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Loyalty Program Point Exchange Networks and their Impact on Marketing Performance

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Abstract:

We focus on points exchange alliances and their networks as a new loyalty program (LP) design. We examine the nature of such networks and their impact on marketing performance. We find that they are asymmetrical, scale-free networks involving a few hub LPs that form many exchange alliances. Further, on analyzing the relationship between the number of alliances in a network and marketing performance such as membership rate, we find that points exchange programs positively affect marketing performance.

Keywords: Loyalty Program; Loyalty Program Exchange Alliance; Inter-firm Network