Loyalty Program in the Alcohol Beverage Industry: A Preliminary Look

Lilian Garzon
University of Houston, lilicgarzon@yahoo.com

D. Christopher Taylor
University of Houston - Main, dctaylor@uh.edu

Loyalty Program in the Alcohol Beverage Industry: A Preliminary Look

Lilian Garzon, M.S., University of Houston

Houston, Texas

D. Christopher Taylor, Ph.D., University of Houston*

dctaylor@uh.edu

Houston, Texas

*corresponding author

Abstract - In the United States the alcoholic beverage industry has created one of the largest markets in the world. Alcohol is a taxed and well-regulated product most profitable for large chain retailers who continuously dominate the industry. This research paper reports the story of loyalty programs throughout the beverage industries. Additionally, by analyzing a database of 107 top alcohol beverage retailers, this research paper provides a profile of the market trends for alcohol beverage retailers in the United States. Secondly, this research aims to shed light on how loyalty programs form a part of the current market trends in the alcohol beverage industry.

Relevance to Marketing Educators, Researchers and/or Practitioners - The implications for the alcohol retail industry is that to be competitive with trends of grocery and chains, the addition of a loyalty programs may be becoming a cost of doing business. Alcohol retailers want to recognize the customer and thank them for their business. The clearest example of this occurrence is that membership/wholesale discount stores began to sell

---

alcoholic beverages in the states that allow them to run business under their own operating processes and procedures.

Introduction

The Twenty-first Amendment marked history by ending national prohibition in 1933. From then on the federal government allowed each state to choose its own alcohol consumption laws. In the state of Texas the Alcohol Beverage Commission established a Three Tier System for alcohol distribution and regulation. The three tiers are: supplier, distributor, and retailer. Essentially there are two main types of state systems: a "license" state or a "control" state. A "control" state is one in which the state government directly regulates, operates, and oversees the actual sales of alcoholic beverages. A "license" state is one in which the state government issues licenses for the sale of alcohol beverages to businesses applicants. In both these cases, generally speaking, the federal government's role is mainly in requiring the state to create state run agency that will oversee and regulate the licensees or state-run establishments. Customers may shop for liquors, wines, other spirits, and brews at retail shops, grocery stores, and convenient stores depending on the state they are located.

While there is little or no comprehensive research specifically addressing alcohol beverage loyalty program, by examining the trends in the alcohol beverage market, this research attempts to address how loyalty programs show presence within the retail alcohol beverage market trends. This research's primarily contribution is to provide a profile of the alcohol beverage industry market trends. Because of the limited in-depth research specific to alcohol beverage industry, this reports includes a background of loyalty programs throughout a number of different and diverse hospitality industries in the United States. In the end, the research hopes to shed more light on the current market trend(s) for the retail alcohol industry in the Unites States as well as try to begin to answer whether loyalty programs part of the market trends, and if so, those programs correspond to other loyalty programs.

Literature Review

Loyalty programs are used to give customers the sense of importance and/or the sense of being special. The behavioral and attitudinal characteristics that loyalty programs create are most attractive to services and retail businesses. Usually there is some reward component included in these programs that enhances the buying behaviors for repeat customers. "It has been shown that truly loyal customers are highly satisfied, display behavioral and attitudinal characteristics, are willing to pay premium, and act as advocates for the particular brand" (Bai, Buxton, Sammons, and Shoemaker, 2006). Database

marketing, frequent-flyer miles, frequent-guest programs, and rewards programs (i.e., loyalty programs) enable hospitality firms to understand and incentivize their customers' attitudes, behaviors, and motivations.

In the hospitality industry, increased frequent purchase cycles, higher profit margins, and the creation of customer brand ambassadors; who voluntarily market the brand, are high value contributors to business. "One type of relationship marketing program, the frequency marketing program, is widely used by many kinds of service providers including hotels, airlines, car rental, credit card, and telephone companies" (Long, McMellon, Clark, and Schiffman, 2006). Creating loyalty is not the only attribute that Loyalty programs can bring to an establishment's business model. By offering a way to connect with the customer, the organization can create stronger communication and relationships with their customers. The main purpose of executing the loyalty program is to give the customer the sense that they are being listened to. "Loyalty cards schemes do not just offer rewards to the shopper- they can be an invaluable tool in providing data to significantly contribute to our understanding of marketing issues, including promotions" (Felgate, Fearne, Di Falco, and Garcia Martinez, 2012).

There is much research that quantifies the value of customer loyalty programs. Most of the research is based on the overall lifespan of the loyalty program, how they should be structured, how they can be considered, and how they can be sustainable. One of the key elements for a loyalty program to be successful is for the customers to utilize the program. An article by McCall and Voorhees (2010) focused on customer loyalty program effectiveness. The article identified the three critical characteristics for effectiveness: program structure, reward structure, and customer factors. These three categories cover the main framework of what a loyalty program is composed of, according to the authors. This journal article in general provides a better understanding of how to execute an effective loyalty program. "Loyalty programs are typically structured in tiers that are designed to reduce costs and provide firms with the flexibility to segment members within the loyalty program" (McCall and Voorhees, 2010). Tiers are essentially a structure with the sole purpose of organizing information and to different levels of rank depending on the parameters established by the program. The highest level of the tier usually has the highest significance. In a loyalty program scenario the first tier would treat all customers equally and reward them accounting to their total expenditure. The data collected from the customers designates if they make it to the second or next tier level of rewards. "Through the careful selection of appropriate customers, companies can selectively build loyalty for their most valuable customers (measured as the CLV metric) with more qualitative second-level rewards (e.g., personalized relationships, privileged

services)" (Meyer-Waarden, 2007). In addition to showing the customer their appreciation to their patronage by utilizing tiers, the company is also able to personalize the experience of the customer; enhancing the chances of creating loyalty.

The effectiveness of a loyalty program is crucial to both the customer and the business. The tier structure helps ensure the effectiveness of the program by rewarding customers in a sustainable system. "A majority of existing loyalty programs follow these measures to reward behavioral loyalty. That is, the more you spend with the company, the more rewards you earn" (Kumar and Shah, 2004), a fact that is particularly important to understand. For the loyalty program to be successful the customer needs to be rewarded only for their patronage through products and services that will benefit the company. In the past, industries, such as airlines, would reward customers for the amount of miles traveled, rather than for the amount of money spent. Kumar, V. (2004) narrates how airlines learned a difficult lesson when they noticed the frequent-flyer miles loyalty programs rewarded customers for distance traveled versus dollar spent. "This trend is observed in other retailing industry as well where marketers are focusing their loyalty programs in customer spending (e.g. credit cards companies, grocery stores, and department stores)" (Kumar and Shah, 2004).

The amount of business determines the tier level a customer falls under. For customers, this translates in the form of benefits. Benefits in the loyalty program have the tendency to transform into rewards. "The rewards associated with loyalty programs provide a means to establish reciprocity between the customer and the company" (Kumar and Shah, 2004). There are many different types of rewards offered by the hospitality industry as part of their loyalty programs. "Most loyalty programs comprise rewards that can be earned repeatedly, such as free tickets on an airline, free nights at a hotel, or discount certificates at various retailers" (Dreze and Nunes, 2011). This does not, by any means, lead to the conclusion that this structure is the most effective and efficient way of benefits and rewards from a loyalty program.

There are certainly a lot of different ways to view rewards in loyalty programs. Several journal article studies highlight the importance of bringing value to the ultimate user of loyalty programs: the customer. Authors Hu, Huang and Chen's study indicates "immediate rewards are more effective in building a program value than delayed rewards. Moreover, the value of loyalty programs affects customer loyalty only through program loyalty to the extent that the program provides value to the customer" (2010). Different types of rewards encompass tangible and intangible perks such as wire-less Internet access or free continental breakfast. "Firms should resort to both monetary and non-monetary incentive and integrate functional as well as

pleasure providing features into their loyalty programs. They also should promote membership benefits as reasons for enrolling in the program" (Mimouni-Chaabane and Volle, 2010).

Loyalty programs have been the focus of many studies. Despite all this research, missing is research that examines the benefit perceived by the consumer member of a particular program or programs. "Despite the proliferation of loyalty programs over the past three decades, evidence regarding their effectiveness in cementing customer loyalty remains mixed and often inconsistent" (McCall and Voorhees, 2010). Referring back to the study performed about building true loyalty the results indicate "the value of loyalty program affects customer loyalty only through program loyalty to the extent that the program provides value to the customer" (Hu, Huang, and Chen, 2010). Additionally as stated by Bai, Buxton, Sammons and Shoemaker, "There is more to loyalty than the perception of gain. Behavioral and attitudinal elements are key components to loyalty" (2006).

Loyalty programs still face challenges that are common when dealing with customers' attitudes and behaviors. "Even as hotel brands work to develop loyal customers, the factors that create and augment loyalty are not well understood, strategy and tactics necessary to create and maintain loyalty are not well understood" (Mattila, 2006). Mattila also argues that the accumulation of frequency points- and the rewards stemming from those points- is not sufficient to create loyalty.

Certainly, there is evidence that loyalty cards are not fully living up to expectations. A range of problems have been identified as contributing to this: limited use of consumer data, lack of the resources and the competence necessary to process efficiently and effectively huge amounts of data, mistakes in the data, and an increasing similarity among competitive schemes, that make consumer transit from one scheme to another in response to specific promotional campaign. (Mauri, 2003)

For loyalty programs, despite all the difficulties that still persist. Research shows that "to some extent loyalty programs have become the cost of doing business in the retail sector, just as investing in fixtures and fittings, mail-drops and TV commercials are costs of being in business (Meyer-Waarden and Benavent, 2006). This statement correlates with the market place basic behavior in which a customer belongs to several different loyalty programs.

Airline Industry Loyalty Programs

From the advent of loyalty programs in the hospitality industry, researchers have spent significant time developing more and new approaches that positively affect customer loyalty the most. Among these efforts, "one of the most significant and innovative breakthroughs in loyalty management occurred in 1981, when American Airlines launched AAdvantage, the first contemporary customer reward program, with the goal of increasing repeat purchases" (McCall and Voorhees, 2010). According to these authors American Airlines with the AAdvantage program was the innovator that the rest of the airline industry followed. "Compared to hotel frequent-guest programs, airline frequent-flyer programs have gained not only more membership but greater penetration of key groups of travelers, notably, business travelers and high-income, high frequency travelers" (Dekay, Toh, and Raven, 2009). The article explains how these groups of travelers would feel more inclined to use a particular airline depending on the tier level they belong to in the airline's loyalty program structure.

The frequent-flier programs within the Airline industry are and continue to be strategic value components to the business. While loyalty programs are not unique to the airlines, many other hospitality industries have struggled to accomplish the high level of value to the bottom line that airlines have achieved. "Reward programs such as frequent flyer programs are also designed with the objective of creating switching costs for the customer in commodity type industries where differentiation is nearly impossible" (Murthi, Steffes, and Rasheed, 2011). The first basic motivator for establishing a frequent-flier program is to increase band loyalty through incentives thus generating repeat business for the airline. Furthermore the loyalty program may establish a competitive advantage. A large airline with a comprehensive hub and spoke interconnected system can offer their customers a lot more benefits and has the resources to continually offer more and new benefits over their competitors. Whereas a smaller, low-cost airline with limited routes and networks cannot offer the same level of perks to their frequent travelers. Lastly is the data gathering advantage of the frequent-flier program. The initial sign-up procedure alone provides very useful demographic data, individual and family profiles, buying and travel patterns. "The frequent-flier membership rosters also serve as ready-made demographically and behaviorally segmented mailing lists for specially targeted promotion, for example, flight/cruise holiday packages" (Toh and Hu, 1988).

For the Airline Industry not all these programs have been successful or valuable. As fruitful as they intended to be, by bartering their benefits with other institutions, "Airlines sell miles to various businesses such as credit card companies, car rental companies, restaurants, finance companies, supermarkets, and flower shops- and even to hotels at the customary

wholesale rate of 1.7 cents per mile" (Dekay, Toh, and Raven, 2009), airlines have also suffered unintended consequences by rewarding customer for miles traveled rather than monetary expenditure. This required an immense external effort in the industry as a whole to restructure the loyalty programs. At the same time the airline industry would have to re-educate their customer base to the new structure of their loyalty programs. Nevertheless the Airline Industry learned from their mistakes and still carry the title of pioneer in loyalty program history. Currently airline loyalty programs still provide an edge to the industry by offering more options to gain points and tiers levels.

Lodging Industry Loyalty Programs

The lodging industry quickly implemented similar loyalty programs made popular by the airlines. Smart management teams realized that customer loyalty programs were high value marketing strategies that could add to their bottom line. Most hotel chains seek guests' loyalty by offering frequent-guest programs that include rewards of tangible benefits (e.g., free stays) and special treatment (e.g., priority check-in). "These programs aim to enhance the customer's sense of membership in a unique club with benefits from this membership" (Hu, Huang, and Chen, 2010). The lodging industry contrary to Airline Industry is much broader in terms of number of establishments that the guest can choose from when making a hotel reservation. This has saturated the market of hotels that offer a type of loyalty program. "Unfortunately, most frequent guest programs look alike, thus greatly reducing effectiveness" (Mattila, 2006).

As previously discussed loyalty program tiers are components of a loyalty program. The Lodging Industry values this structure and has been known for following suit of utilizing tiers. "Loyalty programs have become a mainstay in the hotel business, and most programs use a tiered reward structure. Each tier offers increasingly desirable benefits and privileges, which are intended to motivate members to reach higher tier levels through increased purchase" (Tanford, 2013).The lodging industry is unique in the sense that the target customer is different depending if the guest is staying in a full service hotel or a limited service hotel. "In the terms of loyalty program membership, full service guests are more likely than not to belong to their preferred brand's program, and equally likely be low or higher tier members. The typical limited-service guest is not a member or belongs to a lower reward tier. Overall, full-service guest have greater commitment to their preferred brand, both affective (emotional) and value (reward-based)" (Tandford, Raabb, and Kimb, 2012).

The lodging industry continues to operate and offer loyalty programs, however; the information collected from the literature reviewed indicates that the lifespan of lodging rewards has not yielded the same extensive longevity as the airline sector. "Hotels have 92 million members in their frequent-guest program" (Dekay, Toh, and Raven, 2009). Taking this figure to be considered the size of the market for lodging industry loyalty programs and applying the results of the article by Dekay, it is troubling the amount of the work the lodging industry has ahead in the terms of a successful management of loyalty programs. "One-third of the leisure travelers in this survey reported that they were not aware of hotel loyalty programs (even though they were staying in a hotel)" (Dekay, Toh, and Raven, 2009). In the study perhaps the most critical finding for hotel loyalty programs operators was that the majority of the 287 guest surveyed would rather receive airline miles for their hotel stay than to receive hotel points. This finding demonstrated that the lodging industry has a long road ahead in terms of loyalty program effectiveness.

In conclusion, the lodging sector has to invest in educating their customer base about the value of the loyalty programs the lodging industry offers. Hotels that participate in the frequent-guest programs need to be creative in introducing their customer base to their loyalty program. Hotels must continue to evolve by looking for rewards that will highlight and differentiate their loyalty program from the rest of what is already in place in the lodging industry. As mentioned previously in the literature review the challenge in the lodging industry is that customers has a large number of choices to their hotel needs.

Retail Industry Loyalty Programs

In the retail sector, consumers typically patronize multiple outlets for a variety of products. This raises the important issue of how outlets can garner a greater share of consumer expenditures. "Loyalty cards are becoming increasingly common in retailing because in high competitive but weak growth environments retailers strive to retain their customers, and they see loyalty card programs as a way to do so" (Demoulin and Zidda, 2009). In retailing, loyalty program strategies have typically taken the form of instant saving programs. Such programs involve the issuance of a key chain type card that displays the brand name. The key card generally has a barcode that can be scanned at the time of checkout providing customers the advertised instant discounts. "Card usage can confer such benefits for the customer as immediate cost savings, members-only deals, rebates at some threshold level of spending, redeemable points, and/or eligibility for drawings and contests" (Allaway, Gooner, Berkowitz, and Davis, 2006).

The databases generated from scanned cards at the register in retail outlets are a great source of information that enables retailers to enhance the decision-making process. "When it comes to category management, these databases can help retailers to improve their inventory policy, distribute product space more efficiently and design a better pricing and promotion policy" (Continas, Elorz, and Mugica, 2008). Therefore, a considerable number of retailers currently use retail card loyalty programs as a means to intensify relationship and to incentivize customers to scan their key card at the point of sale. Loyalty programs in the retail industry enable retailers to categorize individual customers, define their profitability, and to differentiate between them by giving personalized incentives and rewards (i.e., tiers). "Given both the growth in the number of supermarkets that launch their own cards as well as the spread of loyalty schemes to many other domains of the retail industry, it is likely that those who still believe in loyalty cards as a knowledge management tool will become much more sophisticated in shaping their reward system" (Mauri, 2003). Data analysis is crucial for a firm to understand its customers. Many companies introduce loyalty programs to obtain customer-specific purchase data. "By transforming loyalty card data into knowledge about customers, retailers increase the return of their marketing actions and better allocate their marketing resources" (Demoulin and Zidda, 2009).

One particular article focused on the theory that upscale stores have the most return on their loyalty programs with in the retail industry. The conclusion by the authors is that this niche sector offers targeted promotions, savings and special events to their customer corresponding with the retailer's upscale image. According to the author this is the key to attaining the greatest value and return on investment in loyalty programs. For example, Neiman Marcus InCircle loyalty program, acknowledged to be a successful customer loyalty program, offers a wide selection of rewards including utilitarian (e.g. airline miles, one point, per dollar redeemed for rewards) and value-expressive rewards (e.g. personal lesson, four-night stay at the Sun-Dance Film Festival) to ensure value to its members. In addition, the company promotes the fact that only a very limited number of high-value customers have access to the membership, which helps the company generate a very high return from its most profitable customers. (Ha and Stoel, 2014)

The literature review on retail loyalty program suggests that program distinctiveness and the fit between the program rewards are effective strategic tools. The purpose of these tools is to design rewards that will gain customer attention. In other types of retail, e.g., the alcohol industry, retailers may want to invest in niche market events, such as, wine education courses, tasting and pairing programs or access to special allocations. In

doing so alcohol retailers will be investing in producing the greatest value and return on any investment in their loyalty programs. "The findings of this research provide evidence that the outlay of time and expense necessary to provide wine education courses is justified" (Taylor, 2009). Implementing basic elements of customer loyalty programs (e.g. tiers, educational seminars) in ways that elevate the customer's perceptions of belongingness and connection to the loyalty program. In Taylor's study (2009) it is suggested that in order for companies to achieve awareness, the key goal of brand loyalty marketing is to sustain loyal relationships with valuable customers.

Retail loyalty programs have based the usage of loyalty programs on a foundation of instant savings. The savings are provided in exchange of demographic information such as billing zip code and e-mail address. Customers do not have an awareness of the value of this information to the retailer because all they care about is the percent of savings to their purchase. "A lot of head of household decision makers may carry several different loyalty cards for their purchases. A very high percentage of the consumers who subscribe to a loyalty card are not in fact card-loyal" (Mauri, 2003).To retailers this could translate to customers shopping from a number of retailers, as these customer are members of multiple retail loyalty programs. "Frequent users of loyalty cards are more likely to shop at different stores and use loyalty cards are more likely to shop at different stores and use loyalty cards from several stores" (Bellizzi and Bristol, 2004). This literature review describes that retail industry currently use loyalty programs.

Methodology

The previous literature review started with a search for articles of applicability that included certain keywords such as: loyalty programs, reward programs, loyalty, and customer loyalty programs. Once the applicable general literature was collected an additional filtering of keywords such as: hospitality industry, frequent-flyer miles programs, hotel frequent-guest programs, and grocery industry was performed. The search for review articles were performed in databases related to the hospitality industry.

This research involved creating a database of over 100 alcohol retailers in the Unites States. Each of the retailers maintained a web presence that documented their loyalty programs. The main purpose of the comprehensive database is to help facilitate an analysis on the current trends in the alcohol beverage industry. General information about the retailer was included in the database: name of retailer/contact name/about us/location/website (web address)/web sales (Y/ N)/application (Y/N)/ e-mail blast (Y/N)/my account or rewards card. The information was gathered directly from the retailer's website in order to shed more light on the following research questions below:

- What is the current market trend(s) for the retail alcohol industry of the Unites States?
- Are loyalty programs part of the market trend(s) in the alcohol industry of the United States?
- If so, how loyalty programs in the alcohol beverage industry correspond to the information covered in the literature review?

Segmentation

In order to better understand the data and be able to answer the questions formulated. The information from the database was divided into topics of relevance.

1. *Type of Store* - All establishment types in the United States that are permitted to sell wine and beer beverages where included in this segment. The breakdown was 1) Grocery Stores, 2) Specialty Grocery Stores, 3) Membership Stores, and 4) Liquor Stores.

2. *Locations* - The number of store units were section off by the amount of retail establishment the company operates. The breakdown was: (a) 1-5 units, (b) 6-20 units, (c) 21-50 units, and (d) 51-200 units.

3. *Loyalty Programs* - This group segmentation represent the retailers in the Unites States alcohol beverage industry that offer some type of system to keep/maintain their client base. There are three different sub-segments of defined loyalty programs: (a) Rewards Programs- This sub-segment represents the retailers in the Unites States beverage industry that offer an official loyalty program to their client base. This sub-segment of retailers offer rewards programs, VIP status, and/or other promotional tools to keep in touch with the customer. Usually the customer is required to set up an account and provide personal information such as name, address, phone number and email address, and purchase history. (b) Frequent Shopper Programs- This sub-segment contains the retailers that offer instant savings to patrons who shop at the store without distinguishing a new customer from a frequent customer. Offer to send updates and newsletter by email but does not require the customer to create an account. This group of retailers usually offer wine tastings and educational seminars as part of the shop experience. (c) Membership programs- Represent the retailers in the Unites States alcoholic beverage industry that offer perks to their customers at least to the same level of the Rewards Program retailers; if not above. This group gathers personal information and requires a yearly-fee to belong to the elite group.

4. *Application* - This segment represent the alcohol beverage retailers in the Unites States that do not offer a loyalty programs. This segment offers to download an application in order to qualify to the benefits

offered by the retailer. The applications offers online ordering, history tracking, special offers, and coupons depending on the retailer's marketing strategy.

5. *Web Sales* - retailers who do business online by selling alcohol through their websites.
6. *E-mail blast* - retailers who solicit their customer's e-mail address to send information related to the offering by the alcohol retail establishment.
7. *Control State* - the state that the retailer does business will be either a control state or a license state.

Findings

Using SPSS version 22, a statistical package that efficiently performs necessary statistical calculations, the coded data was entered in to the system. A total of seven categories came from the segmentation: Type of Store, Number of Locations, Loyalty Program, Web Sales, Application, E-Mail Blast, and Control State. The results support the general knowledge that liquors stores currently dominate the market as to serving customer in their alcohol beverage needs. The descriptive tests presents 4) Liquor Stores had a $\mu=1.96$ and $\sigma= .203$ which best describes the population on the data set and is closes to the overall $\mu=2.00$ and $\sigma= .276$ of the sample.

A one-way analysis of variance (ANOVA) was calculated for each of the segments: Number of Locations, Loyalty Programs, Web Sales, Application, E-mail Blast, and Control State. The analysis was not significant in the segments of Web Sales, Application, E-mail Blast, and Control State. The analysis was significant for: Number of Locations, $F(3,102) = 12.91$, $p = 0.05$, and Loyalty Programs, $F(3,102) = 3.32$, $p = 0.05$.

A correlational analysis was conducted to examine the relationship between each of the segments: Number of Locations, Loyalty Programs, Web Sales, Application, E-mail Blast, and Control State.

The analysis was significant for Type of Store and Web Sales, $r(106) = .194$, $p < 0.05$. Depending on the Type of Store; Web Sales may or not may be used. The analysis was significant for Number of Locations and Web Sales, $r(106) = -.202$, $p < 0.05$. Depending on the Number of Locations; Web Sales may or not may be used. The analysis was significant for E-mail blast and Web Sales, $r(106) = .326$, $p < 0.01$. Depending on the E-mail blast; Web Sales may or may not be used.

Discussion

The first test applied was a descriptives test. This test aids to organize the set of the data entered to SPSS. By using the information from the data set the output of this test offers a picture of the current market trends for the alcohol beverage industry in the United States. The independent variable chosen for this test was: Type of Store. The Type of Store is broken down by: 1) Grocery Store, 2) Specialty Grocery Stores, 3) Membership/Wholesale Discount Store, and 4) Liquor Stores. The descriptive test presents 4) Liquor Stores had a $\mu=1.96$ and $\sigma= .203$ which best describes the population and is closes to the overall $\mu=2.00$ and $\sigma= .276$. The outcomes supports the general knowledge that liquors stores currently dominate the market as to serving customers in their alcohol beverage industry. Taking a look back into the data entered in to SPSS for Number of Locations, Liquor Stores composed over half of the entire sample. Independent liquor stores such as Zachy's, and nationwide known liquor store chains such as Total Wines made up the segment Liquor Stores.

For loyalty programs the descriptives test suggests 4) Liquor Stores as the most prone to have a type of loyalty program. This outcome can be associated with the results of Number of Locations since the market seems to be capitalized by Liquors Stores beverage retailers. The descriptives test reports that the second Type of Store who may also have a type of Loyalty Program would be number 1) Grocery Store.

As concluded in the results section Type of Store number 4) Liquor store had the strongest relationship with the other values of the test. For Web-Sales, Application, and E-mail Blast the results where the same. This leads to the conclusion that Liquors stores show dominance on the online presence by having at least one social media tool on the internet. The results of the test help demonstrate how descriptive data has a relation to the information of the data set. From the SPSS output the information has described the current market trends for the Alcohol Beverage industry.

The second test was an ANOVA test which analyses where there is a statistical significance difference between the segmented groups. A one-way analysis of variance (ANOVA) was calculated for each of the segments: Number of Locations, Loyalty Programs, Web Sales, Application, E-mail Blast, and Control State. The analysis was significant for Number of Locations, $F (3,102) = 12.91$, $p = .05$ and Loyalty Programs, $F (3,102) = 3.32$, $p =.05$.

Number of Location had significance to the Type of Store. The number of locations will depend on the Type of Store the establishment will be. Type of store was broken down to 1) Grocery Stores, 2) Specialty Grocery Stores, 3)

Membership Stores, and 4) Liquor Stores. Depending on what Type of Store the establishment falls under the results indicate that it may have a significant influence on how many Number of Locations the company will have. For example in Type of Store 1) Grocery Stores will have more locations compared to a 2) Specialty Grocery Store. This particular result ties a lot to the information entered in to the dataset. For example 4) Liquor stores from the descriptive test had the largest presence in the test but the Number of Locations for Liquors stores where single units. While for the 2) Grocery Stores the Number of Locations was almost double to what the number of locations a 4) Liquor Stores have.

Loyalty programs had significance to the Type of Store. This result provides great insight to the questions being asked in this research paper in terms of the market trend(s) for the alcohol industry in the United States. The significance represents that there is a link between the Type of Store and the Loyalty Program. This result suggests the answer to second question of this research paper, that loyalty programs are part of the market trend in the alcohol industry of the Unites States. Depending on the Type of Store the Loyalty Program will be developed based on store needs. For example in Type of Store number 3) Membership/Wholesale Discount Store the option of having a Loyalty Program will be greater than the option of a Loyalty Program in Type of Store number 2) Specialty Grocery Store. The customer ultimately decides where to purchase their alcohol desires. In other words, the customer has the choice to shop at a Type of Store of their choosing based on the establishment offerings.

Implications

The implications for the alcohol retail industry is that to be competitive with trends of grocery and chains, the addition of a loyalty programs may be becoming a cost of doing business. The discussion section explains how the current alcohol beverage market is active within the scheme of loyalty programs. Alcohol retailers want to recognize the customer and thank them for their business. The clearest example of this occurrence is that membership/wholesale discount stores began to sell alcoholic beverages in the states that allow them to run business under their own operating processes and procedures.

Looking back at the data and the literature review, the alcohol beverage industry is up to par with what most other hospitality industries are doing in regards to customer loyalty programs. However, there is still a lot of improvement to be done in the terms of developing better tier-structured programs. Defining the purchase requirements so that customers can attain the benefits. With this in mind it is also important to ensure the loyalty programs are rewarding the attitudes and behaviors that truly attribute to

the establishments bottom line while still exercising responsible alcohol sales practices.

Limitation and Future Research

This research paper had several limitations. This study was primarily limited by the size of the sample which was small 107 alcohol beverage retailers in the United States. An earlier start in data collection may have provided the opportunity to add more 1) Grocery Stores and 2) Specialty Grocery Stores in the United States in to the database.

One of the biggest limitations was the choice of segmentation. Looking at the bigger picture of the market trend an opportunity was missed to focus solely on Loyalty Programs. The retailers' website provided enough information to the customer pertaining the structure of loyalty programs in the alcohol beverage industry of the United States.

This limitation provides opportunity for future research. The descriptives test in this paper of the alcohol beverage market in the Unites States reflect loyalty programs are part of the current market trends in the alcohol beverage industry. From this findings future research should be based on detecting the type of loyalty program that currently has the biggest impact in the alcohol beverage industry. Furthermore, a new study should specifically investigate possible relationships that were not identifiable in the current study.

Conclusion

In conclusion this paper describes the current market trends of the alcohol beverage industry in the United States. The results from the data set concluded that most market place purchases of alcohol beverages occur in liquors stores. This research also helps demonstrate that liquors stores show a trend dominance on the online presence by having at least one online marketing tool established on the internet. Lastly, it seems that loyalty programs are a strong and growing part of the market trend in the alcohol industry of the Unites States.

References

Allaway, AW, Gooner, RM, Berkowitz, D, and Davis, L. (2006). "Deriving and exploring behavior segments within a retail loyalty card program", European Journal of Marketing, Vol. 40 No. 11/12, pp. 1317-1339.

Bai, B, Buxton, M, Sammons, G, and Shoemaker, S. (2006). "Restaurant Customer Loyalty: A Qualitative Assesment of Niche Brands", Florida International University Hospitality Review Journal, Vol. 24 No. 1, pp. 10-20.

Bellizzi, J A, and Bristol, T. (2004). "An assessment of supermarket loyalty cards in one major US market", Journal of Consumer Marketing, Vol. 21 No. 2, pp. 144-154.

Continas, M, Elorz, ., and Mugica, JM. (2008). "The use of loyalty-cards databases: Differences in regular price and discount sensitivity in the brand choice decision between card and non-card holders", Journal of Retailing and Consumer Services, Vol. 15 No. 1), pp. 52-62.

Dekay, F, Toh, RS, and Raven, P. (2009). "Loyalty Programs: Airlines Outdo Hotels. Cornell Hospitality Quarterly", Vol. 50 No. 3, pp. 371-382.

Demoulin, N, and Zidda, P. (2009). "Drivers of Customers' Adoption and Adoption Timing of a New Loyalty Card in the Grovery Retail Market", Journal of Retailing, Vol. 185 No.3, pp. 391-405.

Dreze, X, and Nunes, J. (2011). "Recurring Goals and Learining: The Impact f Successful Reward Attainment on Purchase Behavior", Journal of Marketing Reseach (JMR), Vol. 41 No. 2, pp. 268-281.

Felgate, M, Fearne, A, Di Falco, S, and Garcia Martinez, M. (2012). "Using Supermarket Loyalty Card Data to Analyse the Impact of Promotions", International Journal of Market Research, Vol. 54 No. 2, pp. 221-240.

Ha, S, and Stoel, L. (2014). "Designing Loyalty Programs that Matter to Customers", The Service Industries Journal, Vol. 134 No. 6, pp. 495-514.

Hu, H, Huang, T, and Chen, P. (2010). "Do reward programs truly build loyalty for lodging industry?", International Journal of Hospitality Management, Vol. 29 No. 1, pp. 128-135.

Kumar, V, and Shah, D. (2004). "Building and sustaining profitable customer loyalty for the 21st century", Journal of Retailing, Vol. 80 No. 4, pp. 317-330.

Long, MM., McMellon, C, Clark, SD, and Schiffman, LG. (2006). "Building Relationships with Business and Leisure Flyers: Perceived Loyalty and Frequent Flyer Programs", Services Merketing Quarterly, Vol 28 No.1, pp. 1-17.

Mattila, A. (2006). "How Affective Commitment Boosts Guest Loyalty (and Promotes Frequent-guest Programs", Cornell Hotel and Restaurant Administration Quarterly, Vol. 47 No. 2, pp. 174-181.

Mauri, C. (2003). "Card loyalty. A new emergin issue in grocery retailing", Journal of Retailing and Consumer Services, Vol. 10 No. 1, pp. 13-25.

McCall, M, and Voorhees, C. (2010). "The Drivers of Loyalty Program Success", Cornell Hospitality Quarterly, Vol 51 No. 1, pp. 35-52.

Meyer-Waarden, L. (2007). "The Effects of Loyalty Programs on Customer Lifetime Duration and Share of Wallet", Univeristy Toulouse, Department of Management and Cognition Sciences, Vol. 83 No. 2, pp. 223-236.

Meyer-Waarden, L, and Benavent, C. (2006). "The Impact of Loyatly Programs on Repeat Purchase Behavior" , Journal of Marketing Management, Vol. 22 No. 1-2, pp. 61-88.

Mimouni-Chaabane, A, and Volle, P. (2010). "Perceived benefits of loyalty programs: Scale development and implications for relational strategies", Journal of Business Research, Vol. 63 No. 1, pp. 32-37.

Murthi, B, Steffes, E, and Rasheed, A. (2011). "What price loyalty? A fresh look at loyalty programs in the credit card industy", Journal of Financial Services Marketing, Vol. 16 No. 1, pp. 5-13.

Tandford, S, Raabb, C, and Kimb, Y. (2012). "Determinants of customer loyalty and purchasing behavior for full-service and limited-service hotels", International Journal of Hospitality Management, Vol. 31 No. 2, pp. 319-328.

Tanford, S. (2013). "The impact of tier level on attitudinal and behavioral loyalty of hotel reward program member", International Journal of Hospitality Management, Vol 34, pp. 285-294.

Taylor, DC. (2009). "Identifying the Motivations to Attend Wine Education Courses", Journal of Hospitality and Tourism Education, Vol. 21 No. 4, pp. 65-71.

Toh, RS, and Hu, MY. (1988). "Frequent-Flier Programs: Passenger Attributes and Attitudes" Transportation Journal, Vol. 28 No. 2, pp. 11-22.