitment had significant levels of $p < 0.01$ and $p < 0.05$, with attitudinal loyalty. Further, direct emails, social media interaction, interpersonal communication and relationship commitment had significant levels of $p < 0.01$ and $p < 0.05$ with behavioral loyalty. Text messages, catalogues, tangible rewards, and perceived relationship investment were found to have insignificant effects on behavioral loyalty as the dependent variable. Based on these outcomes, a conclusion can be drawn that 9 out of 16 hypotheses are supported (see Table 11). Thereby, these results will be further discussed and interpreted in a more evaluative analysis. The results are shown in table 11:

**TABLE 11. STRUCTURAL MODEL ESTIMATES**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Hypothesis</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Direct emails have a positive effect on attitudinal loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>Direct emails have a positive effect on behavioral loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H3</td>
<td>Direct text messages have a positive effect on attitudinal loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H4</td>
<td>Direct text messages have a positive effect on behavioral loyalty.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H5</td>
<td>Catalogue send outs have a positive effect on attitudinal loyalty.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H6</td>
<td>Catalogues send outs have a positive effect on behavioral loyalty.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H7</td>
<td>Tangible rewards have a positive effect on attitudinal loyalty.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H8</td>
<td>Tangible rewards have a positive effect on behavioral loyalty.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H9</td>
<td>Interpersonal communication has a positive effect on attitudinal loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H10</td>
<td>Interpersonal communication has a positive effect on behavioral loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H11</td>
<td>Social Media Interaction has a positive effect on attitudinal loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H12</td>
<td>Social Media Interaction has a positive effect on behavioral loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H13</td>
<td>Perceived relationship investment has a positive effect on attitudinal loyalty.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H14</td>
<td>Perceived relationship investment has a positive effect on behavioral loyalty.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H15</td>
<td>Relationship commitment has a positive effect on attitudinal loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H16</td>
<td>Relationship commitment has a positive effect on behavioral loyalty.</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Figure 7 shows the revised conceptual model, and the effects of the drivers of marketing communication and relationship quality, on attitudinal loyalty and behavioral loyalty.
**Figure 7. Modified Conceptual Model.**

ONE-WAY MARKETING COMMUNICATION
- Direct Emails
- Text Messages
- Catalogue Send Outs*
- Tangible Rewards*

TWO-WAY MARKETING COMMUNICATION
- Interpersonal Communication
- Social Media Interaction
- Relationship Commitment
- Perceived Relationship Investment*

RELATIONSHIP QUALITY

ATTITUINAL LOYALTY

BEHAVIORAL LOYALTY

Significant effects, p < 0.05
* No significant effects, p > 0.05
6.0 DISCUSSION

This chapter discusses the results that were found in this study. The findings regarding the two forms of marketing communication and relationship quality, and its effects on attitudinal loyalty and behavioral loyalty among loyal consumers are further analysed. This chapter concludes and connects the findings to the frameworks and concepts that set the foundation of this study.

6.1 THE EFFECTS OF MARKETING COMMUNICATION ON BRAND LOYALTY

This quantitative study has tested the effects of marketing communication and relationship quality on brand loyalty. This part of the thesis discusses the two different communicative marketing actions and investigates which of these approaches of marketing communication increases the two perspectives of brand loyalty among members within a customer loyalty program. The results of the study found that marketing communication has positive effects on both perspectives of loyalty, and therefore it is crucial for companies to implement marketing communication channels in order to have an effective customer loyalty program (see Table 7 & 8). Chen and Myagmarsuren, (2011, p. 959) claim that the aim of implementing well established CRM operations is to make consumers perceive a brand or company to be of greater value. This claim is further discussed by Reinartz et al. (2004, p. 294), who claims that marketing communication channels are of great importance of effective marketing. The study conducted found that the findings correspond to these claims, as some of the drivers identified and tested in this study was not considered to be modern marketing communication channels, such as catalogue send outs and tangible rewards. Therefore, these drivers of marketing communication are not effective if the aim of the CRM operations is to increase loyalty. These results also correspond to Jayachandran’s findings (2005, p. 177), which claim that managers of CRM operations must adapt to the increased technology in society and adapt to the consumers’ demands.

The participants of the study have showed rather neutral perceptions regarding their loyalty programs, and its actions of marketing communication and efforts regarding relationship quality. The cross-tabulation of age groups, shown in table 5, presented indications that the perceptions differ among the different age groups. The marketing communication matrix (see Table 2) provided by Ballantyne (2004, p. 116) claims that one-way marketing communication will increase loyalty, but in order to create and build stronger relationships with the customers, firms should adopt two-way marketing communication operations. The outcome of this study show that direct emails and text messages have positive effects on attitudinal loyalty (see Table 7), along with the drivers of two-way marketing communication, interpersonal communication and social media interaction (see Table 8). Further, direct emails as a one-way marketing communication tool increase behavioral loyalty, along with interpersonal communication and social media interactions. Therefore, the claims that Ballantyne (2004, p. 116) proposes in his matrix, that one-way marketing communication increases loyalty, is agreed upon.

By connecting the findings from this study to Ballantyne (2004, p. 116), it is evident that catalogue send outs are classified in table 2 as the one-way marketing communication channel “to” in mass-marketing, which he identifies as “planned persuasive messages
aimed at securing brand awareness and loyalty”. Further, direct emails, with the content of newsletters, and text messages are communicative drivers that move more towards mass-customized marketing communication that Ballantyne identifies as “for”. These are further explained as messages with offerings for targeted markets. These findings are highly interesting, as it indicates that marketing communication driven by mass markets does not positively affects attitudinal loyalty, but emails and text messages that are targeting mass-marketing, but are somewhat customized, show a positive effect on attitudinal loyalty.

Further, Ballantyne (2004, p. 116) claims that marketing communication actions are considered to increase loyalty, and provide awareness regarding the brand, which strengthens the relationship between a customer loyalty program and its loyal members. The results gained from this study supports the matrix, but it is indicated that the age groups that are within the ages of 30-39, 40-49 and 50 or older have a higher preference for one-way marketing communication tools (see Table 5). However, the findings of this study do not support the claims that the one-way marketing communication driver of catalogue send outs towards mass markets are increasing loyalty behaviors. With this new knowledge in mind, direct emails and text messages are considered to be effective communication tools in order for a company to gain attitudinal loyal customers. By observing the drivers of two-way communication, tangible rewards were shown to not have positive effects on either behavioral loyalty nor attitudinal loyalty, which was surprising. This may be due to the fact that this action is an expected benefit among consumers and will thereby not boost loyalty behaviors. Therefore, this is an indication that consumers demand more than what is expected, in order to feel loyal towards a loyalty program. This discussion can be further strengthened by Berezan et al. (2016, p. 104), which have found that the emergence of technology has gotten consumers to expect more interactions with their customer loyalty program to be more customized and personal.

Interpersonal communication and social media interaction were shown to have positive effects of both attitudinal loyalty and behavioral loyalty, with stronger effects on attitudinal loyalty. Both of the drivers interpersonal communication and social media interaction are according to Varey and Ballantyne (2006, p. 14), identified as customized marketing towards a mass of consumers within two-way marketing communication as “with”, which is explained as a mix of planned messages and interactive, shared knowledge. By looking at table 5, the cross-tabulation table of age groups, it is indicated that the younger generations which are people within the ages of 20-29, had higher means for these marketing communication drivers. In addition, this indicates that these participants may have a more positive attitude towards two-way marketing communication than the older generations. This positive attitude may be due to the fact that the “connected consumers”, which Turner (2015, p. 104-105) identified as a more technology-driven generation, are demanding a more relaxed relationship with their loyalty program, and regard the organization as equals. Table 5 further shows that the mean values, regarding both attitudinal loyalty and behavioral loyalty, are in general generating higher mean values of participants in the ages of 16-19 and 20-29. This provides indications that consumers within the ages of 20-29 are more loyal towards their loyalty program than the other older generations, which may indicate that these generations have stronger incentives regarding interactions and dialogues in store.
As the internet is according to Gurău et al. (2003, p. 200) enhancing the relationship, and providing more effective communication between a company and its customers (see Table 1), many companies are moving towards two-way marketing communication. This new kind of interaction may influence the younger generations the most, as these are according to Turner (2015, p. 104-105) living in a more internet driven society. Therefore, this may be an indicator of why the ages of 20-29 indicated higher values of loyalty towards their customer loyalty program, than the older generations. The findings from regression model 1 and 2 (see Tables 7 & 8) indicated that the drivers of two-way marketing communication had stronger effects on attitudinal loyalty than behavioral loyalty. This is also evident on the drivers for one-way marketing communication, which found that both text messages and direct emails had positive effects on attitudinal loyalty. However, direct emails have a stronger effect on behavioral loyalty than with attitudinal loyalty. Therefore, it can be explained that marketing communication in general has stronger effects on how consumers identify themselves with a brand, rather than boosting their purchasing behavior. This may be due to that direct emails with the content of newsletters will increase traffic to the company’s web page, whereas the drivers of two-way marketing communication may radiate a warm impression of the company, and hence increase attitudinal loyalty.

Ballantyne (2004, p. 116) also identifies “between” as a marketing phenomenon driven by networks that will create a dialogue between customers and engage their feelings in trust towards the company, and the company in turn can learn and adapt towards their customers. This kind of dialogical communication is considered to only be able to be performed on different network sites, in order for two parts to have a dialogue with each other. This corresponds to the framework of Gurău et al. (2003, p. 200), that can be seen in table 1. They claim that by the emergence of internet usage, companies can focus more on targeting communities, instead of their consumer, as communities will bring like-minded people together and self-develop a group of consumers that a company want to reach. This can be further profitable for companies, as they will be able to interact with their targeted community, and the consumers can communicate with each other, and spread the word-of-mouth of their customer loyalty programs’ products. The result of the study further indicated that the younger generations in the age of 20-29 demand more interactions online (see Table 5). Further, as older generations are, according to Huang et al. (2011, p. 1278), proven to try new products from a brand that are recommended by other customers, it can be beneficial for a customer loyalty program to go online and operate through network communities.

In order to conclude, the results showed that direct emails are proven to increase both aspects of loyalty (see Table 7 & 8), which corresponds to the marketing communication matrix provided by Ballantyne (2004, p. 116). However, interpersonal communication and social media interaction, the significant drivers of two-way marketing communication, showed stronger effects on attitudinal loyalty, than direct emails and text messages. In addition, Ballantyne (2004, p. 116) claims that two-way marketing communication increases loyalty in the relationship with a customer loyalty program, which this study coincides with. The study did not measure whether emails remain unopened in the participants’ inboxes, but based on the results, emails are indicated to be a preferred communication platform for the generations over 30 years old. Further, by observing the mean values, people in the age of 29 or below indicated that direct emails are viewed positively upon as well (see Table 5). As the younger generations consider themselves to be more loyal than the older generations, it may be regarded that the
“connected consumers” gain more value from their loyalty programs over the internet, that older generations do not, and this increases their loyalty further.

6.2 THE EFFECTS OF RELATIONSHIP QUALITY ON BRAND LOYALTY

Regression model 3 and 4 show the drivers of relationship quality, identified as perceived relationship investment and relationship commitment (see Table 9 & 10). In order to remind the reader of what these drivers imply, perceived relationship investment is according to De Wulf et al. (2001, p. 35) the bond between the efforts of marketing performed by a customer loyalty program and the quality of the relationship between the company that loyal consumers obtain. In addition, relationship commitment is the continuous willingness to maintain a friendly relationship, and the efforts made by a company to further nurture this bond between the two parts (De Wulf et al., 2001, p. 35). The results found of these two regression models were that relationship commitment had a strong effect on both behavioral loyalty and attitudinal loyalty. Further, perceived relationship investment did not affect neither one of the loyalty behaviors. In a study by De Wulf et al. (2001, p. 36), it was found that perceived relationship investment had an effect on brand loyalty. This did not coincide with the study provided in this thesis, but this may be due to a different application of purpose, or the view adopted on the perspectives of brand loyalty.

Further, these findings can be connected to Varey and Ballantyne (2006, p. 13), which claim that firms must see their customers as individuals and recognize them personally through interactions. As companies are committing to their customers, the will get more recognition, and thereby feel more connected in their relationship towards a customer loyalty program. The findings therefore argue that physical actions provided by a customer loyalty program are increasing loyalty behaviors, and the associations or perceived relationship that a consumer obtains does not. This can further be strengthened by an earlier study by Berezan et al. (2016, p. 104), who claim that consumers expect more from their loyalty programs due to increased technology. Therefore, the actions performed by a loyalty program is a way for companies to show commitment towards their customers.

Butscher (2002, p. 14) claims that customer loyalty programs offer benefits with a high perceived value, in order to gain loyalty and create an emotional relationship with the members enrolled in a loyalty program. However, based on the findings in this study, the perceived benefits do not increase loyalty behavior. Therefore, a customer loyalty program is argued to provide more tangible actions towards their customers and show engagement towards their consumers in order to gain loyalty. Butscher (2002, p. 14) further claims that loyalty programs are a communicative group of people, that continually interacts with its members in order to nurture the relationship. Therefore, a conclusion can be drawn that by committing and engaging customers actively, both attitudinal loyalty and behavioral loyalty will be strengthened. However, by only offering value that is perceived and expected by a customer loyalty program, neither perspectives of loyalty will increase. This further corresponds to the framework of Ballantyne (2004, p. 116), which claims that society is moving towards communities and networks, in order for companies to fully commit to the two-way marketing communication and gain loyalty among its consumers (see Table 2). In a study by Laroche et al. (2013, p. 78) it is further claimed that online brand communities through social medias are engaging consumers,
which potentially increases brand loyalty. This study is highly interesting, as it was indicated in the cross-tabulation table of age groups (table 5), that the younger generations in the age of 16-19 and 20-29, had stronger attitudinal and behavioral loyalty than the other age groups (see Table 5). As Turner’s study (2015, p. 104-105) found that younger generations are more technology driven, it may indicate that the movement towards networks and communities online is preferred among these age groups.
7.0 CONCLUSIONS AND RECOMMENDATIONS

In this chapter, the research question that has set the base and purpose of the study is addressed. Further, the theoretical contributions provided of this research are presented, along with practical and managerial recommendations for SEPHORA Scandinavia. Further, limitations and suggestions for future studies of the research are presented and concludes this chapter.

7.1 GENERAL CONCLUSIONS

The purpose of this thesis has been to examine the effects of marketing communication on behavioral and attitudinal loyalty among consumers enrolled in a customer loyalty program in the beauty industry. The marketing communication channels have been divided into two perspectives of marketing communication, which are identified as one-way marketing communication and two-way marketing communication. The marketing communication channels, also addressed as drivers in this thesis, are identified as direct emails, text messages and catalogue send outs for one-way marketing communication. In addition, the drivers of two-way marketing communication have been identified as tangible rewards, interpersonal communication and social media interaction. Another field that has been incorporated in the study is relationship quality, which has been based on the two drivers perceived relationship investment and relationship commitment. Therefore, this study has tested if these drivers have any effects on behavioral and attitudinal loyalty as well.

This quantitative study was conducted in the form of an online survey, which was distributed in different Facebook groups, that specialize in beauty. Thereby, the population of this study was found online, through social medias. By obtaining knowledge from the different beauty communities, the purpose of this research has been fulfilled, and the research question can now be addressed:

What are the effects of one-way and two-way marketing communication on attitudinal and behavioral loyalty of members in a loyalty program within the beauty industry?

The findings found that marketing communication in general does have positive effects on both attitudinal loyalty and behavioral loyalty. However, the strength of the effects is dependent on the marketing communication driver used. Catalogue send outs and tangible reward are marketing communication channels that are expected, and may therefore be regarded as outdated for the members of loyalty programs. In addition, through the descriptive statistics, the means for many variables circulated around the value of 3.5 (see Table 4), except for tangible rewards and perceived relationship investment. This is a rather neutral result, which may indicate that the population in general may not obtain a large set of preferences regarding their customer loyalty program in the beauty industry.

The drivers that had positive effects on attitudinal loyalty were within one-way communication direct emails and text messages. Further, the drivers within two-way communication that had positive effects on attitudinal loyalty were interpersonal communication and social media interaction (see Table 7). Thereby, a conclusion can be drawn that catalogue send outs and tangible rewards did not have positive effects on attitudinal loyalty. In addition, interpersonal communication, social media interaction and
direct emails had positive effects on behavioral loyalty. Text messages, catalogue send outs and tangible rewards did not (see Table 8). The drivers that did not have any effect on the loyalty behaviors have been discussed to not keep up with the emergence of technology, such as catalogue send outs. In addition, text messages and tangible rewards have been argued to be expected actions performed by companies, to their customers and therefore not generate value in the form of loyalty. Thereby, it is important for managers of CRM to adapt to technology and implement an effective marketing communication channels that are preferred among their loyal customers.

Further, the two drivers of relationship quality, perceived relationship investment and relationship commitment, was also tested on the two loyalty behaviors. The findings showed that relationship commitment had a positive effect on both attitudinal loyalty and behavioral loyalty, whereas perceived relationship investment did not have any effect with either (see Table 9 & 10). Therefore, physical actions are key for a customer loyalty program in order to gain and profit from their members.

7.2 THEORETICAL CONTRIBUTIONS

Ballantyne (2004), explored the field of how dialogues and interactions can be adopted in communication strategies in the aspect of marketing. This model has set the foundation of this study, as it provided a base of how communication can be applied to marketing. The research conducted in this thesis has used this model, but added drivers in order to identify one-way marketing communication and two-way marketing communication, in order to fit the purpose of the study. The quantitative study in this thesis adopted Ballantyne’s (2004) framework in the aspect of marketing within customer loyalty programs in the beauty industry, and focused on the effects of the two aspects of marketing communication on the different perspectives of brand loyalty. Therefore, this study adds knowledge regarding the communication channels that are widely used within a customer loyalty program, and which of these increases attitudinal loyalty and behavioral loyalty. These drivers are categorized according to the one-way marketing communication and the two-way marketing communication, that Ballantyne (2004) identified in his matrix.

Previous research has examined how emails lead to brand loyalty (see e.g. Merisavo & Raulas, 2004; Shen & Bissell, 2013), and that interpersonal communication and perceived relationship investment nurture relationship quality and behavioral loyalty (see e.g. De Wulf et al., 2001). This study did not show that perceived relationship investment to have a positive effect on behavioral loyalty as earlier findings have shown (see e.g. De Wulf et al., 2001). This result may be shown differently in this research, as it takes the view of marketing communication, which the previous study did not. Furthermore, by conducting this study, the contribution in addition to previous studies has been to test which drivers that lead to increased behavioral loyalty and attitudinal loyalty, by using the marketing communication matrix by Ballantyne (2004). This framework has not taken a quantitative approach before, and therefore it is argued that this model can be used for further studies within the marketing communication field. The study conducted in this thesis has found which drivers of marketing communication have positive effects on attitudinal loyalty and behavioral loyalty, which can help managers of CRM, that acts through loyalty programs, to implement effective marketing communication channels in order to establish loyalty. Therefore, this model can be used from a managers point of view, and a customer's point of view, which has been adopted. With the revised conceptual model, findings show that some drivers of marketing communication may be out of date, and the
findings indicate the importance of adapting marketing communication channels to the targeted customer segment.

7.3 MANAGERIAL IMPLICATIONS

The purpose of this thesis was to gain knowledge of what effects marketing communication has on brand loyalty. In addition, the effects of marketing communication channels that are commonly implemented in loyalty programs have been tested on two different perspectives of loyalty. Thereby, this study can add to the knowledge of which communication channels should be implemented as the main tools in order to reach customers enrolled within a customer loyalty program in the beauty industry. In addition to the theoretical contributions found, further managerial implications to the operations of loyalty programs within the beauty industry can be evaluated. Further suggestions in how companies can implement marketing communication in order to increase brand loyalty among their members can therefore be presented.

Based on the empirical findings in this research, the main suggestions for loyalty programs within the beauty industry are to focus on direct emails, interpersonal communication and social media interaction, in order to increase both behavioral loyalty and attitudinal loyalty. Both interpersonal communication and social media interaction showed to have stronger effects on attitudinal loyalty, which indicate that a dialogical relationship is beneficial to adopt in order for a customer to perceive themselves to be a part of the company. Direct emails were found to have a stronger effect on behavioral loyalty, which indicates that newsletters and emails that contain non-personal commercialization regarding products are efficient to drive consumers to the company’s online shop. Further, the findings that regard the drivers of relationship quality found that relationship commitment increase both loyalty behaviors, and the perceived relationship investment did not. Therefore, physical actions, which are actions that can be seen from the customer’s viewpoint, should be the main focus of the operations of a customer loyalty program. This may indicate that in order to establish an effective customer loyalty program in the beauty industry, it is important to constantly provide members with unexpected benefits that will add value to their relationship.

7.4 SOCIETAL IMPLICATIONS

When the authors of this thesis considered the societal implications that could be generated by marketing communication through customer loyalty programs within the beauty industry, the belief was that it can result in positive effects on many different parts of society. First of all, if a company generates good sales and profits, this contributes both to a tax income for the countries that the company practices in, and it can also help the company grow and employ more people lessening the strain on society caused by unemployment. The aim for this thesis is to inform companies within the beauty industry about how to work with marketing communication in order to generate brand loyalty and by extension more sales.

The belief from the authors of this thesis is also that the more consumers are aware of their purchasing behavior and the more information is available to them regarding their purchases through marketing communication in customer loyalty programs. As a reaction of this, the more informed purchases consumers will make, may lead to less wasted money, product and packaging, which can favor the environment as less products sold are wasted. A more informed customer and an engaged loyalty customer program can help
the company to predict sales more accurately, also decreasing in the number of wasted products and therefore the strain on the environment.

Another societal implication that can be generated by the results in this thesis that the authors think can also generate a profit for the company regards the communication of Corporate Social Responsibility (CSR) actions from the company. If a company is successful in their marketing communication to the members of their customer loyalty program, communicating to them about the company’s CSR actions can generate a positive feeling from the customer towards the company. If the consumers appreciate the company’s ambition to take corporate social responsibility, it will generate good word-of-mouth for them, hopefully resulting in an increase in sales, and finally encouraging the company to engage even more in CSR which benefits society.

7.5 PRACTICAL RECOMMENDATIONS FOR SEPHORA SCANDINAVIA

The thesis has been written on commission for SEPHORA Scandinavia, and based on the empirical findings of this quantitative study, practical recommendations can be provided for the organization. These recommendations aim to further increase the efficiency of marketing communication adopted by the management of SEPHORA Scandinavia’s customer loyalty program. The first finding of this study was that text messages, direct emails, interpersonal communication and social media interaction have positive effects on behavioral loyalty. The second finding was that direct emails, interpersonal communication and social media interaction have positive effects on attitudinal loyalty. Therefore, the communication channels that are already adopted by the organization are preferred among members within a customer loyalty program. However, the effects of attitudinal loyalty were found to be stronger with interpersonal communication and social media interaction, which is categorized as two-way marketing communication. Furthermore, direct emails were found to have a stronger effect with behavioral loyalty, which is a driver for one-way marketing communication. These findings do indicate that in order to strengthen a loyal member’s sense of belonging, and identifying with a customer loyalty program, a two-way marketing communication should be approached. In addition, in order to increase customer retention, and thereby behavioral loyalty, direct emails are preferred.

As SEPHORA Scandinavia is already using direct emails to reach their loyal members, behavioral loyalty is nurtured through their one-way marketing communication channels. However, the open-rates of these email send outs can be further improved by further customization (Zbuechea & Mocanu, 2013, p. 308). In other words, the targeted customer’s name can be displayed within the email, in order for them to feel recognized. It is argued by Merisavo and Raulas (2004, p. 499) that these direct emails increase behavioral loyalty, as it can drive traffic towards the organizations web page in an efficient manner.

Another recommendation for SEPHORA Scandinavia is to put more effort on their social media channels, and adopt two-way marketing communication, by answering their customers in the comment section on Facebook and Instagram, in order to create a warm and friendly interaction with their customers. This is due to that both interpersonal communication and social media interaction were shown to have strong, positive effects on attitudinal loyalty. De Vries et al (2012, p. 83) claimed that back in 2011, 50% of all social media users followed their preferred brand on social medias. Thereby, it is of great
importance that SEPHORA Scandinavia utilize these channels in the most effective way to gain recognition from their consumers. Through social media channels, other loyal members can meet others that have the same interests within the same customer loyalty program, which in turn may increase loyalty. Therefore, a recommendation for SEPHORA Scandinavia would be to further target communities, rather than segments, which is also proposed by Ballantyne (2004, p. 116) in the marketing communication matrix. Thereby, the organization can find the most profitable customers, as by targeting beauty communities, and create one of its own via social medias, they can integrate people with joint interests and not depend on the customer segmentations and age groups.

Previous studies found that consumers are more prone to buy products that has been reviewed and recommended by other consumers (see e.g. Zbuchea & Mocanu, 2013). Therefore, a web-based platform, where consumers can discuss and review products together, with implications from their joint customer loyalty program will gain both loyalty through the dialogues and interactions, and customer retention. In addition, it is claimed by Yoo et al. (2012, p. 1313-1314) that customers tend to try more products within the same brand as they are recommended by other consumers, and therefore this kind of interaction with members within the same loyalty program can increase behavioral loyalty among consumers. In addition, as relationship commitment was found in this study to increase both behavioral loyalty, and attitudinal loyalty, it is indicated that physical actions and communication initiatives should be implemented within a customer loyalty program. Therefore, by developing an online beauty community, the operations of SEPHORA Scandinavia’s customer loyalty program can gain a competitive advantage through effective communication actions that are not expected by their loyal members, and gain recognition as a friendly community.

7.6 LIMITATIONS AND FUTURE RESEARCH

Limitations of this research conducted are evident, and in this part of the thesis these are presented in order to provide a foundation for future studies in the same area. One limitation that has been evident is the spread of the answers on the Likert scale of participants, in the questionnaire. The standard deviation showed results that indicated that the participant’s answers were quite scattered, and therefore the sample had very different preferences regarding their loyalty programs. A more preferable result would be to see similarities in the participants’ answers, and also obtain more data from the population in Denmark, in order to receive knowledge and a more reliable result of the study. In addition, as the targeted population is large, it would be beneficial with more participants. The limitations that arose due to the small sample depended on factors such as time, accessibility and monetary restrictions. For future research, a suggestion would be to obtain contact information of a company’s loyal members in the beauty industry and use the company’s channels to reach this population. Thereby, the demographic boundaries would be diminished and the study would be applied to a more specific population, that are loyal to the targeted company.

Another limitation of the study, was that no further conclusions could be drawn regarding the age groups, as no tests regarding the variance between these categories was made. In order to generalize the results from each age group, and interpret different trends, further statistical tools should have been utilized. Therefore, by providing a test of ANOVA, the study would be able to draw conclusions regarding the variance between each age group, and further discussions would be able to be conducted. In addition, if an increasing trend of social media interaction among youngsters would be evident, it would be further
interpreted. This is an aspect that can be taken into consideration for future studies. In addition, future studies could add knowledge on the revised conceptual model in this thesis, by including technology trends of different age groups, and further apply it to Ballanyne’s (2004) framework. This could further provide knowledge if companies should develop their marketing communication according to the marketing communication matrix, and adopt the two-way marketing communication approach that is categorized as communication “between”. According to Ballantyne (2004), by communicating with consumers “between”, firms should adopt networks in order to create dialogues with their consumers, and regard their customers as co-creators of the product innovations.

Another limitation of this study has been that it cannot evaluate or examine the reason of why emails or other kinds of customized marketing communication are so commonly ignored by the recipient. This study can only test the effects that these drivers have on members’ loyalty behavior towards their loyalty program. For additional knowledge regarding this area, a qualitative approach can be taken in order to gain further understandings in why emails or text messages remain unopened at times, and how consumers would like to communicate with their customer loyalty program in the beauty industry. In addition, by remaking this study, members from larger geographic areas can be included. Thereby, the study could be applied globally, if the customer loyalty program that the study is applied to operate internationally. Another option for future research is to use the revised conceptual model, and include other, updated drivers of marketing communication.
8.0 TRUTH CRITERIA

In order to improve the trustworthiness of this study, the truth criteria, identified as validity, reliability and generalizability are discussed. This discussion work as a foundation in order to determine the quality of the research conducted and therefore a critical evaluation of the findings is examined in this chapter.

8.1 VALIDITY

Two important criteria to assess the quality of a study are reliability and validity, as the outcome of an unreliable or invalid test will result in the findings being invalid or biased (Lobiondo-Wood & Haber, 2013, p. 290). LeCompte & Goetz (1982, p. 31) emphasize that in all scientific research, regardless of field, validity and reliability of the findings are important in order to determine the quality of the scientific research.

The term validity is concerned with to which extent observations accurately reflect what is intended to measure (Bryman & Bell, 2011, p. 159). According to Bryman and Bell (2011, p. 42) validity is related to the effects that occur when there are changes in the dependent variables, that changes the independent variables. In other words, it examines how well the observations in the study agrees with alternate measures of the same variable (Krishnaswami & Satyaprasad, 2010, p. 93). The term consistency refers to the extent to which the items tested and the questions asked in the questionnaire measure the same concepts and thus are interrelated, strengthening the results of one another and indicating the same results (Saunders et al., 2009, p. 374). Bryman and Bell (2011, p. 56) claims that validity can be divided in two forms, which are internal validity and external validity. Internal validity can be ensured with statistical measurements, to see if there is an effect or relationship between the variables studied (Bryman & Bell, 2011, p. 56). Further, the external validity concerns to the consistency and external environment that can influence the study (Bryman & Bell, 2011, p. 56).

The internal validity, which consists of the statistical measurements taken in order to handle the data has provided valid knowledge. The validity can be ensured as the study has been taking a consistent design according to the philosophical stances, and followed a logical, transparent process of statistical tests. During this evaluation, the value of 0.6 was chosen as a rule of thumb, indicating that results greater than 0.6 is an accepted reliability (George & Mallery, 2003, p. 238). The results of the Cronbach’s Alpha presented some values that were lower than others, in which both text messages and catalogue send outs presented a value of 0.58. These are however regarded as reliable variables according to George and Mallery (2003, p. 238). For the external validity, the construction of the survey was formed by observing previous studies and adapting their questions to this research. This in turn can ensure the researchers’ subjectivity of the study conducted. The results evaluated of this study has therefore not been influenced by any personal feelings or prior knowledge that the researcher’s may have had. Further, all questions had prior to this study been included in other studies and therefore a pilot study of the questionnaire was not conducted, as the questions were regarded as reliable. Therefore, the internal validity, which consists of the statistical measurements taken in order to handle the data has provided valid knowledge.
8.2 RELIABILITY

Reliability is concerned with the ability of the study to measure the variables in a consistent manner (Lobiondo-Wood & Haber, 2013, p. 290). According to Bryman and Bell (2011, p. 41) a reliable study shall be able to be repeated, and if the outcome shows consistent results, it is considered to be reliable.

As the data for this study has been collected by primary sources, the data fits perfectly to the purpose of the thesis. Therefore, the data is considered to be reliable. Further, the process has been following a logical and consistent design, in accordance with the philosophical stances, and the statistical measures taken in this study have been proceeded with in order to fulfill and fit the purpose of the research. Therefore, if this research were to be re-conducted, the results gained from this study are likely to be found in similar studies, as long as the researchers follow the same structure and geographical areas as in this study.

8.3 GENERALIZABILITY

Generalizability, which can further be explained as external validity, is referred to the ability to apply the findings from the sample to the whole population that the research represents (Bryman & Bell, 2011, p. 163). According to Saunders et al. (2009, p. 297), bias may arise when generalizing results, as the respondents to the questionnaire can take personal experiences into consideration. In addition, participants are claimed to be part of the social world and incapable of disconnecting completely from outer influences (Saunders et al., 2009, p. 297). The ambition of conducting a research is for the study to be able to generalize the findings, which means that the results of the findings should be able to be applied to people who did not respond to the questionnaire as well. In other words, researchers should be able to make a law-like statement, predicting how the target population react to the researched subject (Bryman & Bell, 2015, p. 175). Further, Bryman and Bell (2015, p. 176), claims that researchers cannot generalize their findings outside of the population frame.

This study has been based on a convenience sampling method, and therefore the sample of the study has been chosen according to the accessibility of the population. According to Bryman and Bell (2011, p. 190) it is difficult to generalize findings that has been collected with this kind of study, due to its difficulties of estimating how large the population of the study is. This study has been based on 100 items, were 62 items suited the population criteria. Furthermore, as the study was conducted and spread online, it is difficult to estimate how many people it reached. The researchers of this study are aware of the number of members in each Facebook group at the date of send outs, but the survey may not have been noticed by everyone in these online communities. Thereby, this study cannot be generalized outside of the sample, as the sampling frame is too small to represent the whole population. However, the purpose of this study has not been to generalize the findings between the two different countries, or between different age groups and therefore, the study is still considered to fulfill the truth criteria.

8.4 REPLICATION

According to Bryman and Bell (2015, p. 176) researchers often remain explicit about their work in order to keep it replicable, as the study shall not be affected or shaped by their own characteristics and expectations. Another factor to why researchers are trying to
make their work replicable is for the study to not raise the question of validity. This is due to the fact that if the study is conducted again, and the findings are not similar, the validity of the study is distrusted (LeCompte & Goetz, 1982, p. 31).

This research has been targeting the population of Denmark and Sweden, and if it would be re-made and provide the same results as the sample is considered to be homogenous. In addition, this study is completely public and available for everyone after being published, which enable other researchers to find inspiration in this thesis for future studies. As the questions in the questionnaire was found in peer-reviewed articles on the subjects discussed, and not exclusive to the beauty industry, the questions can be utilized for research regarding other customer loyalty programs outside the beauty industry as well. The reasoning for the choice of methods, theories and course of action in this study are all included in the thesis, available for researchers studying a similar subject to use, in order replicate. Furthermore, as the constructs was shown to be reliable, the study is argued to be of validity and the process of the study is transparent which makes the research easy to reproduce.
LIST OF REFERENCES


GOOGLE. (2018). Support. *GOOGLE.*


SEPHORA. (2018b). Advantage White. SEPHORA.


**PERSONAL COMMUNICATION**

Hi!

We are two students enrolled in Business Administration at Umeå University where we are currently writing our thesis on the master's level. We are conducting a study within the field of communication, and how brand loyalty within a customer loyalty program may be affected by interactions between a firm and a member of their loyalty program within the beauty industry.

This survey is voluntary, and it will not take more than 10 minutes to fill. By participating in this survey you enter anonymously and the results will be handled with confidentiality. The results will be analyzed and demonstrated anonymously in our thesis. Feel free to stop answering these questions at any time.

If you have any questions regarding the survey, please feel free to contact us at LK.exjobb@gmail.com.

Thank you for your participation!
Best Regards,
Linnea and Karin

Customer Loyalty Programs within the Beauty Industry

Gender:
- Female
- Male
- Other

Age:
- 15 years or younger
- Between 16-19 years old
- Between 20-29 years old
- Between 30-39 years old
- Between 40-49 years old
- 50 years or older

Current country of residence:
- Sweden
- Denmark
- Other
Are you a member of a customer loyalty program within the beauty industry?

Yes
No
I do not know

If yes, which customer loyalty program do you have in mind, name one brand or store:

SEPHORA
Matas
Kicks
Åhléns
Inglot
MAC cosmetics
Lyko
Eleven
Magasin du Nord
Other, please specify:

Customer Satisfaction (Please rank on a scale from 1-6, 1 - strongly disagree, 6 - strongly agree)

1. I have an easy and satisfactory relationship with my Customer Loyalty Program
2. I would recommend the chosen Loyalty Program to others
3. I have a strong preference for the proposed Loyalty Program

As a member of the Loyalty Program in mind, I expect to: (Rank these from 1-6, 1 - strongly disagree, 6 - strongly agree)

1. …offer me services that aren’t offered to non-loyal customers
2. …offer me discounts or special deals that non-loyal customers do not get
3. …offer me better prices than non-loyal customers
4. …offer me to be placed higher on the priority list when there is a waiting list for products or services
5. …Update me on new products and services that could be in my interest

Tangible rewards (Please rank on a scale from 1-6, 1 - strongly disagree, 6 - strongly agree)

1. My Customer Loyalty Program rewards loyal customers for their purchases with points
2. My Customer Loyalty Program offers loyal customers an additional gift as they purchase products
3. My Customer Loyalty Program offers discounts to loyal customers for their purchases

Perceived relationship investment (Please rank on a scale from 1-6, 1 - strongly disagree, 6 - strongly agree)

1. My Customer Loyalty Program makes an effort to increase their customers’ loyalty
2. My Customer Loyalty Program make various efforts to improve its connection with their customers
3. My Customer Loyalty Program really cares about retaining their loyal customers
**Relationship quality** *(Please rank on a scale from 1-6, 1 - strongly disagree, 6 - strongly agree)*

1. As a loyal customer, I have a high-quality relationship with my Customer Loyalty Program
2. I am happy with the efforts this Customer Loyalty Program is making towards loyal customers like me
3. I am satisfied with the relationship I have with this Customer Loyalty Program

**Relationship commitment** *(Please rank on a scale from 1-6, 1 - strongly disagree, 6 - strongly agree)*

1. I am willing "to go the extra mile" to remain a loyal customer to the Customer Loyalty Program connected to this store or brand
2. I feel loyal towards this Customer Loyalty Program connected to the store or brand
3. Even if this store or brand would be more difficult to reach, I would still keep buying products to retain my loyalty

**Behavioral loyalty**

1. Of the 10 times you select a store to buy new products at, how many times do you select this store or brand connected to the Customer Loyalty Program?
   - 1-2 times
   - 3-4 times
   - 5 times
   - 6-7 times
   - 7-9 times
   - 10 times

2. What percentage of your total expenditures of cosmetics do you spend in this store or brand connected to the Customer Loyalty Program?
   - 0%
   - 0-20%
   - 20-40%
   - 40-60%
   - 60-80%
   - 80-100%

3. How often do you buy beauty products in the store connected to the Customer Loyalty Program compared to other beauty stores or brands? *(Please rank on a scale from 1-6, 1 - not often, 6 - very often)*

**Attitudinal Loyalty** *(Please rank on a scale from 1-6, 1 - strongly disagree, 6 - strongly agree)*

1. I consider myself to be a member of my Customer Loyalty Program
2. I would experience a loss if I had to stop being a member of my Customer Loyalty Program
3. Being a member of my Customer Loyalty Program is very important to me

**Sense of belonging to the Loyalty Program** *(Please rank on a scale from 1-6, 1 - strongly disagree, 6 - strongly agree)*

*Social medias are defined as: YouTube, Facebook, Instagram and websites. E-mails are not regarded as a social media platform.*

1. I feel a deep connection with others who follow my Customer Loyalty Program’s official social media sites
2. I really identify with people who follow my Customer Loyalty Program’s official social media sites
3. I feel like I belong to a customer community through my loyalty program on official social media sites

**Social media interaction** *(Please rank on a scale from 1-6, 1 - strongly disagree, 6 - strongly agree)*

*Social medias are defined as: YouTube, Facebook, Instagram and websites. E-mails are not regarded as a social media platform.*

1. This Customer Loyalty Program often informs regular customers through social medias
2. I often seek advice from other members on Social Media regarding reviews on products offered within the store or brand of my Loyal Customer Program
3. I often seek advice from my Loyalty Program's social media pages about products or services
4. I often read to obtain information on updates regarding events or other updates from my Customer Loyalty Program via social medias
5. I prefer receiving information from my Customer Loyalty Program via social medias

**Interpersonal Communication** *(Please rank on a scale from 1-6, 1 - strongly disagree, 6 - strongly agree)*

1. I feel that my Customer Loyalty Program take the time to personally get to know regular customers
2. I feel that my Customer Loyalty Program often holds personal conversations with regular customers
3. I feel that my Customer Loyalty Program often inquiries about the personal welfare of regular customers
4. I like that my Customer Loyalty Program often respond to my comments or errands
5. I prefer to not communicate with my Customer Loyalty Program

**Emails, Catalogues and text messages** *(Please rank on a scale from 1-6, 1 - strongly disagree, 6 - strongly agree)*

1. I prefer a Customer Loyalty Program that often sends emails to loyal customers
2. I prefer a Customer Loyalty Program that keeps loyal customers informed through emails
3. I prefer getting email from my Customer Loyalty Program, even though I cannot respond to them
4. I like getting newsletters in my email from my Customer Loyalty Program
5. I like getting catalogues sent to my address from the stores connected to my Customer Loyalty Program
6. I prefer to receive text messages on my phone instead of emails from my Customer Loyalty Program
7. I prefer to get standardized emails from my Customer Loyalty Program, rather than having a dialogue with them on social medias regarding a service errand

THANK YOU FOR PARTICIPATING

Kind regards,
Linnea and Karin

APPENDIX 2: EXPLORATORY INTERVIEW

Hi!

Below you can see all questions that we would kindly ask you to answer. We do not estimate it to take a long time to proceed with. If there are any hesitations or questions regarding the interview you can come back to us at any time!

Kind regards,
Linnea and Karin

<table>
<thead>
<tr>
<th>Q1</th>
<th>What sorts of tangible and non-tangible benefits do the customer loyalty program’s members receive?</th>
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<tr>
<td>Q2</td>
<td>What is SEPHORA’s main targeted customer segment?</td>
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<tr>
<td>Q3</td>
<td>Do you feel the need of updating the technology used within your communication channels in your customer loyalty program?</td>
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<td>Q4</td>
<td>How do you communicate with your loyal customers of your customer loyalty program in Scandinavia, and the non-loyal customers?</td>
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<td>Q5</td>
<td>What sorts of social media channels do you use to communicate with your customer base?</td>
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<td>Q6</td>
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