

# I'm Happy to See Your Benefit Go:

## The Impact of Reduced Peer Benefit on Consumers' Loyalty Program Satisfaction



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Zoom link

<https://wvu.zoom.us/j/98190028414>

### THEORETICAL FRAMEWORK

### STUDY 1: DEMONSTRATE EFFECT

### STUDY 3: EXTEND TO A B2B CONTEXT

#### RESEARCH QUESTION

How does a consumer's loyalty program satisfaction change when their own tier's benefits remain unchanged from one period to the next, but another tier's benefits are reduced (vs. also remain unchanged)?

#### ILLUSTRATIVE SCENARIO

A restaurant loyalty program.

(★ The star next to the tier indicates the tier consumers are in. Applies to all images in this poster.)



#### PREDICTION AND PROPOSED THEORETICAL ACCOUNTS

- Consumers become relatively **more satisfied** with a loyalty program when another tier loses (vs. does not lose) benefits from a prior period. (H1)
- The difference in H1 arises because the **relative value** of consumers' benefits is better when another tier loses (vs. does not lose) benefits from a prior period. (H2)
- The difference in H1 arises because consumers feel better by **counterfactually thinking** about losing benefits when another tier loses (vs. does not lose) benefits from a prior period. (H3)

Scenario: A restaurant loyalty program.

Measured 2020 and 2021 satisfaction. Illustrative items:

- "How satisfied would you be with Sophia's Kitchen's 2020 loyalty program?" (1-7)
- "How satisfied would you be with Sophia's Kitchen's 2021 loyalty program?" (1-7)

Results: Support H1.

(Error bars represent the standard error of the mean. Applies to all charts in this poster.)



### STUDY 2: TEST THEORETICAL ACCOUNTS

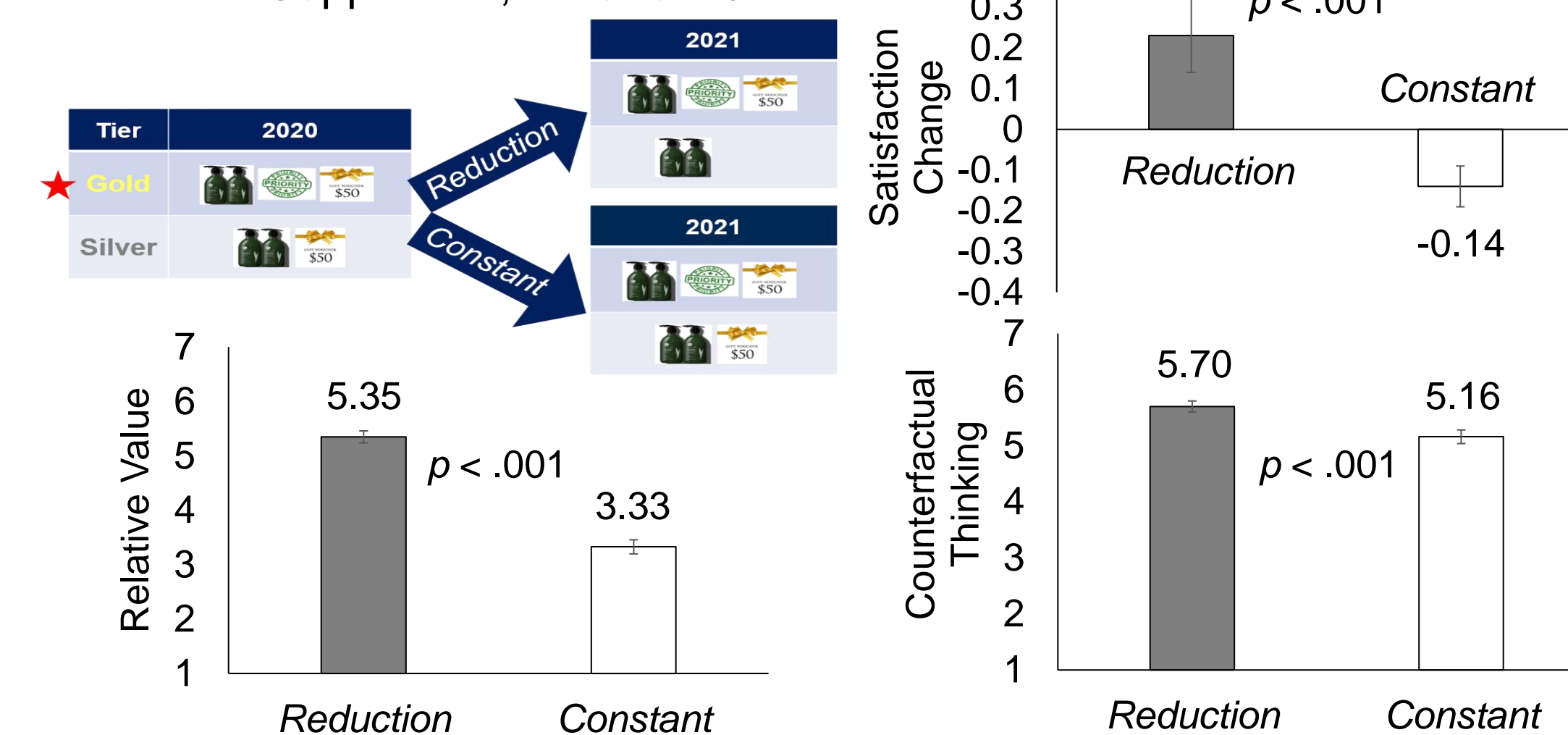
Scenario: A hair salon loyalty program.

Measured 2020 and 2021 satisfaction.

Measured relative value and counterfactual thinking. Illustrative items:

- "In 2021, my tier's benefits would seem much better than the Silver tier's benefits." (1-7)
- "In 2021, I would be happy because my tier kept all its benefits." (1-7)

Results: Support H1, H2 and H3.



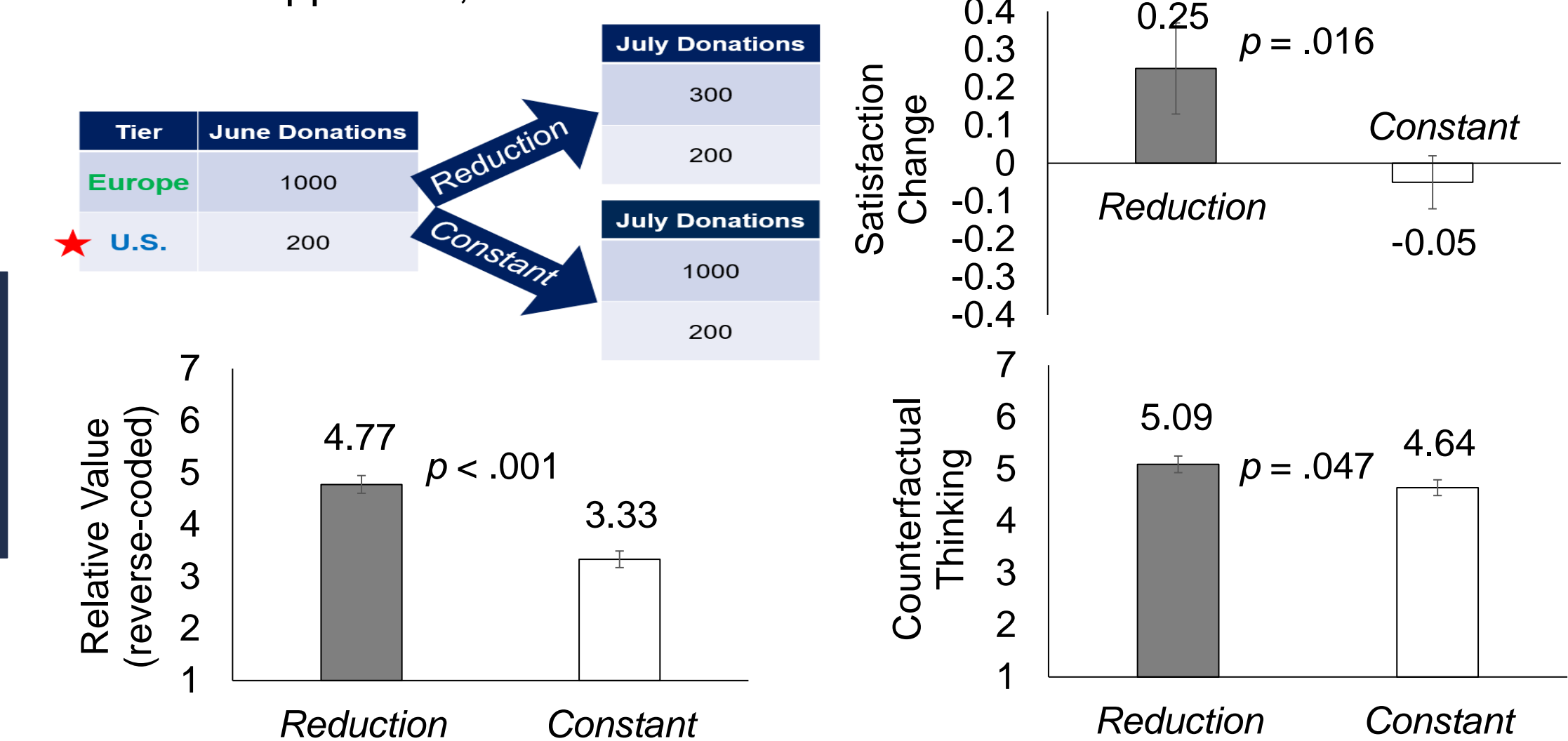
Scenario: A ventilator supplemental distribution program.

Measured June and July satisfaction.

Measured relative value and counterfactual thinking. Illustrative items:

- "In July, the number of ventilators that Medicech donated to the United States would seem much smaller than the number of ventilators that it donated to Europe." (1-7; reverse-coded)
- "In July, I would be happy because the number of ventilators that Medicech donated to the United States would be the same as it was in June. (1-7)

Results: Support H1, H2 and H3.



### CONCLUSIONS AND CONTRIBUTIONS

- Demonstrates that consumers become relatively **more satisfied** with a loyalty program when another tier loses (vs. does not lose) benefits.
- Shows that **relative value** and **counterfactual thinking** drive consumers' satisfaction change.
- Introduces **counterfactual thinking** to loyalty program research.
- Explores counterfactual thinking due to **other consumers'** losses.
- Illustrates a new way for businesses to spend **less** while **increasing** satisfaction for a segment of consumers.
- Can be extended to other important domains (e.g., how taxation policy changes impact taxpayers' satisfaction).

### STUDY 4: EXTEND TO A CONSEQUENTIAL SETTING

Scenario: A course bonus point program.

Measure February and March satisfaction.

Results: Upcoming.

