

Performance Evaluation of Biman Loyalty Club as Frequent Flyer Program

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Abstract: *Frequent Flyer Program (FFP) is the first loyalty program which was applied in most airline companies to build and keep strong relationship with customers. This study investigates the performance of a FFP of Biman Bangladesh Airlines, named Biman Loyalty Club (BLC) and uses primary data purposively collected from 62 respondents. Among the BLC members, male members are more active than the female members, most of them are middle aged, well-educated and Bangladeshi citizen (by birth). Pvt. limited company job holders are more frequent traveler than other occupation holder and travel for business purpose. Flight related benefit is main reason for joining BLC. Since members having membership with other airlines FFP, the BLC may face threat of competition from two frequent flyer programs: Star Alliance and British Airways Executive Club. Finally, 80.6% of the FFP members are motivated by this customer retention activity which has very positive impact for Biman Bangladesh Airlines Ltd. This study can be further extended for large sample size using various statistical methods.*

Keyword: *Advance seat reservation, first to know Biman news, Payment of excess baggage, Upgrade class, Check in lounge access, Time redemption, Milage credit, Enrollment and benefits.*

Introduction

Loyalty programs are structured marketing efforts that reward, and therefore encourage, loyal buying behavior- behavior which is potentially beneficial to the firm. In marketing, generally and in retailing more specifically, a loyalty card, reward cards, bonus points, advantage card, or club card is a plastic or paper card, visually similar to a credit card, debit card, or digital card that identifies the card holder as a member in a loyalty program. Loyalty cards are a system of the loyalty business model. In the United Kingdom it is typically called a loyalty card, in Canada a rewards card or a points card, and in the United States either a discount card, a club card or a rewards card. Cards typically have a barcode or magstripe that can be easily scanned, and some are even chip cards. Small key rings cards (also known as key tags) which serve as key fobs are often used for convenience in carrying and ease of access.

By presenting the card, the purchaser is typically entitled to either a discount on the current purchase, or an allotment of points that can be used for future purchases. A frequent-flyer program (FFP) is a loyalty program offered by many airlines. Typically, airline customers enrolled in the

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program accumulate frequent-flyer miles (kilometers, points, segments) corresponding to the distance flown on that airline or its partners. There are other ways to accumulate miles: In recent years, more miles were awarded for using co-branded credit and debit cards than for air travel. Acquired miles can be redeemed for air travel, other goods or services, or for increased benefits, such as travel class upgrades, airport lounge access, or priority bookings. Frequent-flyer programs can be seen as a certain type of virtual currency, one with unidirectional flow of money to purchase miles, but no exchange back into money. Frequent flyer programs are the first loyalty programs introduced for keeping a strong relationship with customers and aiming to achieve high profit. FFPs have been practiced by almost all airline companies now with various rewarding forms, such as discount travel tickets, free tour, discount shopping card etc. Most business travelers claim that they are enrolling in FFPs, because some rewards are attractive to them. On the other hand, airline companies take FFP in a critical position and profess that they keep investing in FFPs not only for customer retention, but also for customer individual information which are thought to be very great assets for company using for proposing marketing strategy in future.

Literature Review

In the airline industry, frequent flyer programs have become one of the most commonly used marketing tools for retaining customers and stimulating product or service usage. Despite their growing popularity, little is known about the factors that influence customer's perceptions and responses to such programs (Kivetz, 2002). Instead, they raise many questions related to the characteristics of the required efforts, the rewards offered and the factors influencing the likelihood of reaching the reward (O'Malley, 1998). To understand if changes to frequent flyer rules and benefits affect customer preferences towards the airline, it is important to examine the relationship between the magnitude and type of effort invested by the member in complying with frequent flyer program requirements and the type of rewards they receive. Attaining rewards typically requires customers to invest effort. In frequent flyer programs, such efforts are extended over time, and rewards are provided only after completion of the required effort stream. According to Kivetz and Simonson, (2002) perceived effort is defined as an inconvenience inherent in complying with the program requirements, such as when customers make a special effort to buy at a particular store or purchase more than they would have bought otherwise. Perceived effort also includes any substitution costs, that is, the disutility consumers incur by purchasing a particular brand that they would not have purchase otherwise.

Although there is not enough research on consumer preference toward streams of efforts for future rewards, literature in psychology has examined the effect of various efforts (means) and rewards (goals) on motivation and behavior (Mischel, 1996). Perhaps the most robust and straightforward finding is that rewards and goals can be highly motivating (Locke E. A., Latham, G. P, 1991). Research on human behavior has demonstrated that people possess a strong drive to engage in efforts directed at achieving future rewards (Nicholls, 1989). Marketers have been taking advantage of this tendency by using a wide range of promotional devices that offers benefits (points, miles, rebates, coupons) in return for the expenditure of effort. One way to strengthen an airline's competitive position is to retain passengers as loyal users of their airline, meaning that

they will choose the airline not once, but repeatedly. Loyal customers are highly attractive to businesses because they are less price sensitive and require a lower effort to communicate with. Yet, very little is known about what makes an airline passenger loyal to an airline. Most previous investigations focus on airline choice. Given that loyalty is repeated choice, we view airline choice literature as crucial in informing our study.

A number of studies have been conducted in the past attempting to better understand people's airline choices. (Suzuki, 2007) concludes that airline choice is a two-step process, where consumers first select a subset of airlines into their choice set and then determine the winning airline in a second step. Specifically, Suzuki finds that customers use a conjunctive decision rule in the first phase, meaning that airlines are included in the choice set if they have acceptable standards on the largest number of attributes. In terms of the factors that play a significant role in airline choice, Suzuki identifies the price of the airfare, frequency of flight services provided to the required destination and frequent flyer membership status.

Most other studies focus on identifying the factors that are most influential in people's airline choice. (Hess, S., Adler, T. and Polak, J.W. , 2007) investigate these factors separately for a number of segments, concluding that access time, flight time and airfare were important both for business and holiday makers. Membership in frequent flyer programs was also significant for both groups, but much less important for holiday makers. Among holiday makers, fare sensitivity was higher for longer flights and lower with higher incomes. In a study of 497 actual business flights taken by employees of three medium-sized companies, (Nako, 1992) found the number of flights to have the biggest impact on airline choice, followed by the percent of direct flights to the destination, the total travel time, frequent flyer programs, fares and arrival on time. A number of other studies were based on research designs which included only a subset of criteria typically used when choosing an airline. For example (Espino, R., Martin, J.C. and Roman, C. , 2008) set a choice task for respondents, including the following characteristics to describe each airline: price, penalty for ticket changes, free food, comfort, frequency and reliability. All of these factors (each measured using multiple items) had a significant impact on airline choice. One study interviewed travel agents in their role as experts on travelers' airline choices (Etherington, L.D. and Var, T, 1984). Again, only a subset of criteria was presented to the experts, namely convenience of schedules, handling at the airport, in-flight service, price and airline employees. Results indicate that for vacation travelers the two most important factors within this subset are ticket price and availability of discounts. For business travelers, on the other hand, the availability of non-stop flights and time of arrival were most important. (Ostrowski, 1993) find generally low satisfaction levels and low levels of intentions to stay loyal to one airline among airline customers. Finally, a significant number of studies have investigated stated importance of a range of factors to passengers in general (Tsaur, S.-H., Chang T.-Y. and Yen, C.-H. , 2002) as well as segments of passengers (Gilbert, D. and Wong, R.K.C. , 2003) without attempting to link these importance ratings directly to behavioral outcomes, such as airline choice or airline loyalty. Such studies are of particular value when airline managers aim at increasing perceived satisfaction of passengers once they have chosen their airline.

The marketing of airlines has evolved dramatically throughout the past 50 years. Since earliest times the aviation industry has been a cyclical business. It is affected by recession and other economic conditions and because of political intercession has been the subject of cartels, protectionism and hidden subsidies (Gilbert, D. and Wong, R. K. C. , 2003). Also, airlines industry is the industry which practiced loyalty program firstly by rewarding the high mileage traveler free flights.

Unfortunately, although airline industry introduced loyalty programs earlier than other industries, loyalty programs do not seem to bring airline companies numerous profitable and loyal customers as companies expected.

This is because loyalty programs are often misunderstood and misapplied, such as frequent flyer programs which are practiced in most airline companies. Frequent flyer programs treat rewards as short term promotional giveaways justify so called loyalty customer in the same standardization—how often customers use their service, and presume customer satisfactions are all in the same level. Hence, although airline companies.

Openly discuss all the benefits of frequent flyer programs, their decision to launch a program is often motivated by fears of competitive parity in reality (Dowling, 1997).

This present study draws on Uncles (2003) contingency approach of loyalty to explore effectiveness, perceived value of frequent flyer programs and when customers are program loyalty and when customer are brand loyalty the contingency variable employed in the study is customer satisfaction which is in two situations—low and high. As (Dowling, 1997) claimed that it is not enough to discuss loyalty and program loyalty in only condition—customers are very satisfied. In the event of low satisfied service experience, the literature strongly advocates that service recovery be carried out. This study discusses whether frequent flyer program will induce customer's True Loyalty in two situations high satisfaction and low satisfaction.

Theoretical Background

The effectiveness of loyalty programs can be discussed from two aspects which are the conception of loyalty and competitive strategy (Minami, 2006). The conception of loyalty highlights how to approach customer loyalty. According to prior researches, there are three approaches to loyalty generally behavior approach, attitude approach and behavior vs. attitude approach. On the other hand, from the perspective of competitive strategy, the tendency of prior researches is how to make loyalty program effectively, in other words, how to keep good relationship with customers through loyalty programs. Traditionally, customer loyalty has been defined as a behavioral measure. These measures include proportion of purchase (Cunningham, 1966) probability of purchase (Farley, 1964), probability of product repurchase, purchase frequency, repeat purchase behavior (Brown, 1952), purchase sequence (Kahn, Barbara E. Kalwani, Manohar U. & Morrison, Donald G. , 1986) multiple aspects of purchase behavior (Ehrenberg, 1988) Based on this perspective, many researchers and managers believe that "loyal customers should be the one who repeat to purchase products or services from the same suppliers. Just as (Henning-Thurau Thorsten, Gwinner Kevin P. and Gremler Dwayne D., 2002) suggested that customer loyalty is always conceptualized as a customer's repeat purchase behavior which is triggered by a

marketer's activities. Nevertheless, approaching customer loyalty may be too simple, because those studies neglected the characteristics of product and purchase behavior high involvement or low involvement. Then, it cannot get a conclusion that the frequent customer buy, the loyalty customer are. Besides the definition from behavior, attitude is another important measure about how customers are loyal to their products or services suppliers. From this perspective, Attitude has been defined as a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor (Eagly, Alice H, and Chaiken Shelly, 1993). In another word, attitude loyalty represents a higher order, or long term, commitment of a customer to the organization that cannot be inferred by merely observing customer repeat purchase behavior (Shankar, V. Smith, A K. & Rangaswamy, A., 2000). (Liddy, 2000) emphasizes the importance of attitudinal loyalty, as he suggests that only loyalty based on attitude, the likelihood of future usage can be expected. (Reichheld, 2003) also supports the importance and reasonability to define customer loyalty from attitude. He points out that attitude loyalty can induce positive behavior, such as recommend and repeated purchase. However, the attitude approach is no empirical research testified customers who have affective to a product or service suppliers must have loyalty to this suppliers, which is keeping repurchase in the same supplier. In (Dick Alan S. and Kunal Basu. , 1994) research, having a high relative attitude with a low repeat patronage is called latent loyalty which is a serious concern for marketers. In recent decades, instead of approaching loyalty by only behavior or attitude, more and more researchers tend to suggest approaching loyalty by both behavior and attitude measurement (Day, 1969). Firstly proposed loyalty indexes based on composites of attitudinal and behavioral measures in his paper. Strong vs. weak attitudes toward the object, paired with high vs. low repeat behavior, span the classic grid with four types of loyalty: true, latent, spurious, and low loyalty.

However, which one is the domain of loyalty behavior or attitude? If repeat purchase behavior is seemed as the domain of loyalty, it may merely reflect happen stance; whereas if affective to brand is seemed as the domain of loyalty, it may hard to be testified by empirical research. Furthermore, is the behavior attitude definition applicer into all situations? For example, loyalty to low involvement products or services is significant different with high involvement products or services. Then the avoidance of searching alternatives is difficult to be explained. In this point, (Uncles Mark D. Grahame R, 2003) argued that the best conceptualization of loyalty is to allow the relationship between attitude and behavior to be moderated by contingency variables such as the individual's current circumstances, their characteristics, and/or the purchase situation faced. In conclusion, behavior attitude approach only considering two aspects of customer loyalty, but not considering the mechanism and relationship between behavior and attitude is not enough. Furthermore, are affective feelings to a product or service the feelings of how customers are satisfied with their purchase? If so, is satisfaction included in loyalty completely? If not, what is the interrelationship between customer satisfaction and loyalty? Is satisfaction the antecedent of loyalty or is satisfaction the result of loyalty? There are not seemed to have a clear answer in this literature (Oliver, 1999). In this point, FFPs play an essential role in airline companies which cannot be ignored. However, although FFPs help airline companies to retain customers and collect customer individual information, airline companies do not avoid suffering management crises and struggling in the deficit financing this study selects Frequent Flyer Programs as research objects

have several reasons. First, loyalty programs' effectiveness is significant stronger in high involved service than low involved service such as ATM and some repair services, therefore, it is expected to testify how FFPs effectiveness and perceived value for customers.

Second, as most airline users claim that they are enrolling in at least one FFP, it is expected to clarify how customers evaluate FFPs.

Third, like the second one, it is expected to distinguish the difference between airline loyalty and FFPs loyalty which are treated as one of critical literatures in loyalty research and relationship management. (Uncles Mark D. Grahame R, 2003)

British Airways Executive Club follows some parameters to measure their members loyalty or motivation toward their program, these are: distance based redemption chart, point sign up bonus, customer recommendation, operating margin, network punctuality and partnership with star Alliance.

The International Air Transport Association (IATA) is a trade association of the world's airlines consisting of 250 airlines and primarily major carriers carry approximately 84% of total Available Seat Kilometers air traffic. IATA supports airline activity and helps formulate industry policy and standards. The in-depth research covers all travel service aspects of the pre-flight, in-flight and post-flight passenger travel experience and the specified parameters are used to measure the customer loyalty by all airlines which are member of IATA. The parameters are:

For measuring the performance of Airlines: (Rules by IATA)

Reservations (customer wait time before being served), website (ease of booking), check-In, lounge comfort, boarding(helpful and courteous gate staff), Cabin(condition of interior) ,Seat (pitch, width, leg room), Cabin crew(responsiveness), In-Fight Entertainment, Food & Beverage (selection of meals), Arrival (speed of luggage delivery).

FFP performance and customer loyalty factor: (Rules by IATA)

Socio demographics and flying patterns (gender, age and reason for travel, travel frequency, bonus consumption, bonus redemption policy, membership with other alliances) and FFP factors: (earning ability, award choices, partnership, elite level, rules and conditions, service support, online services and overall rating).

Objective

In this paper, we have tried to identify the present condition of newly introduced customer retention program that is frequent flyer program: Biman Loyalty Club of Biman Bangladesh Airlines. The objectives of this paper are :

- I. To identify the present scenario and condition of BLC through member's status measurement (demographical factors like age, gender, education etc.).*
- II. To measure the performance of the BLC through various tier class, reasons behind joining the program, membership with other FFP's and ranking the BLC features and facilities from the members view point.*

III. *Combining the objectives above to identify that, are the members of BLC are motivated or not?*

How Biman Bangladesh Airlines Measure their customers loyalty before BLC program

Biman is delighted to announce that they are honoring their customers who frequently fly with Biman. All flights made from May 2013 onwards, miles are credited to their account rate of 50% of the actual miles flown. Again, if someone has flown 20 flights or more, they will immediately present a SILVER card and for 35 or more flights, a GOLD card will be awarded to him instantly. Around 1.5 million passengers travel by Biman Bangladesh Airlines every year. From November 2013 to March 2014 the number of Biman Loyalty Club member is 5309. From various countries of the world, various nationalities, the number of members is increasing day by day.

For measuring the loyalty of the members of the BLC program, the authority gives emphasizes most on some parameters, these parameters are: Earn and burn mileage ratio, new enrollments of the members ratio, route frequency, and schedule of the popular flights. Earn and burn mileage ratio referring individual members earning mileage and consumption (burning) rate. Currently the ratio is 23:2, the average earned mileage is 25,00,000 and average burnt mileage is 2,31,000. Generally the mileage is burnt under four categories: free ticket issue, lounge access, extra baggage service and class upgrading. New enrollment ratio is also very important, they focus on either the number of enrollment is increasing or not. Route frequency is another factor that, in which route most of the mileage is earned and also burnt. The last important factor for analyzing the loyalty is schedule of the popular flight that in which schedule or time the most of the member like to fly or travel. Currently most popular schedule and flight is Calcutta to Bangkok by Biman Bangladesh Airlines and the percentage of overall flight is 16%. But sometimes the BLC authority also considers the business repetition by the members, unless they will not frequently fly to the same destinations.

Generally, Biman Bangladesh Airlines did not focus on analyzing the loyalty of the customers as much as now in BLC. They used to offer promotional tool like: travel 10 times in two months or three months and get a free ticket. These was done by manual method since it was not that much popular and the measurement tactics was not sufficient enough for loyalty or motivation research.

Methodology

In this research, systematic sampling method is being used because choosing a sample size through a systematic approach can be done quickly and it is one of the easiest sampling methods to understand. The questionnaires have been sent via mail randomly to 530 passengers (every 10th person of the total frequent flyer members) and 62 responses been received from the customers who are frequently using Biman Bangladesh Airlines. Thus research has been conducted with 62 member's responses as samples from 5309 FFP members to evaluate and measure the effectiveness of the program.

Validity of the responses: The 62 response is enough for this research since the required sample is 22 only.

For details, determination of sample size, $n = \frac{\pi(1-\pi)Z^2}{D^2} = \frac{0.014(1-0.014)(1.96)^2}{(0.03)^2} = 22$

Here,

$\pi =$

% of the frequent flyer program members against total Biman Bangladesh Airlines Limited passengers = 0.014

Z = z value associated with confidence level 95% = 1.96

D = standard error = 0.05

For this research, the required sample number is 22, and number of respondents is 62; which is more than required samples. It is seen that, the nonresponsive rate is high but most of the email addresses of the members found from BLC directory were invalid and some respondents refused to response for privacy concern.

For the analysis of the data, the questionnaire is analyzed with SPSS V20. We have used frequency analysis, cross tabulation and likert scale. The data are been shown in this paper through various pie chart, histogram chart, line chart and tables.

Source of data: Both primary and secondary data were used to conduct the research. Face-to-face conversation with respective officers and staffs of the head office, practical work experiences from different departments, online survey with Biman Loyalty Club members. Annual Report of Biman Bangladesh Airlines Limited, 2013, website of the Biman Bangladesh Airlines Ltd, various books, articles regarding general airlines functions, and management, relevant information published in various newspapers, Biman's employees service manual.

In this present study, we are focusing and emphasizing more on the FFP performance and customer loyalty factor (the rules by IATA). **For objective one**, the frequency of the BLC members gender, age, nationality, education, monthly income and travel class are being used. **For objective two**, the FFP tier, purpose of trip, other FFP membership, methods of earning mileage, and the features and facilities provided by BLC (table 11) are counted as parameters. **Finally**, the percentage of members who are willing to earn mileage, methods of earning mileage, cross tabulation of parameters (Gender vs. motivation) and (Membership vs. motivation) and combining first two objectives outcome , we will find out the motivational rate of BLC.

Analysis of the data: From the survey of frequent flyer program of Biman Bangladesh Airlines, we have summarized the provided information by the members of BLC in frequency distribution. These table will provide us relevant information about Biman Loyalty Club.

Table 1: Gender of the Respondents

Gender of the respondents					
		Frequency	Percent	Valid	Cumulative
	Male	48	77.0	77.0	77.0
	Female	14	23.0	23.0	100.0
	Total	62	100.0	100.0	

From this table, we can assume that, 77% members of Biman Loyalty Club are male and the 23% members are female. So among the frequent flyer members, male respondents are more active than the female respondents.

Table 2 : Nationality of the Respondents

Nationality of the respondents				
	Frequency	Percent	Valid %	Cumulative %
Bangladesh	50	81.0	81.0	81.0
out of BD	12	19.0	19.0	100.0
Total	62	100.	100.0	

From this table, we can assume that, Biman Loyalty club’s nationality of the respondents within Bangladesh is 81%, and out of Bangladesh is 19%. Though the nationality rate of Bangladesh is high, but not all the respondents are living in Bangladesh, many of them are living currently in abroad but they have Bangladeshi citizenship by birth.

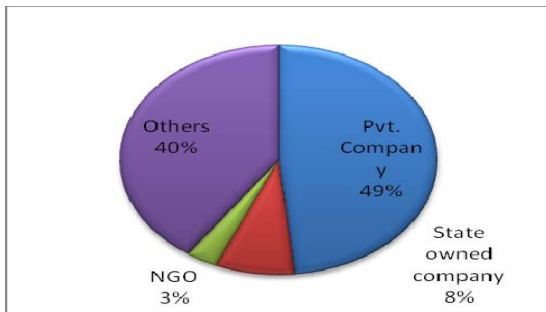


Figure 1 : Occupation of the Respondents

From this chart, we can assume that, occupations of the respondent, of BLC are: Pvt. limited Co. is 49 %, state owned co. is 8%, NGO is 3 %, others like: service holder (doctor, engineer, etc.), sole proprietorship etc. is 40%

Here, the Pvt. Limited co. has highest frequency rate, so these respondents are more frequent traveler than any other occupation holders.

From this figure 3, we can identify that, 10 % of the members are aged between 26-28 and 42-47. The members aged between (35-39), (51-52), (65-70) are only 2%.

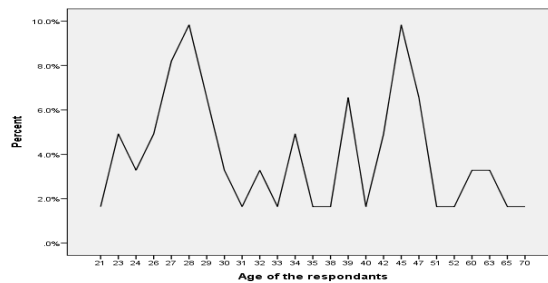


Figure 2 : age of the respondents.

From this chart 1, we can assume the biman loyalty club’s education level of the respondents. Frequency rate of masters/mba is 55%, hons/bba is 40% and hsc is only 5%. So we can easily say that more than 90% members of biman loyalty club are well educated.

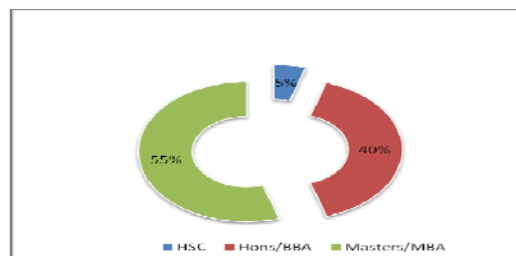


Figure 3: education level of the respondents.

From this chart 2, we can identify which class the members generally use during their travel. About 39% use business class and 61% use economy class for travel.

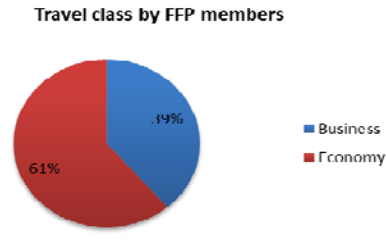


Figure 4 : Travel class of the respondents

From this figure 3 we can say that, the member's lowest monthly income is more than twenty thousand bdt, average monthly income is about 3,02,015.16 bdt and highest monthly income is 71,48,900.00 bdt.



Figure 1 : Monthly income of the respondents (Graph)

Table 3 : FFP Tier Provided by Biman

FFP tier provided by BIMAN					
		Frequency	Percent	Valid Percent	Cumulative %
Valid	Green	61	98.0	98.0	98.0
	Silver	1	2.0	2.0	100.0
	Total	62	100.0	100.0	

From this table, we can assume the state of FFP tier of the respondents provided by Biman Bangladesh Airlines. About 98% of the respondents are GREEN card holder and 2% of the respondents are silver card holder. Though Biman Loyalty club has 67 GOLDEN card holders/ members, since we could not reach any golden card holder, the frequency of this tier is zero.

Table 4 : Purpose for your Trip

Purpose for your trip					
		Frequency	percentage	Valid %	Cumulative%
Valid	Leisure	11	18.0	18.0	18.0
	Business	35	56.0	56.0	74.0
	VFR	16	26.0	26.0	100.0
	Total	62	100.	100.0	

From this table we can identify the purpose of the trip of Biman Loyalty Club members. The purpose for leisure is 18%, Business is 56% and visiting friends and family is 26%. So we can easily say that most of the members of the frequent flyer program travel through Biman Bangladesh Airlines for business purpose.

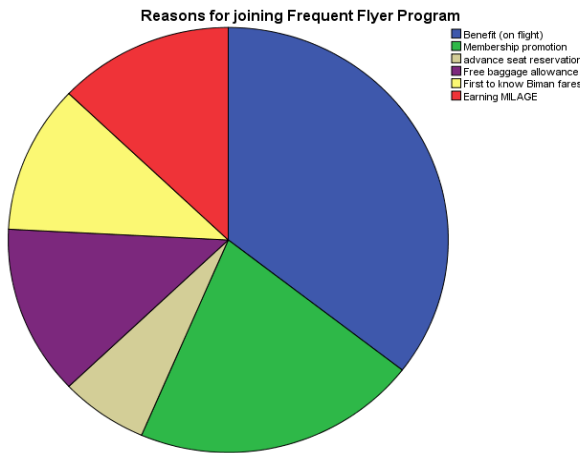


Figure 6 : Reasons for joining FFP (Pie chart)

From this graph, we can identify the percentage of members against reasons for joining FFP. The benefit (on flight) is 35%, Membership promotion rate is 21.0%, advance seat reservation rate is 7%, Free baggage allowance rate is 11% and finally, first to know Biman fares rate and earning mileage rate are 13%. So most of the members want to join the FFP to have benefit on their flight.

Table 5: Motivated To Earn More Points/ Mileage

Motivated to earn more points/ mileage from your BIMAN's Frequent Flyer					
		Frequency	%	Valid %	Cumulative %
Valid	Yes	50	81.0	81.0	81.0
	No	12	19.0	19.0	100.0
	Total	62	100.0	100.0	

From this table we can identify either the members are motivated or not toward frequent flyer program of Biman Bangladesh Airlines. 81% of the FFP members are motivated by this customer retention activity which has very positive impact for Bangladesh Airlines Limited.

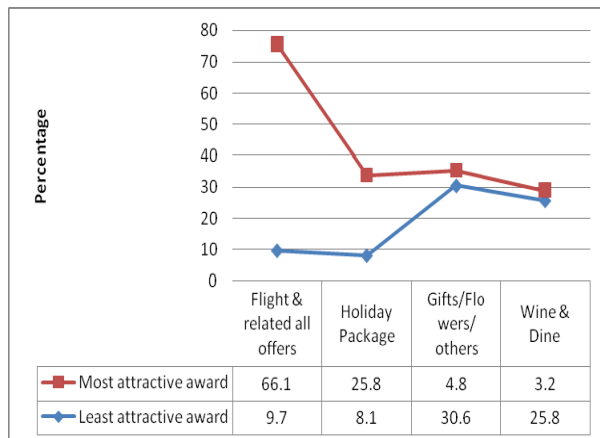


Figure 7: Frequency Rate of most Attractive and Least Attractive Reward

From these chart we can identify the frequency rate of most attractive and least attractive reward toward biman loyalty club members. The highest most attractive reward is for flight and flight related offers (66%). After this feature member most likes holiday packages (26%). The highest least attractive reward is for gifts/ flowers/ other offers (31%). After this feature member most dislikes health and spa and wine and dine features. These are about 26%.

Table 6 : Member of any other Frequent Flyer Program

Member of any other Frequent Flyer Program					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	40	65.0	65.0	65.0
	No	22	35.0	35.0	100.0
	Total	62	100.0	100.0	

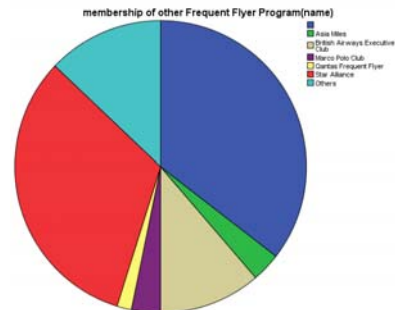


Figure 8 : Membership of any other Frequent Flyer Program

From these table and figure we can identify either the members have any other frequent flyer membership card and for which FFP they are most attracted. About 65% of the members have other FFP membership. About 32% members have Star Alliance membership card, 12% have British Airways Executive Club membership. 35% members do not have any other membership card, but since it is less than 50%, the Biman Loyalty Club may face threat of competition from these two frequent flyer programs.

Table 7 : Methods Of Earning Mileage Do You Prefer

Methods of earning mileage do you prefer					
		Frequency	Percent	Valid Percent	Cumulative %
Valid		31	50.0	50.0	50.0
	Hotel	16	26.0	26.0	76.0
	Car	4	7.0	7.0	83.0
	Leisure	11	17.0	17.0	100.0
	Total	62	100.0	100.0	

From this table we can identify the earning mileage method that members prefers, among airlines, hotel, car and transport and travel & leisure, the highest preference is on earning through airlines (50%). The others options are 26%, 7% and 17%.

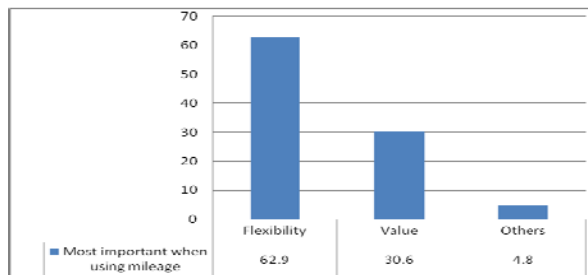


Figure 9 : Most important feature using mileage.

From this figure 9 we can identify which feature is most important toward FFP member for using their mileage points. Most of the members like to use their points for flexibility. Flexibility (The ability to use them anywhere) is 63%.

Table 8: Identification of user of Travel Class According FFP Tier

FFP Tier provided by Biman			
Class\ Tier	Green	Silver	Golden
Business	23 (37%)	1 (2%)	0
Economy	38 (61%)	0	0

From this cross table we can say that 37% green card holders and about 2% silver card holders travel in business class whereas about 61% green card holder travel in economy class.

From this table we can say that, 45% Bangladeshi male members and 15% are foreign male members are motivated to the FFP. And 19% Bangladeshi female members and only 2% of foreign female members are motivated toward FFP. But according to Bangladeshi members 16% and foreign 3% members are demotivated toward this program

Table 9 : Identification of the Motivation Rate According to Gender and Nationality

Gender	Male		Female	
	BD	Out of BD	BD	Out of BD
Yes	28(45%)	9(15%)	12(19%)	1(2%)
No	9(14%)	2(3%)	1(2%)	0

Table 10 : Identification of Motivated Members against other FFP Membership Holders.

		Motivated to earn more points/ mileage	
		yes	No
		Count	Count
Member of any other Frequent Flyer Program	Yes	33 (53%)	7 (11%)
	No	17 (27%)	5 (8%)

This table shows the relation between motivated members and the members who have other FFP membership. 53% members have other BLC membership and 27% have no other membership are motivated toward Biman Loyalty Club. Again, 11% members have other BLC membership and 8% have no other membership.

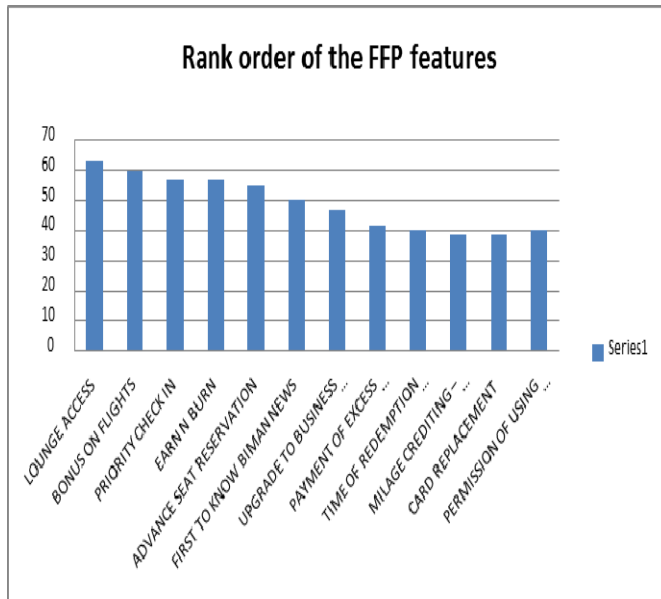


Figure 2 : Rank order of FFP features. (Chart)

From this table, we can identify the rank order of FFP card features. We have ranked the features according to the number of preference frequency and percentage of the respondents. First, the preference of the respondents on feature has been calculated. We can say that, the feature “Lounge access” is most favorable feature for the travelers. 63% members of BLC like this strongly. The second feature is “Bonus on flights” (60%), the third one is “Priority check in” (56%). The rest of the features can be seen in the table. The least favorable features are “Card replacement policy/procedure” (ranked 9th) and “Permission of using mileage by the card holder only (ranked 10th)”.

Table 11 : Rank Order of the Features of BLC Card

Rank order of the features:

SL NO	Feature	Measurement	Frequency	Percentage	Position
1	Lounge access	Strongly like	39	62.9%	1 ST
2	Bonus on flights	Strongly like	37	59.7%	2 ND
3	Priority check in	Strongly like	35	56.5%	3 RD
4	Earn n burn	Like	35	56.5%	3 RD
5	Advance seat reservation	Strongly like	34	54.8%	4 TH
6	Knowing first information	Strongly like	31	50.0%	5 TH
7	Upgrade to business class	Strongly like	29	46.8%	6 TH
8	Payment of extra baggage	Like	26	41.9%	7 TH
9	Time of redemption milage credit	Like	25	40.3%	8 TH
10	Milage crediting – confirmation	Like	24	38.7%	9 TH
11	Card replacement	Indifferent	24	38.7%	9 TH
12	Permission of using milage	Like	23	40.3%	10 TH

Research Findings

After the analysis part, the findings of the analysis and research on effectiveness and performance evaluation of Biman Loyalty Club as frequent flyer program can be summarized as follows:

According to our first objective, the measurement of the membership status and present scenario of BLC, the demographical factors are playing very important role. The result of the analysis we found, among the members of Biman Loyalty club, 77% members are male and the 23% members are female. So among the frequent flyer members, male respondents are more active than the female respondents. About 10 % of the members are aged between (26-28) and (42-47) and 2% of the members are aged between (35-39), (51-52), and (65-70).

The respondents from Private limited company are more frequent traveler than any other occupation holders. More than 90% members of Biman Loyalty Club are well educated. Average monthly income of the members is about 3,02,015.16 BDT.

Biman Loyalty club members nationality within Bangladesh is 81%, and out of Bangladesh is 19%. Though the nationality rate of Bangladesh is high, but not all the respondents are living in Bangladesh, many of them are currently living abroad, but they are Bangladeshi citizen (by birth) and loyal customer of Biman Bangladesh Airlines. About 98% of the respondents are GREEN card holder and 2% of the respondents are SILVER card holder. Though Biman Loyalty club has 67 GOLDEN card holders/ members, since we could not reach any golden card holder, the frequency of this tier is zero.

In this paragraph, we will describe the performance of the BLC which was our objective two, the purpose for leisure is 18%, Business is 56% and visiting friends and family is 26%. So we can easily say that most of the members of the frequent flyer program travel through Biman Bangladesh Airlines for business purpose. Reasons for joining FFP: Benefit (on flight) is 35%, Membership promotion is 21%, advance seat reservation is 7%, Free baggage allowance is 11% and finally, first to know Biman fares rate and earning mileage rate are 13%. The highest most attractive reward is flight and flight related offers (66%). The least attractive reward is Gifts/Flowers/other offers (31%).

About 65% of the members have other FFP membership. 35% members do not have any other membership card, but since it is less than 50%, the Biman Loyalty Club may face threat of competition from two frequent flyer programs: Star Alliance and British Airways Executive Club.

63% members like to use their points for flexibility (The ability to use them anywhere). 39% members use business class and 61% members use economy class for travel. The feature "Lounge access" is most favorable feature for the travelers. 63% members of Biman Loyalty Club like this strongly. The second feature is "Bonus on flights" (60%), the third one is "Priority check in" (56%). The least favorable features are "Card replacement policy/procedure" (ranked 9th) and "Permission of using mileage by the card holder only (ranked 10th)". So Biman Loyalty Club should focus in these features to be smoother for customer satisfaction.

The final objective will be focused in this paragraph, the motivational rate toward BLC, the earning mileage method that members prefers, among airlines, hotel, car and transport and travel

& leisure, the highest preference is on earning through airlines (50%). Through cross tabulation we found that, 45% Bangladeshi male members and 15% are foreign male members are motivated to the FFP. And 19% Bangladeshi female members and only 2% of foreign female members are motivated toward FFP. 53% members who have other FFP membership and 27% members who have no other membership are motivated toward Biman Loyalty Club. Again, 11% members have other FFP membership and 8% members have no other membership, and all of them are demotivated toward this frequent flyer program by Biman. Overall combining all the results and analysis, 81% of the FFP members are motivated by this customer retention activity which has very positive impact for Bangladesh Airlines Limited.

Recommendations

Biman Bangladesh Airlines has introduced the new frequent flyer program under the name and style of Biman Loyalty Club. Though the airline had a loyalty program in place for a long, it could not meet the requirements of the customers for their lack of interest in the obscure and the nonstandard program. Though this program has been launched from November 2013, it is running successfully. But we have found some lacking through conducting analysis and research on this program.

- During my survey procedure, we have found, many of the members e-mail id is invalid. Since Biman Loyalty Club has various members invalid e-mail id, it is not possible to reach them with Biman news, special offers at first that they deserve. So an effective action should be taken to rectify the invalid mail addresses immediately.
- From the research, we have found that, the younger age people are more motivated to be the member of FFP. So more attractive features like special discounts, free trip, specialized zone in aircraft etc. can be offered to increase the number of the members. For older age people, special treatment and facilities, less reporting time, quicker boarding pass etc. can be offered to make them motivated toward FFP.
- Generally, Biman Bangladesh Airlines does not show too much disparity between the classes that the travelers choose during their trip. But if the service quality of business class can be made more attractive and satisfactory, the large number of travelers of business class may be motivated toward FFP.
- Most of the BLC members travel for business purpose and most important reason for joining BLC is in flight benefits, so Biman Bangladesh Airlines can introduce new attractive in flight benefits like offering latest business magazines on board, devices powering systems with 110-volt outlets and USB ports, wi-fi equipped system (where network available) etc.
- Since most of the members have another FFP membership, the BLC authority can introduce some specific marketing strategy to make the members more loyal toward the BLC. Star Alliance and British Airways Executive club's facilities and benefits should be taken into consideration for planning since BLC may face threat from these two FFPs most.
- BLC has not started the offer Flexibility (ability to use earned points anywhere), the authority should establish this offer very soon making mutual contract with various hotels, food outlets, shopping malls etc.

- Because of lack of awareness of the members about upgrading to business class using mileage points; many members getting demotivated toward FFP. It takes around double mileage points of economy class to upgrade into business class. Not knowing the actual information, they upgrade into business class and losing huge mileage points. So seminar, special information desk should be provided to make the members aware of the mileage redemption policy.
- The least ranked features should be modified for better services like: for the 10th ranked feature, Biman Loyalty Club should take proper initiatives to provide the confirmation news of mileage crediting from card holder account can be provided in less than 14 days.

Conclusion:

Biman Bangladesh Airlines has introduced new customer retention program which is mainly frequent flyer program (FFP) named Biman Loyalty Club. Biman has taken various technological changes for this program and adapted multi technological software for maintaining and monitoring overall tasks. In this research, it has been examined the performance of the features of BLC affecting motivation toward the program. The relative importances of features that influence travelers' motivation and card performance among motivated and non-motivated members segments of Biman Loyalty Club have been identified. Overall this program is running successfully. It can be hoped that, Biman Loyalty Club program will uphold Biman Bangladesh Airlines as well as Bangladesh.

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