



Implication of Loyalty Program Membership and Service Experiences
for Customer Retention : A Study of Bank Credit Card

By

Supakana Nilungso

A Thesis Submitted in Partial Fulfillment
of the Requirements for the Degree of

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Assumption University
Bangkok Thailand

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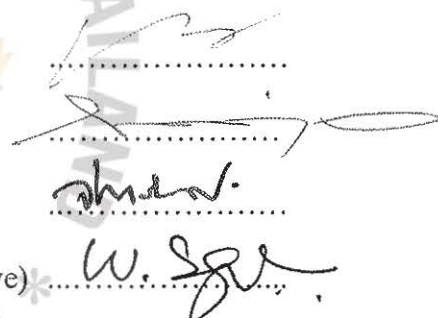
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But in the final analysis, the only things of lasting value will be the relationships that we establish with the members of our families, and the eternal bonds that we take upon ourselves. I would like to give my special thanks to my parents whose patient love enabled me to complete this work.

Abstract

Organizations have long sought to reward the loyalty of preferred customers with enhanced services or price discount. Recently, loyalty rewards programs have become prevalent across a variety of service industries. In credit card industry, credit card issuers have stated to focus more of their attention on their existing customers. The costs of retaining customers have been found to be cheaper than the costs of acquiring customers. The research objectives encompass 1) To identify the relationship between repatronage intentions and subsequent repatronage decisions. 2) To study the influence of a loyalty reward program and service experiences on repatronage decision of credit card holders. 3) To study differences in repatronage decision between members of loyalty program and nonmembers.

Research methodology encompasses sampling survey, the sole research technique used in this study. Quota sampling, one of the non-probability sampling methods, is chosen. Data collection tools involve self-administered survey method, in which 300 sets of closed-form questionnaires were used. The respondents consist of 150 members of loyalty program and 150 nonmembers of loyalty program. Population element consists of male and female who have been using bank credit card from the past year (2000). There are totally five hypotheses conjectured for testing.

Binary Logistic Regression is used for testing the hypotheses, which is useful for situation in which one want to be able to predict the presence or absence of a characteristic or outcome based on values of a set of predictor variables.

The study findings points out that customers make repatronage decisions for the credit card service on the basis of their prior repatronage intentions or behavior, updating by comparisons of their prior satisfaction levels with the company versus their satisfaction with a competitor. Members in loyalty programs are generally less

sensitive to losses in the dimensions of billing aspects, product benefits and overall quality when comparing the company with competitors and less sensitive to overall price advantages that competitors could have vis-à-vis the company. Implications for banks will recommend the strategies in order to improve customer retention. Further implications for research are also discussed.



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Chapter 1: Introduction

1.1 Background of the Study

1.1.1 Definition of key terms

“The loyalty program is a rewards-for-usage program. Loyalty rewards program members accumulate points with each dollar transacted that are redeemable for a wide variety of goods and services such as air certificates, car rental, vacation options and retail gifts. (Bolton, Kannan and Bramlett, 2000).”

Service experience is an interaction of the customer with any aspect of the organization in a “moment of truth”.

“Customer retention is an essential part of relationship development in order to be able to build long-term relationship with customers. Financial institutions must first be able to retain existing customers (Harrison, 2000).”

“Credit card is a plastic card. Many retailers will accept it as a means of payment. The cardholders do not have to repay immediately all of the credit taken. A known interest rate is charged each month on the amount still outstanding. Some cards have distinguishing colors. A statement is sent each month to keep the cardholders informed of interest charges, new bills entered, and amounts outstanding. The cardholders get a copy of the bill for every transaction entered into using the card (Andrew, 1986).”

1.1.2 Topic in the current literature

1. Loyalty Programs

“There is virtually no prior research about the effect of loyalty programs on customer purchases of services or on company financial outcomes. Much of the research concerning loyalty has focused on packaged goods markets (Bowman and Lele-Pingle, 1997; Uncles and Laurent, 1997).” Naturally, companies that offer

loyalty reward programs believe that their programs have a long-run positive effect on customer evaluations and behavior. However, if loyalty rewards programs increase relationship durations and usage levels, then customers will be increasingly exposed to the complete spectrum of service experiences – including experiences that may cause customers to switch to another service provider (Keaveney, 1995). Prior research has established the positive effect of customer satisfaction on loyalty and usage behavior (Bolton, 1998; Bolton and Lemon, 1999; Jones and Sasser, 1995). Consequently, it seems likely that loyalty rewards programs will have a positive long-run effect on customer purchase behavior only when service experiences are generally satisfactory. In other words, the impact of loyalty rewards programs is likely to be moderated by customer's usage levels and their assessments of their service experiences. Unfortunately, there is no rigorous empirical research concerning the mechanism by which loyalty programs operate.

2. Perspective on Loyalty

There are many reasons why customers maintain relationships with service providers (Bendapudi and Berry, 1997; Dick and Basu, 1994). Previous research has not specifically attempted to model the influence of a loyalty rewards program on customer evaluations, repatronage intentions, and purchase behavior in service industries (Rust and Metters, 1996). Hence, this section reviews prior research concerning the antecedents of customer repatronage behavior for services to provide a foundation for modeling effort.

2.1 Repurchase Behavior

There are few longitudinal studies of customer repatronage behavior over time. Crosby and Stephens (1987) found that whether customers had replaced their insurance policies or allowed them to lapse depended on their prior overall

satisfaction with their whole life coverage. Bolton (1998) showed that prior overall satisfaction with a cellular service company is positively related to the duration of the customer – company relationship, and that this effect is larger when the customer has more extensive experience with the service company. Keaveney's (1995) critical-incident study of customer switching behavior in service industries found that customers switch service providers for many reasons, including pricing, inconvenience, core service failures, failed service encounters, response to failed service encounters, competition, and ethical problems. Recently, Bolton and Lemon (1999) showed that customers' usage of two continuously provided services depended on their prior satisfaction levels, their assessments of payment levels, and prices. Finally, there are some models of aggregate customer retention (e.g., Zahorik and Rust 1992), and some cross-sectional studies that show repatronage behavior depends on prior satisfaction (e.g., Gilly and Gelb 1982; Solnick and Hemenway 1992).

2.2 Repurchase Intentions

Since purchase intentions are easier to measure than behavior; there are numerous studies of repatronage intentions. However, these studies must be interpreted with caution because the predictive validity of intentions measures varies depending on the product, the measurement scale, the time frame, and the nature of the respondents (e.g., Morwitz 1997; Morwitz and Schmittlein 1992). For example, Riley, Ehrenberg, Castleberry, Barwise, and Barnard (1997) find that repeat purchase intentions are not firmly held. Several longitudinal studies show that customers' prior repatronage intentions directly affect their subsequent repatronage intentions (e.g., LaBarbera and Mazursky 1983). Repatronage intentions have also been shown to depend on customers' prior attitudes and satisfaction levels (e.g., Bearden and Teel 1983; Oliver 1980).

1.1.3 Introduction the case

1. The history of credit cards in the world

Meidan (1996) concluded about the history of credit card as shown in Table 1.1.

Table 1.1: The History of Credit Cards in the World

Year	Event
1915	First credit cards (or ‘shopper’ plates’) issued by US hotels and department stores.
1950	Diners Club created. Diners Club cards enable cardholders to obtain goods and services from hotels, restaurants and airlines.
1958-59	American Express and, separately, Carte Blanche established.
1958	Bank Americard launched by the Bank of America. Subsequently other banks entered the credit card market. However, until the mid-1960s cardholders could not use their cards outside their own bank trading area.
1966	First international credit card licence. Interbank bought the Master Charge name and later became known as Access. Bank Americard later became Visa or Barclaycard.
1966	First credit cards arrive in the UK and Europe.
1991	JCB, the giant Japanese credit card company, aimed to become a global firm with over 10 million customers outside Japan by 1993

2. The Main Type of Credit Card

According to Meidan (1996), there are three broad categories of card that can be used as substitutes for cash or cheques when paying for goods or services. They are all commonly referred to as ‘credit cards’; however not all of them provide credit facilities.

2.1 Bank Credit Cards

These offer credit to a preset limit. The cardholder has the option of settling the monthly statement in full or taking credit up to a preset limit at a monthly interest rate,

with a specified minimum repayment each month. The cardholder usually pays a joining or annual fee.

There are three quite distinct parties to a credit card operation. These are the cardholder, the merchant and the bank. When applying for a credit card applicants are asked to supply details of their financial circumstances and, subject to references, they will be given cards and appropriate credit limits. Cardholders apply for cards either to obtain credit – as a means of postponing payment for goods – or in order to have the convenience of a card as an alternative method of payment to cash or cheques.

The interest charged to customer is normally expressed as a monthly rate. In advertising, and cardholder conditions of use, the annual percentage rate that the monthly rate represents is also quoted. Obviously the annual charges vary with the interest rates prevailing in the economy as a whole. Apart from the costs of funds, which depend also on the minimum lending rate (MLR) and prime rate (PR), the calculation of the monthly rate has to take account of a number of other factors:

- Lending is unsecured and without guarantee.
- Free credit can be enjoyed for a certain number of days depending on the date that goods are purchased.
- There are no mandatory repayment requirements other than a small minimum monthly repayment.
- Credit is of the form of a revolving facility and is taken to a preset limit at the discretion of the cardholder.

- The convenience and service to holders extends beyond just the provision of credit facilities.

However the concept of the annual percentage rate can give rise to misunderstandings. Only in the case of cash advances is the annual percentage rate the effective rate of interest, interest being charged at the equivalent daily rate from the date of purchase.

2.2 Travel and Entertainment (T&E) Cards

These cards are not real credit cards since they only offer credit for the brief period between purchase and billing. Once billed, the cardholder is expected to settle in full. If full settlement is not made on time, resulting in an overdue account, a penalty is normally imposed. However, no interest is charged – instead a joining or annual fee is levied.

2.3 In-Store Cards

These cards are issued to customers by a retailer or company and in general can only be used in that retailer's outlets or for purchasing the company's products. Different types of in-store credit cards are available – the common ones are as follows:

- Budget: regular monthly payments are required and the cost of the good purchased is spread over a certain period.
- Option: payment can either be made in full or is at the cardholder's discretion. However the latter option is subject to a minimum repayment and interest is charged.

- Monthly: here there is monthly settlement with no extended credit.

Payment in full is required every month. This differs from the budget card, where outstanding credit can be given up to a multiple of monthly payments, for example, 30 monthly payments.

The purpose of retail company credit cards differs from that of bank and T & E cards. Garages, oil companies and department stores use cards principally as marketing tools, designed to solidify consumer loyalty and increase sales (Meidan, 1996).

3. Variants of the basic credit card product

There are a number of variants of the basic credit card product. The Gold Credit Card is targeted at the higher income groups and is offered as a competing product to the charge cards, in that it has larger lines of credit than the basic credit card. Usually requiring a higher annual fee, the gold cards also offer better insurance and cardholder support than the standard credit card. Another variant is the Affinity Credit Card, offered to members/supporters of various charities, clubs and causes, as a credit card which will carry the name of their affinity group as well as that of the card issuer and by the use of which, affinity credit card holders can donate some of their spending power to their chosen affinity group. A variant of affinity cards are those issued by banks on behalf of non-bank organizations who wish to enter the credit card market and these are sometimes called co-branded cards (Ennew, Watkins and Wright, 1995).

4. Overview of credit card in Thailand

Firstly, the Diners Club Co., Ltd. introduced credit cards in Thailand in 1969. Later, Thai Farmer Bank and Srinakorn Bank introduced a multi-purpose credit card

in 1972. These cards could not become very popular, as Thai society prefers to make cash transactions for purchasing goods and services. After this, some service banks started operating and they introduced some attractive credit cards. The credit card became acceptable with expansion and growth of the economy (Surachet, 2000).

As a result of the economic crisis that began in 1997, the number of credit card holders has dropped from two million to around 1.6 million. Credit card growth was further hampered when the central bank, in a bid to curb excessive public spending, pushed up the minimum monthly income ceiling from 10,000 to 20,000 baht. Commercial banks have seen almost zero growth in the number of credit card holders in the past few years because there are not that many people who earn more than 20,000 baht a month in Thailand.

Commercial banks braced for a new round of offensive maneuvering in the credit card market as the Bank of Thailand (BOT) officially lowered its minimum income requirement for credit card applicants from 20,000 to 15,000 baht per month. They welcome the BOT's move and expect to see an upward trend of credit card applications in the whole system. This new ruling will also benefit those who have had to turn to high-interest credit sources because they do not qualify for credit cards from commercial banks (Business Day, 2000). From the statistics of BOT, the number of credit card holders in the first quarter of year 2001 is 1,892,963. An increase in the number of credit card holders is good for the overall economy as domestic spending is spurred by stronger purchasing power.

There are four types of the credit card in Thailand as follows:

1. Local Credit Cards

Several local banks either independently or in collaboration with other banks have issued many credit cards that can be used locally or/and internationally. For example, Bangkok Bank Credit Card is issued by Bangkok Bank.

2. International Credit Cards

The cardholders can use this card throughout the world. It includes Diners Card, which is issued by Diner Club (Thailand) Public Company; and American Express Card, which is issued by American Express (Thai) Company Limited.

3. International Corporate Credit Cards

This card is issued jointly by the commercial banks of international financial institutions. Visa international, MasterCard international, and Japan Credit Berea (JCB) have joined each other for issuing “International Corporate Credit Card.” The main purpose of issuing this card is to provide more facilities to the cardholders in domestic as well as international market.

4. Affinity Card or Co-branded Card

The affinity card is issued in two forms as follows:

4.1 Local Corporate Credit Card

This credit card is issued to famous hotels and department stores in cooperation with banks and financial institutions. The cardholders receive a variety of services, such as – getting required goods and general service without immediately paying any cash. The 6 banks are involved in issuing this card including Bangkok Bank, Thai Farmers Bank, Krung Thai Bank, The Siam Commercial Bank, Standard Chartered Nakornthon Bank, and Bank of Ayudhya.

4.2 International Corporate Credit Card

Commercial Banks join financial institutes such as Visa International and Master International for issuing International Corporate Credit Card. This card can be used in both local and international market. There are 14 banks involved in issuing this card including all Thai commercial banks and foreign branches listed in Table 1.1 and 1.2.

5. Bank Credit Card Issuer in Thailand

According to Statistics from BOT, the number of banks in Thailand is 25, out of which consists of:

- 13 are Thai commercial banks and
- 12 are foreign branches.

However, 14 banks are credit card issuers and only 9 banks offer loyalty program membership to credit cardholders.

Table 1.2: Credit Card information categorized by banks --Thai Commercial Banks

No.	Bank	Types of Credit Card	Rewards Program	Name of Rewards Program
1.	Bangkok Bank Public Co., Ltd.	Local, Visa, MasterCard, AMEX and Co-branded card	No	-
2.	Thai Farmers Bank Public Co., Ltd.	Local, Visa, MasterCard and Co-branded Cards	No	-
3.	Krung Thai Bank Public Co., Ltd.	Local, Visa, MasterCard and Affinity Cards	Yes	Krung Thai Rewards
4.	DBS Thai Danu Bank Public Co., Ltd.	MasterCard	No	-
5.	The Thai Military Bank Public Co., Ltd.	Visa, MasterCard	Yes	TMB Rewards
6.	The Siam Commercial Bank Public Co., Ltd.	Visa, MasterCard, JCB and Affinity Cards	Yes	SCB Rewards
7.	Standard Chartered Nakornthon Bank Public Co., Ltd.	Visa, MasterCard and Co-branded Cards	Yes	Standard Point
8.	Bank of Asia Public Co., Ltd.	Visa	Yes	ASIA Rewards
9.	Bank of Ayudhya Public Co., Ltd.	Visa, MasterCard and Co-branded Cards	Yes	Krungsri Bonus Point
10.	UOB Radhanasin Bank Public Co., Ltd.	Visa	Yes	UOBR Rewards Program
11.	Siam City Bank Public Co., Ltd.	Visa	No	-
12.	Bangkok Metropolitan Bank Public Co., Ltd.	Visa, MasterCard	No	-

Source: Survey date gathered in July 2001

Table 1.3:Credit Card information categorized by name of issuers -- Foreign Branches

No.	Bank	Types of Credit Card	Rewards Program	Name of Rewards Program
1.	Citibank, N.A.	Visa, MasterCard,	Yes	Citibank Rewards
2.	The Hong Kong and Shanghai Banking Corp., Ltd.	Visa	Yes	HSBC Rewards

Source: Survey data gathered in July 2001

6. Goals of Loyalty Rewards Program

Generally, the goal of these programs is to establish a higher level of customer retention in profitable segments by providing increased satisfaction and value to certain customers. For example, many supermarket preferred shopper programs are targeted toward heavy users. The managerial justification for these programs is that increased customer satisfaction and loyalty have positive influence on long-term financial performance (Anderson, Fornell, and Lehmann 1994; Reichheld and Sasser 1990). According to Hawkins et al. (2001), the objective of these programs is to increase the satisfaction, commitment, and retention of key customers.

Managers typically believe that it is desirable and expected for a properly executed loyalty rewards program to increase usage of the company's product or service offering (O'Brien and Jones 1995). To determine the long-term efficacy of a loyalty reward program, a company must quantify the program's influence on future purchase behavior (e.g., usage levels). Furthermore, it must verify that the positive financial outcomes of the rewards program exceed the investment made in the program.

As loyal customers are potentially more profitable to business and highlight the increasing strategic and operational importance of loyalty programs across all credit card issuers. Each program designs to motivate the customer to spend more in one

card and less in others. The psychology of such programs is that customers spend more because they feel they are getting something back by earning points. (Harrison, 2000)

7. Importance of customer retention in credit card industry

Recently, credit card issuers have stated to focus more of their attention on their existing customers. The costs of retaining customers have been found to be cheaper than the costs of acquiring customers. Furthermore, rather than attempting to acquire new customers, it became apparent that the range of financial services offered by the majority of large credit card issuers fitted the broad needs of customers over their lifetimes and should, therefore, be targeted at them.

Focusing on existing customers is important. If credit card issuers know how much it really costs to lose a customer, they would be able to make accurate evaluations of investments designed to retain customers. Unfortunately, today’s accounting systems do not capture the value to a loyal customer. Most systems focus on current period costs and revenues and ignore expected cash flows over a customer’s lifetime. Served correctly, customers generate increasingly more profits each year they stay with a company. Across a wide range of businesses, the pattern is the same: the longer a company keeps a customer, the more money it stands to make.

Table 1.4: How Much Profit a Customer Generates over Time (in term of US\$)

Type of business	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Credit Card	-51	30	42	44	49	55
Industrial Laundry	-	144	166	192	222	256
Industrial Distribution	-	45	99	121	144	168
Auto Servicing	-	25	35	70	88	88

Source: Reichheld F. and Sasser W., “Zero Defections: Quality Comes to Services”, 1990.

From table 1.4, at first, companies have to spend an average of \$51 to recruit a customer and set up the new account. After being the newly acquired customers, they use the card slowly at first and generate a base profit at \$30. But if the customers stay a second year, the economics greatly improve to be \$42. As they become accustomed to using the credit card and are satisfied with the service it provides, customers use it more and balances grow. In the second year – and the years thereafter – they purchase even more which turns profits up sharply. In addition, the credit card company can boost profits 75% by reducing defection by 5%.

1.2 Statement of the Problem

Companies that offer loyalty reward programs believe that their programs have a long-run positive effect on customer evaluations and behavior. However, if loyalty rewards programs increase relationship durations and usage levels, customers will be increasingly exposed to the complete spectrum of service experiences, including experiences that may cause customers to switch to another service provider. The researcher investigates *the conditions in term of service experiences under which a loyalty rewards program will have a positive effect on customer evaluations, behavior, and repeat purchase intentions.*

1.3 Research Objectives

The objectives of this thesis are:

1. To identify the relationship between repatronage intention and subsequent repatronage decisions.
2. To study the influence of loyalty reward program and service experiences on repatronage decision of credit cardholders.
3. To study differences in repatronage decision between members of loyalty program and nonmembers.

1.4 Research Scope & Limitation

This thesis concentrates on bank credit cards under BOT regulation. The research is delimited to study the existing credit card holders of both Thai commercial banks and foreign branches excluding non-bank credit card in Thailand.

1.5 Significance

The research can benefit for credit card issuers (banks) and for further academic investigations. The results of the research differentiate the repatronage decision in term of service experiences between members of loyalty program and nonmembers. Banks can use the information in order to decide whether loyalty programs are more profitable than other retention strategies. By determining the effect of service experiences of billing aspects, product benefits, overall quality and overall price on repatronage decision can help banks for improving the quality of service. Moreover, this study can help banks in formulating strategies on how to develop loyalty program in order to maximize customer retention.

For academic purposes, the theoretical framework and methodology may be applied to other research relating to repatronage decision of products or services.

1.6 Glossary

- *Affinity card* – a credit card affiliated with an organization, such as a charity or alumni association, that receives a percentage of all transactions charged to each account. (www.chrisandluke.com)
- *Annual fee* – yearly cost of owning a credit card. (www.chrisandluke.com)
- *Attitudes* – is an enduring organization of motivational, emotional, perceptual, and cognitive processes with respect to some aspect of our environment. (Hawkins et al., 2001)

- *Brand loyalty* – customer loyalty toward one brand, substitutes for which are not acceptable. (Kurtz and Clow, 1998).
- *Co-branded card* – also known as a rebate card, this credit card is affiliated with an organization, such as an airline or sports team. It allows the cardholders to accumulate points or rebates with every purchase. (www.chrisandluke.com)
- *Competitors* – other companies or people who have products which may attract consumers to buy their product rather than yours. This means that a bank not only has other credit card issuers as competitors such as non-bank organization (McMahon, 1986)
- *Credit card* – the availability of credit via the use of a card (McMahon, 1986)
- *Experience* – an interaction of the customer with any aspect of the organization in a “moment of truth”. (Crego and Schiffman, 1995)
- *Intention* – is a planned action within a specified time frame, which may or may not be thwarted by intervening variables such as inhibitors. (Block & Roering, 1979)
- *Issuer* – a bank or financial institution that issues credit cards or charge card. In this research, the credit card issuers are banks only. (www.chrisandluke.com)
- *Gold and Platinum Cards* – credit cards that offer higher credit limits and exclusive benefits. Issuers usually require cardholders to meet higher standards for income and credit history. (www.chrisandluke.com)
- *Loyalty* – is a physical and emotional commitment given by customers in exchange for their needs being met. (Griffin, 1997)
- *Postpurchase evaluation* – is the consumer’s evaluation or assessment of the purchase decision that was made. (Block & Roering, 1979).

- *Quality* – what the customer says it is. The whole bundle of tangibles and intangibles that a customer takes into account when evaluating an experience. (Crego and Schiffrin, 1995)
- *Regret* – is a negative, cognitively determined emotion that we experience when realizing or imaging that our present situation would have been better, had we acted differently. (Zeelenberg, 1996)
- *Satisfaction* – is an overall evaluation of performance based on all prior experiences with a firm. (Anderson and Fornell, 1994; Bitner and Hubbert, 1994)
- *Service encounter* – Actual interaction between the customer and the service provider. (Kurtz and Clow, 1998).



Chapter 2: Literature Review

This chapter presents a review of the literature and research related to the study. It is organized into three sections. Section one describes literature to support framework including 5 parts. Part one discusses consumer behavior of credit cardholders in Thailand. Part two explains the financial services decision-making. Part three shows loyalty and purchase cycle. Part four explains motives of retention/defection and part five explains a model of regret in consumer decision-making. Section two discusses about literature to support methodology and section three is empirical findings.



2.1 Literature to support framework

2.1.1 Consumer Behavior of Credit Cardholders in Thailand

Panurat (1997) studied the consumption behavior of credit card holders: a case study of private company employees and government officers in Bangkok Metropolis. The objective of this study is to analyze the changing consumption behavior of credit cardholders, especially in Bangkok Metropolis. Factors determining patterns of their consumption expenditure are also explored. Credit cardholders in the study were divided into 2 groups: private company employees and government officers. Samples of 150 cardholders from each group were chosen for the study. The result of this study shows that both sample groups have increased their consumption expenditure and most of them spend more on clothing. The most important factor determining consumption behavior of these cardholders is their income. Between 2 groups of credit cardholders, private company employees tend to spend more than government officers.

Piyachat (1999) studied an analysis of the spending behavior of credit card holders: a comparative study between private employees and government official. The main objectives of this study are to compare the expenditure behavior of the holders through credit card between government official and private employees. From the findings, the total expenditure ratio showed that both government official and private employees have the most food expenditure ratio. But government officials have more food expenditure ratio than private employees do and when analyzed expenditure ratio through credit card, it's same as total expenditure ratio. From final analysis, private employees have higher income level than government official because their income pattern of them is a relative income. So their consumption varies with the highest income they earned. On the other hand, the income pattern of government official is a permanent income for the average income

of their lives. From the result above it can conclude that the credit card holders who are government official and private employees are different in their spending behavior.

Aphiradee (1996) studied the influences of marketing communication on credit card brand selection among new generation in Bangkok Metropolis. The objective of this research was to identify: 1. Marketing communication factors on credit card selection of new generation in Bangkok. 2. The correlation between marketing communication mix factors, and 3. The exposure of marketing information and new generation's credit card-selecting behaviors. From the findings, the researcher found that individual factors do not correlate with types of credit card selection, however, social factors, which are father and friends, have the influences on holder's opinions for selection. In addition, father is the only factor, which has the influence on type of credit card selection. "Product" is the only variable of marketing communication mix factor, which has correlation with type of credit card selection. Exposure of interpersonal communication which are friends and credit card officer and marketing media which are direct mail, billboard and bus shelter advertisement has significant correlation with type of credit card selection. The four variables of marketing communication mix factor which are firstly owner's photograph on credit card, the second is supplementary card, the third is advertisement on magazines/journals and the last one is holder's leadership image can consequently explain the selecting behaviors of credit card holders.

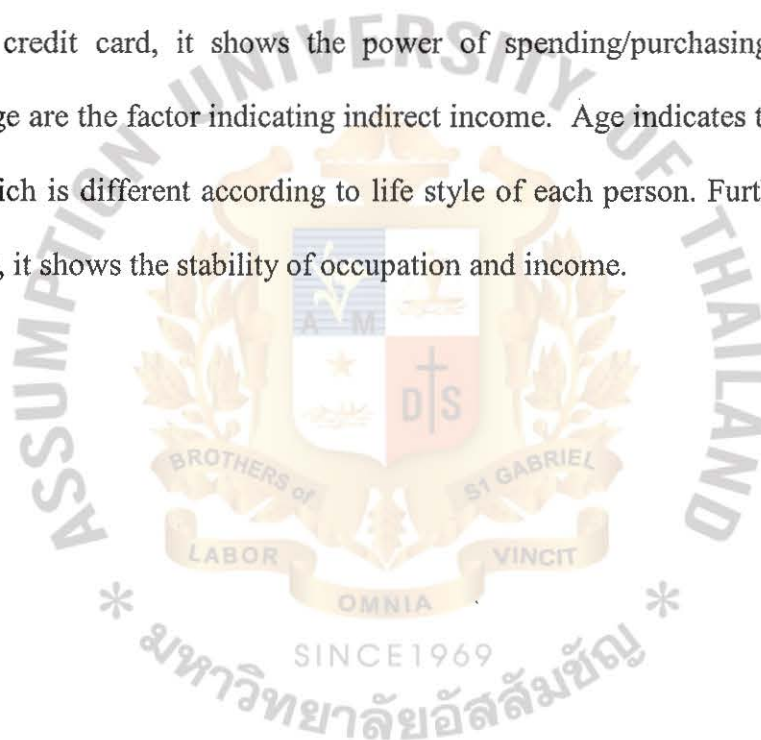
Inthira (1987) studied the system of electronic payment in form of credit card. The researcher used the questionnaire to study the behavior of credit cardholders and retail outlets. The credit cardholders used services beyond primary services such as deposit, withdraw, checking outstanding balance and transfer. New technology

provides convenient to customer for paying goods and services by using credit card. However, using others payment methods did not decrease such as cheques. The usage of cheques in January 1988 increased by 0.16 million baht from January 1987. Nevertheless, electronic and computer payment make fixed expenses higher by depreciation of electronic equipment. Banks generate income by charging initial fees, discount from retail outlets and installation of terminal machine.

Thitipong (1991) studies the impact of having credit card toward consumption behavior. From the findings, the highest chance of using credit card is payment in buying goods and services for 64.4%. The highest luxury of using credit card is payment in entertainment for 34.6%. It makes consumption behavior higher even unchanged (constant) income. Banks generate income by charging fees and interest. Many commercial banks compete to provide services such as accident insurance, new technology and less condition or negotiable rule. For retail outlets, they can sell more because the consumer makes decision easily and they are not responsible for doubtful account. On the other hand, retail outlets may suffer from fake card, paying fees to banks and joining promotion with banks. The higher consumption makes demand and price of goods and services higher. The price is higher. The inflation happens or it stimulates investment and employment. Then, income will be higher so consumption will be higher. The economy will grow up.

Kittipan (1995) studied the factors influencing the holding and usage of credit card. In this study, the researcher used primary source by distributing the questionnaires. The variables are gender, age, occupation, marital status, income, education level and the number of credit card, which are the basic factor when banks consider issuing the credit card. From findings, the factors influencing the holding of credit card are occupation, age, marital status, income and the number of credit card.

Occupation influences reputation, membership fees of card, and safety and convenience to carry. Age influences advantage of card. Marital status and income influence reputation of card. In addition, the factors influencing the usage of credit card are occupation, age, income and the number of credit card. Occupation influences convenience to pay and card accepted by many places. Age influences convenience to pay fast and getting advantage from promotion. Income influences convenience to pay, card accepted by many places and large amount of spending. The number of credit card influences convenience to pay. As income is the first factor in selecting/holding credit card, it shows the power of spending/purchasing power. Occupation and age are the factor indicating indirect income. Age indicates the usage of credit card, which is different according to life style of each person. Furthermore, when age is larger, it shows the stability of occupation and income.



2.1.2 Financial Services Decision-Making

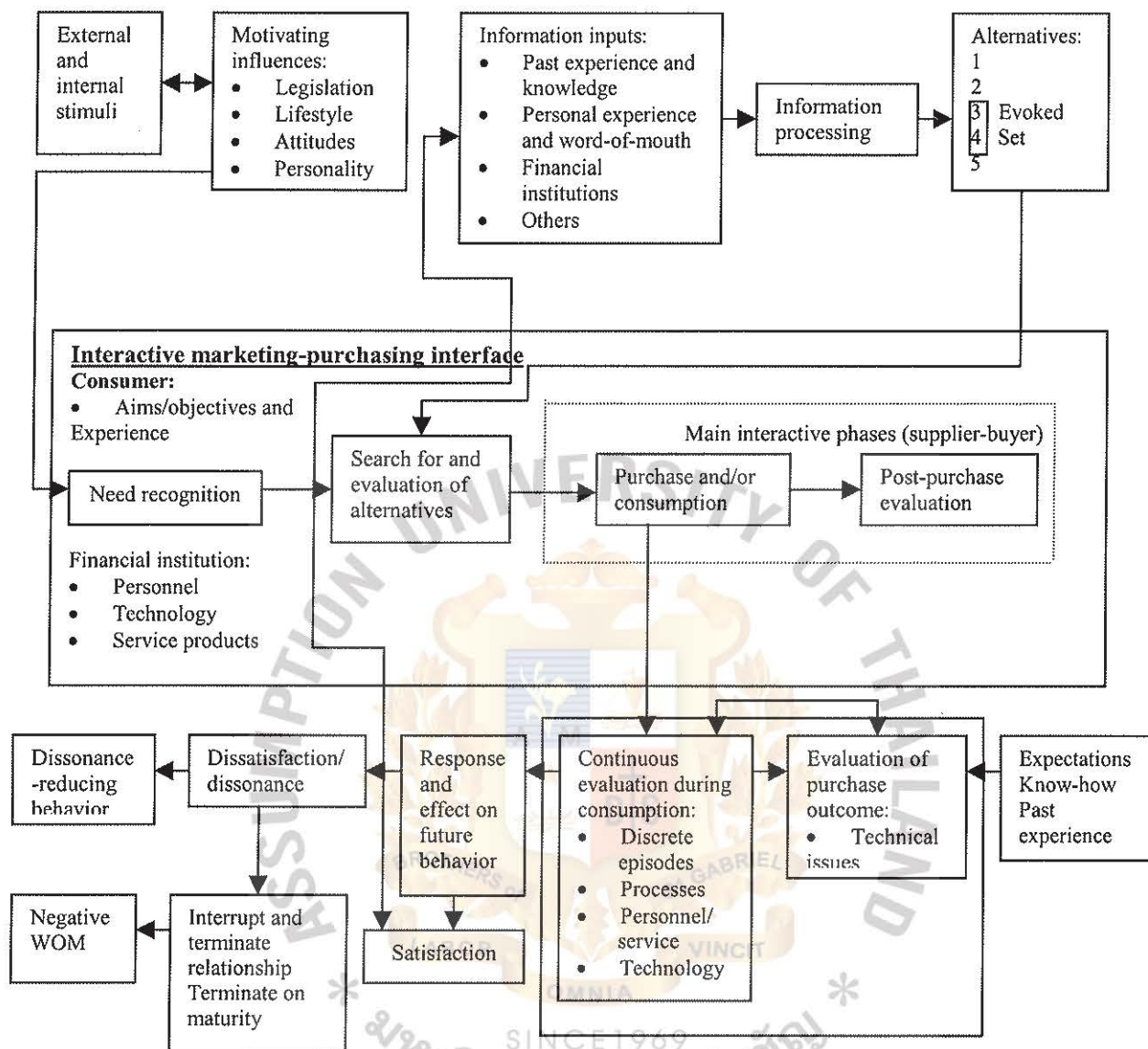


Figure 2.1: A conceptual model of the financial services purchases decision process

Source: Harrison T., "Financial Service Marketing", (2000), p. 64

Figure 2.1 illustrates a conceptual model of the financial services purchases decision process. It aims to describe the process consumers go through in the purchase or take-up of a new product or contract with a financial institution. It focuses mainly on situations where the ultimate decision to take or reject the product rests with the consumer.

A simplified version of the model is used which breaks the process down into three stages:

1. Pre-purchase information search

An aroused consumer will be inclined to search for more information. The relative amount and influence of these information sources vary with the product category and the buyer's characteristics Kotler (2000). Consumers can gather information from a variety of sources. For example, they can engage in pre-purchase trial of the product, they can observe the product's characteristics and qualities; they can rely on the experience of others who have already used the product. Thus, pre-purchase information can be broadly categorized as being from an internal or an external source. Internal sources of information have been referred to as "memory scanning" (Bettman, 1979). When faced with a new purchase decision it is argued that consumers first examine their memory for information on the product in question. Such information may constitute an attitude about the product or knowledge of the product formulated through past experience.

Where internal information is not available or is insufficient, the consumer may be motivated to search externally for information. External sources of information can be either personal in nature (such as a recommendation from friends or relatives and positive, or negative, word-of-mouth) or non-personal (such as marketer generated advertising, or non-marketing-generated publicity). The extent of external search, which the consumer engages in, is argued to be dependent on a number of factors. These include previous experience of the product category, the complexity of the product and the degree of uncertainty felt by the consumer. Since product complexity and buyer uncertainty are almost certain to exist in the case of many

financial services purchases, the need for external sources of information would seem to be important in reducing the risk associated with the purchase.

However, while both personal and non-personal sources of information can be used quite successfully in the marketing of a broad range of physical goods, there can be difficulties in communicating experience qualities through conventional forms of promotion. As a consequence of this, it has been argued that internal sources of information and external sources of a personal nature are the most appropriate in situations where experience qualities dominate and when objective standards which to evaluate the product decrease (Murray, 1991; Robertson, 1971). The importance of word-of-mouth communication in the consumer decision process in financial services has been noted by File and Prince (1992). In these situations, information is based on the second-hand experience of others who are trusted as a credible source of information.

In considering the role of external sources of information, Murray (1991) argues that it is not enough to simply analyze the absolute number of source, but is more productive to assess the effectiveness of the source of information. This is particularly relevant to financial services where high-credence qualities dominate which often make it difficult for consumers to judge for themselves the likely outcome of the decision.

As a result of lack of pre-purchase information for many financial services, one might argue that the whole pre-purchase stage in the consumer decision process is of less importance to consumers compared with the post-purchase stage with particular regard to the evaluation of products and providers. According to Zeithaml (1981) services are generally in contrast with the learning-response model and the low-involvement model (Ray, 1973) on this point. Where these models generally assert

that consumers seek information and evaluate products prior to purchase, services buyer behavior fits more closely with the dissonance response (reducing) model where most evaluation occurs after purchase. This takes the following route:

1. the consumer selects the service from a set of virtually indistinguishable alternative;
2. through experience of the service an attitude is developed towards the service and the service provider as to how they both perform;
3. later the consumer learns more about the service by paying attention to message which support the consumer's choice.

Consumers of services are, therefore, argued to engage more in post-purchase than pre-purchase evaluation. This notion would also seem to sit well with financial services where consumers have an extended relationship with the financial services provider after the initial contact and purchase of the product. It is this extended relationship and the series of discrete contacts which take place within it which provide the opportunities for continued evaluation of both the product and the financial institution. Thus, evaluation is likely to occur at each subsequent point of contact with the institution providing the consumer with important information in determining whether to continue or terminate the relationship.

2. Evaluation of alternatives

According to Russ and Kirkpatrick (1982), the purpose of evaluation is to identify the one best combination of product features to satisfy buyer's needs. Buyers often eliminate some products or brands from consideration, then seriously study the plus and the minus points of each goal-object remaining on their list of possibilities. The evaluation ends when they select the one product to buy.

According to Harrison (2000), in traditional consumer behavior models the process of information search leads to the comparison between alternative products and suppliers. From the information gathered it is argued that the consumer develops an “evoked set”, a small number of products and/or suppliers from which the final choice will be made. Thus, the decision is assumed to be based on a rational and informed choice. Block and Roering (1979) defined evoked set as the range of brands of some product group assembled by the consumer that can feasibly be looked upon as a true alternative.

In services, the difficulty of obtaining pre-purchase information is likely to result in a smaller evoked set than for physical goods. With regard to financial services, the evoked set may consist of only one financial institution, particularly if the information gathered was from personal sources. In addition to this, there are a number of other reasons why the evoked set may be smaller. Many physical goods can be displayed in retail outlets or in catalogues for consumers to see and compare. In fact, a retailer of physical goods will normally stock and display a number of different products in the same product category from different manufacturers, enabling easier alternative evaluation for consumers, all under the same roof.

Although a number of the high-street banks have attempted to adopt many of the mainstream retail concepts, it is nonetheless very difficult to display financial products and their features for consumers to compare. Despite recent attempts at branch refurbishments and the attention to atmospherics, it is debatable whether financial institutions can ever hope to achieve the same sort of ‘shopping environment’ as many other high street retailers. In addition to this, the majority of financial institutions offer only one ‘brand’. Fully independent institutions can offer a much wider range of products to their customers, yet all the main clearing banks and

the vast majority of building societies have tied status; thus their product portfolios consist of a limited range of brands. The move to tied status by the main financial institutions has only served to increase concentration at the retail level and limit consumer choice.

Another factor affecting the size of the evoked set is that there are still consumers who perceive certain types of financial institution for certain types of products. For example, many still perceive that building societies are largely for mortgages and banks are for loans and current accounts, thus limiting their possibilities. Furthermore, the process of applying for many financial products (for example, loans and mortgages) can be quite lengthy, requiring considerable time commitment from the consumer. The relief of discovering that one's application for a loan has been accepted may be enough simply to make the consumer sign the contract without fully comparing the alternatives. Thus, in such situations it may be that consumers satisfy by selecting the first acceptable alternative rather than optimize by considering all the available alternatives.

In situations where products are compared, evaluations of product quality occur on the basis of product attributes. With physical good there are normally many cues that can be used to judge the quality of the product. For services the cues are generally more limited. Since services are largely intangible, peripheral cues are often used to make an assumption about the level of service quality. Generally consumers are looking for cues, which will give an indication of the likelihood that the financial institution will honor its promises. The physical facilities housing the service can be particularly useful in providing an indication of the professionalism of the organization, as too can the size, reputation and history of the company. The

customer contact staff are also important in enabling the consumer to establish a level of trust in the organization.

Following the hard disclosure ruling on commission charges, the price of financial products is becoming increasingly transparent to consumers, thus providing them with another attribute on which to base purchase decisions. It is, therefore, not surprising that a number of life assurance companies were so opposed to the move towards hard disclosure claiming that other important factors, such as the fund's performance, were far more important attributes. Fund performance is, however, far less easy to evaluate, particularly prior to purchase.

Another important factor is the issue of branding and brand loyalty. As a result of limited pre-purchase information available on financial services and the greater risk associated with the purchase, it might be expected that brand loyalty be prominent among financial services consumers. Bauer (1967) states that brand loyalty is a 'means of economizing decision effort by substituting habit for repeated, deliberate decisions' which basically reduces the risks associated with the purchase. The degree of commitment to a brand depends on the costs of switching (often perceived to be high among financial services consumers, but really depends on the product), the availability of substitutes, the perceived risk associated with the purchase and the degree of satisfaction obtained in the past from the same supplier.

As mentioned earlier, what was previously believed to be loyalty among financial services consumers has in fact turned out to be a level of inertia towards the financial provider. Thus, it would seem that the 'brand' has contributed little in the past to the retention of financial services consumers. Long-standing customers may just be the result of the need for repeat patronage. For example, in the case of many

regular premium investment products it may not be in the customer's interests to switch financial service provider.

3. Post-purchase evaluation

The post-purchase evaluation stage is necessary to consumers as means of building experience and knowledge. Consumers evaluate products on the basis of whether they have fulfilled predetermined needs or met expectations. This in itself may pose some problems with financial services since there may not have been a perceived need to begin with buy simply a legal obligation to buy, as in the case of car insurance for example. It is questionable, then, to what extent this builds in unavoidable dissatisfaction. Alternatively, the 'need' for the financial product may have been generated from a financial advisor. Thus, the consumer may find it difficult to evaluate the product in the absence of any of their own predetermined needs or specifications. Furthermore, as many financial products are high in credence qualities, it might be argued that for many consumers it is simply impossible to fully evaluate the quality of the product outcome.

For many financial services the process of evaluating is more complex because the consumer is evaluating the product before it has actually been consumed. For example, when a consumer begins an investment plan, they cannot really evaluate the quality of the outcome until its maturity. They may, however, be forced to make some evaluation of the decision made.

The problem also comes when consumers do not have the knowledge or the experience to evaluate what they have received. Maybe their expectations of what they wanted from the financial institution are not clear. It may be difficult for the consumer to evaluate whether the investment product has performed optimally so they make their evaluation on other attributes that are discernible to them. It is argued that

the delivery mechanism of the service (including the physical process of delivery, any systems involved and personnel) becomes one of the key attributes against which it is evaluated. This holds true for financial services. Customers are more likely to focus on the 'functional quality' of the product; for example such factors associated with the delivery of financial services are; the willingness of counter and telephone staff, the knowledge and courtesy of staff, the empathy of staff towards the customer's needs and any signs, symbols and artefacts of service delivery.

When consumers are disappointed with their purchase they may attribute their dissatisfaction to a number of different sources. In the case of physical goods dissatisfaction is likely to be attributed to the product, the company or the service, for example. With services, because the consumer participates in the service process more they may feel more responsible for any dissatisfaction caused in the purchase of services compared with physical goods. Thus, the way in which the consumer participates in the production of the service can influence the consumer's evaluation of the service received. With regard to financial advice, the success of the outcome depends to a large extent on the information provided by the consumer and how the consumer expresses their needs. If the consumer cannot or does not clearly articulate or communicate their requirements they may, if they become disappointed with the outcome, attribute part of the blame to themselves as well as to the advisor for giving the wrong advice. Thus, the quality of financial advice received does depend on the consumer's input. It is argued that as a result of the attribution of dissatisfaction, consumers are more likely to complain less. However, the complaints about financial institutions continue to rise (Harrison, 2000).

2.1.3 Loyalty and the Purchase Cycle

Griffin (1997) developed the purchase cycle as illustrated:

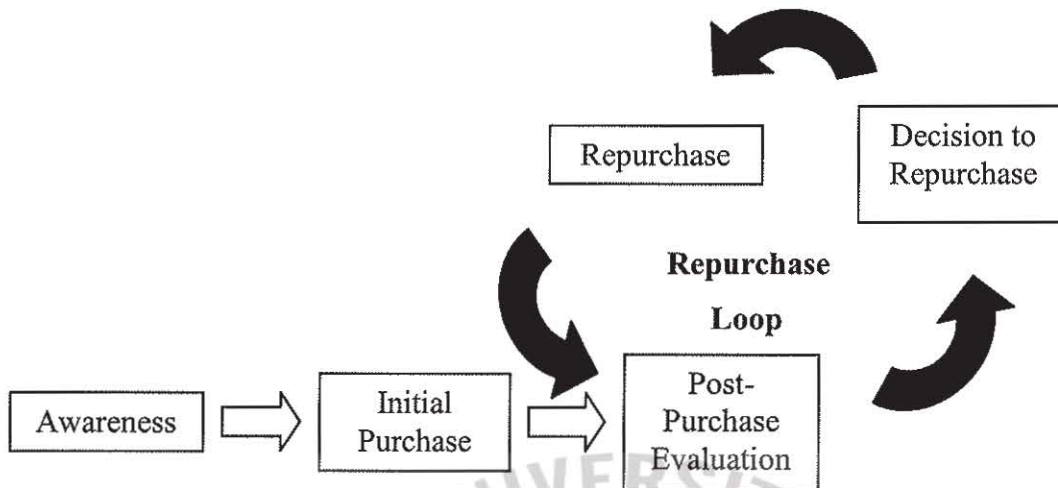


Figure 2.2: The Purchase Cycle

From figure 2.2, each time a customer buys, he or she progresses through a buying cycle. A first-time buyer goes through five steps: First, a customer becomes aware of a product and, second, makes an initial purchase. Next, the buyer moves through two attitude formation phases—one called “postpurchase evaluation” and the other termed “decision step, repurchase, ultimately follows. The sequence of repurchase, postpurchase evaluation, and decision to repurchase forms a repurchase loop that is repeated a few times or hundreds of times during a customer’s relationship with a company and its products and services.

There are 5 steps in the purchase cycle:

Step 1: Awareness

The first step toward loyalty begins with the customer’s becoming aware of the product. It is at this stage that the company begins to establish the all-important “share of mind” required to move the product or service ahead of the competitor’s in the minds of prospective customers. Awareness can come about in a variety of ways: advertising, direct mail, trade press, word-of-mouth communication, and marketing activities such as in-store displays. At the awareness stage, a potential customer

knows that the company exists, but there is little bond between the company and the customer. At this point, another company's advertising or marketing ploy can steal the customer away before the company even gets started.

Step 2: Initial Purchase

The first-time purchase is a crucial step in the ability to nurture loyalty. The first purchase is a trial purchase, and the company can impress the customer positively or negatively with the product, the employees, the service, and even the physical surroundings. Once this first purchase is made, the company then has the opportunity to truly begin nurturing a loyal customer.

Step 3: Post Purchase Evaluation

After the purchase is made, the customer consciously or subconsciously evaluates the transaction. If he or she is satisfied or at least is not dissatisfied enough to consider switching to a competitor, Step 4—decision to repurchase—is a possibility. Most customers rate themselves as at least “satisfied” with the product they are using. But satisfaction alone does not give a company a strategic advantage.

Step 4: Decision to repurchase

The commitment to repurchase is the most crucial attitude for loyalty—even more essential than satisfaction. Without repeat patronage, loyalty does not exist. The motivation to repurchase comes from a favorable attitude toward potential alternatives. Decision to repurchase is often a natural next step when a customer feels a strong emotional bond with the product. Not every company offers a product that creates an emotional bond. Another powerful way to gain a customer's decisions to repurchase is to establish the idea in the customer's mind that switching to a competitor will cost the customer – in term of time, money, or performance.

Step 5: Repurchase

The final step in the cycle is the actual repurchase. In order to be considered a genuinely loyal customer, the customer must buy again and again from the same business, repeat Step 3 through 5 (the repurchase loop) many times. Barriers to switching can support customer repurchase. The truly loyal customer will reject the competition and repurchase from the same company whenever an item is needed. This is the kind of customer that businesses need to court, serve, and nurture



2.1.4 Motives for retention/defection

Having understood what retention and defection are, it is important that financial institutions understand motives for retention and defection. In understanding why customers stay with the organization, or why they leave, financial institutions can learn how to increase retention and decrease defection.

Motives for staying or leaving can be either positive or negative. For example, a positive reason for remaining a customer of a financial institution would be because of rewards achieved. For example, tiered interest rates on savings accounts are designed to reward customers for saving more. Other rewards might include the giving of discounts on the purchase of additional products – some insurance companies give customers a discount on their insurance premiums if they purchase both their buildings and contents insurance from them.

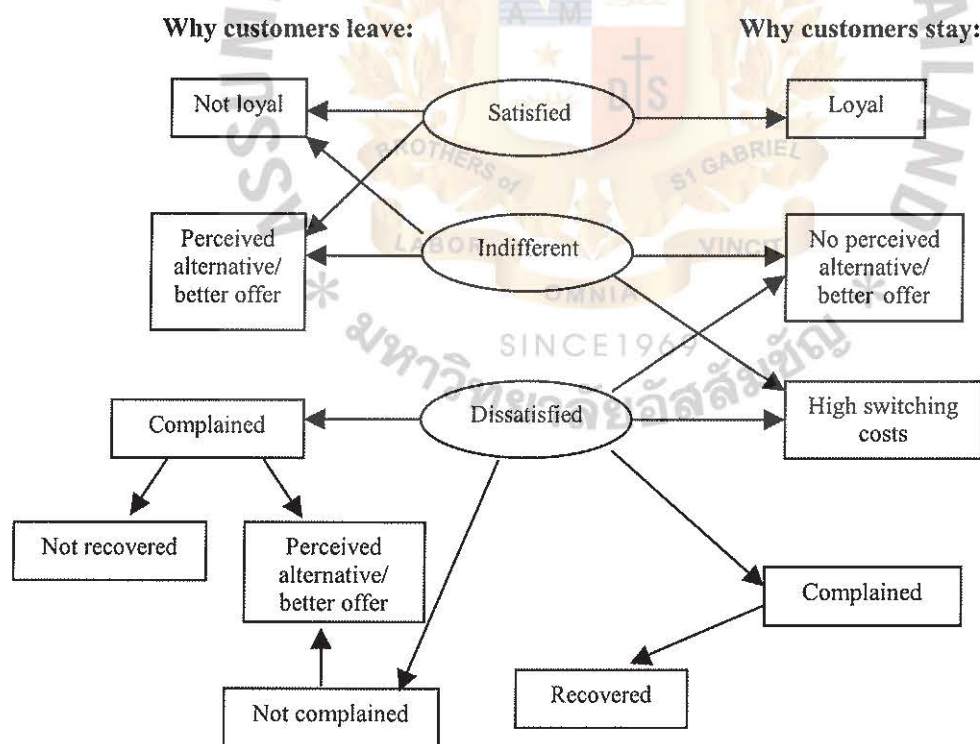
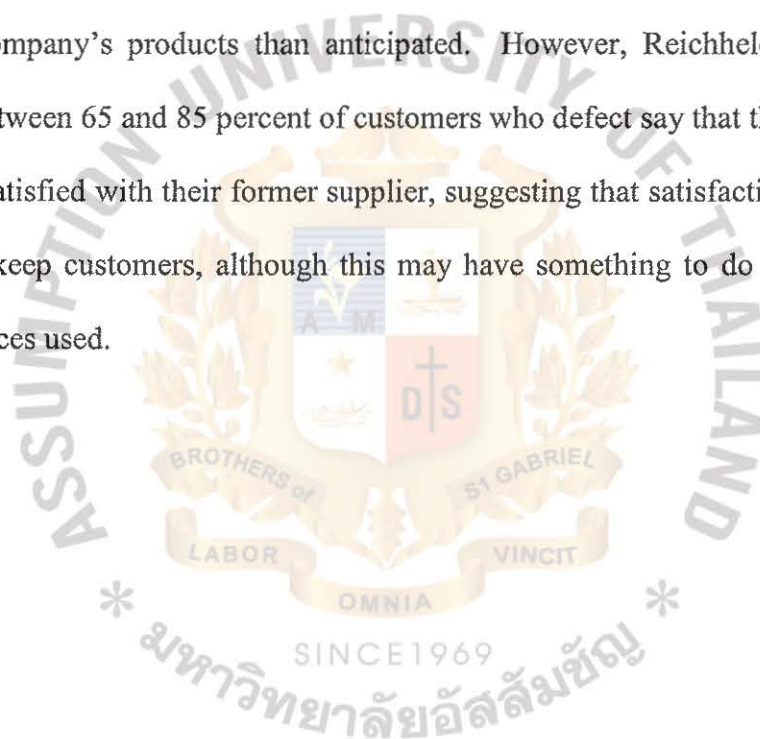


Figure 2.3: Comparison of retention and defection motives
Sources: Harrison T., “Financial Services Marketing”, 2000.

Figure 2.3 illustrates some of the reasons why people remain with a financial institution or why they switch. Retention and defection are behavioral responses to an

emotional state. However, customers can be in one of many emotional states. For example, they do not need to be dissatisfied to leave, neither does satisfaction guarantee that they will stay. Conventional wisdom suggests that the link between customer satisfaction and retention, in markets where customers have choices, is a simple linear relationship: as satisfaction goes up, so too does retention. However, Jones and Sasser (1995) discovered in a survey of five different markets, that the relationship was neither linear nor simple. They showed that completely satisfied customers, compared with merely satisfied customers, were far more likely to repurchase the company's products than anticipated. However, Reichheld (1993) discovered that between 65 and 85 percent of customers who defect say that they were satisfied or very satisfied with their former supplier, suggesting that satisfaction alone is not enough to keep customers, although this may have something to do with the measurement devices used.



2.1.5 Regret

Triros and Mittal (2000) developed a model of regret in consumer decision making as illustrated:

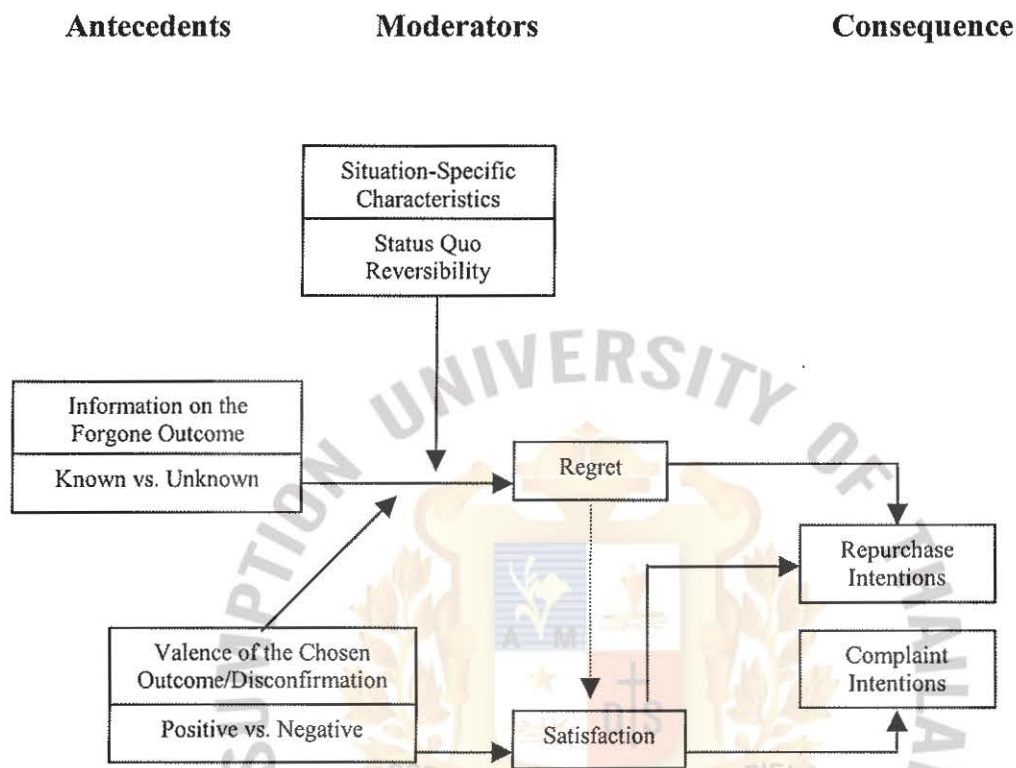


Figure 2.4: A Model of Regret in Consumer Decision Making

Source: Triros, Michael., and Mittal, Vikas. (2000), "Regret: A Model of Its Antecedents and Consequences in Consumer Decision Making," *Journal of Consumer Research*, 26 (March), p. 401-417.

1. Antecedents of Regret

With regret being influenced by the comparison between what is and what could have been, it seems that knowledge of what could have been must be available for regret to be experienced. However, knowledge of the forgone outcome may or may not be always available. In particular, knowledge of the forgone outcome may range from complete to no knowledge. Although the consumer may have examined several things, he will have a personal experience only with the thing that was eventually purchased.

2. Moderators of Regret

It is argued here that even when the forgone outcome is not known to the decision maker, he or she may still experience regret. This is possible through the generation of counterfactuals or mental simulations of what might have been. The motivation and ability to generate counterfactuals will be influenced by the amount of risk and personal responsibility involved in the decision. There are several variables that may influence the motivation to generate counterfactuals. For instance, when no information on the forgone outcome is available situation-specific characteristics may influence the motivation to generate mental simulations to supplement or even construct reality. Three situation-specific characteristics that may influence the motivation or ability to generate counterfactuals are status quo, irreversibility of outcome, and valence of the outcome.

2.1 Status Quo

Past literature shows that decision involving a switch away from the status quo leading to a particular outcome tend to elicit stronger cognitive and emotional responses than decisions involving staying with the status quo leading to an identical outcome (Kahneman 1995; Kahneman and Tversky 1982; Landman 1987).

2.2 Irreversibility of the Outcome

The level of regret may also be influenced by the irreversibility of the outcome such that outcomes that appear to be irreversible may generate more regret than reversible outcomes (Engle, Blackwell, and Miniard 1995; Landman 1993). For instance, if a purchased product fails to perform at a certain level, consumers may experience a lower level of regret about the decision to purchase that product if it carries an unconditional guarantee than if no guarantee is offered.

2.3 Valence of the Outcome

Both performance and disconfirmation of expectations influence satisfaction (Anderson and Sullivan 1993; Yi 1990). The level of satisfaction, in turn, influences repurchase intentions (Newman and Werbel 1973) and complaint behavior (Bearden and Teel 1983). It is argued here that during postchoice valuation, negative outcomes stimulate more counterfactual thinking than positive outcomes.

3. Consequences of Regret

Research in the customer-satisfaction literature shows that there is a positive relationship between satisfaction and repurchase intentions (Oliver 1980) and a negative relationship between satisfaction and complaint intentions (Newman and Werbel 1973; Richins 1983).

Regret may influence behavioral intentions such that they may not solely be determined by satisfaction (Thibaut and Kelley 1959). Outcomes may be evaluated not only according to whether they meet a predetermined level of expectation but also relative to alternatives available in the marketplace, and such evaluations are likely to influence repurchase intentions. If the forgone alternative outperforms the chosen alternative, the consumer may very well intend to switch to the forgone alternative at the next purchase occasion, even if he or she is highly satisfied with the chosen alternative. Thus, both satisfaction and regret are likely to directly influence repurchase intention.

2.2 Literature to support methodology

Bolton, Kannan and Bramlett (2000) studied the implication of loyalty program membership and service experiences for customer retention and value. In this research, the researchers used descriptive statistics to show the mean score of all variables in the repatronage behavior model. The researchers employed logistic

regression analysis to determine variables explaining customer retention and t-test to test differences in repatronage decision between member and nonmember of loyalty program. The researchers also used tobit regression analysis to determine usage behavior which is measured by the number of transactions. An effective sample size in estimating the model is 257.

Keaveney (1995) used an exploratory research to develop a model of customer switching behavior in service industries. The researcher began by collecting “grounded events,” or actual incidents that caused customers to switch services. The incidents were then analyzed to reveal broader patterns. The critical incident technique (CIT) has been applied to the study of customer. Sample size was collected and analyzed in two phases. First, a “classification sample” of 300 responses was collected. Later, two “confirmation samples” totaling 226 additional responses were collected, for a total of 526 responses.

Aungkana (2001) used independent sample t-test to compare means on variables including perception toward characteristics of Internet banking service and personal characteristics between two independent groups – intending adopters and non-intending adopters. Logistic regression analysis is employed to find explanatory variables of adoption intention. The researcher subjectively determines sample size as 400 samples.

2.4 Empirical Findings

Bolton, Kannan and Bramlett (2000) found that repatronage intention is positively related to the probability of retention. An increase of 1 point on the index of repatronage intentions yields a probability of retention 1.644 times higher, indicating that the influence of prior repatronage intention is quite strong. Being a member of the loyalty program does not directly affect the chances of account

retention. Statistical tests showed that no effect of product benefits and decreasing comparability of alternative on account retention.

While the impact of gain on the billing aspects and overall quality on repatronage was insignificant, the impact of a loss on these dimensions on repatronage was significantly negative as hypothesized. Gain in terms of the rating of price has significant positive impact on repatronage, while loss on the overall price rating has no significant impact on repatronage decision.

Both in the case of billing aspects and overall quality the impact of losses was larger in magnitude as compared with the impact of gain. However, the overall price rating dimension, the magnitude of the impact of gain on repatronage is larger than the magnitude of the impact of loss on repatronage.

Keaveney (1995) critical-incident study of customer switching behavior in service industries found that customers switch service providers for many reasons, including pricing, inconvenience, core service failures, failed service encounters, response to failed service encounters, competition, and ethical problems.

Aungkana (2001) found that intending adopters perceive the online service to have higher relative advantage and social value. There is no evidence to say that the interested-to-adopt is younger and earns a higher income than the other group. From the binary logistic regression analysis, six variables are together found as predictors of adoption intention. They are opinion leaders in term of technological matter, relative advantage from timesaving, complexity, trialability, compatibility (selfuse) and electronic banking usage in terms of telephone banking usage.

Chapter 3: Research Methodology

This chapter includes 4 sections. Section one discusses the diagram of framework of the study. Section two explains the definition of variables. Section three explains all hypothesis statements that will be tested in this study. Section four explains expected outcome of this study.

3.1 Diagram of framework

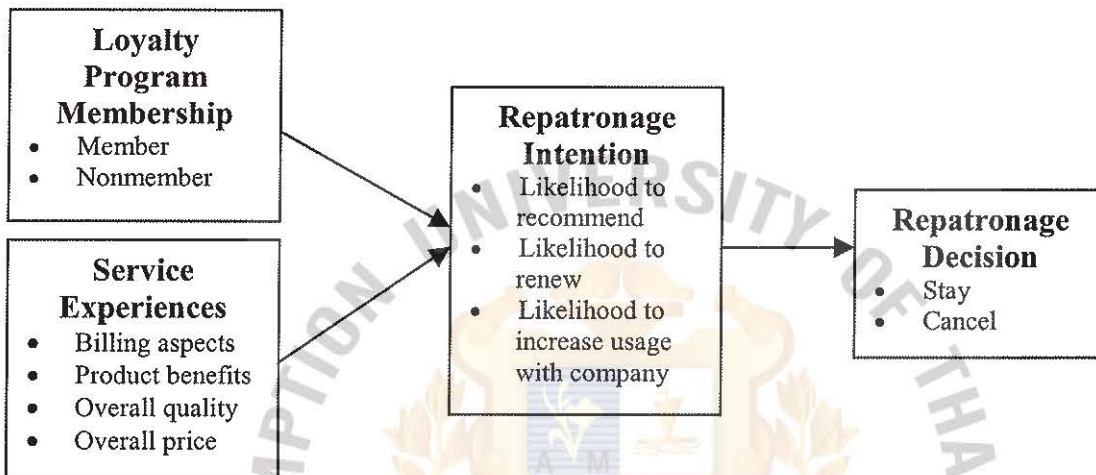


Figure 3.1: Diagram of framework

3.2 Definition of the variables

Repatronage Decision is the decision of whether or not to repurchase.

- *Stay decision* is when the subscriber retained the credit card membership.
- *Cancel* is when the subscriber canceled the credit card membership.

Repatronage Intention is intention of the customer toward the company.

- *Likelihood to recommend* refers to the probability or chance that the subscriber intends to recommend to the existing company.
- *Likelihood to renew* refers to the probability or chance that the subscriber intends to renew credit card with the existing company.
- *Likelihood to increase usage* refers to the probability or chance that the subscriber intends to increase usage with the existing company.

Service experiences are an interaction of customer with any aspect of the organization (service provider) in a “moment of truth”. This study includes both experiences with the existing credit card issuer and competitors on the following four dimensions of service experience:

- *billing aspects* refers to the monthly billing statement sent by the credit card issuer to the customer.
- *product benefits* refers to benefits that the customer gets from the use of credit card.
- *overall quality* refers to meeting customer expectations or providing customer with what and when he/she wants.
- *overall price* refers to amount of money that paid for product/services such as joining or/and annual fees; interest on outstanding loan balances; and other service fees.

Loyalty Rewards Program Membership is a rewards-for-usage program. Loyalty rewards program members accumulate points with each dollar transacted that are redeemable for a wide variety of goods and services such as air certificates, car rental, vacation options and retail gifts. (Bolton, Kannan and Bramlett, 2000) Loyalty is a variable indicating whether or not the customer is a member of the loyalty program.

- *Member* is the customer that is organized into a membership group or club.
- *Nonmember* is the customer that does not belong to the membership group.

3.3 Hypothesis

Hypothesis statements are conjectural statements of the relationship between two or more variables that carry clear implication for testing the stated relations (Davis and Cosenza, 1993).

Based on the above conceptual framework of hypothesis testing model, the hypothesis statement is set forth as follows:

H1o: Customers' repatronage intentions have a positive effect on their subsequent repatronage decisions.

H2o: Members of loyalty programs weigh repatronage intentions more heavily than nonmembers in making repatronage decisions.

H3o: When customers' assessments of current experiences are less satisfactory than competitors' service level, the perceived discrepancy (the coefficient of NegComp) will have a negative effect on their repatronage decisions, whereas when customers' assessments of experiences are more satisfactory than competitors' service levels, the perceived discrepancy (the coefficient of PosComp) will have positive effect on their repatronage decision.

H4o: Members of loyalty programs will weigh comparisons with competitors less heavily than nonmembers in making repatronage decision.

H5o: The magnitude of the effect of customers' comparison of their satisfaction with their current provider versus their competing provider on their repatronage decisions will be larger when the discrepancy is negative, rather than positive.

3.4 Expected outcome

The researcher expects that repatronage intention have a positive effect on their subsequent repatronage decision. Member of loyalty program will weigh repatronage intentions more heavily than nonmembers in making repatronage decision. Customer's evaluation of the four dimensions of service experiences relative to competitors has a significant impact on the probability of repatronage. Members of Loyalty Programs will weigh comparisons with competitors less heavily than nonmembers in making repatronage decision. The magnitude of the impact of losses (discrepancy is negative) will be larger as compared with the impact of gains (discrepancy is positive).



Chapter 4: Research Methodology

The purpose of this chapter is to provide an overview of methodology that will be used in this research. Section one identifies the sources of data. Section two explains the methods of collecting the data and determines the sample size. Data measurement is explained in section three. Section four explains data analysis.

4.1 Data Source

4.1.1 Target Population

The target population of this study consists of male and female who have been using bank credit card from the past year (2000).

4.1.2 Sampling Unit and Population Element

Sampling unit and population element of this study is the same since the target population is individual. They are people who have been using bank credit card from the past year (2000).

Extent: Bangkok

Time: Nov 2001

4.1.3 Non-Probability Sampling

For this study, the researcher uses the non-probability sampling because the probability of selecting population element is unknown (Cooper and Schindler, 1998). Non-Probability sample is a sample that relies on personal judgment somewhere in the element selection process and therefore prohibits estimating the probability that any population element will be included in the sample (Churchill, 1979). In this study, quota sampling is selected. Quota sampling is a nonprobability sampling procedure that ensures, that certain characteristics of a population sample will be represented to the exact extent that the investigator desires (Zikmund, 2000). And, quota sampling also refers to classify population by pertinent properties; determine desired proportion

of sample from each class; fix quota for each observer (Davis, 1996). Therefore, the populations of respondents in this study were assigned into two groups. The proportion of population for each group is as follows:

Loyalty Program Membership	Respondents
Member	150
Nonmember	150
Total	300

4.2 Data Collection

This research has relied on the primary and secondary data. Primary data include information collected from the field through questionnaires distributed to customer who have credit card. The standard questionnaires are prepared in English and being translated into Thai to be easily understandable by the respondents. Secondary data include progress reports, books, journals, previous research and web sites of banks and other related information from the newspaper.

4.2.1 Technique

In this study, the researcher uses survey research to be a tool for gathering the information. Survey is a research technique in which information is gathered from a sample of people by using a questionnaire; a method of data collection based on communication with a representative sample of individuals. In addition, surveys can provide a quick, inexpensive, efficient and accurate means of assessing information about a population (Zikmund, 1994).

Tull and Hawkins’s (1987) defined survey research as “the systematic gathering of information from respondents for the purposes of understanding and/of predicting some aspect of the behavior of the population of interest”. Such information may be factual or opinion based and the researcher’s ability of secure it

will depend heavily upon both the structure and the sequence in which he puts questions to the respondents.

4.2.2 Methods

For this study, self-administered survey method will be used in collecting data. This method uses a questionnaire, which is filled by the respondent rather than an interviewer. For the self-administered questionnaire they rely on the efficiency of the written word rather than that of the interviewer. There are some advantages of the self-administered survey such as low cost, increase response rate by giving incentive, etc (Cooper and Schildler, 1998). In this study, the researcher will scan respondents by asking question whether they have ever used credit card or not.

4.2.3 Determining sample size

In marketing research studies, typical ranges of sample sizes are used as shown in table 4.1. These numbers have been on experience and can serve as rough guidelines, particularly when non-probability sampling used (Malhotra, 2000).

Table 4.1: Sample Sizes Used in Marketing Research Studies

Type of Study	Minimum Size	Typical Range
Problem identification research (e.g. market potential	500	1,000-2,500
Problem solving research (e.g. pricing)	200	300-500
Product tests	200	300-500
Test marketing studies	200	300-500

Source: Adapted from Marketing Research: An Applied Orientation, third edition, by Naresh K. Malhotra Copyright @ 2000 by Prentice Hall.

The researcher subjectively determined sample sizes as 300 samples. This figure is also appropriate for the time and budget affordable for this study.

4.2.4 Pre-testing

Pre-testing of this research is done with the data collecting tool in order to test the reliability of the questionnaire by distributing copies of the questionnaire to the randomly selected respondents who have credit card. The researcher conducted a pretest with 20 respondents considered as target population. Mistakes were corrected and adjusted in terms of sequencing, wording and structuring: so that communication between the researcher and the respondents were not biased.

4.2.5 Test of Reliability

The researcher pre-tested the reliability of the data before stepping into the process of data analysis. The term reliability is a generic term used to describe the degree of error associated with a measure. The technique used to the test was the Cronbach's Alpha Estimate. This technique tells us how highly accurate are the items in the questionnaire and their interrelationship. The Alpha Estimate was done by using the help of SPSS. The result of reliability test of index scale is shown in Table 4.2. Findings showed that the questionnaire was reliable.

Table 4.2: Test of Reliability

	Reliability
Repatronage Intention	Reliability Coefficients 3 items Alpha = .6328 Standardized item alpha = .6315
Satisfaction with billing aspects at the existing credit card issuer	Reliability Coefficients 2 items Alpha = .6551 Standardized item alpha = .6866
Satisfaction with product benefits at the existing credit card issuer	Reliability Coefficients 4items Alpha = .7447 Standardized item alpha = .7572
Satisfaction with billing aspects at other credit card issuers	Reliability Coefficients 2items Alpha = .6170 Standardized item alpha = .6185
Satisfaction with product benefits at other credit card issuers	Reliability Coefficients 4items Alpha = .8334 Standardized item alpha = .8356

4.3 Data Measurement

4.3.1 Operationalization of variable

Table 4.3: Operationalization of variable

Concept	Concept Definition	Operational Components	Level of measurement
Repatronage Decision	The decision of whether or not to repurchase	<ul style="list-style-type: none"> • Stay • Cancel 	Nominal
Repatronage intention	Intention of customer toward the company	<ul style="list-style-type: none"> • Likelihood to recommend • Likelihood to renew • Likelihood to increase usage with company 	Interval
Experience	an interaction of the customer with any aspect of the organization in a “moment of truth”	<ul style="list-style-type: none"> • Experience of billing aspects, product benefits, overall quality and overall price with the existing company • Experience of billing aspects, product benefits, overall quality and overall price with competitors 	Interval
Loyalty Program Membership	is a rewards-for-usage program. Loyalty rewards program members accumulate points with each dollar transacted that are redeemable for a wide variety of goods and services such as air certificates, car rental, vacation options and retail gifts. (Bolton, Kannan and Bramlett, 2000)	<ul style="list-style-type: none"> • Member • Nonmember 	Nominal

4.3.2 Questionnaire

Table 4.4: Measurement of Each Variable

Variable	Sub-Variable	Scale	Question No.
1. Repatronage Decision		Dichotomous	Q.1
2. Repatronage Intention	• Likelihood to recommend	5-point Likert	Q.3
	• Likelihood to renew	5-point Likert	Q.4
	• Likelihood to increase usage	5-point Likert	Q.5
3.Experience with the existing company	• Billing aspects	5-point Likert	Q.6 - Q.7
	• Product benefits	5-point Likert	Q.8 – Q.9
	• Overall quality	5-point Likert	Q.10
	• Overall price	5-point Likert	Q.11
3.Experience with competitors	• Billing aspects	5-point Likert	Q.12 – Q.13
	• Product benefits	5-point Likert	Q.14 – Q.15
	• Overall quality	5-point Likert	Q. 16
	• Overall price	5-point Likert	Q. 17
4. Loyalty Program Membership		Dichotomous	Q. 2

4.4 Data Analysis

After the data have been collected, the researcher will use software of the Statistical Package for the Social Sciences (SPSS), which is a widely used data analysis program to analyze the data. The form of data interpretation from these procedures will be presented in easily interpretable formats. All the statistical procedures are performed by computer software package to ensure accuracy and to minimize costs.

4.4.1 Statistics used for data analysis

1. Descriptive Statistics:

Frequency and Percentage will measure all investigated variable. For variables, which use Ratio Scale or Interval Scale, basic mathematics, which are Arithmetic Mean, Mode, Standard Deviation, Maximum and Minimum Values will be applied.

2. Inferential Statistics:

Inferential Statistics will be used in Hypothesis Testing. The methods to be applied are Logistic Regression Analysis.

2.1 Logistic Regression

Binary logistic regression is applied in all hypotheses. Binary logistic regression is one of multivariate techniques used for analyzing relationships when more than two variables are involved. This technique is useful for situation in which one want to be able to predict the presence or absence of a characteristic or outcome based on values of a set of predictor variables (Norusis, 1999).

The logistic regression equation can be presented as follows:

$$\text{Prob (event)} = \frac{1}{1 + e^{-Z}} \quad (\text{equation 1})$$

where Z is the linear combination

$$Z = B_0 + B_1X_1 + B_2X_2 + \dots + B_pX_p$$

The logistic model can be written in terms of odds of an event occurring. The odds of an event occurring are defined as the ratio of the probability that it will occur to the probability that it will not.

$$\frac{\text{Prob (event)}}{\text{Prob (no event)}} = e^{B_0 + B_1X_1 + B_2X_2 + \dots + B_pX_p} \quad (\text{equation 2})$$

$$\text{Log} \left[\frac{\text{Prob (event)}}{\text{Prob (no event)}} \right] = B_0 + B_1X_1 + B_2X_2 + \dots + B_pX_p \quad (\text{equation 3})$$

Table 4.5: Statistics Measurement of Each Hypothesis

Hypothesis	Statistics
H1o: Customers’ repatronage intentions have a positive effect on their subsequent repatronage decisions.	Logistic Regression
H2o: Members of loyalty programs weigh repatronage intentions more heavily than nonmembers in making repatronage decisions.	Logistic Regression
H3o: When customers’ assessments of current experiences are less satisfactory than competitors’ service level, the perceived discrepancy will have a negative effect on their repatronage decisions, whereas when customers’ assessments of experiences are more satisfactory than competitors’ service levels, the perceived discrepancy will have positive effect on their repatronage decision.	Logistic Regression
H4o: Members of loyalty programs will weigh comparisons with competitors less heavily than nonmembers in making repatronage decision.	Logistic Regression
H5o: The magnitude of the effect of customers’ comparison of their satisfaction with their current provider versus their competing provider on their repatronage decisions will be larger when the discrepancy is negative, rather than positive.	Logistic Regression

4.4.2 Decision rule for interpretation

In logistic regression, estimated coefficient (B), standard error of B, Wald statistics, significance and odd ratio (exp (B)) are calculated. Classification table, Nagelkerke R^2 and Model Chi-square are used to assess the goodness of fit of the model.

The equation of the model is:

$$\begin{aligned} \text{Decision} = & a_A \text{ Intent} + e_A \text{ Loyal} + a_L \text{ Loyal} \\ & * \text{Intent} + b_A \text{ PosComp}_i + c_A \text{ NegComp}_i \\ & + b_L \text{ Loyal} * \text{PosComp}_i + c_L \text{ Loyal} * \text{NegComp}_i \end{aligned} \quad (1)$$

Where

Intent = a variable representing repatronage intentions;

Loyal = an indicator variable that takes on the value 1 if the customer is a loyalty program member, 0 otherwise; and

If $(\text{OwnSat}_i - \text{CompSat}_i) > 0$, then;

$$\text{PosComp}_i = (\text{OwnSat}_i - \text{CompSat}_i);$$

$$\text{And NegComp}_i = 0$$

If $(\text{OwnSat}_i - \text{CompSat}_i) < 0$, then;

$$\text{NegComp}_i = (\text{CompSat}_i - \text{OwnSat}_i);$$

$$\text{And PosComp}_i = 0$$

Where

OwnSat = satisfaction of the current service provider

CompSat = satisfaction of the competing provider

From equation (1), is distinguishes between the effects of perceived service experiences on all customers (denoted by the subscript A) and the effects on members of the loyalty program (denoted by the subscript L). It includes separate terms for

positive and negative effects of comparisons with competitors to allow for asymmetrical effects on repatronage behavior. The four dimensions of the service experience: the billing process, product benefits, overall quality, and price are denoted by the subscript i .

The decision rule for all hypotheses is Accept H_0 , when

- $a_A > 0$ for Hypothesis 1
- $a_L > 0$ for Hypothesis 2
- $b_A > 0$ and $c_A < 0$ for Hypothesis 3
- $b_L < 0$, $c_L > 0$ for Hypothesis 4
- $|c_A| > |b_A|$ and $|c_A + c_L| > |b_A + b_L|$ for Hypothesis 5

4.4.3 Diagnosis of statistic methods

In logistic regression, there are comparable diagnostics that should be used to look for problems. However, in logistic regression, the evaluation of diagnostics is more complicated than in linear regression. The diagnostics should be calculated for each covariate pattern (combination of values of the independent variables). Unless there are adequate numbers of cases with the same covariate patterns, the diagnostic statistics may be difficult to interpret. Additionally, the interpretation of some of the diagnostic statistics depends on the values of the estimated probabilities (Norusis, 1999).

Chapter 5: Data Analysis

This chapter deals with analysis of collected data. Analysis is the application of logic to understand and interpret the data that have been collected about the subject. Descriptive analysis and hypothesis testing are two statistical techniques used in the analysis as they are best fit for providing optimal results that can meet the research problems and objectives.

5.1 Descriptive Analysis

Descriptive analysis is used to describe the profile of the sample as it refers to the transformation of the raw data into a form that will make them easy to understand and interpret (Zikmund, 2000). The data in this section will be presented in form of frequency distribution and percentage distribution.

In this section, it composed of three separated parts as followings:

- Respondent Personal Characteristics (i.e. gender, age range, education, occupation and average monthly income)
- Summary Descriptive Statistics for variables in the model
- Summary Descriptive Statistics by Loyalty Program Membership

5.1.1 Respondent Personal Characteristics

Table 5.1: Gender of Respondents

Gender	Frequency	Percent
Male	125	41.7
Female	175	58.3
Total	300	100.0

Table 5.1 shows gender of respondents in this research. Male represents 41.7% of respondents, whereas, female respondents account for 58.3%.

Table 5.2: Age Range of Respondents

Age	Frequency	Percent
20-29	160	53.3
30-39	121	40.3
40-49	19	6.3
Total	300	100.0

Table 5.2 provides data on age. The majority of respondents are aged between 20-29 or 53.3%. Whereas, the percentage of respondents aged between 30-39 and 40-49 are 40.3% and 6.3% respectively.

Table 5.3: Education of Respondents

Education level	Frequency	Percent
Under Bachelor degree	8	2.7
Bachelor degree	196	65.3
Higher than bachelor degree	96	32
Total	300	100.0

Table 5.3 illustrates 65.3% of respondents hold Bachelor Degree. While, 32% of them have higher than Bachelor Degree. The rest of respondents hold below bachelor degree, which account for 2.7%.

Table 5.4: Average Monthly Income of Respondents (in Baht)

Income	Frequency	Percent
Less than 15,000	34	11.3
15,000 – 25,000	91	30.3
25,001 – 35,000	67	22.3
35,001 – 45,000	56	18.7
More than 45,000	52	17.3
Total	300	100.0

Table 5.4 illustrates average monthly income of respondent who filled out the questionnaire. Most of respondents (30.3%) average monthly income lie between 15,000-25,000 followed by 25,001-35,000 and 35,001-45,000 counted for 22.3% and 18.7% respectively. 17.3% of respondents have monthly income more than 45,000. Respondents having average monthly income less than 15,000 account for 11.3%.

Table 5.5: Occupation of Respondents

Occupation level	Frequency	Percent
Student	39	13
Government officer	5	1.7
State enterprise	8	2.7
Business employees	229	76.3
Self-employed	19	6.3
Total	300	100.0

From table 5.5, the figures show 76.3% of respondents are business employees. Student and self-employed represent 13% and 6.3% of respondents respectively. Whereas, state enterprise and government officer are 2.7% and 1.7% of the respondents respectively.

5.1.2 Summary Descriptive Statistics for Variables in the Model

Table 5.6: Summary Descriptive Statistics for Variables in the Model

Variable	Mean	Standard Deviation
Gain, billing aspects	0.3667	.49636
Loss, billing aspects	0.0850	.24592
Gain, product benefits	0.3075	.42819
Loss, product benefits	0.1033	.23256
Gain, overall quality	0.3400	.53418
Loss, overall quality	0.1667	.43916
Gain, overall price	0.3367	.55770
Loss, overall price	0.3633	.70211
Member of loyalty program	1.5	.50100
Repatronage Intention	3.0056	.76405
Repatronage Decision	0.72	.44800

Table 5.6 shows summary descriptive statistics for variables in the model. It shows that the average value for the repatronage intentions index is 3.006, indicating a high average likelihood of overall repatronage intentions. The relative average sizes of the billing dimension gain and loss variables (0.367 and 0.85 respectively); and average levels of gain and loss variables in terms of product benefits are 0.308 and 0.103 respectively. For overall quality, the average ratings of gain and loss variables are 0.34 and 0.167 respectively. In addition, the gain and loss variables in price rating are 0.337 and 0.363 respectively. Table 5.6 also shows that 72 percent of the sample has retained their accounts.

From the table 5.6, it indicates that on average, more gain than loss is experienced by these customers in terms of aspects of account billing and payment. Likewise, in terms of the customers' product benefit and the rating for overall quality, average levels of gain exceed average loss, although by a greater margin for product

rating and by a lesser amount for overall quality. Customers are rating the company higher than the competitor on aspects of billing and payment, on aspects of the product, and on overall quality. However, this pattern is reversed for the customer's rating for the price that they pay on this product (credit card): on average, more loss than gain is indicated by these customers in this dimension.

5.1.3 Summary Descriptive Statistics by Loyalty Program Membership

Table 5.7: Summary Descriptive Statistics by Loyalty Program Membership

Variable	Not Loyalty Member	Loyalty Member
	M (SD)	M (SD)
Gain, billing aspects	0.3000 (0.445)	0.4333 (0.536)
Loss, billing aspects	0.1267 (0.296)	0.0433 (0.173)
Gain, product benefits	0.2900 (0.402)	0.3250 (0.453)
Loss, product benefits	0.1367 (0.262)	0.0700 (0.195)
Gain, overall quality	0.3067 (0.491)	0.3733 (0.574)
Loss, overall quality	0.1600 (0.419)	0.1733 (0.460)
Gain, overall price	0.3000 (0.488)	0.3733 (0.619)
Loss, overall price	0.3467 (0.675)	0.3800 (0.730)
Repatronage Intention	2.9311 (0.786)	3.0800 (0.736)
Repatronage Decision	0.6600 (0.475)	0.7867 (0.411)

Table 5.7 presents a comparison of many variables across the two segments to provide profile details. The mean score of gains on billing aspects, product benefits, overall quality and overall price of loyalty member are higher than not loyalty member is. The mean score of repatronage intention of loyalty member are higher than not loyalty member is. It also indicates that customers who are members of the loyalty program are less likely to cancel their accounts than are nonmembers. Whereas slightly more than 78.67% of the loyalty program members have retained their accounts, only 66% of the nonmembers have retained.

5.2 Test and Explanation of Hypothesis Result

In hypothesis testing, Logistic Regression is used for testing H1-H5 to find out explanatory variables of repatronage decision.

The following tables summarize all variables associated with the hypothesis based on enter method.

Table 5.8: Logistic Regression Analysis: Enter Method

Variable	Parameter Estimate (SE)	Odds Ratio
Intercept	-1.196 (0.757)	-
Repatronage intentions	0.604 (0.261)	1.829
Loyalty program member	1.774 (1.269)	5.894
Gain, billing aspects	0.078 (0.586)	1.081
Loss, billing aspects	-1.618 (0.837)	0.198
Gain, product benefits	1.922 (0.721)	6.834
Loss, product benefits	-1.326 (0.933)	0.266
Gain, overall quality	-0.783 (0.578)	0.457
Loss, overall quality	0.089 (0.621)	1.093
Gain, overall price	-0.208 (0.517)	0.812
Loss, overall price	1.328 (0.509)	3.774
Loyalty * Intent	-0.549 (0.423)	0.578
Loyalty * Gain, billing	-0.212 (0.818)	0.809
Loyalty * Loss, billing	2.067 (1.831)	7.900
Loyalty * Gain, product	0.772 (1.159)	2.164
Loyalty * Loss, product	3.584 (1.776)	36.007
Loyalty * Gain, quality	1.272 (0.858)	3.568
Loyalty * Loss, quality	1.020 (0.850)	2.774
Loyalty * Gain, price	-1.242 (0.697)	0.289
Loyalty * Loss, price	-0.829 (0.665)	0.437

The constant and all variables show in table 5.8 can be illustrated in equation

as followings:

$$\text{Log (odds)} = B_0 + B_1 X_1 + B_2 X_2 + \dots + B_p X_p \quad (\text{Equation 5.1})$$

$$\begin{aligned} \text{Log (odds)} = & -1.196 + 0.604 (\text{intent}) \quad (\text{Equation 5.2}) \\ & + 1.774 (\text{loyal}) - 0.549 (\text{loyint}) \\ & + 0.078 (\text{gainbill}) + 1.922 (\text{gainprod}) \\ & - 0.783 (\text{gainqua}) - 0.208 (\text{gainpri}) \\ & - 1.618 (\text{lossbill}) - 1.326 (\text{lossprod}) \\ & + 0.089 (\text{lossqua}) + 1.328 (\text{losspri}) \\ & - 0.212 (\text{loygbill}) + 0.772 (\text{loygprod}) \\ & + 1.272 (\text{loygqua}) - 1.242 (\text{loygpri}) \\ & + 2.067 (\text{loylbill}) + 3.584 (\text{loylprod}) \\ & + 1.020 (\text{loylqua}) - 0.829 (\text{loylpris}) \end{aligned}$$

where,

intent = repatronage intention

loyal = loyalty program membership

loyint = loyal * intent

gainbill = gain on billing

gainprod = gain on product benefits

gainqua = gain on overall quality

gainpri = gain on overall price

loygbill = loyalty * gain on billing

loygprod = loyalty * gain on product benefits

loygqua = loyalty * gain on overall quality

loygpri = loyalty * gain on overall price

lossbill = loss on billing

lossprod = loss on product benefits

lossqua = loss on overall quality

losspri = loss on overall price

loylbill = loyalty * loss on billing

loylprod = loyalty * loss on product benefits

loylqua = loyalty * loss on overall quality

loylpris = loyalty * loss on overall price

The logistic coefficient can be interpreted as the change in the log odds (the ratio of the probability that an event will occur to the probability that it will not) associated with a one-unit change in the independent variable. For example, from equation 5.2, the coefficient for repatronage intention is .604. It means that when repatronage intentions change by 1 unit on the scale and the value of the other independent variables remain the same, the log odds of repatronage decision increase by 0.604.

H1o: Customers' repatronage intentions have a positive effect on their subsequent repatronage decisions.

Result of hypothesis 1

From findings, it shows that $a_A = 0.604$, which is greater than 0. Therefore, the null hypothesis is to be accepted and the alternative hypothesis is to be rejected.

H2o: Members of loyalty programs weigh repatronage intentions more heavily than nonmembers in making repatronage decisions.

Result of hypothesis 2

From findings, it shows that $a_L = -0.549$, which is less than 0. Therefore, the null hypothesis is to be rejected and the alternative hypothesis is to be accepted.

H3o: When customers' assessments of current experiences are less satisfactory than competitors' service level, the perceived discrepancy will have a negative effect on their repatronage decisions, whereas when customers' assessments of experiences are more satisfactory than competitors' service levels, the perceived discrepancy will have positive effect on their repatronage decision.

Result of hypothesis 3

- Billing aspects

From the findings, it shows that $b_{A1} = 0.078$ and $c_{A1} = -1.618$. b_{A1} is greater than 0 and c_{A1} is less than 0. Therefore, the null hypothesis is to be accepted and the alternative hypothesis is to be rejected.

- Product benefits

From the findings, it shows that $b_{A2} = 1.922$ and $c_{A2} = -1.326$. b_{A2} is greater than 0 and c_{A2} are less than 0. Therefore, the null hypothesis is to be accepted and the alternative hypothesis is to be rejected.

- Overall quality

From the findings, it shows that $b_{A3} = -0.783$ and $c_{A3} = 0.089$. b_{A3} is less than 0 and c_{A3} are greater than 0. Therefore, the null hypothesis is to be rejected and the alternative hypothesis is to be accepted.

- Overall price

From the findings, it shows that $b_{A4} = -0.208$ and $c_{A4} = 1.328$. b_{A4} is less than 0 and c_{A4} are greater than 0. Therefore, the null hypothesis is to be rejected and the alternative hypothesis is to be accepted.

H4o: Members of loyalty programs will weigh comparisons with competitors less heavily than nonmembers in making repatronage decision.

Result of hypothesis 4

- Billing aspects

From the findings, it shows that $b_{L1} = -0.212$ and $c_{L1} = 2.067$. b_{L1} is less than 0 and c_{L1} is greater than 0. Therefore, the null hypothesis is to be accepted and the alternative hypothesis is to be rejected.

- Product benefits

From the findings, it shows that $b_{L2} = 0.772$ and $c_{L2} = 3.584$. b_{L2} and c_{L1} are both less than 0. Therefore, the null hypothesis is to be rejected and the alternative hypothesis is to be accepted.

- Overall quality

From the findings, it shows that $b_{L3} = 1.272$ and $c_{L3} = 1.020$. b_{L3} and c_{L3} are both greater than 0. Therefore, the null hypothesis is to be rejected and the alternative hypothesis is to be accepted.

- Overall price

From the findings, it shows that $b_{L4} = -1.242$ and $c_{L4} = -0.829$. b_{L4} and c_{L4} are both less than 0. Therefore, the null hypothesis is to be rejected and the alternative hypothesis is to be accepted.

H5o: The magnitude of the effect of customers' comparison of their satisfaction with their current provider versus their competing provider on their repatronage decisions will be larger when the discrepancy is negative, rather than positive.

Result of hypothesis 5

- Billing aspects

From the findings, the result is

$$|c_{A1} = -1.618| > |b_{A1} = 0.078| \text{ and } |c_{A1} + c_{L1} = 0.449| > |b_{A1} + b_{L1} = -0.134|$$

It shows that the absolute value of c_{A1} is 1.618, which is greater than the absolute value of b_{A1} (0.078); and the absolute value of c_{A1} plus c_{L1} is equal to 0.449, which is greater than the absolute value of b_{A1} plus b_{L1} (0.134). Therefore, the researcher accepts the null hypothesis.

- Product benefits

From the findings, the result is

$$|c_{A2} = -1.326| < |b_{A2} = 1.922| \text{ and } |c_{A2} + c_{L2} = 2.258| < |b_{A2} + b_{L2} = 2.694|$$

It shows that the absolute value of c_{A2} is 1.326, which is less than the absolute value of b_{A2} (1.922); and the absolute value of c_{A2} plus c_{L2} is equal to 2.258, which is less than the absolute value of b_{A2} plus b_{L2} (2.694). Therefore, the researcher rejects the null hypothesis.

- Overall quality

From the findings, the result is

$$|c_{A3} = 0.089| < |b_{A3} = -0.783| \text{ and } |c_{A3} + c_{L3} = 1.109| < |b_{A3} + b_{L3} = 1.803|$$

It shows that the absolute value of c_{A3} is 0.089, which is less than the absolute value of b_{A3} (0.783); and the absolute value of c_{A3} plus c_{L3} is equal to 1.109, which is less than the absolute value of b_{A3} plus b_{L3} (1.803). Therefore, the researcher rejects the null hypothesis.

- Overall price

From the findings, the result is

$$|c_{A4} = 1.328| > |b_{A4} = -0.208| \text{ and } |c_{A4} + c_{L4} = 0.499| < |b_{A4} + b_{L4} = -1.037|$$

It shows that the absolute value of c_{A4} is 1.328, which is less than the absolute value of b_{A4} (0.208); and the absolute value of c_{A4} plus c_{L4} is equal to 0.499, which is less than the absolute value of b_{A4} plus b_{L4} (1.037). Therefore, the researcher rejects the null hypothesis.

Table 5.9: Summary of Hypothesis Result

Hypothesis	Sub-variables	Decision Rule	Findings	Result
H1o: Customers' repatronage intentions have a positive effect on their subsequent repatronage decisions.	-	$a_A > 0$	$a_A = 0.604$	-Accept Ho
H2o: Members of loyalty programs weigh repatronage intentions more heavily than nonmembers in making repatronage decisions.	-	$a_L > 0$	$a_L = -0.549$	-Reject Ho
H3o: When customers' assessments of current experiences are less satisfactory than competitors' service level, the perceived discrepancy will have a negative effect on their repatronage decisions, whereas when customers' assessments of experiences are more satisfactory than competitors' service levels, the perceived discrepancy will have positive effect on their repatronage decision.	<ul style="list-style-type: none"> • Billing aspects • Product benefits • Overall quality • Overall price 	$b_{Ai} > 0$ and $c_{Ai} < 0$	<ul style="list-style-type: none"> - $b_{A1} = 0.078$ and $c_{A1} = -1.618$ - $b_{A2} = 1.922$ and $c_{A2} = -1.326$ - $b_{A3} = -0.783$ and $c_{A3} = 0.089$ - $b_{A4} = -0.208$ and $c_{A4} = 1.328$ 	<ul style="list-style-type: none"> -Accept Ho -Accept Ho -Reject Ho -Reject Ho
H4o: Members of loyalty programs will weigh comparisons with competitors less heavily than nonmembers in making repatronage decision.	<ul style="list-style-type: none"> • Billing aspects • Product benefits • Overall quality • Overall price 	$b_{Li} < 0$, $c_{Li} > 0$	<ul style="list-style-type: none"> - $b_{L1} = -0.212$, $c_{L1} = 2.067$ - $b_{L2} = 0.772$, $c_{L2} = 3.584$ - $b_{L3} = 1.272$, $c_{L3} = 1.020$ - $b_{L4} = -1.242$, $c_{L4} = -0.829$ 	<ul style="list-style-type: none"> -Accept Ho -Reject Ho -Reject Ho -Reject Ho
H5o: The magnitude of the effect of customers' comparison of their satisfaction with their current provider versus their competing provider on their repatronage decisions will be larger when the discrepancy is negative, rather than positive.	<ul style="list-style-type: none"> • Billing aspects • Product benefits • Overall quality • Overall price 	$ c_{Ai} > b_{Ai} $ and $ c_{Ai} + c_{Li} > b_{Ai} + b_{Li} $	<ul style="list-style-type: none"> $-1.618 > 0.078$ and $0.449 > -0.134$ $-1.326 < 1.922$ and $2.258 < 2.694$ $0.089 < -0.783$ and $1.109 < 1.803$ $1.328 > -0.208$ and $0.499 < -1.037$ 	<ul style="list-style-type: none"> -Accept Ho -Reject Ho -Reject Ho -Reject Ho

5.3 Goodness of Fit with All Variables

Model Chi-square, Nagelkerke R² and classification table are considered as the means to assess the goodness of fit (with all variables) of the model in logistics regression analysis.

Model Chi-square

The model chi-square is the difference between -2LL for the model with only a constant and -2LL for the current model. Model chi-square is comparable to the overall F test for regression as it tests the null hypothesis that the coefficients for all of the terms in the current model, except the constant, are 0 (Norusis, 1999). In statistical term, the null hypothesis is stated as:

Ho: $\beta_1 = \beta_2 = \beta_3 = \dots = \beta_p = 0$

Decision rule: At $\alpha = 0.05$, Sig. < 0.05, Reject Ho (Kanlaya, 2001)

Table 5.10: Test of Goodness of Fit – Model Chi-square

Model		
Chi-square	df	Sig.
79.882	19	.000

Decision: Reject Ho

As the null hypothesis is rejected, it determines one or more coefficients have a value different from 0. Hence, the model with these variables can explain repatronage decision better than the model with only constant.

Classification Table

Table 5.11: Classification Table for Repatronage Decision

Observed		Predicted		
		Repatronage Decision		% correct
		Yes	No	
Repatronage Decision	Yes	203	14	93.5
	No	44	39	47.0
Overall Percentage				80.7

a. The cut value is .500

From the above table 5.11, 203 credit cardholders are correctly predicted by the model that they will decide to renew the credit card. Similarly, 39 credit cardholders are correctly predicted by the model that they will not decide to renew the credit card. However, 58 credit cardholders are misclassified. Consequently, 93.5% of the respondents, who will decide to renew the credit card, are correctly classified; whereas, 47% of the respondents, who will not decide to renew the credit card, are correctly classified. The overall percentage of correct classification is counted for 80.7%.

Nagelkerke R²

Table 5.12 Model Summary: Nagelkerke R Square

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	273.985	.234	.338

Nagelkerke R² is statistics that attempt to quantify the proportion of explained “variation” in the logistic regression model (Norusis, 1999)

From the table 5.12, Nagelkerke R² is 0.338. This means about 34% of the “variation” in the outcome variable is explained by the logistic regression model. In other word, about 34% of variability in dependent variables (repatronage decision) is explained by the independent variables (intent, loyal, gainbill, lossbill, gainprod,

lossprod, gainqua, lossqua, gainpri, losspri, loyint, loygbill, loylbill, loygprod, loylprod, loygqua, loylqua, loygpric, loylpric).



Chapter 6: Conclusion and Recommendation

The results analyzed in the descriptive and hypothesis testing (Logistic Regression) are iterated and further discussed in this chapter. Based on these results and the objectives stated for this research, conclusions are drawn as well as recommendations are contributed for both academic and business implication. The outline of this chapter is presented as follow:

6.1 Conclusion

6.1.1 Characteristics of Respondents

6.1.2 Summary of Analysis and Hypothesis test

6.1.3 Conclusion for Research Objectives

6.2 Implications and Suggestions

6.3 Further Implications for Research



6.1 Conclusion

6.1.1 Characteristics of Respondents

The researcher selected a sample size of 300 in order to collect the necessary information. Among 300 respondents, 125 are male, whereas 175 are female that represent 41.7% and 58.3% respectively. The majority of the respondents in this research are females while males are the minority.

The majority of the respondents' age lies between 20-29 counted for about 53.3%. In this research, the majority of respondents' average monthly income lies between 15,000 and 25,000 counted for 30.3%.

When considering the respondents' education background, 65.3% of them have a Bachelor Degree. The rest of the respondents holding a higher than Bachelor degree counted for 32%.

For the occupation level, most of the respondents are business employees accounting for 76.3%. The minority is government officer accounting for 1.7%.

6.1.2 Summary of Analysis and Hypothesis Test

Elaborate interpretation of the first hypothesis

The results from the first hypothesis point out that repatronage intentions is positively related to the probability of retention and supports the hypothesis.

Customers make repatronage decisions by updating their assessments of repatronage intentions through a sequential anchoring and adjustment process in which the individual's prior repatronage intentions acts as an anchor that is adjusted by his or her assessments of new service experiences. The influence of prior repatronage intentions is likely to be very strong. According to the findings, an increase of 1 point on the index of repatronage intentions yields a probability of

retention 1.829 times higher, indicating that the influence of prior repatronage intention is quite strong (as hypothesized).

Repatronage intention in this research focuses on credit cardholder's likelihood to recommend, to renew and to increase usage with the current credit card issuer. It is evident that when they are more likely to repatronage, then they are more likely to make a repatronage decision. They would say positive things about the company to other people and would recommend the credit card of the company to those who seek the credit card. They would renew the credit card and increase usage with the company.

Elaborate interpretation of the second hypothesis

The results from the second hypothesis point out that members of loyalty programs do not weigh repatronage intentions more heavily than nonmembers in making repatronage decisions.

Being a member of the loyalty program per se directly affects the chances of account retention. In other word, customers who are members of loyalty programs are more likely to make a favorable repatronage decision. However, members of loyalty programs do not tend to have stronger ties to the current credit card issuer than nonmembers. Hence, loyalty program members do not weigh repatronage intentions more heavily than nonmembers in making repatronage decision.

Elaborate interpretation of the third hypothesis

- **Billing Aspect**

The results from the third hypothesis point out that on the billing aspect dimension, when customer's assessments of current experiences on billing aspects are less satisfactory than competitors' service level (i.e., $\text{OwnSat} < \text{CompSat}$), the perceived discrepancy will have a negative effect on their repatronage decisions,

whereas when customers' assessments of experiences on billing aspects are more satisfactory than competitors service levels (i.e., $\text{OwnSat} > \text{CompSat}$), the perceived discrepancy will have positive effect on their repatronage decision.

Customers' evaluation of the company's billing aspects relative to competitors has impact on the probability of repatronage. In general, gain on these dimensions significantly higher the probability of repatronage. However, loss on these dimensions lower the probability of repatronage. It is evident that customers encode their satisfaction with their current service experience (OwnSat) by making a comparison with their satisfaction with the service provided by a competing company (CompSat) in making repatronage decision. When there is negative comparison ($\text{OwnSat} < \text{CompSat}$), the perceived discrepancy has a negative effect on their repatronage decision. Whereas, when there is positive comparison ($\text{OwnSat} > \text{CompSat}$), the perceived discrepancy has a positive effect on their repatronage decision.

- **Product benefits**

The results from the third hypothesis point out that on the product benefits dimension, when customer's assessments of current experiences on product benefits are less satisfactory than competitors' service level, the perceived discrepancy will have a negative effect on their repatronage decisions, whereas when customers' assessments of experiences on product benefits are more satisfactory than competitors service levels, the perceived discrepancy will have positive effect on their repatronage decision.

The results of this dimension are similar to billing aspect dimension. Customers' evaluation of the company's product benefits relative to competitors has impact on the probability of repatronage. In general, gain on these dimensions

significantly higher the probability of repatronage. However, loss on these dimensions lower the probability of repatronage. It is evident that customers encode their satisfaction with their current service experience (OwnSat) by making a comparison with their satisfaction with the service provided by a competing company (CompSat) in making repatronage decision. When there is negative comparison ($\text{OwnSat} < \text{CompSat}$), the perceived discrepancy has a negative effect on their repatronage decision. Whereas, when there is positive comparison ($\text{OwnSat} > \text{CompSat}$), the perceived discrepancy has a positive effect on their repatronage decision.

- Overall quality

Overall quality refers to meeting customer expectations or providing customer with what and when he/she wants.

On the dimension of overall quality, the results are somewhat different. The impact of a loss on the quality dimension on the probability of repatronage is insignificant, as is the impact of gain.

It is evident that the customers do not use the overall quality dimension in making repatronage decision. They may perceive that the current credit card company does not differentiate the overall quality from other companies.

- Overall price

Overall price refers to amount of money that paid for product/services such as joining or/and annual fees; interest on outstanding loan balances; and other service fees.

On the dimension of overall price, the results are the same as overall quality. Gain and loss in terms of the rating of price have no significant impact on repatronage decision.

It is evident that the customers do not use the overall price dimension in making repatronage decision. This dimension includes joining or/and annual fees; interest on outstanding loan balances; and other service fees. The customers perceive that the price of all credit card companies is the same. As competition in this industry is very intense, the credit card companies come up with strong promotion campaign such as offering gifts to new applicants, free joining or initial fees etc. In addition, they attract the customers by charging low interest on outstanding loan balances.

Elaborate interpretation of the fourth hypothesis

- **Billing aspects**

For loyalty program members, the impact of loss on the billing dimension on the probability of repatronage is not significant (-1.618 for the loss coefficient and 2.067 for the loyalty/loss coefficient: see Table 5.8). This result indicates that loyalty program members overlook the losses suffered in this dimension and do not penalize the company for it.

- **Product benefits**

For loyalty program members, the net impact of a loss on the product benefits dimension on the probability of repatronage is not significant (-1.326 for the loss coefficient and 3.584 for the loyalty/loss coefficient: see Table 5.8). This result indicates that loyalty program members overlook the losses suffered in the dimension of product benefits and do not penalize the company for it.

- **Overall quality**

For loyalty program members, the net impact of a loss on the quality dimension on the probability of repatronage is not significant (0.089 for the loss coefficient and 1.020 for the loyalty/loss coefficient: see Table 5.8). This result

indicates that loyalty program members discount the lower evaluations of the company versus the competitors with regard to their repatronage decision.

- Overall price

While the impact of loss on the price dimension on retention remains insignificant for the loyalty program customers, the impact of gain on the price dimension on repatronage decision is also insignificant (1.328 for the loss coefficient and -0.829 for the loyalty/loss coefficient: see Table 5.8). This result indicates that loyalty program members overlook the losses suffered in this dimension and do not penalize the company for it.

Elaborate interpretation of the fifth hypothesis

- Billing aspects

The results from the fifth hypothesis point out that on the dimension of billing aspects, the magnitude of the effect of customers' comparison of their satisfaction with their current provider versus their competing provider on their repatronage decisions will be larger when the discrepancy is negative, rather than positive.

The results also support the notion that customer weigh the losses more than the gains in evaluating repatronage. In the case of billing, the impact of losses was larger in magnitude as compared with the impact of gains, as expected.

- Product benefits

The results from the fifth hypothesis point out that on the dimension of product benefits, the magnitude of the effect of customers' comparison of their satisfaction with their current provider versus their competing provider on their repatronage decisions will be smaller when the discrepancy is negative, rather than positive.

The results show that on the product benefits dimension, the magnitude of the impact of gain on repatronage is larger than the magnitude of the impact of loss on repatronage.

- Overall quality

The results from the fifth hypothesis point out that on the dimension of overall quality, the magnitude of the effect of customers' comparison of their satisfaction with their current provider versus their competing provider on their repatronage decisions will be smaller when the discrepancy is negative, rather than positive.

The results show that on the quality dimension, the magnitude of the impact of gain on repatronage is larger than the magnitude of the impact of loss on repatronage.

- Overall price

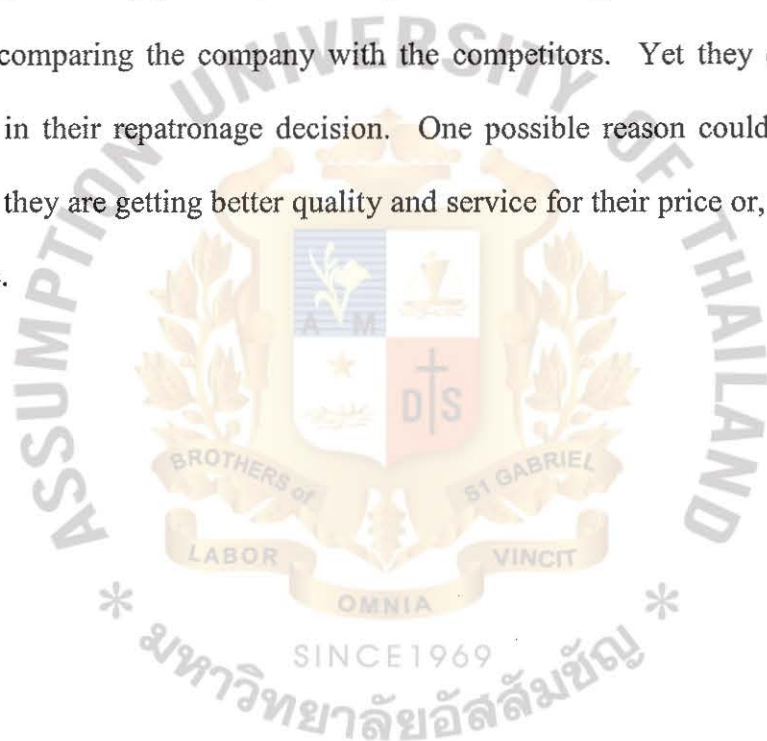
The results from the fifth hypothesis point out that on the dimension of overall price, the magnitude of the effect of customers' comparison of their satisfaction with their current provider versus their competing provider on their repatronage decisions will be smaller when the discrepancy is negative, rather than positive.

The results shows that on the price dimension, the magnitude of the impact of gain on repatronage is larger than the magnitude of the impact of loss on repatronage.

6.1.3 Conclusion for Research Objectives

The study findings point out that customers make repatronage decisions for the credit card service on the basis of their prior repatronage intentions or behavior, updating by comparisons of their prior satisfaction levels with the company versus their satisfaction with the competitors. However, their comparisons are relatively complex. Customers make comparisons on multiple underlying service dimensions and weigh losses more heavily than gains in the dimension of billing aspects.

The effect of loyalty program that emerges from the results is as follows. Members in loyalty programs are generally less sensitive to losses in the dimensions of billing aspects, product benefits and overall quality when comparing the company with competitors and less sensitive to overall price advantages that competitors could have vis-à-vis the company. In other words, they overlook or discount negative evaluations of the company vis-à-vis the competition. Members of the loyalty program generally have larger gains than losses on billing aspects, product benefits and overall quality, and they generally have larger losses than gains on overall price dimension when comparing the company with the competitors. Yet they discount these evaluations in their repatronage decision. One possible reason could be that they perceive that they are getting better quality and service for their price or, in other words, good value.



6.2 Implications and Suggestions

The results derived from this research may be useful for banks currently issuing credit card and those considering issuing credit card in the near future. The results can help banks to improve customer retention. The researcher would like to make some suggestions as follows:

Perspective on Repatronage

- Conducting the research

The company must understand customer's intention as the research indicates that repatronage intentions is positively related to subsequent repatronage decision. At any time in the customer relationship, it is possible to ask customers about their future intentions to renew the credit card. It is important for the company to gain knowledge about patterns predicting customer's intentions that could help the company studying their intention before they make decision. By surveying them, a quantitative study can be made of customer's intentions. Repatronage intentions depend on the customer's prior attitudes and satisfaction levels (e.g., Bearden and Teel 1983; Oliver 1980). The company may use these factors to study the repatronage intentions. At the same time, other elements of the customer's thinking e.g. information, brand recognition, attitude, and feeling, etc. can be tapped. By determining intention to repatronage, the company can measure and predict the future behavior. However, problems may arise because of the time lag between the measurement of intention and the actual behavior. Therefore, the company must determine the proper time span for conducting the research and interpret the result with caution.

- Encouraging Positive Word-of-mouth

Word-of-mouth communication refers to individuals' marketplace dissemination in which opinions are exchanged. It is a kind of consumer-to-consumer learning process, taking place in consumers' social networks.

Repatronage intention in this research includes credit cardholder's likelihood to recommend, to renew and to increase usage with the current credit card issuer. Credit cardholders, who are more likely to repatronage, can be advantageous to the company. The result shows that they would recommend to others about the current credit card issuer. Refers to pre-purchase information search, external sources of information can be personal in nature (such as recommendation from friends or relatives and word-of-mouth). Customer referrals, endorsements, and spreading the word are extremely important forms of consumer behavior for a company. In most product and service categories, word-of-mouth is one of the most important factors in acquiring new customers.

The company can use word-of-mouth as one of promotion tools. Retained customer can encourage friends and relatives to use the credit card with the company. The company should offer a good value of service to customers in order to increase positive word-of-mouth and customer retention.

- Offering Promotion

The company should offer promotions of various kinds to get customers to engage in a behavior and feel good to loyal with the company. These promotions range from discounts and sweepstakes to loyalty programs and higher concept approaches such as thank-you notes and birthday cards. By using promotions, the company can encourage behavior. Retaining customer means keeping them active

with you. If the company does nothing, they will switch to other companies and eventually no longer be customers.

Promotions encourage this interaction of customers with the company, even if you are just sending out a newsletter or birthday card. Moreover, promotions drive the sales activity of customers. The company can measure the return of promotion by using response rate and cost of offer. If it is profitable, the company should continue to use that promotion.

Perspective on Loyalty Program Membership

- Using a Loyalty Program as a Competitive Strategy

The results finding shows that being members of loyalty program has a positive impact on repatronage decision. Moreover, member of loyalty program overlook the losses suffered in the four dimensions of service experience.

Credit card loyalty programs have enjoyed a boom in recent years as issuers have battled to get their cards into customer's wallet. The company can use a loyalty program as a competitive strategy. Rewards can and do build customers' loyalty, and a company's most loyal customers are also profitable to the company. By using the loyalty program, the company can encourage credit cardholders to use its credit card to the exclusion of all others and to possibly transfer spending from cash, cheques and debit cards to its card. The company can get information about the cardholder and their spending patterns. The company can use it as database in order to build a long-term relationship with them. It supports the notion that the credit card companies can boost profit almost 75% by retaining just 5% percent more of their customers. Credit card issuers should offer valuable reward as well as other promotion to new customers as a campaign to boost their membership number.

The researcher gives recommendation to the company about the loyalty program development. The company should establish the objectives of the program and rewards the company would like to offer to the customers. They should give importance to the following in order to create an effective loyalty program.

- Does the program align with company capabilities?
- Which of the customers' needs can the company profitably and differentially meet?
- What is the length of time for the loyalty program?
- Would other companies make the loyalty program more competitive?

In addition, O'Brien and Jones (1995) suggested that from a customer's perspective, five elements determine a program's value. They are:

- Cash value – to think of the value of a reward (what the customer would have to pay in cash to acquire it) as a percentage rebate on what the customer spent to earn that reward.
- Redemption choice – for example, a domestic round-trip ticket valued at \$400 or cash value reward at 1.75% for \$25,000 with Citibank.
- Aspirational value – rewards that motivate a customer to change his or her behavior.
- Relevance – for example, it would take them too long to attain rewards. Thus, the program lacks relevance.
- Convenience – for example, it is difficult to redeem rewards or receive receipt and coupon.

Perspective on Service Experience

- Emphasizing on customer satisfaction in terms of:

After the customers have experienced with the company, they evaluate their satisfaction by comparing the performance of the company with the competitors. Customer satisfaction is an important thing for any service provider. The company can get the data from conducting the research. The company should consider each of these two dimensions of service experiences in order to maximize customer satisfaction as follows:

- Billing aspects

The result from the study shows that customers evaluate the company's billing aspects relative to competitor. If the customers are satisfied with the billing aspects, it has a positive impact on repatronage decision, while if not, it has a negative impact on repatronage decision. Moreover, the negative effect of loss on repatronage decision is larger in magnitude. Hence, the company should emphasize on this dimension seriously.

The company should set up reasonable time to make payments. It deals with the period of collection and conditions. In addition, the monthly billing statement sent to the customer should be easy to read and understand. The information should be clear and accurate. If there are any mistakes in billing statement, it may reduce the trustworthiness of the company or make them dissatisfied.

- Product benefits

The result from the study shows that customers evaluate the company's product benefits relative to competitor. It is the same as billing aspects dimension. It has impact on repatronage decision. Hence, the company should be careful in order to satisfy the customer.

Benefit is defined as a characteristic of the product or service that the consumer values positively. The customers use it to evaluate a brand in the product class (Howard, 1994). The company should provide the customer's desired benefits. In this study, the customers evaluate product benefits based on dependable, for successful people, good for travelers, and best for business people. To make the customer are satisfied, the company should do according to its promises. In addition, many people use the credit card as a means of payment because of its convenience. So, the company should offer the convenience for using the credit card. For example, its credit card is accepted by many places both in domestic and international. Different customers want to use it in different purposes. So, the company should set up the purposes of use widely. It can capture many customers who have different needs.

Perspective on Customer Retention

- **Retaining Most Active Customer**

The company should prioritize marketing activities and customers that would generate higher profits than others. The company can keep budget flat or shrink it while increasing sales and profits. The company should continuously allocate more of the budget to highly profitable activities and away from lower profit activities. This does not mean the company should "get rid" of some customers or treat them poorly. The company can spend more on some and less on others.

The company must develop a way to allocate resources to the most profitable promotions, deliver them to the right customer at the right time, and not waste time and money on unprofitable promotions and customers. This is accomplished by using the data customers create through their interactions with the company to build simple models or rules to follow.

- Reducing Switching Behavior

By learning from customers who have switched, companies can gain a deeper understanding of the customer relationships. The switching decision is influenced not only by the service provider, but also by surrounding factors, such as the competitive situation or changes in the customer's life. The switching process is given energy and direction by different triggers, that when identified can serve as a basis for customer segmentation. A main reason to the switch can usually be identified, as well as other factors that have either prolonged or added to the decision to switch.

By getting to know the reasons for customers' switching the company can learn how to prevent customers from switching, in other words increase customer retention. They identify critical incidents in the customer relationship and indicate weaknesses and strengths in the service offering. They should learn more about customers' perception of the company and get information on how to improve the service offering.

- Management Commitment

Improving customer retention requires both investment and management's time. The company can invest the capital for upgrading the billing system process, other facilities, information system, etc. Whereas, management's time could be used by investigation in order to monitor and find out the causes of customer defections and/or switching behavior.

The company's top management should establish a corporate culture, which is to maximize customer retention. It must be communicated within and throughout the company. In addition, they should set up mission and policies in compatible with a corporate culture. All policies should be clear and sustainable in the sense of customer retention.

- Improving Front-Line Employees Performance

In service industry, front-line employees, who have daily customer contact, are critical. There are the interactions between customers and staff. In this moment of truth, it is very important for customer evaluation. They will decide to stay or leave the company after evaluation. Therefore, the company should focus on good relationships with customer and emphasize on both internal and external considerations, which are employees and customers.

Improving retention requires that employees must have the power to take actions, which provide immediate customer satisfaction and thereby reinforce customer retention. They must receive support from other departments for improving quality of service. The company should give them with continuous training and practice development. In order to encourage the employees, the company should give incentive system, which reward them on their ability to retain customers.

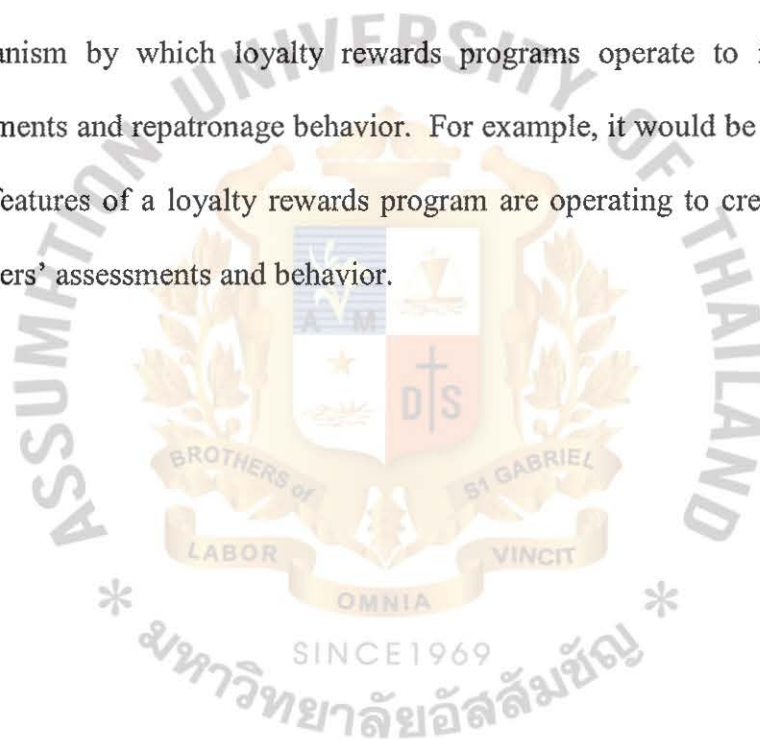
6.3 Further Implication for Research

In this study (descriptive analysis), members of the loyalty program generally have larger gains than losses on the billing aspects, product benefit and overall quality, and they generally have larger losses than gain on the overall price dimension when comparing the company with the competitors. It indicates that they discount these evaluations in their repatronage decisions. One possible reason could be that they perceive that they are getting better quality and service for their price or, in other words, good value. Thus the further research could hypothesize that being members of loyalty programs and perceptions of good value are highly correlated.

This data set focuses on bank credit card in Thailand only and customers do not have to pay fee to become loyalty member, which varies depending on the country. It would be interesting to compare these results with a study of other types of credit card

(such as department store's card) in which customers have to pay fee to become loyalty member.

This statistical analyses show that the credit card company's loyalty program leads to increase revenues due to fewer cancellations. However, we can speculate whether the higher revenues offset the company's costs of operating the program. These findings may generalize to other consumer products and services. However, their generalizability partially depends on the effectiveness with which the loyalty program is implemented. Hence, further research is required concerning the underlying mechanism by which loyalty rewards programs operate to influence customers' assessments and repatronage behavior. For example, it would be useful to understand what features of a loyalty rewards program are operating to create these changes in customers' assessments and behavior.



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<http://www.scib.co.th/>

<http://www.uob-radanasin.co.th/> .

Appendix A



Questionnaire

Dear Sir/Madam,

This questionnaire is designed to study “Implication of Loyalty Program Membership and Service Experiences for Customer Retention: A Study of Bank Credit Card”.

Please take a few moments to complete this questionnaire based on your experience.

Your participation is very much appreciated.



You would...	Very unlikely	Quite unlikely	Neither likely nor unlikely	Quite likely	Very likely
3. recommended to others about the credit card issuers	1	2	3	4	5
4. renewed the credit card	1	2	3	4	5
5. increased the usage of existing credit card	1	2	3	4	5

Part 3: Satisfaction of the renewed credit card.

Please circle the appropriate number using the rating scale below:

1 = Very dissatisfied 2 = Dissatisfied 3 = Neither satisfied nor dissatisfied

4 = Satisfied 5 = Very satisfied

How satisfied were you with?	Very dissatisfied	Dissatisfied	Neither satisfied nor dissatisfied	Satisfied	Very satisfied
6. Time of making payments	1	2	3	4	5
7. Ease of reading and understanding statements	1	2	3	4	5
8. Dependable services	1	2	3	4	5
9. Product benefit:					
9.1 Good for successful people	1	2	3	4	5
9.2 Good for travelers	1	2	3	4	5
9.3 Good for business people	1	2	3	4	5
10. Overall quality	1	2	3	4	5
11. Overall price	1	2	3	4	5

Part 4: Perception of other credit card. (Competitor)

Please circle the appropriate number using the rating scale below:

1 = Very dissatisfied 2 = Dissatisfied 3 = Neither satisfied nor dissatisfied

4 = Satisfied 5 = Very satisfied

In your perception, how satisfied were you with	Very dissatisfied	Dissatisfied	Neither satisfied nor dissatisfied	Satisfied	Very satisfied
12. Time of making payments	1	2	3	4	5
13. Ease of reading and understanding statements	1	2	3	4	5
14. Dependable services	1	2	3	4	5
15. Product benefit:					
15.1 Good for successful people	1	2	3	4	5
15.2 Good for travelers	1	2	3	4	5
15.3 Good for business people	1	2	3	4	5
16. Overall quality	1	2	3	4	5
17. Overall price	1	2	3	4	5

Personal Information

1. Gender

- 1) Male
- 2) Female

2. Age (years)

- 1) Under 20
- 2) 20 ~ 30
- 3) 31 ~ 40
- 4) 41 ~ 50
- 5) 50 and above

3. Highest Education

- 1) Less than Bachelor Degree
- 2) Bachelor Degree
- 3) Master Degree or higher

4. Average monthly income (Baht)

- 1) Less than 15,000
- 2) 15,001 - 25,000
- 3) 25,001 - 35,000
- 4) 35,001 - 45,000
- 5) More than 45,000

5. Occupation

- 1) Student
- 2) Government officer
- 3) Employee of State enterprise
- 4) Business Employee
- 5) Self-employed
- 6) Others (Please specify.....)

แบบสอบถาม

เรียน ท่านผู้ตอบแบบสอบถาม

แบบสอบถามชุดนี้จัดทำขึ้นเพื่อใช้เป็นส่วนประกอบในการศึกษาและทำวิทยานิพนธ์ของนักศึกษาปริญญาโท มหาวิทยาลัยอัสสัมชัญ ผู้จัดทำขอความกรุณาท่านผู้ตอบแบบสอบถามทุกท่านโปรดตอบแบบสอบถามนี้ทุกข้อเพื่อให้วิทยานิพนธ์ฉบับนี้สมบูรณ์ เพื่อนำข้อมูลที่ได้ไปใช้ประโยชน์ต่อการศึกษาและผู้ที่ต้องการจะใช้ประโยชน์จากวิทยานิพนธ์ชุดนี้ ผู้จัดทำขอขอบคุณท่านผู้ตอบแบบสอบถามทุกท่านที่สละเวลาของท่าน และให้ความร่วมมือเป็นอย่างดีในการทำแบบสอบถามชุดนี้มา ณ ที่นี้ด้วยค่ะ



•

คุณจะ.....	ไม่ตั้งใจ	ค่อนข้างจะไม่ตั้งใจ	เฉยๆ	ค่อนข้างจะตั้งใจ	ตั้งใจมาก
3. แนะนำเกี่ยวกับ บัตรเครดิตของ ธนาคารที่คุณใช้กับ ผู้อื่น	1	2	3	4	5
4. ต่ออายุบัตรเครดิต กับธนาคารดังกล่าว อีก	1	2	3	4	5
5. เพิ่มปริมาณการ ใช้บัตรเครดิตให้ มากขึ้น	1	2	3	4	5

ส่วนที่ 3 ความพึงพอใจของคุณต่อบัตรเครดิตของธนาคารก่อนการต่ออายุบัตรเครดิต

กรุณาเลือกคำตอบที่ใกล้เคียงกับความคิดของท่านโดยกำหนดให้

1 = ไม่พอใจมาก 2 = ไม่พอใจ 3 = เฉย ๆ

4 = พอใจ 5 = พอใจมาก

คุณพึงพอใจกับ...	ไม่พอใจมาก	ไม่พอใจ	เฉย ๆ	พอใจ	พอใจมาก
.....					
6. ระยะเวลาในการจ่ายเงินที่เหมาะสม	1	2	3	4	5
7. บัญชีที่อ่านและเข้าใจง่าย	1	2	3	4	5
8. ทำตามสัญญาที่ให้ระบุไว้	1	2	3	4	5
9. ประโยชน์ของบัตรเครดิต					
9.1 ดีสำหรับบุคคลที่ประสบความสำเร็จ	1	2	3	4	5
9.2 ดีสำหรับนักเดินทาง	1	2	3	4	5
9.3 ดีสำหรับนักธุรกิจ	1	2	3	4	5
10. คุณภาพโดยรวม	1	2	3	4	5
11. ราคา	1	2	3	4	5

ส่วนที่ 4 ความรู้สึกของคุณที่มีต่อบัตรเครดิตของธนาคารอื่น

กรุณาเลือกคำตอบที่ใกล้เคียงกับความคิดของท่านโดยกำหนดให้

1 = ไม่พอใจมาก

2 = ไม่พอใจ

3 = เฉย ๆ

4 = พอใจ

5 = พอใจมาก

ในความความคิดของคุณ คุณรู้สึกพอใจกับ.....ต่อบัตรเครดิตของธนาคารอื่น	ไม่พอใจมาก	ไม่พอใจ	เฉย ๆ	พอใจ	พอใจมาก
12. ระยะเวลาในการจ่ายเงินที่เหมาะสม	1	2	3	4	5
13. บัญชีที่อ่านและเข้าใจง่าย	1	2	3	4	5
14. ทำตามสัญญาที่ให้ระบุไว้	1	2	3	4	5
15. ประโยชน์ของบัตรเครดิต					
15.1 ดีสำหรับบุคคลที่ประสบความสำเร็จ	1	2	3	4	5
15.2 ดีสำหรับนักเดินทาง	1	2	3	4	5
15.3 ดีสำหรับนักธุรกิจ	1	2	3	4	5
16. คุณภาพโดยรวม	1	2	3	4	5
17. ราคา	1	2	3	4	5

ข้อมูลส่วนตัว

1. เพศ

- 1) ชาย 2) หญิง

2. อายุ (ปี)

- 1) ต่ำกว่า 20 2) 20 ~ 30 3) 31 ~ 40
4) 41 ~ 50 5) 50 ขึ้นไป

3. การศึกษาสูงสุด

- 1) ต่ำกว่าปริญญาตรี 2) ปริญญาตรี
- 3) ปริญญาโทหรือสูงกว่า

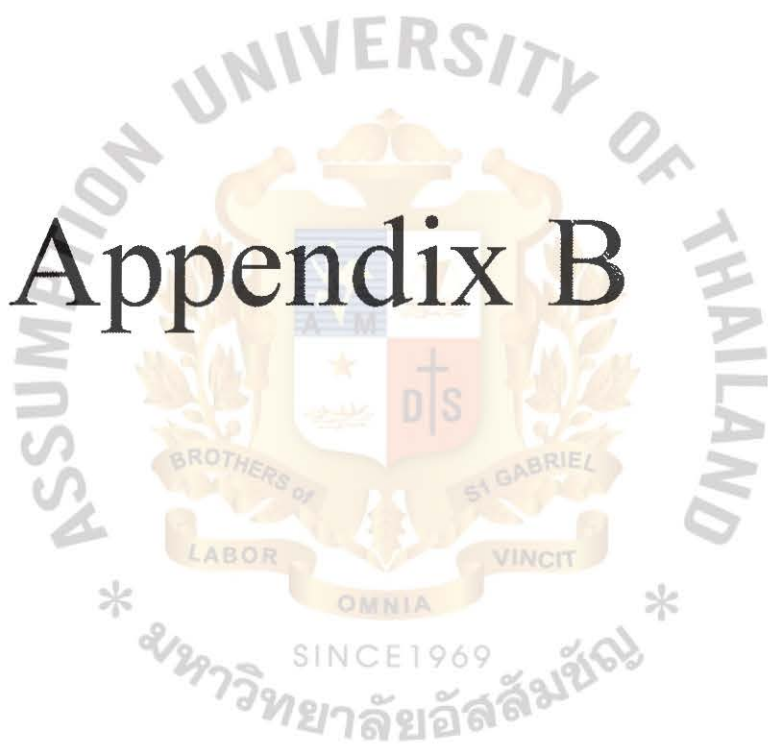
4. ระบายรายได้โดยเฉลี่ยต่อเดือน

- 1) ต่ำกว่า 15,000
- 2) 15,000 - 25,000
- 3) 25,001 - 35,000
- 4) 35,001 - 45,000
- 5) มากกว่า 45,000

5. อาชีพ

- 1) นักศึกษา
- 2) ข้าราชการ
- 3) พนักงานรัฐวิสาหกิจ
- 4) พนักงานบริษัท
- 5) เจ้าของกิจการ
- 6) อื่น ๆ (โปรดระบุ.....)

Appendix B



Introduction to Binary Logistic Regression Analysis

This topic can only serve as an introduction to when to use, fundamental concept and some statistics of logistic regression¹

When to Use Logistic Regression

Logistic regression is one of multivariate techniques used for analyzing relationships when more than two variables are involved. The technique is useful for situations in which one want to predict the presence or absence of a characteristic or outcome based on values of a set of predictor variables. Consider the following scenario.

- The marketing manager of a cable company is interested in determining the probability that a household would subscribe to a package of premium channels given the occupant's income, education, occupation, age, marital status, and number of children.

Logistic regression is similar to a linear regression model but is suited to models where the dependent variable is dichotomous. Independent variables can be categorical (i.e. nominal or ordinal), interval and ratio data.

Logistic Regression Model

In the logistic regression, the probability of an event occurring is directly estimated. The logistic regression curve is shown below.

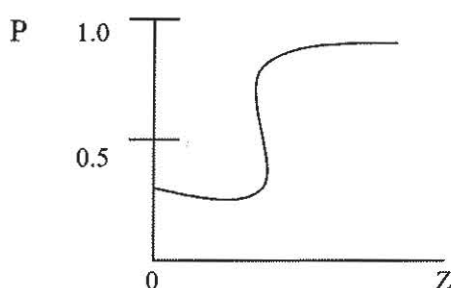


Figure A-1 Logistic Regression Curve

¹ Further comprehensive descriptions of this technique can be read from "SPSS Regression Models 10.0" of Marija Norusis

The logistic regression curve is S-shaped. The relationship between the independent variable and the probability is nonlinear. The probability estimates will always be between 0 and 1, regardless of the value of z.

The logistic regression equation can be presented as follows:

$$\text{Prob (event)} = \frac{e^z}{1+e^z} \quad (\text{equation 1})$$

equivalent to

$$\text{Prob (event)} = \frac{1}{1+e^{-z}} \quad (\text{equation 2})$$

where Z is the linear combination

$$Z = B_0 + B_1X_1 + B_2X_2 + \dots + B_pX_p$$

The probability of the event not occurring is estimated as:

$$\text{Prob (no event)} = 1 - \text{Prob (event)}$$

The logistic model can be written in terms of odds of an event occurring. The odds of an event occurring are defined as the ratio of the probability that it will occur to the probability that it will not.

$$\frac{\text{Prob (event)}}{\text{Prob (no event)}} = e^{B_0 + B_1X_1 + B_2X_2 + \dots + B_pX_p} \quad (\text{equation 3})$$

$$\text{Log} \left[\frac{\text{Prob (event)}}{\text{Prob (no event)}} \right] = B_0 + B_1X_1 + B_2X_2 + \dots + B_pX_p \quad (\text{equation 4})$$

Statistics

Logistic regression command in SPSS is founded at:

Statistics-Regression-Logistic

For each variables in the equation, coefficient (B), standard error of B, R, estimate odds ratio (exp(B)) are calculated.

- Logistic coefficient (B): From equation 4, the logistic coefficient (B_p) can be interpreted as the change in the log odds associated with a one-unit change in the independent variable.
- Wald Statistic: Wald statistic is used to test whether a coefficient is 0. It is the square of the ratio of the coefficient to its standard error.
- R: A statistic that is used to look at the partial correlation between the dependent variable and each of the independent variables is the R statistics. R can range in value from -1 to $+1$.

To assess the goodness of fit of the model in logistic regression analyze, various statistics can be employed as following:

- The classification table
- -2 Log Likelihood (-2LL)
- Cox & Snell R^2
- Nagelkerke R^2
- Model Chi-square

To select predictor variables or identify subsets of independent variables, which are good predictors of the dependent variable, the SPSS logistic regression procedure has several methods. These are forward stepwise and backward stepwise elimination for automated model building. In addition, the researcher can subjectively enter variables into the model.

Appendix C-1



Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Repatronage Decision	300	0	1	.72	.448
Member of loyalty program	300	0	1	.50	.501
likelihood to recommend	300	1	5	3.10	.961
likelihood to renew	300	1	5	2.66	1.087
likelihood to increase the usage	300	1	5	3.23	.901
satisfaction with the existing credit card issuer about time to make payments	300	2	5	3.64	.756
satisfaction with the existing credit card issuer about ease of reading and understanding statements	300	2	5	3.70	.661
satisfaction with the existing credit card issuer about dependable services	300	2	5	3.57	.688
satisfaction with the existing credit card issuer about product benefits_for successful people	300	2	5	3.60	.684
satisfaction with the existing credit card issuer about product benefits_for travelers	300	2	5	3.99	.797
satisfaction with the existing credit card issuer about product benefits_for business people	300	2	5	4.01	.731
satisfaction with the existing credit card issuer about overall quality	300	2	5	3.82	.609
satisfaction with the existing credit card issuer about overall price	300	1	5	2.99	.978
satisfaction with other credit card issuers about time to make payments	300	1	5	3.38	.724
satisfaction with other credit card issuers about ease of reading and understanding statements	300	1	5	3.40	.708
satisfaction with other credit card issuers about dependable services	300	2	5	3.32	.747
satisfaction with other credit card issuers about product benefits_for successful people	300	2	5	3.45	.728
satisfaction with other credit card issuers about product benefits_for travelers	300	2	5	3.76	.732
satisfaction with other credit card issuers about product benefits_for business people	300	2	5	3.82	.772
satisfaction with other credit card issuers about overall quality	300	2	5	3.64	.676
satisfaction with other credit card issuers about overall price	300	1	5	3.01	.896
Gender	300	1	2	1.58	.494
Age	300	2	4	2.53	.614
Highest Education	300	1	3	2.29	.511
Average montly income(Baht)	300	1	5	3.00	1.281

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Occupation	300	1	5	3.61	1.087
satisfaction with the existing credit card issuers on billing aspects	300	2.00	5.00	3.6733	.62551
satisfaction with the existing credit card issuers about product benefits	300	2.50	5.00	3.7925	.55022
satisfaction with other credit card issuers about billing aspects	300	1.50	5.00	3.3917	.61266
satisfaction with other credit card issuers about product benefits	300	2.25	5.00	3.5883	.62764
repatronage intention	300	1.00	5.00	3.0056	.76405
gain on billing	300	.00	2.50	.3667	.49636
loss on billing	300	.00	1.50	.0850	.24592
gain on product benefits	300	.00	1.75	.3075	.42819
loss on product benefits	300	.00	1.00	.1033	.23256
gain on overall quality	300	.00	2.00	.3400	.53418
loss on overall quality	300	.00	2.00	.1667	.43916
gain on overall price	300	.00	2.00	.3367	.55770
loss on overall price	300	.00	4.00	.3633	.70211
loyalty*intent	300	.00	5.00	1.5400	1.62783
loyalty*gain on billing	300	.00	2.50	.2167	.43630
loyalty*loss on billing	300	.00	1.00	.0217	.12416
loyalty*gain on product benefits	300	.00	1.75	.1625	.35891
loyalty*loss on product benefits	300	.00	1.00	.0350	.14175
loyalty*gain on quality	300	.00	2.00	.1867	.44627
loyalty*loss on quality	300	.00	2.00	.0867	.33595
loyalty*gain on pricing	300	.00	2.00	.1867	.47530
loyalty*loss on pricing	300	.00	4.00	.1900	.54916
member-gain on billing	150	.00	2.50	.4333	.53616
nonmember-gain on billing	150	.00	1.50	.3000	.44496
member-loss on billing	150	.00	1.00	.0433	.17317
nonmember-loss on billing	150	.00	1.50	.1267	.29644
member-gain on product benefits	150	.00	1.75	.3250	.45313
nonmember-gain on product benefits	150	.00	1.50	.2900	.40247
member-loss on product benefits	150	.00	1.00	.0700	.19456
nonmember-loss on product benefits	150	.00	1.00	.1367	.26162
member-gain on overall quality	150	.00	2.00	.3733	.57401
nonmember-gain on overall quality	150	.00	2.00	.3067	.49081
member-loss on overall quality	150	.00	2.00	.1733	.45974
nonmember-loss on overall quality	150	.00	2.00	.1600	.41901
member-gain on overall price	150	.00	2.00	.3733	.61901
nonmember-gain on overall price	150	.00	2.00	.3000	.48811
member-loss on overall price	150	.00	4.00	.3800	.72971
nonmember-loss on overall price	150	.00	4.00	.3467	.67542
member-repatronage intention	150	1.00	5.00	3.0800	.73648
nonmember-repatronage intention	150	1.00	4.33	2.9311	.78606
member-repatronage decision	150	.00	1.00	.7867	.41103

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
nonmember-repatronage decision	150	.00	1.00	.6600	.47530
Valid N (listwise)	0				



Descriptives

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
gain on billing	300	.00	2.50	.3667	.49636
loss on billing	300	.00	1.50	.0850	.24592
gain on product benefits	300	.00	1.75	.3075	.42819
loss on product benefits	300	.00	1.00	.1033	.23256
gain on overall quality	300	.00	2.00	.3400	.53418
loss on overall quality	300	.00	2.00	.1667	.43916
gain on overall price	300	.00	2.00	.3367	.55770
loss on overall price	300	.00	4.00	.3633	.70211
repatronage intention	300	1.00	5.00	3.0056	.76405
Repatronage Decision	300	0	1	.72	.448
Member of loyalty program	300	0	1	.50	.501
Valid N (listwise)	300				



Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
member-gain on billing	150	.00	2.50	.4333	.53616
nonmember-gain on billing	150	.00	1.50	.3000	.44496
member-loss on billing	150	.00	1.00	.0433	.17317
nonmember-loss on billing	150	.00	1.50	.1267	.29644
member-gain on product benefits	150	.00	1.75	.3250	.45313
nonmember-gain on product benefits	150	.00	1.50	.2900	.40247
member-loss on product benefits	150	.00	1.00	.0700	.19456
nonmember-loss on product benefits	150	.00	1.00	.1367	.26162
member-gain on overall quality	150	.00	2.00	.3733	.57401
nonmember-gain on overall quality	150	.00	2.00	.3067	.49081
member-loss on overall quality	150	.00	2.00	.1733	.45974
nonmember-loss on overall quality	150	.00	2.00	.1600	.41901
member-gain on overall price	150	.00	2.00	.3733	.61901
nonmember-gain on overall price	150	.00	2.00	.3000	.48811
member-loss on overall price	150	.00	4.00	.3800	.72971
nonmember-loss on overall price	150	.00	4.00	.3467	.67542
member-repatronage intention	150	1.00	5.00	3.0800	.73648
nonmember-repatronage intention	150	1.00	4.33	2.9311	.78606
member-repatronage decision	150	.00	1.00	.7867	.41103
nonmember-repatronage decision	150	.00	1.00	.6600	.47530
Valid N (listwise)	0				

requencies

requency Table

Repatronage Decision

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid no	83	27.7	27.7	27.7
yes	217	72.3	72.3	100.0
Total	300	100.0	100.0	

Member of loyalty program

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid no	150	50.0	50.0	50.0
yes	150	50.0	50.0	100.0
Total	300	100.0	100.0	

likelihood to recommend

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very unlikely	10	3.3	3.3	3.3
Quite unlikely	54	18.0	18.0	21.3
Neither likely nor unlikely	174	58.0	58.0	79.3
Quite likely	21	7.0	7.0	86.3
Very likely	41	13.7	13.7	100.0
Total	300	100.0	100.0	

likelihood to renew

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very unlikely	24	8.0	8.0	8.0
Quite unlikely	142	47.3	47.3	55.3
Neither likely nor unlikely	77	25.7	25.7	81.0
Quite likely	26	8.7	8.7	89.7
Very likely	31	10.3	10.3	100.0
Total	300	100.0	100.0	

likelihood to increase the usage

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very unlikely	1	.3	.3	.3
Quite unlikely	49	16.3	16.3	16.7
Neither likely nor unlikely	174	58.0	58.0	74.7
Quite likely	33	11.0	11.0	85.7
Very likely	43	14.3	14.3	100.0
Total	300	100.0	100.0	

satisfaction with the existing credit card issuer about time to make payments

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dissatisfied	22	7.3	7.3	7.3
	Neither satisfied nor dissatisfied	92	30.7	30.7	38.0
	Satisfied	157	52.3	52.3	90.3
	Very satisfied	29	9.7	9.7	100.0
	Total	300	100.0	100.0	

satisfaction with the existing credit card issuer about ease of reading and understanding statements

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dissatisfied	15	5.0	5.0	5.0
	Neither satisfied nor dissatisfied	78	26.0	26.0	31.0
	Satisfied	188	62.7	62.7	93.7
	Very satisfied	19	6.3	6.3	100.0
	Total	300	100.0	100.0	

satisfaction with the existing credit card issuer about dependable services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dissatisfied	14	4.7	4.7	4.7
	Neither satisfied nor dissatisfied	121	40.3	40.3	45.0
	Satisfied	145	48.3	48.3	93.3
	Very satisfied	20	6.7	6.7	100.0
	Total	300	100.0	100.0	

satisfaction with the existing credit card issuer about product benefits_for successful people

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dissatisfied	6	2.0	2.0	2.0
	Neither satisfied nor dissatisfied	136	45.3	45.3	47.3
	Satisfied	130	43.3	43.3	90.7
	Very satisfied	28	9.3	9.3	100.0
	Total	300	100.0	100.0	

satisfaction with the existing credit card issuer about product benefits_for travelers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dissatisfied	16	5.3	5.3	5.3
	Neither satisfied nor dissatisfied	49	16.3	16.3	21.7
	Satisfied	158	52.7	52.7	74.3
	Very satisfied	77	25.7	25.7	100.0
	Total	300	100.0	100.0	

satisfaction with the existing credit card issuer about product benefits_for business people

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dissatisfied	7	2.3	2.3	2.3
	Neither satisfied nor dissatisfied	57	19.0	19.0	21.3
	Satisfied	161	53.7	53.7	75.0
	Very satisfied	75	25.0	25.0	100.0
	Total	300	100.0	100.0	

satisfaction with the existing credit card issuer about overall quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dissatisfied	5	1.7	1.7	1.7
	Neither satisfied nor dissatisfied	73	24.3	24.3	26.0
	Satisfied	194	64.7	64.7	90.7
	Very satisfied	28	9.3	9.3	100.0
	Total	300	100.0	100.0	

satisfaction with the existing credit card issuer about overall price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very dissatisfied	12	4.0	4.0	4.0
	Dissatisfied	92	30.7	30.7	34.7
	Neither satisfied nor dissatisfied	101	33.7	33.7	68.3
	Satisfied	78	26.0	26.0	94.3
	Very satisfied	17	5.7	5.7	100.0
	Total	300	100.0	100.0	

satisfaction with other credit card issuers about time to make payments

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very dissatisfied	3	1.0	1.0	1.0
	Dissatisfied	15	5.0	5.0	6.0
	Neither satisfied nor dissatisfied	165	55.0	55.0	61.0
	Satisfied	98	32.7	32.7	93.7
	Very satisfied	19	6.3	6.3	100.0
	Total	300	100.0	100.0	

satisfaction with other credit card issuers about ease of reading and understanding statements

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very dissatisfied	4	1.3	1.3	1.3
	Dissatisfied	14	4.7	4.7	6.0
	Neither satisfied nor dissatisfied	153	51.0	51.0	57.0
	Satisfied	116	38.7	38.7	95.7
	Very satisfied	13	4.3	4.3	100.0
	Total	300	100.0	100.0	

satisfaction with other credit card issuers about dependable services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dissatisfied	35	11.7	11.7	11.7
	Neither satisfied nor dissatisfied	151	50.3	50.3	62.0
	Satisfied	98	32.7	32.7	94.7
	Very satisfied	16	5.3	5.3	100.0
	Total	300	100.0	100.0	

satisfaction with other credit card issuers about product benefits_for successful people

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dissatisfied	24	8.0	8.0	8.0
	Neither satisfied nor dissatisfied	134	44.7	44.7	52.7
	Satisfied	124	41.3	41.3	94.0
	Very satisfied	18	6.0	6.0	100.0
	Total	300	100.0	100.0	

satisfaction with other credit card issuers about product benefits_for travelers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dissatisfied	2	.7	.7	.7
	Neither satisfied nor dissatisfied	118	39.3	39.3	40.0
	Satisfied	129	43.0	43.0	83.0
	Very satisfied	51	17.0	17.0	100.0
	Total	300	100.0	100.0	

satisfaction with other credit card issuers about product benefits_for business people

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dissatisfied	8	2.7	2.7	2.7
	Neither satisfied nor dissatisfied	97	32.3	32.3	35.0
	Satisfied	136	45.3	45.3	80.3
	Very satisfied	59	19.7	19.7	100.0
	Total	300	100.0	100.0	

satisfaction with other credit card issuers about overall quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Dissatisfied	9	3.0	3.0	3.0
	Neither satisfied nor dissatisfied	114	38.0	38.0	41.0
	Satisfied	152	50.7	50.7	91.7
	Very satisfied	25	8.3	8.3	100.0
	Total	300	100.0	100.0	

satisfaction with other credit card issuers about overall price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very dissatisfied	13	4.3	4.3	4.3
	Dissatisfied	65	21.7	21.7	26.0
	Neither satisfied nor dissatisfied	141	47.0	47.0	73.0
	Satisfied	67	22.3	22.3	95.3
	Very satisfied	14	4.7	4.7	100.0
	Total	300	100.0	100.0	

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	125	41.7	41.7	41.7
	female	175	58.3	58.3	100.0
	Total	300	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-29	160	53.3	53.3	53.3
	30-39	121	40.3	40.3	93.7
	40-49	19	6.3	6.3	100.0
	Total	300	100.0	100.0	

Highest Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under Bachelor Degree	8	2.7	2.7	2.7
	Bachelor Degree	196	65.3	65.3	68.0
	Higher than Bachelor Degree	96	32.0	32.0	100.0
	Total	300	100.0	100.0	

Average monthly income(Baht)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 10,000	34	11.3	11.3	11.3
	10,000-20,000	91	30.3	30.3	41.7
	20,001-30,000	67	22.3	22.3	64.0
	30,001-40,000	56	18.7	18.7	82.7
	More than 40,000	52	17.3	17.3	100.0
	Total	300	100.0	100.0	

Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	39	13.0	13.0	13.0
	Government officer	5	1.7	1.7	14.7
	State Enterprise	8	2.7	2.7	17.3
	Business employee	229	76.3	76.3	93.7
	Self-employed	19	6.3	6.3	100.0
	Total	300	100.0	100.0	

satisfaction with the existing credit card issuers on billing aspects

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.00	5	1.7	1.7	1.7
	2.50	19	6.3	6.3	8.0
	3.00	51	17.0	17.0	25.0
	3.50	65	21.7	21.7	46.7
	4.00	126	42.0	42.0	88.7
	4.50	20	6.7	6.7	95.3
	5.00	14	4.7	4.7	100.0
	Total	300	100.0	100.0	

satisfaction with the existing credit card issuers about product benefits

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.50	13	4.3	4.3	4.3
	2.75	4	1.3	1.3	5.7
	3.00	24	8.0	8.0	13.7
	3.25	11	3.7	3.7	17.3
	3.50	47	15.7	15.7	33.0
	3.75	63	21.0	21.0	54.0
	4.00	66	22.0	22.0	76.0
	4.25	40	13.3	13.3	89.3
	4.50	16	5.3	5.3	94.7
	4.75	1	.3	.3	95.0
	5.00	15	5.0	5.0	100.0
	Total	300	100.0	100.0	

satisfaction with other credit card issuers about billing aspects

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.50	3	1.0	1.0	1.0
	2.00	4	1.3	1.3	2.3
	2.50	14	4.7	4.7	7.0
	3.00	125	41.7	41.7	48.7
	3.50	73	24.3	24.3	73.0
	4.00	62	20.7	20.7	93.7
	4.50	7	2.3	2.3	96.0
	5.00	12	4.0	4.0	100.0
	Total	300	100.0	100.0	

satisfaction with other credit card issuers about product benefits

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.25	7	2.3	2.3	2.3
	2.50	11	3.7	3.7	6.0
	2.75	5	1.7	1.7	7.7
	3.00	66	22.0	22.0	29.7
	3.25	27	9.0	9.0	38.7
	3.50	32	10.7	10.7	49.3
	3.75	60	20.0	20.0	69.3
	4.00	47	15.7	15.7	85.0
	4.25	7	2.3	2.3	87.3
	4.50	20	6.7	6.7	94.0
	4.75	4	1.3	1.3	95.3
	5.00	14	4.7	4.7	100.0
	Total	300	100.0	100.0	

repatronage intention

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	5	1.7	1.7	1.7
	1.33	1	.3	.3	2.0
	1.67	33	11.0	11.0	13.0
	2.00	9	3.0	3.0	16.0
	2.33	18	6.0	6.0	22.0
	2.67	45	15.0	15.0	37.0
	3.00	29	9.7	9.7	46.7
	3.33	83	27.7	27.7	74.3
	3.67	47	15.7	15.7	90.0
	4.00	20	6.7	6.7	96.7
	4.33	8	2.7	2.7	99.3
	4.67	1	.3	.3	99.7
	5.00	1	.3	.3	100.0
	Total	300	100.0	100.0	

gain on billing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	172	57.3	57.3	57.3
	.50	56	18.7	18.7	76.0
	1.00	56	18.7	18.7	94.7
	1.50	14	4.7	4.7	99.3
	2.50	2	.7	.7	100.0
	Total	300	100.0	100.0	

loss on billing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	262	87.3	87.3	87.3
	.50	27	9.0	9.0	96.3
	1.00	9	3.0	3.0	99.3
	1.50	2	.7	.7	100.0
	Total	300	100.0	100.0	

gain on product benefits

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	171	57.0	57.0	57.0
	.25	23	7.7	7.7	64.7
	.50	41	13.7	13.7	78.3
	.75	22	7.3	7.3	85.7
	1.00	28	9.3	9.3	95.0
	1.25	5	1.7	1.7	96.7
	1.50	9	3.0	3.0	99.7
	1.75	1	.3	.3	100.0
	Total	300	100.0	100.0	

loss on product benefits

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	238	79.3	79.3	79.3
	.25	25	8.3	8.3	87.7
	.50	18	6.0	6.0	93.7
	.75	13	4.3	4.3	98.0
	1.00	6	2.0	2.0	100.0
	Total	300	100.0	100.0	

gain on overall quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	207	69.0	69.0	69.0
	1.00	84	28.0	28.0	97.0
	2.00	9	3.0	3.0	100.0
Total		300	100.0	100.0	

loss on overall quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	258	86.0	86.0	86.0
	1.00	34	11.3	11.3	97.3
	2.00	8	2.7	2.7	100.0
Total		300	100.0	100.0	

gain on overall price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	212	70.7	70.7	70.7
	1.00	75	25.0	25.0	95.7
	2.00	13	4.3	4.3	100.0
Total		300	100.0	100.0	

loss on overall price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	218	72.7	72.7	72.7
	1.00	63	21.0	21.0	93.7
	2.00	15	5.0	5.0	98.7
	4.00	4	1.3	1.3	100.0
Total		300	100.0	100.0	

loyalty*intent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	150	50.0	50.0	50.0
	1.00	2	.7	.7	50.7
	1.67	14	4.7	4.7	55.3
	2.00	5	1.7	1.7	57.0
	2.33	6	2.0	2.0	59.0
	2.67	20	6.7	6.7	65.7
	3.00	16	5.3	5.3	71.0
	3.33	47	15.7	15.7	86.7
	3.67	24	8.0	8.0	94.7
	4.00	11	3.7	3.7	98.3
	4.33	3	1.0	1.0	99.3
	4.67	1	.3	.3	99.7
	5.00	1	.3	.3	100.0
Total		300	100.0	100.0	

loyalty*gain on billing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	227	75.7	75.7	75.7
	.50	30	10.0	10.0	85.7
	1.00	33	11.0	11.0	96.7
	1.50	8	2.7	2.7	99.3
	2.50	2	.7	.7	100.0
Total		300	100.0	100.0	

loyalty*loss on billing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	290	96.7	96.7	96.7
	.50	7	2.3	2.3	99.0
	1.00	3	1.0	1.0	100.0
Total		300	100.0	100.0	

loyalty*gain on product benefits

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	233	77.7	77.7	77.7
	.25	15	5.0	5.0	82.7
	.50	18	6.0	6.0	88.7
	.75	10	3.3	3.3	92.0
	1.00	15	5.0	5.0	97.0
	1.25	1	.3	.3	97.3
	1.50	7	2.3	2.3	99.7
	1.75	1	.3	.3	100.0
Total		300	100.0	100.0	

loyalty*loss on product benefits

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	278	92.7	92.7	92.7
	.25	11	3.7	3.7	96.3
	.50	3	1.0	1.0	97.3
	.75	7	2.3	2.3	99.7
	1.00	1	.3	.3	100.0
Total		300	100.0	100.0	

loyalty*gain on quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	251	83.7	83.7	83.7
	1.00	42	14.0	14.0	97.7
	2.00	7	2.3	2.3	100.0
Total		300	100.0	100.0	

loyalty*loss on quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	279	93.0	93.0	93.0
	1.00	16	5.3	5.3	98.3
	2.00	5	1.7	1.7	100.0
Total		300	100.0	100.0	

loyalty*gain on pricing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	255	85.0	85.0	85.0
	1.00	34	11.3	11.3	96.3
	2.00	11	3.7	3.7	100.0
Total		300	100.0	100.0	

loyalty*loss on pricing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	256	85.3	85.3	85.3
	1.00	37	12.3	12.3	97.7
	2.00	4	1.3	1.3	99.0
	4.00	3	1.0	1.0	100.0
Total		300	100.0	100.0	

member-gain on billing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	77	25.7	51.3	51.3
	.50	30	10.0	20.0	71.3
	1.00	33	11.0	22.0	93.3
	1.50	8	2.7	5.3	98.7
	2.50	2	.7	1.3	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

nonmember-gain on billing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	95	31.7	63.3	63.3
	.50	26	8.7	12.3	80.7
	1.00	23	7.7	15.3	96.0
	1.50	6	2.0	4.0	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

member-loss on billing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	140	46.7	93.3	93.3
	.50	7	2.3	4.7	98.0
	1.00	3	1.0	2.0	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

nonmember-loss on billing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	122	40.7	81.3	81.3
	.50	20	6.7	13.3	94.7
	1.00	6	2.0	4.0	98.7
	1.50	2	.7	1.3	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

member-gain on product benefits

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	83	27.7	55.3	55.3
	.25	15	5.0	10.0	65.3
	.50	18	6.0	12.0	77.3
	.75	10	3.3	6.7	84.0
	1.00	15	5.0	10.0	94.0
	1.25	1	.3	.7	94.7
	1.50	7	2.3	4.7	99.3
	1.75	1	.3	.7	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

nonmember-gain on product benefits

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	88	29.3	58.7	58.7
	.25	8	2.7	5.3	64.0
	.50	23	7.7	15.3	79.3
	.75	12	4.0	8.0	87.3
	1.00	13	4.3	8.7	96.0
	1.25	4	1.3	2.7	98.7
	1.50	2	.7	1.3	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

member-loss on product benefits

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	128	42.7	85.3	85.3
	.25	11	3.7	7.3	92.7
	.50	3	1.0	2.0	94.7
	.75	7	2.3	4.7	99.3
	1.00	1	.3	.7	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

nonmember-loss on product benefits

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	110	36.7	73.3	73.3
	.25	14	4.7	9.3	82.7
	.50	15	5.0	10.0	92.7
	.75	6	2.0	4.0	96.7
	1.00	5	1.7	3.3	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

member-gain on overall quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	101	33.7	67.3	67.3
	1.00	42	14.0	28.0	95.3
	2.00	7	2.3	4.7	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

nonmember-gain on overall quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	106	35.3	70.7	70.7
	1.00	42	14.0	28.0	98.7
	2.00	2	.7	1.3	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

member-loss on overall quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	129	43.0	86.0	86.0
	1.00	16	5.3	10.7	96.7
	2.00	5	1.7	3.3	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

nonmember-loss on overall quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	129	43.0	86.0	86.0
	1.00	18	6.0	12.0	98.0
	2.00	3	1.0	2.0	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

member-gain on overall price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	105	35.0	70.0	70.0
	1.00	34	11.3	22.7	92.7
	2.00	11	3.7	7.3	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

nonmember-gain on overall price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	107	35.7	71.3	71.3
	1.00	41	13.7	27.3	98.7
	2.00	2	.7	1.3	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

member-loss on overall price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	106	35.3	70.7	70.7
	1.00	37	12.3	24.7	95.3
	2.00	4	1.3	2.7	98.0
	4.00	3	1.0	2.0	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

nonmember-loss on overall price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	112	37.3	74.7	74.7
	1.00	26	8.7	17.3	92.0
	2.00	11	3.7	7.3	99.3
	4.00	1	.3	.7	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

member-repatronage intention

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	2	.7	1.3	1.3
	1.67	14	4.7	9.3	10.7
	2.00	5	1.7	3.3	14.0
	2.33	6	2.0	4.0	18.0
	2.67	20	6.7	13.3	31.3
	3.00	16	5.3	10.7	42.0
	3.33	47	15.7	31.3	73.3
	3.67	24	8.0	16.0	89.3
	4.00	11	3.7	7.3	96.7
	4.33	3	1.0	2.0	98.7
	4.67	1	.3	.7	99.3
	5.00	1	.3	.7	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

nonmember-repatronage intention

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	3	1.0	2.0	2.0
	1.33	1	.3	.7	2.7
	1.67	19	6.3	12.7	15.3
	2.00	4	1.3	2.7	18.0
	2.33	12	4.0	8.0	26.0
	2.67	25	8.3	16.7	42.7
	3.00	13	4.3	8.7	51.3
	3.33	36	12.0	24.0	75.3
	3.67	23	7.7	15.3	90.7
	4.00	9	3.0	6.0	96.7
	4.33	5	1.7	3.3	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

member-repatronage decision

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	32	10.7	21.3	21.3
	1.00	118	39.3	78.7	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		

nonmember-repatronage decision

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	.00	51	17.0	34.0	34.0
	1.00	99	33.0	66.0	100.0
	Total	150	50.0	100.0	
Missing	System	150	50.0		
Total		300	100.0		



Appendix C-2



Logistic Regression

Case Processing Summary

Unweighted Cases ^a		N	Percent
Selected Cases	Included in Analysis	300	100.0
	Missing Cases	0	.0
	Total	300	100.0
Unselected Cases		0	.0
Total		300	100.0

a. If weight is in effect, see classification table for the total number of cases.

Dependent Variable Encoding

Original Value	Internal Value
no	0
yes	1

Block 0: Beginning Block

Classification Table^{a,b}

			Predicted		
			Repatronage Decision		Percentage Correct
			no	yes	
Step 0	Observed				
	Repatronage	no	0	83	.0
	Decision	yes	0	217	100.0
Overall Percentage					72.3

a. Constant is included in the model.

b. The cut value is .500

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Step 0 Constant	.961	.129	55.452	1	.000	2.614

Variables not in the Equation

			Score	df	Sig.
Step 0	Variables	INTENT	9.408	1	.002
		LOYAL	6.013	1	.014
		GAINBILL	3.261	1	.071
		LOSSBILL	6.757	1	.009
		GAINPROD	22.676	1	.000
		LOSSPROD	3.112	1	.078
		GAINQUA	1.596	1	.206
		LOSSQUA	.696	1	.404
		GAINPRI	5.434	1	.020
		LOSSPRI	11.176	1	.001
		LOYINT	5.991	1	.014
		LOYGBILL	3.143	1	.076
		LOYLBILL	.691	1	.406
		LOYGPROD	12.941	1	.000
		LOYLPROD	.136	1	.712
		LOYGQUA	4.712	1	.030
		LOYLQUA	.211	1	.646
		LOYGPRIC	2.243	1	.134
		LOYLPRIC	6.428	1	.011
		Overall Statistics	70.670	19	.000

lock 1: Method = Enter

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	79.882	19	.000
	Block	79.882	19	.000
	Model	79.882	19	.000

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	273.985	.234	.338

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	19.901	8	.011

Contingency Table for Hosmer and Lemeshow Test

		Repatronage Decision = no		Repatronage Decision = yes		Total
		Observed	Expected	Observed	Expected	
Step 1	1	26	22.458	4	7.542	30
	2	15	17.704	17	14.296	32
	3	14	11.457	16	18.543	30
	4	8	9.418	22	20.582	30
	5	4	8.275	27	22.725	31
	6	5	5.458	25	24.542	30
	7	1	3.715	30	27.285	31
	8	4	2.555	25	26.445	29
	9	4	1.485	25	27.515	29
	10	2	.484	26	27.516	28

Classification Table^a

Observed			Predicted		
			Repatronage Decision		Percentage Correct
			no	yes	
Step 1	Repatronage	no	39	44	47.0
	Decision	yes	14	203	93.5
	Overall Percentage				80.7

a. The cut value is ,500

Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a INTENT	.604	.261	5.342	1	.021	1.829
LOYAL	1.774	1.269	1.954	1	.162	5.894
GAINBILL	.078	.586	.018	1	.894	1.081
LOSSBILL	-1.618	.837	3.741	1	.053	.198
GAINPROD	1.922	.721	7.104	1	.008	6.834
LOSSPROD	-1.326	.933	2.017	1	.156	.266
GAINQUA	-.783	.578	1.838	1	.175	.457
LOSSQUA	.089	.621	.021	1	.886	1.093
GAINPRI	-.208	.517	.161	1	.688	.812
LOSSPRI	1.328	.509	6.810	1	.009	3.774
LOYINT	-.549	.423	1.682	1	.195	.578
LOYGBILL	-.212	.818	.067	1	.796	.809
LOYLBILL	2.067	1.831	1.274	1	.259	7.900
LOYGPROD	.772	1.159	.444	1	.505	2.164
LOYLPROD	3.584	1.776	4.070	1	.044	36.007
LOYGQUA	1.272	.858	2.197	1	.138	3.568
LOYLQUA	1.020	.850	1.441	1	.230	2.774
LOYGPRIC	-1.242	.697	3.176	1	.075	.289
LOYLPRIC	-.829	.665	1.553	1	.213	.437
Constant	-1.196	.757	2.498	1	.114	.302

a. Variable(s) entered on step 1: INTENT, LOYAL, GAINBILL, LOSSBILL, GAINPROD, LOSSPROD, GAINQUA, LOSSQUA, GAINPRI, LOSSPRI, LOYINT, LOYGBILL, LOYLBILL, LOYGPROD, LOYLPD, LOYGQUA, LOYLQUA, LOYGPRIC, LOYLPRIC.

Step number: 1

Observed Groups and Predicted Probabilities



Symbols: n - no
y - yes
Each Symbol Represents 2 Cases.



