

REFEREE'S REVIEW

Program:	Master of International Business
Student:	Kubilay Akca
Title of thesis:	The Influence of Loyalty Programmes' Reward Design on Firm Performance: A Comparative Analysis of The German and the UK Retail Grocery Markets

Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis. Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.	<u>5</u>	4	3	2
Structure and logic of the text flow. Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.	5	<u>4</u>	3	2
Quality of analytical approach and quality of offered solution to the research objectives. Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.	<u>5</u>	4	3	2
Quality of data gathering and description. Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.	<u>5</u>	4	3	2
Scientific aspect of the thesis. Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.	<u>5</u>	4	3	2
Practical/applied nature of research. Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.	<u>5</u>	4	3	2
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.	<u>5</u>	4	3	2

Each item above is evaluated on the following scale, as applicable: 5 = excellent, 4 = good, 3 = satisfactory, 2 = poor.

Additional comments:

Let me start by stating that the work of this student is excellent. The topic is well thought out, the thesis is well organized, for the most part it is well written, and the data that was collected and analyzed is entirely appropriate given the stated research objectives. The student is to be commended for analyzing data from two countries and offering reasonable explanations for observed differences. Of course, all research possesses flaws and I shall endeavor to identify some issues that should be considered. A major concern has to do with the time frame considered for the dependent variables. The student assessed various financial metrics of the sampled firms: e.g., revenue, profit margin, return on assets. The dependent variable is the change in each of the six selected dependent variables across a two year time period – that is, the change in metrics from 2009 to 2010. This is a very short time period and one under which economies (around the globe) were under tremendous financial stress. We could ask whether the findings apply in general or just under a period of financial stress? Under a general economic recession, consumers may become more price conscious and more deal prone in terms of responsiveness to loyalty programs. If the latter does hold, then the generalizability of the findings is limited to the specific time period as opposed to a general phenomenon. A second and related concern deals with further disentangling of effects. The sample consists of hypermarkets, supermarkets, discounters and convenience stores (or store type). The student should have considered modeling these four types of stores using three dummy variables. Hypotheses would not be necessary as store type would be treated as a control variable. The logic behind including control effects would be as follows. Suppose that hypermarkets performed better than convenience stores during 2009-2010. Also suppose that hypermarkets are more likely to operate loyalty programs. If this were the case, then the inclusion of store type of a control variable might lead to a very different set of conclusions. Of course, the inclusion of store type as a control variable might not lead to a different set of conclusions. In either case, it is important to control for store type to determine whether it does have an impact and whether the findings are attributable to store type or to loyalty programs. Essentially, the t-tests should be replaced with regression models (or ANOVA models, either way would work) and the MANOVA models should include additional control dummy variables. I also submit that retailer size should have been modeled as a control variable (e.g., natural logarithm of 2010 revenue) in all models.

Again, the purpose of control variables is to ensure that identified effects are not the result of omitted variables. This strengthens one's confidence that the reported results accurately reflect the "real world." One additional point about modeling is that it would be instructive to predict the presence of a loyalty program using a logistic regression model. The independent variables would be size and store type. Hypotheses would be optional, but it would "fill in the blanks" in terms of whether loyalty programs exist independently of retailer size and store type. Finally, I think the student sells himself short in the limitation section by stating that an analysis of just the retailing sector limits the findings. In one sense, it does limit the findings in terms of external validity, but it increases the internal validity of the findings. As with the proposed control effects, higher internal validity brought about by an analysis of just the food retailing sector removes the confounding factor the industrial vertical (or primary industry type). In summary, I am very pleased with the thesis.

Master thesis of Kubilay Akca meets the requirements of the MIB program, and deserves a/an "excellent" grade, thus the author can be given the desired degree.

Date: 14.06.2012

Referee: *Professor Richard Germain*

A handwritten signature in black ink, appearing to read 'Richard Germain', with a long horizontal stroke extending to the right.