

Cross-cultural analysis of the Frequent Flyer Programs (FFPs): The most controversial results

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Abstract

This article aims to display the similarities of the consumerism culture. Using the Hofstede culture the paper demonstrates the results of the cultural mapping of several countries and provides an explanation for the most controversial results. Among the clusters the fifth and the sixth group represents collectivist and masculine societies – success oriented “we” culture and have high Power Distance indexes. At the same time, the scores on Uncertainty Avoidance dimension distinguish countries from these two clusters. Despite these results the content of their FFP’s are mostly homogenous, which means that the frequent flyer program policies do not contain classical culture-specific conditions. It also leads to the consequence that despite the classic cultural differences allow creating a functioning standardized business strategy, established in the consumerism cultural dimension, which is – considering the vast majority of characteristics – global.

Keywords: Marketing Strategy, Adaptation, Standardization, Customer Retention, Cross-cultural Analysis

Introduction

When operating at the international level, the industries face intercultural diversity constantly. Competition grows along with globalization as many companies extend their businesses by entering foreign markets. Especially, the airline industry, which provides services worldwide. Entering a foreign market requires a complex marketing strategy, regarding the development of all the 7Ps'. Prior to tailor-cutting each P and action, there is a factor to consider: to position them on the standardization – adaptation scale. It can happen in the overall context or redefining it in each P and action. However, it is more manageable to keep a same cultural structure within the company; the offered services are purchased from all over the world, so this open characteristic is why the international companies cannot skip to position themselves on the standardization – adaptation spectrum. There are three concepts in the literature about standardization, adaptation and about the combination of the two contradictory approaches. This article aims to give a brief overview of the literature in the theoretical part, while the empirical part focuses on the practice of the standardization - adaptation theory in the airline industry. The idea of researching this issue within the context of the airline industry is a reasonable one. This industry combines not only separate national airline companies, but also large international airline alliances, so it is possible to make a complete analysis from both perspectives.

In order to share the observation perspective we understand culture as different societies such as nations or ethnic groups, but also any kinds of human collective groups such as organizations, age groups, professions, and other groups (Hofstede, 2001). Characteristics that distinguish cultures are communication means and languages, habits, sense of space and self, time awareness, values and norms, beliefs and points of view (De Mooij 2004, p. 31). Tylor (1964) defines culture similarly, as a complex of “knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society”. According to Mühlbacher and his research group (1999) – from another culture group and era –, agree on with the previous authors. They believe culture is the “standards of beliefs, perception, evaluation and behavior shared by the members of a social group” – so do we. It is commonplace to use special marketing programs in the services industry in order to encourage the frequency of purchasing. These kinds of programs in the airline industry are known as frequent flyer programs (hereafter referred to as FFPs). FFPs are significant for the airline business. The benefits created within the frameworks of loyalty programs have made FFPs one of the most successful marketing tools in a service market. Hence the central goal of the master thesis is to research what influence the cross-cultural context has on marketing strategies towards frequent flyers in the airline industry.

Literature Review

Understanding Frequent Flying Programs from the marketing's aspect

It has been almost twenty-five years since FFPs have been extensively investigated. Prevalently it is studied as a type of loyalty program, a relationship-marketing tool, or it is analysed at the level of specific, separate FFPs.

The review of existing studies in loyalty rewards programs is presented in the Proceedings of the 43rd Hawaii International Conference on System Sciences (Nsakand, Diaby & Cao, 2010). Loyalty programs are described as marketing programs aimed at rewarding customers for using a product or a service. The existing literature is divided into several blocks. One block focuses on the design of loyalty programs, their profitability and effectiveness, management issues of loyalty programs, the impact of these programs on repeat-purchase behavior, and the righteousness for customers. Another block of the literature analyses the need for the effective usage of accumulated customers' information from loyalty programs' databases. The marketing side of the issue is also investigated through factors like right targeting, customization, and marketing campaign design in the frame of price and promotions (Nsakanda et al., 2010). The topic of the current master thesis falls within the second block of existing studies. It aims to facilitate the design of effective FFPs by taking into account the cultural belonging of its members. This may contribute to the correct targeting and customization of FFPs.

Liu & Yang (2009) take FFPs as an example of a typical loyalty program. They distinguish them from promotional programs, which provide customers only with short-term benefits. According to their definition, loyalty programs are long-term oriented marketing tools that provide customers with accumulated points that can be redeemed at a stated time for free rewards (Liu & Yang, 2009). Long et al. (2006) support this statement and argue that an FFP affects the loyalty of customers to a particular airline or its FFP. Liu & Yang (2009) give an overview of research conducted in the field of loyalty programs. They refer to works that analyse the performance of loyalty programs and give attention to different findings in this field. They argue loyalty programs do not operate in an isolated environment and that target market and competitors influence them. Their findings show that a large number of FFPs on the market can decrease the positive effect of an individual FFP (Liu and Yang, 2009). They wrote that benefits from FFPs are not easily achieved by airlines. This is because of the existence of a large number of FFPs on the market. Moreover, redeemed rewards have a direct impact on the profitability and effectiveness of these programs.

The research on the benefits from FFPs ascertained that the readiness to pay for various additional airline services differs. Much depends on whether a traveller is a member of an FFP or not (Martin, Román, & Espino, 2011), which was specified by McCaughey & Behrens (2011). The study about an FFP's effect on airline fares suggests that members are ready to pay up to 6% more. In other words, an FFP stimulates its members, not the competition, to pay more. Voorhees, White, McCall, & Randhawa (2015) assess and illustrate FFPs impact on brand equity perception. The findings show that an airline can benefit from offering passengers a valuable loyalty program. This has a positive effect on brand equity. They connect the benefits

of an FFP with a brand because FFPs have an influence on consumer behaviour and can support the attitude toward a brand. A valued brand name makes passengers spend more (Voorhees et al., 2015, p. 207-208). Behrens & McCaughey (2015) also investigated the impact of FFPs on individual consumer behaviour.

Key drivers of airline loyalty are deeply investigated by Dolnicar, Grabler, Grün, & Kulnig (2011). They present an overview of prior studies that investigate the effect of FFPs. According to them, an FFP is among the main factors influencing airline choice (Dolnicar et al., 2011). Membership in an FFP leads to a high level of loyalty among business travellers. The investigation infers that the frequency of flying has a major impact on loyalty. Leisure travellers, however, are influenced by price (Dolnicar et al., 2011). Dolnicar et al. (2011) make the assumption that making FFPs more attractive for non-frequent flyers could reduce the dependency of their loyalty from the price.

Vlachos & Lin (2014) investigated the driver of airline loyalty among Chinese business travellers. They stated that China's business travellers are the second largest market in the world; the annual growth rate of this market is the fastest in the world. The study findings demonstrate that a ticket price does not influence the loyalty of Chinese business travellers. By contrast, an FFP does influence their loyalty (Vlachos & Lin 2014). China Airline is used to investigate the reasons for using FFPs in the airline industry. The study concludes that FFPs are an important marketing instrument. They have a positive effect on the financial situation of not only carriers but also on all the partners involved. An FFP strategy is very important for the Taiwanese airline industry as well (Liu & Yang, 2009). The effect of FFPs on Korean passengers' choice was also explored. Korean passengers are not strongly affected by FFPs from non-domestic airlines. This was explained by their behaviour to rarely use overseas airlines. This makes the process of collecting miles very lengthy. Another point is that routes from Korea that allow one to earn miles are limited (Park 2010, p. 288). The Australian experience was also researched by Browne, Toh & Hu (1995) and Whyte (2002).

On the basis of the investigated academic literature, it is possible to summarize main factors that influence the loyalty of business travellers and have an impact on their airline choices in the U.S., Europe, China, and Australia.

Liu & Yang (2009, p. 104) stated that loyalty programs are vital tools in customer relationship management. As mentioned in the paper by Long et al. (2006), loyalty reward programs make it possible to develop lengthy and deep relationships with clients. While implementing FFPs, airlines aim to build customer relationships. Relationship marketing is described as an "attracting, maintaining and – in multiservice organizations – enhancing customer relationships" tool (Liu & Yang 2009, p. 2). The focus is on "cementing the relationship, transforming indifferent customers into loyal ones, serving customers as clients". The main relationship marketing idea is to build a strong, long-term connection with customers by showing them their importance to the company. The goal of relationship marketing is not an immediate sale, but to gain the advantage of a long-term sustainable relationship with a core group of customers (Liu & Yang, 2009). Long et al. (2006) examine two customer groups of FFPs through the prism of the relationship marketing aspect: business and leisure travellers. They argue business and leisure travellers have different motivations for flying. This is why these groups perceive FFPs in a different

way. Long et al. (2006) found that membership in an FFP did influence choice of airline among business flyers. Long & Schiffman (2000) also researched this field of study. They investigated the influence of consumers' personal values. The authors state that different consumer segments have different perceptions of benefits. Terblanche (2015) also studied received benefits. The author formulated three dimensions to measure the benefits for members of FFPs: recognition, convenience, and exploration. Wang, Chen, L.S.-L., & Chen, I.F. (2015) stated that two factors influence membership loyalty and the desire to stay with a particular airline: recognition and social factors.

In his paper, Terblanche (2015) mentions the switching costs issue. Customers face switching costs when they switch from one company/product to another. These costs can happen only if purchases are repeated and are usually non-monetary expenses such as transaction and learning (Carlsson & Löfgren, 2006). In their work, Carlsson & Löfgren (2006) stated FFPs play an important role in switching costs and can make a substantial part of them.

Relationship marketing is also important in the low-cost airline industry. It is not possible to build a business strategy only on low price and cost reduction models. These two factors cannot act as a competitive advantage because they can be easily imitated. That is why companies operating in the low-cost airline market should go beyond low-prices tactics and build sustainable competitive advantages (Akamavi, Mohamed, Pellmann & Xu, 2015). The same statement is presented in the paper by Klopheus, 2005). The author writes that low-cost airlines with high operating costs cannot build their competitive strategy on only through offering the cheapest tickets. Thus, they start to use additional product and service strategies to differentiate themselves. In 2005, only 20% of European low-cost airlines had loyalty programs (Klopheus, 2005). The author suggests a less complex version of FFPs for low-cost airlines. These programs already exist in the USA. For example, free flights are possible only from bonuses and the list of partners is small and selected. Pels (2008) studies the strategy differences of full-service and low-cost airlines and gives prognoses about future competition development. He states business passengers are crucial for traditional airlines because they account for a large portion of revenue.

The results of this study could be a signal that customer preferences are not stable and can change. To be exact, low-cost airlines can be regarded as competitors of traditional full-service carriers in this field (Pels, 2008). Labbi & Berrospi (2007) also see increased price competition in the airline industry resulting from low-cost carriers starting to target business travellers segments.

The spectrum of standardization and adaptation

According to Theodosiou and Leonidou's summary (2003), the discussion of whether marketing strategies should be standardized or adapted to achieve superior business performance in current conditions has been in academia and the business world engaged in for fifty years. Especially, the airline industry is greatly affected by a megatrend like globalization, which, the most expert would say, supposes a global consumer. Concerning the buying and consumption habits found in prosperous countries, it became clear that there are as many differences as there are similarities. In these countries, cultural influences affected the choice between available products

and services (Hofstede, 2001). The standardization – adaptation problem arises every time with the idea of the new markets, no matter it is a new generation, a new segment, an alternative lifestyle group or another culture. If the new market is geographically also new, the culture, as a variable, comes up, which will play a role in the consumption and in the buying behaviour as well. How can the standardization – adaptation strategy be understood in the customer relationship field? How much culture-specific adaptation is needed?

Defenders of a standardization approach consider national markets converging in one global market with global consumers who have similar needs, tastes, and preferences. They argue that the development of international communication channels and the internet boost this process (Theodosiou & Leonidou, 2003, p. 142). One of the barriers to marketing strategies standardization is cultural differences, which manifest as a variety of national cultures and business practices and procedures (Dimitrova & Rosenbloom, 2010). Symbols, heroes, rituals, and values demonstrate cultural differences. While the first three features mentioned above are visible features, values remain invisible for the most part. As mentioned, supporters of the globalization process usually point out that cultures merge and converge in the frame of this process. According to Hofstede (2001), these assumptions are wrong because what they see are only the symbols of cultures.

Supporters of an adaptation approach argue that regardless of globalization tendencies parameters such as consumer needs, tastes, behaviour, use conditions as well as laws, and technological development are still very different between countries. They suggest that marketing strategies should be adapted when entering a foreign market. They criticize the cost reduction objective through standardization as a short-term way of thinking. Long-term profitability can be achieved only through better exploration of the consumers' needs in different markets and the adaptation of strategies to meet these needs. De Mooij (2004) explains that international markets can be segmented at macro and micro levels. Macro-level covers objectively based variables such as religion, language, economic development, and geography. Micro - level includes subjectively based variables such as attitudes, lifestyle, and behaviour. It is assumed that consumer behaviour worldwide has converged, but these assumptions are all made at the macro-level data. The consumption of TV sets, for example, has definitely increased globally in this century. However, this fact does not support the idea of a global consumer with identical needs. At the micro level, we see distinct differences between types of purchased TV sets, viewing time, and so on. With car consumption, we can also observe a convergence at the macro level. However, the distribution across the population, type of cars, number of cars owned per family will diverge (de Mooij, 2004). Globalization can be observed in the converging of technologies, financial systems, and media. Consumer desire and behavior do not follow this trend. It can be a global product consumed worldwide, even though there is no global consumer (Paramita, 2014). Based on that statement the effect of standardized global marketing communications is different in diverse markets (de Mooij, 2004).

Theodosiou & Leonidou (2003) illustrate a third group of researchers who see the approaches mentioned above as one unit that should not be divided. They state that standardization and adaptation should not be isolated from each other. Standardization and adaptation should both be options a firm could use depending on a situation. The decision of what strategy is the most suitable should be made through analyses and assessments of a particular situation in a specific market. Decisions regarding the degree of an adaptation should regard the impact on company performance in foreign markets. Mühlbacher, Dahringer and Leihs (1999) maintain this statement and claim that the standardization level of marketing programs and policies may vary. Either particular marketing activities may be standardized or the whole bundle of marketing techniques such as pricing, communication or distribution. Standardization may arise at the product level only. That means that a product is the same on all represented markets, but promotion activities, prices, and distribution vary according to the market. Mühlbacher and his research group (1999) state that marketing activities in a country depend on its culture. It is vital to remember that what works in one country may not be as effective in another. Theodosiou and Leonidou (2003) consider the question of whether a marketing strategy should be adapted or not very much depends on circumstances, the external environment of a particular foreign market, and the specific period of time. Thus, the marketing mix should be adapted accordingly (Dimitrova & Rosenbloom, 2010). De Mooij (2004) provides McDonald's as a supporting example of a company that has a strong brand and identical standard of services throughout the world. At the same time, the company always localizes its advertising and proposes a special product that has features of the local cuisine. There is a confirmation of the selective approach finding in the pure services approach. Edvardsson, Gustafsson, & Roos (2005) concluded in their study, that services characteristics should not be a fixed combination. It is important to select only those characteristics for services that are useful and relevant in each particular case. Applied to the airline industry, we can see that even though the consideration of all four-service characteristics is important, it is critical to set priorities for an effective performance. Factors such as variability and inseparability should be the focus of marketing strategies during implementation. These two features may result in decreasing quality. In return, it might negatively affect passenger loyalty. However, intangibility is not so relevant within frequent flyers that are well acquainted with services, which they receive when they conduct their next flight. They usually fly the same routes with the same airline company and have certain expectations based on their experiences. A negative effect from the perishability factor may be reduced through special marketing oriented programs aimed at clients after receiving services.

As the summary suggests, the standardization is the opt-in option and the adaptation is the opt-out. It means that how a certain company operates at home, on a home ground is considered as by default. It serves as a base for the standard, which should be considered to change while entering a foreign market. The degree of change moves more or less towards the "adaptive" end of the standardization – adaptation scale.

Research Question, Method and Sample

Research question

The central research question of this article is whether airline companies view frequent flyers as an interconnected, multinational community that requires a standard business approach, or as culturally diverse group that requires marketing strategy adaptations that address cultural differences. To answer this question, the analyzed topic is divided into further levels. In order to answer the central research question, we need to find out if FFPs from a similar cultural group have common features. If they do not have common features, do FFPs from different cultural groups have significant differences? This article focuses on answering the first research question and discusses the most controversial results in terms of the first research question.

Research design

A qualitative research approach was chosen in order to investigate the content of different types of FFPs worldwide. The first step covered the selection of countries for the analysis, based on the countries' GDPs. The GDP per capita ranking was excluded as the segmentation focuses on rather cultures than income differences. The authors of this article suppose that the cultural orientation does not have a significant correlation towards income niveau above the poverty line. Furthermore, the other presumption would be that culture goes along with the level of education. However, in this field, there was not sufficient data to find. We found the countries' GDP ranking suitable for the selection as we followed the macro approach in the analytics: the quantitative analysis was done on a secondary database.

Sample

Since it is crucial that selected FFPs appear to be representative ones, the choice of the selection criteria was made in favor of GDP. Data from The World Bank (2016) GDP ranking with 2015 coverage was used. Usually the cultural grouping is defined by national or political boundaries. In our case the authors assume that the appearance of the cultural elements is business had a different proportion among the different wealth status of countries with the same cultural background. So, instead of refining the participating countries on a national or political basis, the authors relied on a wealth related list and that is why the GDP ranking was used.

It was necessary to map countries in cultural groups. The process of mapping countries in homogenous cultural groups according to cultural dimensions demanded a combination of several mapping procedures. In the beginning, a two-step cluster approach using SPSS was applied. It combines the principles of the following clustering methods: hierarchical and k-means. The Euclidean distance has been calculated since all the variables were continuous. Thirty-three different two-step cluster analyses were conducted in the process of making a decision on the number of clusters and variables to be used.

The second step concerns the selection of participating airlines. The selection criterion is traffic statistics and Revenue Passenger Miles (RPMs) / Revenue Passenger Kilometers (RPKs) per airline in particular. As a result, eighteen frequent flyer programs of airlines were defined for conducting the qualitative content analysis. The selection of participating airline alliances is the last stage. The same criterion used for airlines is applied. Three largest airline alliances, namely Star Alliance, SkyTeam, and Oneworld, were selected. The basic data for the research was collected from open sources: official websites of the selected airlines and airline alliances provided their policies. Terms and conditions of the programs were taken as the basic information source for the database. Low-cost airlines were excluded since most of them do not have loyalty programs and are not focused on business travellers. In most cases, chosen airlines are national or flag carriers. Countries were mapped into six groups. Three frequent flyer programs of the largest airlines from each group were selected, and the three largest international airline alliances were compared. The qualitative research method forms the bases of the empirical part with the application of the Mayrings's qualitative content analysis method (2015). The next step included the selection of FFPs for the analysis. The first stage of the selection process consisted of the determination of participating countries. It was decided to take three countries from each cluster based on a country's gross domestic product indexes. This decision was made according to Hofstede. He argues that in the field of aviation safety, a country's economic development dimension prevails. He concludes that poorer countries have fewer resources for the maintenance and restoration of an aircraft fleet and other airport-related fields. This explains the high level of accidents in less developed countries (Hofstede, 2001). It was assumed this logic is appropriate in the field of marketing as well and that wealthier countries would be more invested in marketing-related activities. The clustering of the FFPs based on a parameter-system presented below in Table 1.

Table 1: Parameter system for cluster building

Category	Definition	Prime example
1. Enrolment in a program	Offers for different customer groups and main requirements of enrolment processes.	
1.1 Age	Age limit for the enrolment in the main FFP.	Individuals who are 18 years of age or over may apply for membership.
1.2 Joining fee	Applicable fees in the frame of the registration process.	The membership in EuroBonus is free of charge and requires no purchase.
1.3 Program for legal entities	Offers for legal entities.	Qantas offers its business customers Qantas Points through its Qantas Business Rewards program.
1.4 Program for families	Offers and special conditions for family members in the frame of the main FFP.	By registering, ANA Card members who are residents of Japan and meet certain conditions can combine earned miles with their family who are also Members.

Category	Definition	Prime example
1.5 Program for children	Separate FFP for children.	Children under twelve (12) years of age are eligible for SKYPASS Junior.
1.6 Program for friends	Offers and special conditions for friends in the frame of the main FFP	"Family and Friends List" means the list of up to five nominated individuals which Household Account members can redeem Avios on behalf of.
1.7 Other programs for individuals	Other separate programs for frequent travellers.	Membership of the Petroleum Club is reserved for private individuals aged 18 or over who are members of the Flying Blue program and employees of an oil, oil-related or gas company ...
2. Obtain & share miles and rewards	Terms and conditions of miles obtaining and transferring policies for individual members of FFPs.	
2.1 Earning from activities	Types of activities that contribute in miles accrual process. Starting date of the accumulation process.	Mileage will be credited only to the account of the AAdvantage member who flies, rents a car, stays at a hotel, or earns mileage utilizing other participating companies. Transactions occurring more than 30 days prior to your enrolment date are not eligible for mileage credit.
2.2 Purchasing	Special conditions for miles purchasing.	You can purchase a maximum of 15,000 miles for one OK Plus account in one calendar year.
2.3 Transfer and share miles	Options and conditions of miles transferring process.	Miles earned by a GarudaMiles member cannot be added or transferred to the account of another GarudaMiles member.
2.4 Share flight rewards or gift an elite status	Options and conditions of sharing rewards and grant an elite status.	Awards may be used by members and designated users, although some awards are excluded. Senators and HON Circle Members can opt for a Frequent Traveller or Senator partner card for family members and friends.

Category	Definition	Prime example
2.5 Charity	Options and possibilities for donations to charity organizations.	With Flying Blue, you can put your Miles to good use by donating them to one of the following partner charities.
3. Validity period	Terms of miles and elite levels validity period.	
3.1 Miles	Terms of miles accrued validity period.	Advantage members must have mileage earning or redeeming activity once every 18 months in order to retain their miles.
3.2 Status levels	Terms of elite levels validity period.	Membership for elite status is valid from 01/02 or the day you qualify, through 31/01 of the following year.
4. Levels of a membership	Types of elite status membership categories of FFPs and their related benefits.	
4.1 Types and requirements	Categories of elite membership levels and requirements of obtaining and prolongation.	The LATAM Pass Program has four membership categories: (a) LATAM Pass Gold, (b) LATAM Pass Platinum, (c) LATAM Pass Black and (d) LATAM Pass Black Signature.
4.2 Benefits:	booking process, airport related, luggage related, on-board privileges, status extension, other	Elite Bonus Miles: Sky Pearl Gold Card - 30% of Statute Miles, Sky Pearl Silver Card - 15% of Statute Miles

Source: Author own source

Results

The authors conducted a content analysis of FFPs in order to find out whether airlines view frequent flyers as a bound, globalized international community that requires a standard business approach, or as culturally diverse group that requires marketing strategy adaptations that address cultural differences. The analyzed FFPs of each of the six clusters present certain similarities between them. The loyalty programs of the first cluster have some correlation in the frame of enrolment policies. As an example, the absence of a separate program for children or the existence of additional programs for family members within two investigated FFPs can be mentioned. Miles accrual procedures have common features as well. Miles purchasing is also allowed within all three programs. The unpopularity of charity donations unites the FFPs of the first cluster. Two programs demonstrate a similar perception of gender rights on a status freeze in case of maternity and paternity leave. The similarities within the enrolment process category can be traced in the second cluster as well. Age and fees related requirements are the same. Identical features include the absence of additional programs for children and separate programs for families in two cases. The awards transfer restrictions within FFPs as well as miles transfers' inability within two FFPs determine the third cluster programs. Mileage bonuses and benefits related policies ally the FFPs of the fourth cluster. The popularity of charity donations among all three programs shows a similar approach within the cluster. Enrolment process regulations as well as obtaining and sharing of miles and rewards demonstrate common features. The programs of the fifth and the sixth clusters present some similarities that characterize these clusters as well. The following chapters discuss the most controversial results.

Output of the cultural clustering

Six cultural groups were created. The largest cluster is the third one, named as "Hierarchical and merciful society", as it is represented by twenty-three countries. The fundamental difference from the first two clusters is that these are collectivist societies with feminine values. Here are the countries from different continents such as Portugal, Bulgaria, Croatia, Russia, Brazil, Chile, Peru, South Korea, Turkey, and others. This cluster represents societies that are geographically distant, but have similarities in their national cultures. The smallest group "Hierarchical and conventional society" includes six countries. The first "Liberal and just society" and the fourth "Innovators' society" clusters are similar and consist of seven countries. The fourth cluster ("Innovators' society") represents the North European countries such as Denmark, Finland, Netherlands, Norway, and Sweden.

The first cluster called "Liberal and just society" is defined by highly individualistic cultures, which have high score on the Masculinity dimension. It is combined with low scores on UAI and PDI dimensions. This cluster groups countries such as USA, Australia, Canada, New Zealand, Great Britain, and Ireland. The second cluster called "Conservatives' society" maps twelve culturally identical countries, which differ from the first cluster's countries by the high score on Uncertainty Avoidance. Germany, Austria, Luxembourg are among these countries. Four countries in this cluster (Czech Republic, Belgium, Malta and Poland) have high scores on all four dimensions. The sixth group "Hierarchical and ambiguity tolerant society" has eleven countries. The fifth and the sixth clusters represent collectivist and masculine societies – success

oriented “we” culture. The fifth and the sixth clusters have high Power Distance indexes. At the same time, the scores on Uncertainty Avoidance dimension distinguish countries from these two clusters. The fifth cluster “Hierarchical and conventional society” combines countries, like Greece, Mexico, and Colombia. Most Asian countries, in contrast, are comfortable with ambiguity and have a low preference for avoiding uncertainty. The following countries compose the sixth cluster such as China, Hong Kong, Philippines, etc.

Description of Cluster 5

In the frame of the fifth cluster, two FFPs are open for all individuals over two years old. One program is opened for individuals who are at least twelve years old or individuals purchasing a seat. Separate children programs are not provided within the cluster. Children are considered in the framework of family programs that are provided by two FFPs. The Mexican loyalty program has a family program for the spouse and children of a member. The qualification feature is the last name, which must be the same. The Pakistani FFP also allows for the participation of parents within their family program. Separate programs for legal entities are provided in the frame of all three loyalty programs. The joining fee condition is similar and is free of charge.

Similar to preceding clusters, eligible activities with airlines and other partners can accumulate miles. Accrual starts from the enrolment date within the two FFPs. The Pakistani program provides newly enrolled members with welcome bonus miles. Miles purchase is allowed within the cluster. Established limits are the same for all members regardless their status levels. Purchased miles are not counted for obtaining an elite level. Members of the Mexican program with accounts older than one month and one previous transaction can buy miles. The Colombian and the Pakistani programs have an approach similar to the purchase policies of the Finnish FFP from the previous cluster. They allow paying with cash for an award in case of insufficient amount of miles. The Pakistani FFP specifies this option. It allows paying with cash if a member has enough miles to redeem fifty percent of an award. The miles transferring policy has two forms within the cluster. The Pakistani program does not allow miles transferring between accounts. The Mexican program, in contrast, allows transfers on a paid basis. At the same time, family members can perform transfers free of charge. The Colombian program allows transferring to a third person as well. Transferred miles do not qualify an elite status level. Benefits or miles are not transferrable upon death or any other reason within the investigated programs. Rewards transferring policies are also different. The Pakistani FFP allows the issuing of awards to family members only. The Mexican program gives more freedom to its members. They can redeem their miles in favour of any person. The same is within the Colombian program. It specifies a limit of award tickets that can be transferred in one calendar year. Upgrade rewards can be transferred an unlimited number of times. Two programs of the cluster provide charity donations. The Mexican FFP solely emphasizes those members who donate. Their names and amounts of donated miles are shown on the website. This FFP works with eleven charity funds. The Colombian FFP has a self-established charity fund. Its members can donate miles to this fund. Afterwards the airline distributes these donations to partner charity institutions at its own and sole discretion. Miles are valid for two years from a qualifying activity date in two cases. The Pakistani FFP has three years validity period. The Colombian

program determines a qualifying activity as a mileage accrual or redemption. It alone provides the lifetime status of miles. Members with one or two million miles can enjoy the miles' perpetual existence. Status levels are valid for one year. The excess status miles of the highest elite status holders can be transferred to the next year within the Colombian FFP. The Maximum limit is applied.

Three elite status levels are provided within the investigated FFPs. The Mexican program qualifies each status level by one component – status miles. The Colombian and the Pakistani programs combine status miles with segments. An extraordinary practice is used within the Pakistani program. The first elite status level does not require accumulated miles. A welcome bonus is automatically credited to accounts of newly enrolled members. The next two status levels can be bought. Less extraordinary, but also unique, possibilities can be observed within the Colombian FFP. All three elite levels can be granted to members who accumulated one or two million flown miles. All elite members of the investigated FFPs get a mileage bonus, though the allocation differs. The Mexican FFP provides its elite members with different amounts of mileage bonus depending on a status level. It starts from 25% up to 100%. The Colombian program has the same limits. The difference is that two last highest elite status holders receive the same amount of 100% bonus. The other approach is observed within the Pakistani FFP. In the case of travelling in business class all three elite status members receive the same 25% bonus. When flying in economy class, the first elite level does not receive any mileage bonus. The highest elite status holders get a 50 % bonus.

All three programs have booking process-related benefits. They are assigned to all elite status holders within the two FFPs. The Colombian program has one type of benefits for members with the two last highest status levels. The programs also cover all elite members with airport-related benefits. The majority of these benefits are provided to all Colombian programs' members. Lounge entrance is also accessible to all members. Holders of the last two status levels can invite two guests to accompany them. A separate lounge is provided for the highest status holders. The Mexican program allows a lounge entrance to members with two last elite status levels. The highest one is allowed to invite two guests. The Pakistani program is stricter and provides its members only with the highest status level with an access to lounges. Primarily members in the two last elite status levels are emphasized by the programs in the frame of luggage-related benefits. The Colombian FFP solely has an additional one type of benefits that is assigned to all its members. Regarding on-board privileges, upgrade certificates are provided within one FFP only. The highest elite status holders can enjoy four complementary upgrades within the Colombian program. Other two programs allow upgrading for miles to all its members. Members of the Mexican program can share upgrades with one companion. The Pakistani program allows upgrades sharing with family members only. The Mexican distinguishes its members with the highest status with one type of benefits exclusively. The Colombian FFP is the only one that prescribes an account freeze. All female members can enjoy a maternity leave possibility. The Colombian program has also an additional type of benefits that is granted to the highest elite members. It can be available for all members in case of using an on-line service.

Description of Cluster 6

The membership in FFPs of the sixth cluster is opened to all individuals over twelve years old. Additional programs for children between two and eleven years old are provided within two FFPs. A child will be automatically enrolled in the main program after turning twelve years old. The Indian program has a limit of up to five registered children. The Indonesian FFP allows flyers to buy an analog of an elite membership for those who are older than seventeen years old. The registration fee is charged in that case only. The membership in the main Indonesian FFP and other FFPs of the cluster is free of charge. The Indian FFP is the only one that provides a family program. Up to seven family members within the first degree of kinship can be registered. The Indian program is also the only one to provide additional programs for legal entities. One program is designed for companies and their employees. Another one is for companies and their partners, such as suppliers, dealers, and the like. The China program has special conditions for friends. Up to eight nominees can be listed for an awards redemption purpose.

Similar to the preceding clusters, eligible activities with airlines and other partners accumulate miles. Accrual starts from the enrolment date within all three FFPs. A welcome bonus is credited within two programs. Miles purchasing is allowed within the Indian and the Indonesian programs only. Minimum and maximum limits per transaction are the same regardless a status level. Miles can be purchased for any account. They do not qualify an elite status level. Miles transferring policy is stricter within the sixth cluster and is allowed within the Indian program only. A minimum limit per transaction is defined while a maximum limit does not exist. The number of transfers is defined for each elite status levels. The first three membership levels are allowed to transfer their miles twice per year. The two last highest levels – four times per year. It is the only FFP among all investigated programs in the framework of the study that allows miles transferring to a legal heir upon a member's death. Awards can be transferred to any individual within the Indian and Indonesian FFPs. The Chinese program allows awards transfers to friends from the composed nominees list. Charity donations are not popular within the current cluster. The Indonesian FFP solely provides its members with the possibility to donate. The number of partner institutions includes two charity funds.

Miles are valid for three years and three-and-one-quarter-years within the one FFP. The investigated programs present different approach in the framework of their validity policies. The Chinese FFP extends miles of tier members automatically every twelve months. Eighty percent of miles are extended automatically for members with the basic non-elite membership level. The Indian program has a different validity period of transferred miles, that being on the twelfth month. Members with the highest elite levels enjoy a lifetime status of their miles. Transferring of miles is not considered to be an activity that extends mileage validity. The Indonesian program allows the buying of an extension of miles. In the frame of that condition, even expired miles can be reactivated and extended. Status levels are valid for two years within the Indonesian FFP. The Chinese program has one qualification year period. The Indian FFP makes audits every six and twelve months for possible upgrading of status levels. Annual reviews are made for retentions or downgrades.

The studied loyalty programs provide a varying number of membership levels. Three levels are possible within the Chinese FFP. The first level is non-elite and does not require accumulated miles to obtain it. The Indian program has five membership levels. The first level is non-elite and does not require accumulated miles. The first elite status level requires one-mile accrual activity only. The Indonesian program provides four membership levels. The basic entry level requires one transaction to be renewed. Retention of a tier level is easier than obtaining requirements. In the case of not meeting conditions to renew a status, members will be downgraded one level below. An analog of the third status level can be purchased. Not all elite members of the investigated FFPs get a mileage bonus. The Indian and the Indonesian FFPs do not credit a bonus to the first elite status holders' accounts. The Indian program has a different mileage bonus for each level. The Indonesian, in contrast, has the same for all, which is very low and reaches 25% only. The Chinese FFP grants all two elite status holders with different mileage bonuses.

The booking process-related benefits are assigned for all members of the Indonesian FFP. All elite status holders can enjoy three types of benefits within the Chinese program. It distinguishes members with the highest status level by providing them with one type of benefits exclusively. The Indian FFP concentrates on the last two status levels. The programs also cover all elite members with airport-related benefits. The Indonesian program offers a possibility to its members with the highest status to share one type of benefits with one family member. Lounge access is provided for all elite levels within two FFPs. The Indonesian FFP provides its members with the last two status levels with lounge entrances. The condition of the Indian program includes a requirement of flying in business class. If flying economy, lounge access is also granted to members with the last two status levels only. The highest status holders can invite one guest within the Chinese and the Indonesian programs. Members with two last elite status levels are emphasized by the Indian and the Indonesian programs in the frame of luggage-related benefits. All three FFPs have types of benefits for all elite status holders. In the case of the Indian program, the first elite status is not considered. Regarding on-board privileges, upgrade vouchers are provided within one FFP only. The three last elite status holders can enjoy different amounts of complementary upgrades within the Indian program. The other two programs allow upgrading for miles for all its members. The Indonesian FFP provides all its members with one type of benefits. The Chinese, in contrast, considers elite status holders only. No status freeze for future parents is provided within the programs of the current cluster. Additional types of benefits are granted to all status holders of the Chinese FFP. Three elite status levels of the Indian program enjoy one additional type of benefits. The Indonesian FFP grants members with the bought analog of the third status level with an additional benefit exclusively.

Discussion

Interpretation of the results regarding Cluster 5

The fifth cluster represents collectivist societies with masculine values. The reflection of collectivist features in respect to children can be noticed in the framework of the Pakistani program. The age limit is twelve years old and no additional program for children is provided. Children are considered in the frame of a family program and are not allowed to have separate accounts. This corresponds to the dependency feature of children from their parents in collectivist cultures. Family programs are the next reflection of collectivist societies. They are provided within two programs, such as the Mexican and the Pakistani FFPs. The last one correlates with the definition of a family in collectivist societies. It proves that extended families with close vertical connections are common in collectivist cultures. Though the Mexican program covers family members within the first degree of kinship, requirements to an affinity confirmation correspond to traditional concept of a family. Only officially married individuals with the same surname are accepted within the family program. A family is the smallest entity in collectivist societies. The Mexican and the Pakistani FFPs pay attention to families within its transferring and awards issuing conditions. A collectivist “we” principle might be also observed in lounge policies of the Mexican and the Colombian FFPs. They allow their members to invite two guests to accompany them to a lounge. The available status freeze within the Colombian FFP corresponds to a principle of collectivist societies in the frame of laws and rights that are predefined by traditions. Only female members are allowed to extend their statuses for a maternity leave period. This is also the reflection of masculine societies in which social gender roles are clearly distinct.

Masculinity can also be noticed in separate loyalty programs for legal entities. This represents the weight and importance of a work in the societies. Charity donations-related features of the Mexican program could be treated from the position of masculine values. The emphasizing of members who make donations and publishing of their names and donated amounts on the website can be explained as a rewarding of such members. This practice represents an ego-boosting behaviour adherent to masculine cultures. It is also usual to award individuals for excellent performance in such societies. Masculine societies have proclivity for status purchases. A very good example of this feature is the Pakistani FFP in the frame of which elite statuses can simply be bought. This allowance correlates with high scores on the Power Distance dimension of the country as well.

Collectivist societies are tending to have high scores on the Power Distance dimension, as already mentioned within the interpretation of the third cluster results. Collectivist features correlate with high-PDI characteristics in respect of children. According to them, independent behaviour is not acceptable, which can be observed within the Pakistani FFP. An encouragement of a status can be observed within the fifth cluster. All three investigated programs emphasize a status position of their highest elite members within their benefits policies. The Colombian FFP has separate lounges and complementary upgrades for members with the highest elite level. The Pakistani FFP provides the highest status holders with lounge access exclusively. The hierarchy, which is important for collectivist societies, is supported by general mileage bonus policy within the Mexican and the Pakistani FFPs. The Colombian

program has special validity miles conditions for members with the highest status level. They are allowed to transfer the excess amounts of miles to the next year exclusively.

High scores on the Uncertainty Avoidance dimension can explain well-structured and consequence miles accrual procedure that starts from the enrolment date. This is the first paragraph under the secondary heading.

Interpretations of the results regarding Cluster 6

The sixth cluster is similar to the fifth one. It combines collectivist societies with masculine values and high scores on the Power Distance dimension. The reflection of collectivist high-PDI societies is clearly observed in the frame of enrolment requirements. All three programs allow membership for individuals over twelve years old. The two FFPs have separate programs for children. The dependence and inequality to adults is obvious. Purchasing of an elite status level is also limited for individuals over seventeen years old within the Indonesian FFP. The Indian family program is provided for members of the first degree of kinship. This can be explained by the specificity of the country where large families with high numbers of children are normal. The airline makes restrictions regarding the numbers of family members as a response to the collectivist culture feature. This is important for the program from an economic point of view. At the same time, a unique possibility of transferring miles to a legal heir upon a member's death reflects a strong connection within family members. Collectivist cultural features explain this. Family members are also considered within the Indonesian airport-related benefits policy. A collectivist “we” principle might also be observed in lounge policies of the Chinese and the Indonesian FFPs. They allow their highest status holders to invite one guest to accompany them to a lounge.

Masculinity principles can be noticed in several loyalty programs for legal entities designed by the Indian airline. High scores on Masculinity dimension are also responsible for unpopularity of charity donations within the cluster. Even though the Indonesian program provides its members with such a possibility, the number of partner charity funds is very limited. As in case of the Pakistani FFP from the fifth cluster, one elite status level can be bought within the Indonesian program. Masculine societies have proclivity for status purchases. This allowance also correlates with high scores on the Power Distance dimension of the country.

An adherent high-PDI culture's exact hierarchy is well presented within the investigated programs. It is supported by mileage bonuses and benefits-related policies. The Indian and the Indonesian FFPs do not credit bonuses to accounts of members with the first elite status level. The Indonesian FFP distinguishes members with purchased status levels by providing them with an additional benefit exclusively. Such encouragement of a status is the main representative feature of high-PDI societies. Automatic miles extension of elite status members within the Chinese program can tell us about the special privileges of those who are in power. The same explains a miles lifetime status of members with the highest status level within the Indian FFP. The fact that retention of a tier level is easier than obtaining requirements shows us that those who become higher level enjoy the easing of some requirements. Complementary upgrades, as well as different amount of transfers for each elite level

within the Indian program, are also a reflection of a high position on the PDI dimension.

Low scores on the Uncertainty Avoidance dimension can explain an inconsistency of the validity process within the cluster. The Indonesian FFP allows buying a reactivation and an extension of already expired miles. Different validity period conditions of earned and transferred miles within the Indian FFP might create confusion among members. Though, it is normal for low-UAI societies.

Managerial Implications

Suggestions for the members of Cluster 5

The three investigated FFPs do not correspond to the features of societies with high scores on the Uncertainty Avoidance dimension. Each airline has to organize and structure its terms and conditions documentation in order to help their members to avoid uncertainties. These documents should include complete information about the requirements, conditions, and possibilities of the programs. The Colombian FFP has its requirements spread across different additional documents. Thus, it is quite easy to lose an overview of the program's conditions. It also makes the process of finding required information very challenging. Moreover, hierarchical distinction between status levels should be clearly defined within mileage bonus crediting. The Colombian FFP should have a different mileage bonus for its two last elite status levels. The Pakistani FFP should change its conditions regarding giving of equal bonuses to all status levels when flying in a business class. The first elite level should be granted after an accumulation of specified amounts of miles, not automatically. The Mexican FFP should provide its highest status holders with separate lounge halls. All three investigated programs should invent more benefits for members with the highest elite status exclusively. These changes would respond to features of high-PDI societies and might be welcomed by local frequent flyers. Collectivist features would require an inclusion of a family program by the Colombian FFP. It should provide its members with more possibilities of benefits sharing with family members. The Mexican FFP should extend the list of appropriate family members for participating in a family program. The existing conditions cover nuclear family form, which is a contradiction to the features of collectivist cultures. Changes within upgrade benefits could be suggested to the Mexican and the Pakistan programs in respect to Masculine features. Complementary upgrades for members with the highest elite level would be welcomed. The Colombian FFP might use the best practice of the Mexican approach in the frame of the charity donations policy. The publishing of names, those who made a donation, would correspond to ego-boosting behaviour of masculine societies.

Suggestions for the members of Cluster 6

Hierarchical distinction between status levels should be clearly defined within mileage bonus crediting by the Indonesian FFP. Each elite level should get a different amount of mileage bonus according to their status level. All three investigated FFPs should provide their highest status holders with separate lounge halls. Moreover, they should invent more benefits for members with the highest elite status exclusively. These changes would respond to features of high-PDI societies and might be welcomed by local frequent flyers.

Changes concerning upgrade benefits could be suggested to the Chinese and the Indonesian programs in respect of Masculine features. Complementary upgrades for members with the highest elite level would be welcomed. This recommendation can be made in respect to high PDI scores as well. Emphasis of status attributes is important for high-PDI cultures. Middleton et al. (2009, p. 83) also recommend granting of first-class travel for status holders. The Indonesian FFP might use the best practice of the Mexican approach from the fifth cluster in the frame of the charity donations policy. The publishing of names, those who made a donation, would correspond to ego-boosting behaviour of masculine societies. Collectivist features would require an inclusion of a family program by the Chinese and the Indonesian airlines. Concerning the economic efficiency and existence of extended families with the first degree of kinship, the best practice of the Indian program could be used. There should be more possibilities to share benefits with family members, for example, the Chinese program may also design a separate program for children under twelve years old.

Reflections

The current mapping makes no claims to become a universal clustering method of countries. It is designed for this particular research for the sole purpose of mapping the countries in mostly homogeneous groups in order to answer the research questions. Please refer to the official website of The Hofstede Centre (itim International n.d., <https://geert-hofstede.com/the-hofstede-centre.html>) and use the “Country Comparison” tool (itim International n.d., <https://geert-hofstede.com/countries.html>) for a detailed description of national cultures per country.

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