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**THE EFFECT OF FREQUENT FLYER PROGRAMS ON CUSTOMER
LOYALTY**

ABSTRACT

At the present day, customer loyalty has become one of the fundamental components for the companies in maintaining their advantages and increasing their profitability. Loyalty programs lead the most frequently used and most effective methods that provide customer loyalty. Nowadays a great many firms/establishments in a wide selection of sectors and fields have developed loyalty programs. The aim of this study is to put forward whether the frequent flyer programs that are applied by airline firms to create loyal customer are effective on customer loyalty or not. In accordance with this aim a questionnaire is carried out with 530 people who are members of frequent flyer programs in Turkey.

The questionnaire consists of four parts. In the first part of the questionnaire, there is information about demographic (sex, age, education status, occupation, monthly income), travel and membership characteristics (aim and number of travel, membership period and card) of the members of the frequent flyer program. The statements that aim to determine the importance level of the gifts and service that are presented within the frequent flyer programs take place in the second part of the questionnaire. With the aim of measuring the customer loyalty 13 questions appear in the third part. Lastly, in the fourth part consists of questions that are for directly measuring the effect of frequent flyer programs on customer loyalty.

In this study, whether there is a significant difference between customer loyalty and its sub dimensions behavioral loyalty and attitudinal loyalty levels is tested via t test and variance analysis for the related measurements. On the other hand, whether the customer loyalty of the members and its sub dimensions behavioral loyalty and attitudinal loyalty levels differ significantly depending on their individual, travel and membership characteristics is tested via t test and variance analysis for independent samplings. Moreover, the effect of the frequent flyer programs on the customer loyalty is determined through correlation and simple linear regression analysis.

In this study it is seen that members of the frequent flyer programs pay great importance to the gifts and service that are presented within this program. It is revealed that members pay more importance to the service presented rather than the gifts. On the other hand, the customer loyalty level of the members for the firm they fly with is medium. In spite of this fact, the behavioral loyalty of the members is seen to be higher than their attitudinal loyalty. In addition to this, a positive medium relation which is about $r=0.446$ is found between the customer loyalty and the frequent flyer programs. Furthermore as a result of the regression analysis, it is proved that the frequent flyer programs affect the customer loyalty and they influence the behavioral loyalty more than the attitudinal loyalty.

Key Words: Customer loyalty, loyalty programs, frequent flyer programs, airline firms.