Building Fan Relationships: Measuring the Effectiveness of Using Loyalty Programs

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With increased competition for where customers can spend discretionary income, it is critical that sport marketers are staying informed on what their customers want (Kim & Trail, 2011). Sport organizations that can successfully employ a relationship marketing approach are able to develop and maintain long-term relationships with fans thus increasing retention and profits. Relationship marketing is any related activity that is focused on identifying, building, enhancing, and maintaining relationships between sport organizations and sport fans aimed at creating an ongoing, long-lasting relationship (Grönroos, 2004). Furthermore, technological advancements have made implementing a relationship marketing approach much easier. Through these new technologies, organizations can find ways to engage with consumers more regularly (Rishika, Kuma, Janakiraman, & Bezawada, 2013).

Fan engagement is defined as a sport fans relational behavior that aims to create a relationship that benefits his or her favorite sport team, the team’s management, and other fans. Engagement includes the components of helping team management (management cooperation), connecting with other fans (prosocial behavior), and tolerance to overcome negative team performance (performance tolerance) (Yoshida, Gordon, Nakazawa, & Biscaia, 2014). In an effort to build fan engagement and relationship quality, there has been an increase in using the relationship marketing approach of a loyalty program (Dorotic, Bijmolt, & Verhoef, 2012). A loyalty program is marketing tool that encourages fan engagement behavior between organizations and customers, and provides financial and social rewards to customers who demonstrate beneficial behavior towards the organization (Ha & Stoel, 2014).

Over 40% of sport organizations are choosing to invest in a loyalty program to help build relationships with fans; more than 80% of these loyalty programs have been implemented since 2012 (Jones, 2015). With such high costs to run a loyalty program and a lack of concrete evidence on the effectiveness of a loyalty program, more empirical research is needed to examine the costs and benefits of using a loyalty program (McCall & Voorhees, 2012). With so many sport organizations utilizing loyalty programs, sport marketers need to consider the impact a loyalty program could have on the organizations relationships with fans. From a relationship marketing framework examining the impact loyalty programs had on fan engagement and relationship quality is important as loyalty programs highlight a two-way relationship.

Using a loyalty program, sport organizations have the ability to collect relevant information about their fans and use it to strategically engage with fans to develop deeper relationships. Given that sport organizations are employing loyalty programs to stay connected to fans and there is a lack of scholarly knowledge on the impact loyalty programs have on fan relationships, this study investigated the connection between loyalty programs and relationship marketing. The purpose of this study is to examine the effectiveness of a loyalty program on fan engagement and relationship quality between a sport fan and sport organization. The following research questions will guide this study:

Q1. To what extent are there differences in relationship quality between sport fans who use a loyalty program and sport fans who do not?
Q2. To what extent are there differences in fan engagement between of sport fans who use a loyalty program and sport fans who do not use a loyalty program?

Methods
To meet the purpose of this study, the target population includes sport fans who use a loyalty program and sport fans who do not use a loyalty program. Participants will be directly recruited from sport organizations as the researcher has been given permission to survey fans of professional basketball teams in the United States. While approval from the team’s management has already been approved, data collection for this study will start December...
2016 and finish in February 2017.

Measurement
The web-based survey for this study includes five sections, with a total of 46: 15 items measuring relationship quality (Kim, Trial, Woo, & Zhang, 2011), 9 items measuring fan engagement (Yoshida et al., 2014), 2 items measuring loyalty program usage, 9 items measuring sports involvement (Beaton, Funk, Ridinger, & Jordan, 2010), 4 items measuring brand equity (Brady, Cronin, Fox, & Roehm, 2008), 1 item measuring attendance frequency, and 6 demographic items. The psychographic items measuring sports involvement, brand equity, and attendance frequency will provide a better understanding of the different participants allowing a comparison to be made between fans of different teams. Reliability coefficients for the adapted subscales have all been found acceptable with coefficient scores greater than .7 (Nunnally, 1978). Additionally, all items will be measured on a Likert-type scale ranging from 1 (strongly disagree) to 7 (strongly agree). All scales will be slightly-modified from previous studies in either the marketing or sport consumer behavior literature.

Analysis
To verify the modification and adoption of the previously developed scales, a confirmatory factor analysis (CFA) will be run. The CFA measurement model fit will be evaluated with the 2 test statistic, Root Mean Square Error Approximation (RMSEA), Comparative Fit Index (CFI), Tucker-Lewis Index (TFI), and the Standardized Root Mean Square Residual (SRMR). Once the measurement model has been deemed a good fit, Cronbach’s alpha reliability scores will be estimated to measure the internal consistency. Descriptive statistics and spearman correlation coefficients will be calculated to get a better picture of the data. To answer research questions 1 and 2, independent samples t-tests will be run to determine differences between the loyalty program users group and the non-users of loyalty programs. The t values calculated will be used to determine if there is a significant difference in the factors of relationship quality between loyalty program users and non-users. A significance level of .05 will be used in this statistical test.

Discussion
While the official discussion will be based on the results, this study should theoretically move relationship marketing forward in sport marketing literature. While both relationship marketing and loyalty programs have been previously studied in the context of sport consumer behavior (Prongsinske, Groza, & Walker, 2012; Williams & Chinn, 2010; Yoshida et al., 2015b), they have not been examined together. Loyalty programs have the ability to work within a relationship marketing approach to strengthen fan engagement and relationship quality. Thus, loyalty programs could actionize relationship marketing by showing on a practical level what relationship marketing should entail. The findings of this investigation provide practical implications for employing a loyalty program within a relationship marketing framework to build and maintain strong relationship with fans.