



# The role of customer clubs in recent telecom relationships

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## Abstract

**Purpose** – The purpose of this study is to enhance understanding of the club's role in the customer relationships of a telecommunications company by re-considering the concepts of frequency and commitment in a telecom-customer club.

**Design/methodology/approach** – We interviewed telecom customers that were members of a Swedish telecom company's customer club. The approach was to understand the customer evaluation of the customer club. We conducted 44 in-depth interviews with members of the loyalty club.

**Findings** – We found an umbrella concept for the club regarding loyalty: a *keeping function*, which divided the customer club in two ways: the affective role makes the customer stay with the company and the calculative role with a more inferred loyalty function. The expressions that were not connected to loyalty is the attracting function.

**Research limitations/implications** – The limitations of our qualitative study include the small sample size, and it represents only one kind of industry and one company.

**Originality/value** – The first contribution of this study is the new perspective of customer clubs in the telecommunications industry on customer relationships. The implication is that customers do not always consider all parts of the club when they stay loyal, and not always think about it when they plan future behaviour.

The second contribution is the result regarding re-consideration of the frequency concept. Bearing in mind the delimitations, the calculative role dominated the affective role. Thirty-three of the 44 members said that their club was of minor importance in terms of relationship continuation. The calculative role is, accordingly, dominant.

**Keywords** Trade associations, Customer relations, Sweden, Telecommunications

**Paper type** Research paper

## Introduction

Customer clubs are assumed to create loyalty from the company perspective (Reichheld and Sasser, 1990). However, they seem to have attained a position of their own in many companies, and to have an institution-like function (Butscher, 2002). Such a position supports the alienation between the customer club and other parts of the business. As a consequence, many club programs still offer their customers the same kinds of benefits as they did when the club was launched, even if the competitive situation has changed considerably and having a customer club has become almost a standard feature. The fact that many customers are members of several clubs, even in the same industry, is seen as a sign of diffuse customer perceptions of the loyalty concept. The changing competitive situation for most companies, in turn, means that the reasons for joining a club have changed considerably: we thus define the customer club as it was perceived by most customers in Gustafsson *et al.* (2004): "A membership related to the specific company including benefits that are mostly apparent in customers' relationships as repayment formed in different ways and initiated by the company".



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Club membership has been found to be influential in terms of value perception (Bolton and Drew, 1991; Bolton *et al.*, 2000) and satisfaction (Stauss *et al.*, 2001) in customer relationships. The function of the clubs from the customer perspective has been rarely researched, however. Customer use of services usually accumulates in the levels of membership. In many industries and particularly in telecommunications, this accumulation process is accordingly based on the frequency concept as far as the management of the customer club is concerned. Behavioural models of the frequency concept, again, have traditionally been connected with the static perspective and a price focus (Nicosia, 1966; Howard and Sheth, 1969). Some researchers have been convinced of the clear connection between frequency and loyalty (Headley and Miller, 1993), however, which is in direct contrast with early consumer-behaviour models. It was not until recently that the price focus again was highlighted in models of loyalty (Sharma and Patterson, 1999; Johnson and Gustafsson, 2000; Gustafsson *et al.*, 2003): a distinction is drawn between affective, meaning emotional attachment to a company, and calculative commitment, based on the monetary evaluation of the advantages of being a customer. Old models included the elements of price, frequency and advertising in detached purchase situations, and only satisfaction was considered connected to loyalty. The unclear connection between the concepts of frequency and commitment in the literature form the research problem of this study. We wish to reconsider these concepts in telecom relationships in the context of customer-club membership because we believe that this will reveal something about customer commitment to companies operating customer clubs.

There is a gap in the literature on relationships regarding the role of customer clubs in terms of commitment to the relationship, given a clear definition of the frequency concept. The literature has traditionally concentrated on the affective aspect of commitment (Grönroos, 1989; Edvardsson, 1992; Morgan and Hunt, 1994; Gummesson, 1995). Early behavioural models may have something to offer in enhancing our understanding of the calculative role in the relationship perspective, which has been neglected in the literature on relationship marketing. The assumption in this research is that the customer-club function seen from the administrators' perspective is stuck in the older view of loyalty, i.e. frequency of usage is a good measure of actual loyalty (Grisaffe *et al.*, 1997). On the other hand, customer clubs are assumed to affect the stability of the relationships according to the affective view of commitment. Therefore, we find it purposeful to reconsider the frequency concept in customer clubs.

The purpose of this study is to enhance understanding of the club's role in the customer relationships of a telecommunications company by reconsidering the concepts of frequency and commitment in a telecom-customer club. We have taken a customer view by interviewing members of the club about their behaviour related to their membership, which we consider against the company's view of what constitutes a loyal customer.

Before presenting the findings, we offer a theoretical framework that focuses on loyalty and the effect of two concepts on it: frequency and commitment. The relationship perspective is dominant in our study, and the idea behind the frequency and commitment focus is to highlight the theoretical difference between the contexts of early consumer models and today's relationship view. We give details about our methodology and analysis procedure, and then present our findings. We discuss the results and the limitations of the study, and conclude by offering suggestions for future research.

### **The loyalty concept and customer clubs from a relationship perspective**

The frequency concept appears in the club administration of the telecom company in the following way. The company chooses the customers who are offered membership of the club, volume of usage determining qualification for membership. Volume incorporates telephone use, mobile use and internet use. Moreover, the frequency of the club-account usage influences whether the customer is categorised as an active or a passive club member. Club-account use (club behaviour) consists of accrued telecom currency and shopping services. It was this categorisation that made us reflect on the harmonisation between the loyalty effect of the club as expressed by the company and their view on the usefulness of the frequency concept for this purpose. In other words, in terms of the administration of the club, it seemed that the company relied on the ultimate connection between frequency and loyalty, which conflicts with the planned effect of the customer club as set out in behaviour models (Nicosia, 1966; Howard and Sheth, 1969).

#### *Routinised-response behaviour in telecommunications*

In order to better understand the nature of routinised-response behaviour, and thereby the frequency concept in its early form compared to its re-considered form in the relationship perspective, we need to discuss the context in more detail.

The customer-loyalty perception of telecommunications in the Nordic countries has changed in a dramatic way in the last decade. The reason for this is that this de-regulated industry was traditionally included in government-owned telecommunications services. The service was therefore traditionally frequency-based, and rapid change undermined the tradition. The de-regulation itself did not cause a change in customer perceptions, but the new competitive situation did. The whole industry was affected by rapid competitive change, which was difficult to handle at the start from the company perspective. In the new situation, the dominating strategy was even more focused on the frequency concept (Gustafsson *et al.*, 2004). Because of the change in the competitive situation, the telecom industry was forced into a new kind of business that had the same characteristics that had long been distinctive of industries not associated with long-lasting relationships and commitment (Reichheld, 1996), such as retailing, and especially supermarkets. The main characteristics of such industries are heavy advertising, price focus, and unpredictable customer bases because of unstable markets, often the consequence of fierce competition. We now introduce a few supermarket studies in order to illustrate the frequency concept and its definition in routinised-response behaviour.

Supermarkets are settings in which visit frequency has long been considered a true loyalty measure (Mittal, 1982; Park and Mittal, 1985; Roos, 1999a). Building a long-lasting relationship in such settings has a few special characteristics, one of which is that frequency and price have a third associate, advertising. The connection between price and advertising is commonly used in supermarkets, and has featured in telecommunications for some time. The interesting question that arises is whether the frequency concept could be a sign of some loyalty expression in line with the relationship perspective. Sharp and Sharp (1997) distinguish between purchase frequency and "excess loyalty", and point out the difficulty of measuring changed behaviour as a result of loyalty separated from the increased use of a product only as a sign of temporary desire that later fades. In other words, since telecommunications companies are heavy users of all kinds of advertising, and are also price-focused, it is likely that similar

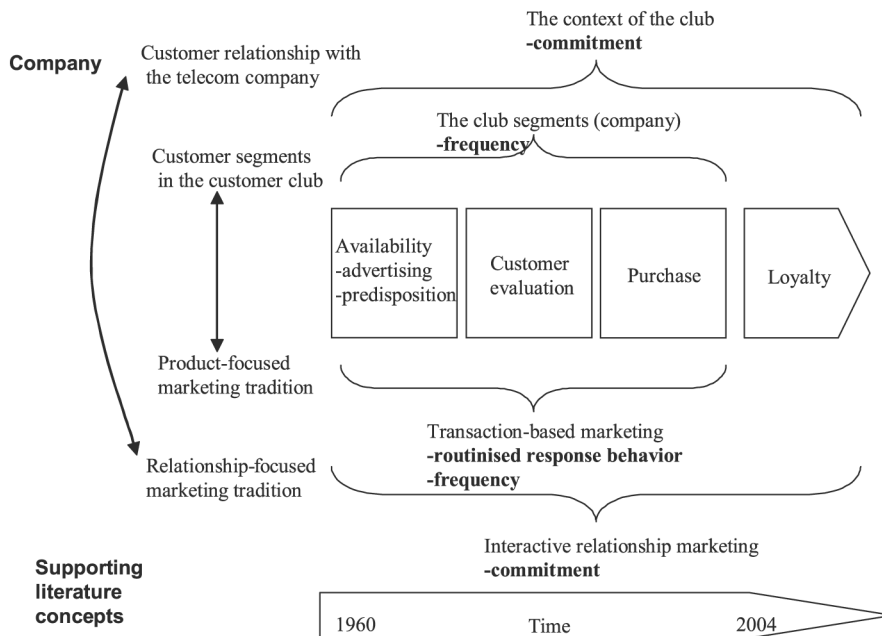
behaviour typifies telecom and supermarket customers (Bhattacharya, 1998). Consequently, the visible effects of higher purchase frequency often include temporary changes of brand. From a relationship perspective, however, it seems likely that frequency is not the most effective basis for fostering true relationships (Liljander and Roos, 2002) by introducing and maintaining a customer club.

Morgan and Hunt (1994) argue that commitment is an important concept in relationship marketing (Dwyer *et al.*, 1987). Hughes (2003) emphasises the need to understand the reasons behind customer behaviour when databases are built and managed on the basis of indications from customers. He points out that an increased effort is needed for the same objective when it is a matter of continuous services such as telecommunications, where the wireless part of the business offers a particular challenge. In order to be able to offer benefits that influence loyalty positively, the company has to be able to distinguish between different kinds of behaviour as an indication of customer preference, and to assess the significance for loyalty building.

*The context of the customer club – from transactional to interactive relationship marketing*

The context of the telecom customer club is the relationship between the company and the club members. Consideration of the context makes it easier to understand the assumed role of the club from the company's point of view. The introduction and maintenance of a customer club implies an interactive relationship-marketing strategy. Its administration, however, reflects the past, a time when transaction-based marketing was dominant (Howard and Sheth, 1969).

Figure 1 is built up around a comparison of early consumer-behaviour models that included detached elements of customer relationships and the contemporary loyalty



**Figure 1.** The development of the customer club in telecommunications

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approach, depicted in the right-pointing arrow at the bottom of the figure. When the frequency concept and transaction-based thinking dominated the literature on marketing, companies strived to attract customers through the concept of routinised response behaviour. Such customers did not thoroughly evaluate their reasons for coming back to the company, and were believed to act more out of habit. In today's interactive relationship marketing, company goals are largely the opposite. Firms would like their customers to know exactly why they are regulars, and this applies to the maintained customer club. If the function of the club is to be fully incorporated into such thinking, it is necessary to completely understand its role in terms of loyalty from the customer's point of view.

Figure 1 is divided into two parts. The upper part reflects the company and the administration of the customer club, and the lower part represents the concepts supporting the club in telecom-customer relationships. The inner arrow to the left in the figure refers to the club groups (active and passive) related to the frequency concept as defined in routinised response behaviour. The outer arrow to the left indicates the reason the company gave for the launch of the club: to strengthen the relationships (context) related to interactive relationship-marketing support.

#### *Active and passive customer groups of club customers*

In the earlier section, we mentioned active and passive groups of club customers in terms of the company-initiated segmentation of club members based on frequency of club behaviour: we defined club behaviour as account use.

Morrow (1983) considered it is important to understand the segmentation of the theoretical domain of commitment in terms of the intended meaning of behaviour and future behaviour, and focused attention on each concept and its connection with the others. Gundlach *et al.* (1995) continued in this vein, and we echo their findings in our analysis of interviews with club members, which we carried out with a view to understanding the role of the customer club in relationships. These authors distinguish between actions taken only by the customers (one party) for their own benefit and actions involving both parties with the underlying objective of maintaining a stable long-term relationship, and introduce an instrumental (one-party) and an attitudinal (two-party) component of commitment. In our interpretation of their results, we identified the same fundamental effect of commitment on loyalty that was found to lead to different kinds of relationship, such as the spurious and the true (Liljander and Roos, 2002).

Furthermore, we found the same kind of elementary similarity to the two different kinds of commitment identified in one modern loyalty model (Johnson and Gustafsson, 2000; Gustafsson *et al.*, 2003), affective (attitudinal) and calculative (instrumental) commitment. The affective component refers to the relational perspective, while the calculative component refers to the frequency-centred view. We found support for both affective and calculative arguments concerning the role of the customer club in the literature mentioned above, and it seems likely that both are relevant.

#### *A summary of the theoretical discussion*

Oliver (1999) provided our theoretical departure for understanding the effect of the customer club on loyalty. He suggests including the act of consuming in the loyalty

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concept by simply defining loyalty as “a deeply held commitment to rebuy or repatronise a preferred product/service consistently in the future, (thereby causing repetitive same-brand or same brand-set purchasing), despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver, 1997, p. 392). Embracing that definition, we accept that the effect of frequency on both commitment and loyalty is inferred and formed as an indicator. In terms of the connection between loyalty and commitment, we can include the function of the customer club as a sign of commitment from the customer perspective. A direct consequence of this logical articulation of the club function is that it may be split, connected to more than one component of the loyalty concept.

Embedded in the frequency concept is a silent message concerning customer experiences of a service provider. The implication is that each instance signals an equal value for loyalty: if a customer frequents the telecom operator ten times, his or her value is higher compared to one who uses the service seven times. From a relationship perspective, this is not always the case. In other words, a linear assumption was established, meaning that high service volume equals a valuable customer and club member. These factors were considered a clear basis for building up a customer base with a strong relationship to the company. Homogeneity among club customers has been studied before. Stauss *et al.* (2001) also considered this issue and distinguished between customer-club customers in terms of their satisfaction level and how that was related to retention. The customer club of a car manufacturer is not exactly comparable to the telecom club, but it is to the extent that it is assumed that members of clubs are not a homogenous group of customers. According to Singh and Sirdeshmukh (2000), it may even be the case that the unbroken frequency-satisfaction-loyalty link is a prerequisite of loyalty.

In the following part, we present a methodological discussion that guided us in our choice of method for the analysis of the interviews.

## The method

### *The sample*

For the customer interviews the telecom company provided us with two different lists of members of their customer club, together with the contact information. We would like to emphasise that the grouping of the members was done for club-administration purposes and not for our study. The company had classified its customers into *active* members and *passive* members. The active-members list included 34 and the passive-members list 112 customers: thus we had information on a total of 146 customer-club members for our telephone interviews.

### *Active, passive and club behaviour*

The company chose the year 2002 as the time period for the classification, and put on the *passive* list customers who had used their account one, two or three times at the beginning of the year and not at all during the rest of it: their club behaviour had changed during the year. *Active* customers were those who had used their account on a regular basis throughout the year. *Club behaviour* was defined as the particular behaviour of a member using the account for shopping, for example. Shopping entailed either choosing from among a limited range of products or transforming points into “Telecom currency”, which was valid only in their own shops.

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*The interview and analysis procedure*

We conducted the analysis in two stages:

- (1) We interviewed club customers belonging to both groups, active and passive, and analysed the sample from a frequency perspective.
- (2) We analysed the sample from a relationship perspective, i.e. one of behavioural change.

*The frequency-perspective analysis.* We conducted 44 in-depth interviews with members of the loyalty club, 25 passive and 19 active customers. We asked the customers to freely tell us about their experiences of club membership. We followed the principles described by Riessman (1993) regarding customer narratives. All of the interviews carried out for this report were transcribed word for word. By repeatedly reading and comparing the analyses among the three researchers categorising the transcripts we have gradually been able to both describe and identify the performance and the context that affect customer-club behaviour.

The transcriptions were first analysed from a frequency perspective. We looked for patterns reflecting the club's influence on customer loyalty, using the concepts we derived from our theoretical framework for comparison.

The focus of the narrative was:

- (1) The relationship (the club's impact on the interviewee's relationship with the telecom company).
- (2) The product (the customer club as the sole dimension of the relationship).
- (3) Club benefits: priority among the benefits on offer (products, "Telecom currency" checks).
- (4) The customer club's image/perceived differences from other customer clubs.
- (5) Any interest in the club programs.

No patterns whatsoever were found in terms of preferences or behaviour by focusing on frequency, which we thought might have been a relevant concept on which to base the analysis. It was not only the use of the telecom services (volume), but also account use that distinguished the two groups in the interviewing process.

*The behavioural-change analysis.* At this stage of the analysis process, we thoroughly thought through our study purpose and established the terms for achieving it:

- (1) We wanted to understand the phenomenon (the role of the club) and needed a qualitative method.
- (2) We needed a method that was capable of describing customer relationships as a process.
- (3) We needed a method that was capable of distinguishing the different roles of the factors included in the process.
- (4) We needed a method that was adequate in its application to actual behaviour.
- (5) The method had to cover behavioural change.
- (6) The context of the relationships also had to be included.

We continued our analysis from a behavioural perspective, and the narrative stories facilitated this process. Coffey and Atkinson (1996) pointed out that people telling

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a narrative story articulate how the past is related to the present. In other words, time is included in the personal story. This chronicling of life, of a part of life, helps in the analysis of the possible effects of earlier events on later events in the story. We therefore included time in our analysis procedure and, because we had data on one club group that had changed its behaviour, we started there. Time meant that we regarded behaviour as a process. We were fully aware of the problems with the analysis procedure from the beginning, given the dissimilarity between the two groups in terms of behavioural change. One group had changed behaviour while the other group had continued in the same way. We decided to apply a qualitative method capable of capturing behavioural change.

We chose SPAT (the switching path analysis technique) for our interview and analysis procedure. This method has been applied in numerous qualitative studies (Roos, 1999b; 2002; Edvardsson and Roos, 2003; Roos *et al.*, 2004; Gustafsson *et al.*, 2004). While SPAT is designed to analyse actual switching processes, the reference point is changed behaviour. We did not apply the technique in its entirety here, but rather chose the mechanism that divides the relationship into:

- (1) trigger;
- (2) process; and
- (3) outcome.

#### *The SPAT mechanism and the passive customer*

We continued the analysis in order to find categories of club customers who either considered their membership the main concern in the relationship or saw the club as a minor influence on the relationship stability. We looked for categories that fitted the particular SPAT-process mechanism. The *trigger* in the relationship accordingly had the most decisive behavioural role of the two, followed by the *process*. Customer expressions directed the analysis in terms of the expressed importance of the club for the relationship: the highest priority gave it a trigger position while the lower priority gave it a process position.

The *first stage* was to use behavioural change among the *passive customers* (25) as the reference point. We asked them why they had changed their club behaviour. By linking the club to behaviour we were able to develop a categorisation: customers who linked the club to their relationship as a major reason, and those who still linked the club to the relationship but as a minor reason for staying in it.

We noticed immediately that some of the customers were truly committed to their club, while others were totally uncommitted. The first categories in our analysis were accordingly based on interest in the club. Customers who expressed interest and said that they really appreciated the membership were categorised as *relationship customers*, while those who said that the club was inconsequential in their telecom relationship, including those who hardly knew they were members, were categorised as *product customers*.

Relationship customers were identified on the basis of:

- the clear expression of their conviction that membership affected the relationship (directive role);
- a clear interest in membership;
- their actual behaviour (no switch); and
- their ability to identify the products offered by the customer club.

Product customers were identified on the basis of:

- the clear expression of their conviction that membership did not affect the relationship (progress);
- having no general interest in their membership;
- relating to the customer club as much as to other parts of the offering, such as price level and audible aspects; and
- their actual behaviour (switching).

The *second stage* was to apply the relationship – and product-customer categories to the *active customers*, which turned up the same pattern of categories. More detailed information on the findings is given in the next section.

### Findings

From the active segment of 19 customers, six were categorised as relationship customers, while 13 were classified as product customers. The passive segment again consisted of 22 product customers and three relationship customers. This indicated that the analysis process had been successful in distinguishing between the two customer types.

We found an umbrella concept for the club regarding loyalty in telecom relationships: a keeping function (Day, 1999), which divided the customer club in two ways. Both roles, the affective and the calculative, seem to have implications for loyalty. The *affective role* makes the customer stay with the company: some customers would actually have left if the club had not existed. The *calculative role*, on the other hand, has a more inferred loyalty function, and customers perceived the club as one of the quality dimensions of the company, along with others such as price and customer support.

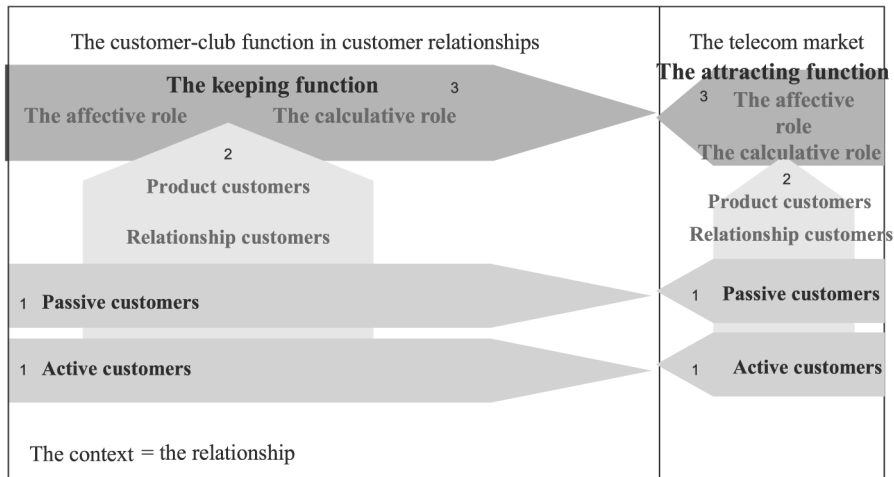
One consequence of our methodological approach was that some customer expressions were excluded from the keeping function because they did not meet the criteria of the affective or the calculative roles. We categorised the expressions that were not connected to loyalty in a function of their own as the attracting function.

#### *The keeping and attracting functions*

We defined the keeping function as the customer-expressed importance of their membership in the customer club, the affective role being of major and the calculative role of minor significance in terms of loyalty.

The attracting function comprises customer-club-related expressions that are not related to loyalty. These are likewise divided into an affective role that focuses more on relational issues and a calculative role that has a more monetary-centred focus (Johnson and Gustafsson, 2000; Gustafsson *et al.*, 2003).

Figure 2 summarises and directs the presentation of the findings. The starting point is the identification of passive and active customers in telecom relationships: the customer relationships provide the context of the study while the customer club is the focus. Customers' expressed interest related to their behaviour distinguished relationship and product customers. We found two functions of the customer club: keeping and attracting, both of which have two roles, an affective role and a calculative role: the attracting function was not related to behavioural loyalty to the club, however.



**Figure 2.**  
The role of the customer club in the telecom company

Our analysis thus did not reveal any direct connection with expressions of customer loyalty related to the attracting function.

*The keeping function of the customer club*

The first (affective) role of the keeping function was determined based on customers' clear expressions about the ultimate impact of their membership on their loyalty, and the second (calculative) role on a weaker impact:

- The affective role was defined as “customers’ interest in membership and their expression of the directing role of the club in terms of their loyalty to the company”. The trigger had to represent the club influence. These customers often included the club in both the trigger and the process parts of their relationship.
- The calculative role of the keeping function was defined as “customers’ expression of their membership interest as being of minor importance for the continuation of the relationship, although still a clear interest”. These customers likewise indicated a trigger in their relationships, but the club was never mentioned in this context. They all placed the customer club on the process side.

*The affective role.* The customer club was categorised as having a trigger function of a directive nature when it was assigned an affective role in the club-keeping function. A trigger is the part of the relationship that directs and accordingly determines its stability (Roos, 1999a, b). In this case, the trigger was the customer club, and the club had a critical impact on the relationship. The affective role of the club and its dimensions are given in Table I.

Table I thus shows the dimensions of both the keeping function and the affective role. They are incorporated in the customer expressions quoted below, which accordingly represent how relationship customers articulated the affective role of the keeping function.

- (1) "I must admit I don't think about the club much. However, I won't switch either as long as I feel the same way about it as I do today. My thoughts about it have not changed lately. I like finding out that I have points and that I can buy decent goods by using them. How I see the competitors is influenced by my club membership" (Active-relationship customer-Keeping function-Affective role).
- (2) "The whole collecting procedure is having an effect on my relationship. I would not leave the operation because I like the collecting procedure so much. My relationship with the operator is getting stronger. Every time I see a competitor's ad. about cheap prices I think about my benefits here and realise I already have the best buy" (Active-relationship customer-Keeping function-Affective role).
- (3) "I'm always very glad when I see the state of my account. I must admit it's one of the things that tie me to the company. I've also changed my attitude toward the company. I'm much more positive these days" (Passive-relationship customer-Keeping function-Affective role).
- (4) "I'm not passive in my relationship; I save my points so that I can stay in a hotel with my family over a weekend. I'll definitely stay a customer of this company because I want my benefits in the future and I like collecting points" (Passive-relationship customer-Keeping function-Affective role).
- (5) "I have changed during my time in the club. I'm more aware of things now. This club is the best one I've been a member of. As long as I have this membership I won't switch operators. I think I'm forced to be a member, the benefits are so good" (Active-relationship customer-Keeping function-Affective role).

The above citations highlight how the initial categorisations have followed the path via customer-character groups to function and role determination, as showed in Figure 2. For example, if the customer had not mentioned the ultimate importance of the club as far as his loyalty was concerned, the second citation would probably have been categorised in the calculative role of the keeping function.

*The calculative role.* When the SPAT mechanism is used in the analysis the process part of the relationship does not have the same directing role as the trigger part, represented by product customers. Accordingly, customers who were categorised as belonging to the process part of the relationship represented the club's calculative role (Table II).

Table II gives the dimensions of the calculative role in the keeping function. These dimensions are incorporated into the extracts given below, in which product customers articulated the calculative role of the keeping function as follows:

The keeping function	Club dimensions
The affective role	The benefits make me stay with the company The collecting procedure makes me more loyal The club ties me to the company I will stay with the company because of the club I feel that I have been forced into membership

**Table I.**  
The dimensions of the affective role of the keeping function

- (1) "I don't perceive myself as a passive customer. I like the customer club. I particularly like the fact that I don't have to prove my membership by showing a card anywhere. The points keep coming automatically. Still I don't think that the club has a big influence on the fact that I'm a customer of this particular company. If I was dissatisfied with it in terms of the telephony I would quit" (Passive-product customer-Keeping function-Calculative role).
- (2) "I don't want any checks or a certain amount being taken off my bill. I want to look at the alternatives for using my points. Otherwise membership is no big deal for me, but I like the shopping. As long as everything else functions well enough, I will stay" (Active-product customer-Keeping function-Calculative role).
- (3) "I think they should e-mail me the status of the account on a regular basis. I forget that I have the possibility to buy things. I'm not one of those who constantly think about their membership. But I have bought quite a lot of things from the club. But that's not why I'm their customer. As long as I like the rest of their offering I'll stay" (Passive-product customer-Keeping function-Calculative role).
- (4) "My membership plays a role, I must admit that. But I don't consider myself very loyal. As long as I evaluate the membership positively and perceive the rest, especially the price level, positively I'll stay. Money counts, and that's it" (Passive-product customer-Keeping function-Calculative role).
- (5) "When I think about the points I can use for shopping, it influences my intention to stay. I don't care that much where I'm a customer, but I like the merchandise they offer me from the club" (Active-product customer-Keeping function-Calculative role).
- (6) "It doesn't cost anything to be a member. And I like the membership; it gives some kind of feeling of belonging somewhere. I don't follow the competitor's offers. However, my membership doesn't make me more tolerant of the company. I would quit if I didn't like the rest" (Active-product customer-Keeping function-Calculative role).

In the same way as some of the affective roles at first glance seemed to fit the calculative role, a third of the calculative roles in the keeping function may appear to incorporate the affective role. The reason why they were categorised as calculative was

The keeping function	Club dimensions
The calculative role	Appreciation of the automatic points-collection system (no card) Merchandise is important, no checks Constant reminders of the status of the account Money counts The awareness that I have points to use influences me I feel that I belong to the company

**Table II.**  
The dimensions of the calculative role of the keeping function

that the customers did not give the club a major role as far as their loyalty was concerned. One customer said: “. . . as long as I like the rest of the offering I’ll stay . . .”. The major influence seems to lie elsewhere: at best, the customer club is one aspect of the customer evaluation of loyalty.

*The attracting function of the customer club*

What was interesting, too, in the findings of the study were the factors that the customers did not associate with their actual loyalty behaviour. In other words, they did not consider them relevant to the continuation or termination of the relationship. What role do these factors play? They were naturally not included in relationship behaviour, although they were embedded in the further analysis and categorised as for relationship customers and product customers. We labelled them affective and calculative roles, as we did the dimensions of the attracting function.

*The affective role.* Day (1999) supports the attracting role of these dimensions. Customers seem to distinguish between the dimensions of the club that they use in their communication with each other and with people outside the club from those they use when they defend or argue against membership. If this is the case, it is an important issue for managers of customer clubs to consider.

- (1) “Generally, the club communicates a positive feeling” (Passive-attracting function-Affective role).
- (2) “The club reminds me about events that I don’t usually attend” (Active-attracting function-Affective role).
- (3) “What I think about the club is that the possible benefits are rather locked into a few alternatives” (Active-attracting function-Affective role).
- (4) “I like shopping and I keep up with the merchandise of the competitors as well” (Active-attracting function-Affective role).

The consequence of all this is that managing a customer club requires the use of different arguments for different purposes. One kind of club language appeals to members who value the club’s keeping function, while language of another kind is best used to communicate with non-members or when talking generally about the club’s attracting function. When the function and its roles are clear, it sharpens the communication significantly.

*The calculative role.*

- (1) “The club gives me the possibility to buy certain merchandise that I would not buy otherwise” (Passive-product customers-Attracting function-Calculative role).
- (2) “I like the utility products that the club offers” (Passive-product customers-Attracting function-Calculative role).
- (3) “A good thing about this club is that you don’t need a card to collect points” (Passive-product customers-Attracting function-Calculative role).
- (4) “I don’t have the time it takes to really get to know the procedures” (Passive-product customers-Attracting function-Calculative role).
- (5) “Merchandise, well, I like having reductions from the bill” (Active-product customers-Attracting function-Calculative role).

Tables III and IV list the dimensions that the customers expressed. It is not the intention here to focus on the differences between the groups, but there is one fundamental difference. Our overall perception during the analysis process was that the relationship customers were more appreciative of the club than the product customers: they expressed gratitude and awareness. The product customers did not give much thought to the club: easy and effortless were the words they used. The relationship customers perceived the club image as inviting, while the product customers used words like “good”, but did not offer further qualification. None of the product customers were aware of differences between different customer clubs, while all of the relationship customers could identify differences. Both types of customers perceived their membership differently on all five factors that were compared in this study.

In sum, we ended up with two functions of the customer club, *keeping and attracting*, the former being clearly defined in the results. Moreover, we found two roles of the keeping function, the affective and the calculative: the former resembles the commitment concept while the latter has a frequency-resembling character. The attracting function is a tentative label that arose from our analysis of the keeping function. The customers did not relate the dimensions that attracted them to the club. They used a variety of dimensions in their general discussion about customer clubs, which we suggested had an image-like function in the relationships – an attracting function.

The attracting function	Club dimensions
The affective role	The club communicates a positive feeling about the company The benefits include things that you otherwise don't do (e.g. go to the movies) I would like to choose my own benefits; I don't like to have them chosen for me I realize that the merchandise is good because I compare it all the time with that offered by the competitors

**Table III.**  
The affective dimension of the attracting function

The attracting function	Club dimensions
The calculative role	The club benefits affect my economic situation It is important that utility products are included in the range The procedure for using the points should be straightforward I never have the time to go really deeply into the program I would like to have my points taken directly from the bill

**Table IV.**  
The calculative dimension of the attracting function

**Discussion**

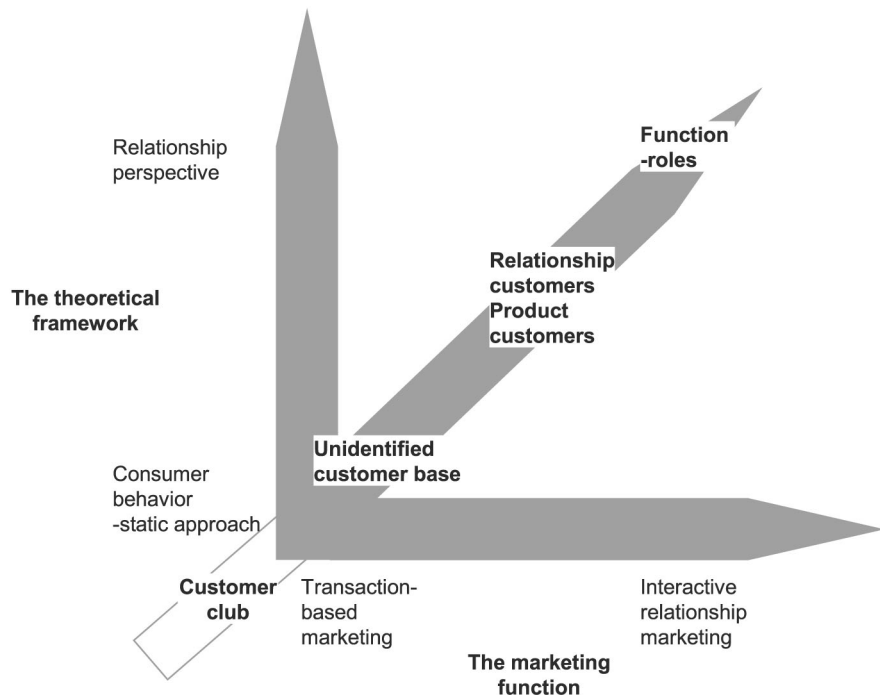
We conducted a qualitative study on the role of customer clubs in the telecommunications industry. The limitations of our study include the small sample size, and it represents only one kind of industry and one company. Generalisations are therefore difficult to make. We are aware of the arguments for and against our sample choice. We chose to use the sample the telecom company had selected and grouped for its own organisational purposes.

We started with an unidentified customer base including customer-club members of a telecom company, as depicted in Figure 3. Supported by a theoretical framework that assumed the importance of the frequency concept as defined in early consumer-behaviour models (Nicosia, 1966; Howard and Sheth, 1969), we considered the marketing function of the club from a new perspective, that of actual behaviour as opposed to the consumer-behaviour models referred to above. The club members' interest in the club formed the focus for the re-categorisation of the customer base into relationship and product customers. The methodological approach again influenced the finding regarding the functions and the roles of the club in the relationships: in other words, it enabled the club's functions and roles to be defined in terms of loyalty.

**The main contributions of the study**

*The functions and roles of the club in terms of telecom relationships*

The first contribution of this study is the new perspective it opens up on the effect of customer clubs in the telecommunications industry on customer relationships. It seems



**Figure 3.**  
The role of the customer club related to the theoretical framework of the study and to the marketing function of the telecom company

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obvious that customers do not merely look at certain parts of the club offering where loyalty is concerned: they evaluate the club and their relationship with the service provider according to different criteria. The implication of this is that customers do not always consider all parts of the club when they stay loyal to the company, and do not always think about it when they plan their future behaviour. On the other hand, when their actual behaviour is mapped and related to the significance of the club function, the effect is different. The results thus indicate that customers who, at a first glance, may seem not to care about the club, in fact do ascribe significance to it in their relationship with the company.

The second contribution is the theoretical result regarding re-consideration of the frequency concept. The majority of the passive customers (22) and relationship customers (13) were categorised as product customers, while of the relationship customers only three were in the passive group and six in the active group. In other words, most customers referred to the influence of their club membership on their loyalty with an inferred connection that resembles the frequency concept as defined in the theoretical framework (Nicosia, 1966; Howard and Sheth, 1969). The difference is the loyalty connection that was only expressed for satisfaction in those models. Headley and Miller, 1993 pointed out a connection between frequency and loyalty, but did not distinguish any effect for loyalty. In other words, the function and role were lacking. Therefore, we argue that a clear contribution of our study is the precise consequence and role of the frequency aspect of loyalty of club membership on loyalty in a telecom company.

The fact that the results of this study assigned absolute dominance to the calculative roles over the affective roles made us consider three things:

- (1) Bearing in mind the delimitations, it is obvious that the calculative role dominated the affective role. This may not be surprising in itself, but it may encourage us to think again about the nature of the club tradition. Customer clubs and relationship marketing have always been associated. Consequently, it might have been expected that most club members would consider the customer club to be very important for the relationship. On the contrary, 33 of the 44 members said that their club was of minor importance in terms of relationship continuation. The calculative role is, accordingly, dominant.
- (2) An implication of the results is that price-related phenomena play the leading role in this particular customer club. Again, we have to keep in mind the special character of telecommunications: it represents a continuous service that has undergone turbulent competitive changes over a few years. The impact of price-centeredness is rather confusing. Let us go back to the frequency-based part of our theoretical framework. Does frequency have a more important position in commitment for some particular industries than the relationship-marketing school has suggested? Did we neglect the impact of price when we introduced relationship marketing? The rapid change of paradigm from the static to the dynamic may have caused us to overlook what we now label the calculative dimension.
- (3) When marketing phenomena such as customer clubs are studied, it is not enough to identify factors of defined customer relationships. The functions and the roles of the factors are at least as important. Unless we can determine these

functions and roles, we will not understand the complex dynamics involved. In the present study, the fact that the affective and the calculative roles were included in the keeping function made us realise the relational nature of the calculative role in a new and clearer way. The fact that it represents the same family as the concepts of frequency and routinised-response behaviour has not been considered obvious in the context of relationship marketing. The calculative role of customer clubs may have changed during the decade during which they have been studied. Therefore, as we pointed out in the introduction, it is important to re-consider it. For this we need methods that are capable of distinguishing between different roles in customer relationships.

### Future research

The identification of two customer-club functions, keeping and attracting, highlights the need to study more thoroughly their role in the stability of customer relationships. The present study identified a customer interest in the clubs that suggested a non-linear connection to loyalty. Customers perceive the effect of the club on loyalty differently, ranging from a clear interest of a directive nature to a more supplementary influence on relationship stability – the affective and calculative aspects. For future research our first suggestion is to quantify these roles in terms of loyalty. This would give more precise information about the proportions of customers who perceive the keeping function, and would enable customer clubs in different industries to be compared more effectively.

Our second suggestion for future research concerns the attracting function of customer clubs. How exactly does this function affect the relationships? By applying a loyalty model that includes the effect of commitment and image, it might be possible to position it more precisely. The dimensions may be mainly integrated into the image part of the loyalty model, and thereby have an influence despite the detached role suggested in the qualitative study. The reason for such an assumption is the unclear image perception among the customers. The focus in this study was directly on the customer club and its image compared to other clubs of other companies, and the influence of the company image may show to some extent. In conclusion, this study revealed the existence of two functions and different roles of customer clubs in terms of loyalty. Future research could investigate their exact content and positions by developing a quantitative loyalty model.

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