Research Article

Received: 1 November 2024 / Accepted: 6 February 2025 / Published: 06 March 2025

The Role of Age and Gender as Moderators of Customer Loyalty Programs in Albanian Telecommunication Sector

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DOI: https://doi.org/10.36941/jesr-2025-0050

Abstract

Loyalty programs have long been an important element of customer relationship management for companies in different industries, used to retain their customers and attract new ones. While extensive research has provided insight on the effectiveness, design and outcomes of loyalty programs, the role of demographic factors as moderators remains underexplored. It is essential to understand the elements that affect customer engagement, in order to maximize the success of loyalty programs. This study explores the effects of age and gender on loyalty program knowledge and usage in Albania's telecommunication sector-a topic with little previous research. Utilizing a quantitative approach, data were c gathered from 750 customers through convenience sampling and analyzed via SPSS.

Keywords: *customer loyalty, loyalty programs, demographics, telecommunication, marketing*

1. Introduction

Global economies have changed dramatically in recent years, with crises posing difficulties for businesses and escalating competitiveness as the main engine of business.

Studies have shown that the cost of acquiring a new customer is six to eight times more than that of retaining an already existing customer (Gruen, 1997), making it imperative for companies to focus on customer loyalty. Brand loyalty and loyal customers are very important for the future of the business and should be studied carefully (Aydin & Özer, 2005). To enhance consumer loyalty, companies adopt many strategies, and the most popular among them is the loyalty program (Singh et al, 2008). The implementation of the loyalty programs helps the companies to keep their existing customers by encouraging repeated purchases and also attracts the new ones by programs offering various incentives, such as discounts, points, and exclusive benefits. Loyalty programs are widely used in different industries as strategic tools to enhance customer retention. In a similar vein, mobile network providers around the globe have introduced loyalty programs to favorably impact consumer behavior.

The liberalization of the economy, which includes the telecom industry, has changed the

competitive environment in Albania. This process came as e result of market economic deliberations, a common feature to other Balkan countries. Four businesses were in operation at first, but due to mergers and acquisitions, there are currently only two. This has increased the competition in the offered services between the operating companies, making the customer loyalty an important area of research in the telecommunication sector.

In an increasingly competitive market between the actual operating companies, telecom companies in Albania are turning to loyalty programs to retain customers and enhance brand loyalty. However, the effectiveness of these programs may vary across different demographic segments. As stated by Ailawadi et al. 2010, loyalty programs offer benefits for consumers who can receive rewards and/or reach a higher tier as well as for firms that can potentially gain more repeat businesses and, at the same time, gather detailed consumer insights that allow them to deliver targeted marketing activities. Though, loyalty programs can help companies to monitor and influence the consumer behavior.

Although previous studies have provided insight on the effectiveness, design and outcomes of loyalty programs, there is a notable gap in examining the role of moderating variables such as age and gender. Understanding these elements is crucial for maximizing the efficacy of loyalty programs and customizing them for various demographic segments. This study addresses this gap by investigating how age and gender influence the knowledge and usage of loyalty programs in Albania's telecommunication sector, offering insights into an understudied context.

2. Literature Review

2.1 Customer Loyalty

Loyalty as a concept has gained a lot of attention in customer research even though it is nothing new for the world economy. Customer loyalty is a complex and difficult construct to define (Salegna & Goodwin, 2005). Depending on the study's aim, the literature has provided a wide range of definitions. Oliver's (1999) definition is among the most often used, and suggests that customer loyalty is a deeply held commitment to rebuy or repatronizes a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behaviour.

One of the most important key drivers of long-term business success is certainly customer loyalty. According to Dick and Basu (1994), loyal customers tend to repeat purchases, are less prone to price changes and recommend the brand to their social circle.

As mentioned before, it costs less to keep the existing customers than to attract new ones. In this context, companies are using different strategies and tools in order to enhance customer loyalty, especially the loyalty programs.

2.2 Loyalty Programs

Over the past decades, loyalty programs have been in the centre of attention of customer research and in practical use as well. Although they have been in existence since the 18th century and since then they have evolved and continue to evolve as many areas remain unexplored (Xie & Chen, 2013).
Loyalty programs are intended to increase incentives among the loyal customers for their continued clientele and to inspire repeat purchases. Loyalty programs are well known and used in various sectors of business such as; hospitality, retail and telecommunications. There are many studies and analysis performed on the relationship between loyalty programs and customer loyalty. Some of the findings including those of Meyer-Waarden (2007) and Fook & Dastane (2021), suggest that a well-made loyalty program can improve customer loyalty thus providing concrete and psychological benefits. According to Yi and Jeon (2003), effective loyalty programs can improve and increase customer satisfaction, higher retention rates, and better financial performance for the companies.

Characteristically, loyalty programs offer various rewards such as: points, discounts, exclusive offers and other bonuses. The value and composition of these rewards impact considerably customer satisfaction and participation. Bolton et al. (2000) state that membership in loyalty programs have a positive effect on customer retention and value, stressing also the importance of program design and execution.

2.3 Demographic Factors and Loyalty Programs

In order to increase the impact and the engagement with the loyalty programs of the customers, the companies should consider the factors that affect the consumer behaviour and the responsiveness to the different marketing strategies. Age and gender are two of these factors that can impact the way customers perceive and participate in loyalty programs.

2.3.1 Age

A significant factor that greatly influence the engagement of the customer with the loyalty programs is the age. Leenheer et al. (2007) states that young customers including millennials and Generation Z, have a tendency to participate in loyalty programs due to their acquaintance with the digital platforms and have a greater disposition towards value-added benefits.

On the other hand, Bolton et al. (2000) underline that older customers appreciate tangible rewards and clear benefits. That is the reason why this category of customers shows different engagement patterns towards loyalty programs. According to Eastman and Iyer (2004), digital loyalty programs usually remain a challenge for the older customers and limit their participation due to lack of interest and familiarity with the digital platforms and technological barriers.

2.3.2 Gender

Various studies examining the differences of genders in participation in loyalty programs can be found in literature. Some researches specify that there are no substantial gender differences in loyalty program engagement, whereas some others stress big differences between them. For example, Bridson et al. (2008) found that both men and women show similar levels of participation in loyalty programs that suit to their individual needs and preferences.

On the other hand, Noble et al. (2006) revealed that women tend to be more involved in loyalty programs compared to men, likely because of their increased participation in shopping and a stronger desire for rewards. Other studies show that men may support loyalty programs that provide tangible benefits and fit to their shopping preferences.

Based on the literature review, we propose the following hypotheses:

Hypothesis 1: There is a significant difference in the knowledge of loyalty programs based on gender among the consumers of mobile operators in Albania.

Hypothesis 2: There is a significant difference in the knowledge of loyalty programs based on age among consumers of mobile operators in Albania.

Hypothesis 3: There is a significant difference in the usage of loyalty programs based on gender among consumers of mobile operators in Albania.

Hypothesis 4: There is a significant difference in the usage of loyalty programs based on age among consumers of mobile operators in Albania.

3. Methodology

This study uses a quantitative approach to explore the role of demographic factors on the knowledge and usage of loyalty programs among customers in the telecommunication sector in Albania. Data were collected through an online questionnaire distributed to 750 customers. The responses were

analysed using SPSS. Given the target population of this study which includes all telecommunication customers in Albania who are potential participants in loyalty programs, a convenience sampling technique was employed. This approach was chosen due to its effectiveness in reaching a large number of respondents in a limited amount of time. While facilitating the collection of valuable insights, convenience sampling may introduce selection bias and limit the generalizability of the findings to a wider population. Future research could overcome this issue by implementing probability sampling techniques, in order to secure a more representative sample.

4. Results

In order to investigate the relationship between gender and loyalty program knowledge among Albanian mobile operators' customers and to test hypothesis 1, a Chi-Square test was used. The following Table 1 displays the findings:

Table 1. Gender and knowledge of loyalty programs

Gender	Knowledge of Loyalty Programs	Count	% within Gender	% within Knowledge	% of Total
Male	Yes	81	39.5%	24.8%	10.8%
	No	124	60.5%	29.3%	16.5%
Female	Yes	246	45.1%	75.2%	32.8%
	No	299	54.9%	70.7%	39.9%
Total		750	100.0%	100.0%	100.0%

The Chi-Square test result was $\chi 2(1, C=750)=1.917$, $p=.166$ – presented in Table 2 below. This result suggests that there is no statistically significant difference in the knowledge of loyalty programs based on gender among consumers of mobile operators in Albania. The test did not provide sufficient evidence to accept the hypothesis, which suggests that there are no differences in the level of information that men and women have about loyalty programs offered by mobile operators.

Table 2: Pearson Chi Square results of gender and knowledge of loyalty programs

Test	Value	df	Asymptotic Significance (2-tailed)
Pearson Chi-Square	**1.917**	**1**	**.166**
Continuity Correction	1.695	1	.193
Likelihood Ratio	1.927	1	.165
Fisher's Exact Test			.186
Linear-by-Linear Association	1.914	1	.166
N of valid cases	750		

The Chi-Square test was also used to investigate the relationship between age group and knowledge of loyalty programs among consumers of mobile operators in Albania. The results divided by age group are presented in Table 3.

Table 3: Age and knowledge of loyalty programs

Age Groups	Knowledge of Loyalty Programs	Count	% within Age	% within Knowledge	% of Total
18-24	Yes	189	48.8%	57.8%	25.2%
	No	198	51.2%	46.8%	26.4%
25-34	Yes	98	38.7%	30.0%	13.1%

Age Groups	Knowledge of Loyalty Programs	Count	% within Age	% within Knowledge	% of Total
	No	155	61.3%	36.6%	20.7%
35-44	Yes	30	38.5%	9.2%	4.0%
	No	48	61.5%	11.3%	6.4%
45-54	Yes	9	36.0%	2.8%	1.2%
	No	16	64.0%	3.8%	2.1%
Over 55	Yes	1	14.3%	0.3%	0.1%
	No	6	85.7%	1.4%	0.8%
Total		750	100.0%	100.0%	100.0%

The value generated by the Chi-Square test was $\chi 2(4, C=750) = 10.623$, $p=.031$ – shown in Table 4. Based on these results, there is a significant difference in awareness of loyalty programs based on age group between customers of mobile operators in Albania. The analysis provided sufficient evidence to support the hypothesis which suggests that there is a difference in the knowledge of loyalty programs depending on the age group, among consumers of mobile operators in Albania.

Table 4: Pearson Chi Square results of age and knowledge of loyalty programs

Test	Value	df	Asymptotic Significance (2-tailed)
Pearson Chi-Square	**10.623**	**4**	**.031**
Likelihood Ratio	10.981	4	.027
Linear-by-Linear Association	8.614	1	.003
N of Valid Cases	750		

The Chi-Square test was performed to examine the relationship between gender and the use of loyalty programs among consumers of mobile operators in Albania. The results of gender are presented in Table 5.

Table 5: Gender and usage of loyalty programs

Gender	Usage of Loyalty Programs	Count	% within Gender	% within Usage	% of Total
Male	Yes	87	42.4%	25.1%	11.6%
	No	118	57.6%	29.2%	15.7%
Female	Yes	259	47.5%	74.9%	34.5%
	No	286	52.5%	70.8%	38.1%
Total	Yes	346	46.1%	100.0%	46.1%
	No	404	53.9%	100.0%	53.9%

The value generated by the Chi-Square test was $\chi 2(1, C=750) = 1.549$, $p = .213$ – presented in Table 6. This result shows that there is no significant difference in the use of loyalty programs based on gender between customers of mobile operators in Albania. The analysis did not provide sufficient evidence to accept the hypothesis, suggesting that the use of loyalty programs does not differ significantly between males and females in this sample. Consequently, this result suggests that there is no difference in the use of loyalty programs depending on gender among consumers of mobile operators in Albania.

Table 6: Pearson Chi Square results of gender and usage of loyalty programs

Test	Value	df	Asymptotic Significance (2-tailed)
Pearson Chi-Square	**1.549**	**1**	**.213**
Likelihood Ratio	1.352	1	.245
Linear-by-Linear Association	1.547	1	.214
N of Valid Cases	750		

The Chi-Square test was performed to examine the relationship between age group and the use of loyalty programs among consumers of mobile operators in Albania. Descriptive results are presented in Table 7.

Table 7: Age and usage of loyalty programs

Age Groups	Usage of Loyalty Programs	Count	% within Age	% within Usage	% of Total
18-24	Yes	196	50.6%	56.6%	26.1%
	No	191	49.4%	47.3%	25.5%
25-34	Yes	106	41.9%	30.6%	14.1%
	No	147	58.1%	36.4%	19.6%
35-44	Yes	40	51.3%	11.6%	5.3%
	No	38	48.7%	9.4%	5.1%
45-54	Yes	4	16.0%	1.2%	0.5%
	No	21	84.0%	5.2%	2.8%
Over 55	Yes	0	0.0%	0.0%	0.0%
	No	7	100.0%	1.7%	0.9%
Total		750	100.0%	100.0%	100.0%

As shown in Table 8 below, the value obtained from the Chi-Square test shows a statistically significant relationship between age group and the use of loyalty programs, $\chi 2(4, C=750) = 20.960$, $p=.000$. As a result, the hypothesis will be supported which suggests that there is a statistically significant difference in the use of loyalty programs based on age groups among consumers of mobile operators in Albania. This implies that different age groups report different levels of usage related to loyalty programs.

Table 8: Pearson Chi Square results of age and knowledge of loyalty programs

Test	Value	df	Asymptotic Significance (2-tailed)
Pearson Chi-Square	**20.960**	**4**	**.000**
Likelihood Ratio	24.678	4	.000
Linear-by-Linear Association	10.616	1	.001
N of Valid Cases	750		

5. Discussion

The study discussed the effect of demographic factors on understanding the usage of loyalty programs as a crucial factor to design effective customer retention policies and strategies in the telecommunication sector. It also intends to provide understandings into these relations thus making a contribution to the designation of more focused and comprehensive loyalty programs.

The main aim of the study was to analyse the role of demographic factors, particularly gender and age, in understanding and usage of loyalty programs in telecommunication sector in Albanian market. The findings provide important information and valuable insights on how the above-mentioned factors effect customer engagements with loyalty programs.

The findings highlight that both genders have equal information about the loyalty programs provided by the Albanian mobile operators. As a result of that, the companies can concentrate their efforts, in implementing loyalty program awareness, without tailoring them specifically to either gender. This is also supported by the study of Melnyk and van Osselaer (2012), which states that both men and women possess knowledge about loyalty programs

Young generation, especially those aged 18-24 and 25-34, showed that their information about loyalty programs is higher compared to the older age targeted groups. This shows that young customers have more information about loyalty programs most probably because of their engagement with the cutting-edge technology and digital platforms where loyalty programs are often promoted. Telecommunication companies must take into consideration to target younger generation in a more effective way and improve awareness approaches to the older generation. Tahal (2014) also implies that, in comparison to older age groups, younger customers are more aware in loyalty programs.

Both genders showed almost the same levels of participation in loyalty programs, suggesting that gender does not make any difference in influencing the use of these programs. The findings highlight the need to design loyalty programs that attract all customers regardless gender division, as also supported by a study of Statista (2018).

Nevertheless, it should be mentioned that noteworthy differences were found in the usage of loyalty programs by age groups. The young customers, especially those aged between 18-24, were more frequent users of loyalty programs than the old aged customers. The findings show a higher trend of the young generation in actively engaging in loyalty initiatives most probably due to their convenience with the digital platforms and digital rewards. Telecommunication companies must concentrate on the ways to improve user experience and accessibility of loyalty programs in order to keep high level of participation and engagements of young generation and find out new strategies to increase the participation of the old generation customers.

6. Conclusions

The study shows that while gender seems to have little role on customer use of loyalty programs in the Albanian telecom industry, age plays a significant role. Young customers show higher levels of attention and awareness in participating in loyalty programs compared to the old generation of customers. The telecommunication companies should use and implement these findings to re-arrange their loyalty programs and marketing strategies in order to make them appealing to different age groups and to maximize customer retention and engagement.

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