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AN EVALUATION OF LOYALTY PROGRAMMES

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In accordance with Rule G5.6.3, I hereby declare that the above-mentioned thesis is my own work and that it has not previously been submitted for assessment to another University or for another qualification.

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ABSTRACT

A Loyalty Programme, is the term most commonly used to summarise various Customer Relationship Management programmes instituted by companies, to endear and encourage loyalty from customers. In order to better understand the component of loyalty within the context of Loyalty Programmes, a dimensional approach has been suggested. The dimensional approach is based firstly, on behavioural loyalty theories, which focus on purchase patterns to qualify/quantify loyalty. Secondly, it included attitudinal loyalty measures to account for customer's actions and feelings to aid in both the conceptualisation and measurement of loyalty.

The need to understand and evaluate the effects of programmes specifically designed to promote loyalty from customers has prompted a surge in academic research, which has led to great debate over the effectiveness of these programmes. Previous empirical research has provided divergent findings and many polarised views abound. This is due in part to the lack of consistent research methodologies, concepts and measurements of previous studies, which has made the comparison of Loyalty Programmes increasingly difficult. However, despite these challenges, there remains substantial evidence in support of the overall effectiveness of Loyalty Programmes. The aim of this research has been to focus on developing a model to evaluate the components of Loyalty Programmes based on attitudinal and behavioural loyalty dimensions, with the view of recommending components that should be included in the design of Loyalty Programmes.

An in-depth literature review was conducted and the two dimensions of loyalty (attitudinal and behavioural) were examined. Additionally, the following Theories were explored Social Exchange Theory, Equity Theory and the Theory of Planned Behaviour, to examine the interchange between participants of Loyalty Programmes. The review of literature further laid the foundation for the conceptual model that proposed purchase behaviour, trust, communication, personalisation, flexibility, rewards and methods of participation as components which influenced Loyalty Programmes.

A multi-method study, with 1090 respondents, was conducted and a proposed conceptual model was compiled. An analysis was conducted through various

descriptive and inferential statistical tests as well as Exploratory Factor Analysis and Confirmatory Factor Analysis. The results of the study identified the following factors **Attitudinal loyalty** (Attitudinal – Communication, Attitudinal – Flexibility, Attitudinal – General, Attitudinal – Rewards (Personal and Monetary) and Attitudinal – Trust) and **Behavioural loyalty** (Behavioural – Communication, Behavioural – Flexibility, Behavioural – General, Behavioural – Personalisation, Behavioural – Purchasing Behaviour, Behavioural – Rewards and Behavioural – Trust) to be of influence with regard to the effectiveness of Loyalty Programmes.

The study concludes with managerial recommendations for the improvement in the design of Loyalty Programmes to enhance Attitudinal and Behavioural loyalty from participants. The recommendations from this study are based on the three strongest factor relationships identified through Pearson Product Moment Correlations. They are (a) Attitude – General and Behavioural – General (0.723), (b) Attitude – Communication and Behavioural – Communication (0.691) and (c) Attitude – Trust and Behavioural – Trust (0.595). Hence it is suggested that communication surrounding Loyalty Programmes needs to embrace new technologies and adopt a multichannel and multi-directional strategy to be more responsive to customers. Furthermore, trust was found to be influential in Loyalty Programme participation and how managers used the shared personal data, impacted customer willingness to participate in Loyalty Programmes.

This study found that overall purchasing behaviour is poorly influenced by Loyalty Card/Programmes, as discounts and promotions did not sway shopper purchasing behaviour and that the most preferred rewards were monetary, free shipping and brand partnerships. In summary, consideration should be given to the type, flexibility and expiration of rewards offered. Further, a regular review of personalisation strategies, customer expectations and participation methods are recommended to bridge the mismatch between idle membership and active participation in Loyalty Programmes.

Key words: Loyalty Programmes, attitudinal loyalty, behavioural loyalty, components.

TABLE OF CONTENTS

LIST OF ANNEXURES

LIST OF FIGURES

LIST OF TABLES

CHAPTER ONE

INTRODUCTION AND PROBLEM STATEMENT

1.1   INTRODUCTION

A Loyalty Programme is the term most commonly used to summarise various customer relationship management programmes that have emerged as companies move toward a more customer centred focus (Bijmolt, Dorotic and Verhorf, 2010; Cromhout, Netto, Hamilton and Rootman, 2017; Dorotic, Bijmoltand Verhoef, 2012). Catapulted by technology, more specifically advances in information technology (Estrella-Ramon, Sanchez-Perez, Swinnen and VanHoof, 2013; Melzer and Olivier, 2015), Loyalty Programmes have gained centre stage in any company's arsenal for encouraging customer loyalty (Breugelmans et al., 2015; Dorotic et al., 2012). This has prompted a surge in academic research into understanding the effects of Loyalty Programmes and has led to great debate over the effectiveness of these programmes (Brashear-Alejandro, Kang and Groza, 2016; Dorotic et al., 2012; Leenheer, Bijmolt, van Heerde and Smidts, 2003; Rese, Hundertmark, Schimmelpfennig and Schons, 2013).

The resultant empirical research has provided divergent findings (Bijmolt et al., 2010; Dorotic et al., 2012; Liu and Yang, 2009) and many polarised views abound. The lack of consistent research methodologies, concepts and measurements used in previous studies has made comparisons increasingly difficult and while no unified opinion can be demonstrated, there is substantial evidence in support of Loyalty Programmes (Breugelmans et al., 2015; Dorotic et al., 2012).

Loyalty Programmes have been in existence since the 18th century (McCall, Voorheesand Calantone, 2010). The modern format of Loyalty Programmes began in the airline industry 28 years ago (Xie and Chen, 2013). Throughout the history of Loyalty Programmes, the popularity of these offerings has not waned among consumers but rather has rapidly grown over recent years (Liu and Yang, 2009), with Reuters (April, 2017) valuing the Global Loyalty Management Market at 1.94 billion US dollars (USD) in 2016. Global trends have confirmed that successful Loyalty Programmes promoted higher frequency of patronage and higher spends per visit, with seventy-two percent of global participants favouring retailers with Loyalty Programmes

and two thirds of participants admitting to participation in more than one Loyalty Programme (Nielson Report, 2016; Rese et al., 2013).

The understanding of the component of loyalty in the context of Loyalty Programmes is best achieved through a dimensional approach (Day,1969; Dick and Basu, 1994; Oliver, 1999; Khan, 2009; Worthington, Russell-Bennett and Hartel, 2009). This concept is based firstly on behavioural loyalty theories that focused on the patterns of purchase, more especially frequency, pattern, probability and share of total purchase, which are applied to qualify/quantify loyalty. Secondly, it included attitudinal loyalty measures, which incorporated customer's actions and feelings to aid the loyalty construct development in two ways (a) conceptualisation and (b) measurement.

The Nielsen Global Loyalty-Sentiment Survey (2016) reported Loyalty Programme participation at a rate of fifty percent across Africa and the Middle East, with the highest levels of participation found in the United Arab Emirates and South Africa. The lowest levels were found in Egypt and Pakistan. The high participation rates in South Africa attest to the long history of Loyalty Programmes in the country (Cromhout et al., 2017; Nielson report, 2016).

Literature has established the popularity of Loyalty Programmes and that they are widely accepted by both consumers and companies. However, consumers and companies are evolving and the relevance of the components that led to a successful Loyalty Programme 28 years ago in the airline industry may no longer be relevant today. Questions are being raised over the components needed in an evolving market for the design of Loyalty Programmes that will ensure future-flexibility (McCall, Voorhees and Calantone, 2010; Rese, Hundertmark, Schimmelpfennig and Schons, 2013; Wyman, 2015).

Additionally, Dorotic et al. (2012) identified that the effects Loyalty Programmes had on customer attitudes and behaviour was poorly understood and should also be the subject of further research. Thus, with this in mind this treatise aims to evaluate Loyalty Programmes by investigating the components of Loyalty Programmes. The aim of this evaluation is to assist companies to improve the performance of current or planned Loyalty Programmes and to avoid the pitfalls that maybe present in the design of loyalty offerings.

The effects of components will be evaluated against several variables and include demographic factors such as age, income, gender, etc. as well as components relating to the attitude and behaviour of participants. Other factors also proposed for evaluation are factors that influence the reward, trust and communication components of Loyalty Programmes. Once these have been established, the study aims to propose practical managerial improvement strategies for current and future design components of Loyalty Programmes. The Chapter outline for Chapter One is illustrated in Figure 1.1. below.

Chapter 1: Introduction and Problem statement

    1.1 Introduction
    1.2 Problem Statement
    1.3 Research Questions
    1.4 Research Objectives
    1.5 Research Delimitation
    1.6 Research Theory
    1.7 Research Significance
    1.8 Research Methodology
    1.9 Ethical Clearance
    1.10 Report Structure
    1.11 Summary

Chapter 2: Review of Literature

Chapter 3: Research Design and Methodology

Chapter 4: Results and Analysis

Chapter 5: Findings, Conclusions and Recommendations

Source: Chapter One Outline (Author's own construct)
Figure 1.1: Chapter One Outline

1.2 PROBLEM STATEMENT

Ever since the introduction of the concept of Loyalty Programmes, researchers have questioned and debated the practicality and effectiveness of implementing Loyalty Programmes (Breugelmans et al., 2015; Dorotic et al., 2012). The resultant contradicting views from the debate of researchers, have left managers lacking a coherent understanding of which components to focus on when designing a Loyalty Programme to suit their company needs and the needs of their consumers (Brashear-

Alejandro et al., 2016; Liu, Guo and Lee, 2011; Martínez and Rodríguez del Bosque, 2013; Mimouni-Chaabane and Volle, 2010; Xie and Chen, 2013).

Poorly executed Loyalty Programmes can damage the brand and more seriously the relationship with the customer (Dick and Basu, 1994). This is especially evident when the expectations from participation in a programme are not met, as the consumer feels cheated by the company offering (Bazargan, Karray and Zolfaghari, 2017; Dorotic, Verhoef, Fok and Bijmolt, 2014; Winters and Ha, 2012). This may occur as a result of gaps in communication regarding methods of participation, reward distance or as a result of other factors (Breugelmans et al., 2015; Gommans et al., 2001; Winters and Ha, 2012; Xie and Chen, 2013). Additionally, the consumer becomes distrusting of the company and may abandon the relationship altogether. An even more damaging consequence may result from the negative word-of mouth effects to the brand and the company from unsatisfied participants (van Doorn et al., 2010; Mimouni-Chaabane and Volle, 2010; Xie and Chen, 2013).

The financial implications of Loyalty Programmes that miss their mark are thus threefold, firstly the investment loss from the company. Secondly, there is a loss of current revenue and finally the loss of future revenue streams (Mimouni-Chaabane and Volle, 2010; Winters and Ha, 2012; Collins and Lau, 2017; Bazargan et al., 2018).

The aim of any Loyalty Programme in the short term, is to increase sales but the long term focus is long-term commitment from consumers (Dorotic, Bijmolt and Verhoef, 2012 ; Xie and Chen, 2013; Dorotic, Verhoef, Fok and Bijmolt, 2014). Successfully executed Loyalty Programmes offer far more than financial gains to the company and the time and effort invested in designing Loyalty Programmes yields long term dividends as customers become consumers and brand loyalty is converted to company loyalty (Bazargan et al., 2018; Estrella-Ramon et al., 2013; Liu and Yang, 2009; Sarwar, Abbasi and Pervaiz, 2012).

A central design component for this is customer database development, which focuses on personalisation (Melzer and Olivier, 2015) and provides the framework for tailored offerings used by modern Loyalty Programmes (Liu and Yang, 2009; Xie and Chen, 2013; Estrella-Ramon et al., 2013; Dorotic, Bijmolt and Verhoef, 2012; Jennings et al., 2014; Breugelmans et al., 2015). Loyalty Programmes need flexibility (Liu and Yang,

2009) and variety (Jennings et al., 2014) to be attractive and improve participation (McCall et al., 2010; Breugelmans and Liu-Thompkins, 2017).

The concern of managers is then how to successfully design and incorporate components that improve participation and avoid those that have pitfalls (Breugelmans et al., 2015; Dorotic et al., 2012). Future concerns regarding Loyalty Programme design include trust and privacy issues (Xie and Chen, 2013), reward desirability and distance (Bagchi and Li, 2011; Bazargan et al., 2018; Dorotic et al., 2014) and flexibility. Consumers want an authentic experience but are reluctant to share personal information (Gomez, Arranz and Cillan, 2012) and discerning consumers consider far more than the offer at hand but consider the company as a whole before forming an association with the company (Breugelmans et al., 2015).

Based on these considerations, the research problem is thus formulated as follows:

Research Problem: The components that Loyalty Programmes should include have not been sufficiently examined, nor have the implications been adequately explored.

1.3   RESEARCH QUESTIONS

Based on an examination of the Research Problem discussed in Section 1.2 above, the Main Research Question (RQ_M) was formulated and is stated as follows below:

> *RQ_M: What are the components that Loyalty Programmes should include?*

In support of the RQ_M the following research questions (RQ) below were then developed to assist in answering the RQM. They are as follows:

RQ_1: What are the components of Loyalty Programmes?

RQ_2: What components do Loyalty Programmes offer globally (internationally) and nationally?

RQ_3: What components do Loyalty Programmes offer in different industries?

RQ_4: What research design will be used in this study?

RQ₅: What recommendations can be made to improve the design of Loyalty Programmes in terms of the components that should be included in Loyalty Programmes

1.4   RESEARCH OBJECTIVES

To explore, examine and address the research questions outlined above, the main Research Objective (RO_M) is determined to be:

RO_M: To determine the components that Loyalty Programmes should include.

Thus, the following secondary objectives are proposed to achieve the above stated main research objective:

RO₁: To investigate the general components of Loyalty Programmes through a review of terms, theories and literature;

RO₂: To investigate the components present in Loyalty Programmes globally (internationally) and nationally;

RO₃: To determine and propose the components that Loyalty Programmes should include across various industries;

RO₄: To establish the appropriate research design and methodology which will be used so that the study can be reproduced in the future;

RO₅: To formulate recommendations that can be implemented by organisations who employ Loyalty Programmes.

A summary of Sections 1.2, 1.3 and 1.4 together with the title of the study are illustrated in the research alignment plan in Table 1.1:

Table 1.1: Research Alignment Plan

Title: An evaluation of Loyalty Programmes
Problem statement: The components that Loyalty Programmes should include have not been sufficiently examined, nor have the implications been adequately explored.
Main Research Question (RQ$_M$): RQ$_M$: What are the components that Loyalty Programmes should include?
Main Research Objective (RO$_M$): RO$_M$: To determine the components that Loyalty Programmes should include.

Chapter	Research Questions	Research Objectives
Chapter 2 Literature Review	**RQ$_1$:** What are the components of Loyalty Programmes? **RQ$_2$:** What components do Loyalty Programmes offer globally (internationally) and nationally? **RQ$_3$:** What components do Loyalty Programmes offer in different industries?	**RO$_1$:** To investigate the general components of Loyalty Programmes through a review of terms, theories and literature **RO$_2$:** To investigate the components present in Loyalty Programmes globally (internationally) and nationally. **RO$_3$:** To determine and propose the components that Loyalty Programmes should include across various industries.
Chapter 3 Research Design and Methodology	**RQ$_4$:** What research design will be used in this study?	**RO$_4$:** To establish the appropriate research design and methodology which will be used so that the study can be reproduced in the future.
Chapter 4 Empirical Study	**RQ$_M$:** What are the components that Loyalty Programmes should include?	**RO$_M$:** To determine the components that Loyalty Programmes should include.
Chapter 5 Findings, conclusions and recommendations	**RQ$_5$:** What recommendations can be formed to improve the design of Loyalty Programmes in terms of the components that should be included in Loyalty Programmes	**RO$_5$:** To formulate recommendations that can be implemented by organisations who employ Loyalty Programmes

1.5   RESEARCH DELIMITATION

In this treatise, the components of Loyalty Programmes are explored. The population targeted in this study was all adult South African customers. There are no e-mail directories for the general population, therefore no sampling frame exists. To closely approximate the population of adult customers in South Africa, all South African customers were targeted through online survey invitations distributed using e-mail.

A non-probability sampling method was employed thus, sample members were not randomly selected. Hence, data quality is impacted by coverage and frame challenges and will be taken into consideration during reporting of research results. Sample members were identified through a combination of convenience sampling and snowball sampling (Wegner, 2016). Although the response rate of consumers was high, 1090 participants of which 1078 were South African participants, participants were mainly from three provinces, Eastern Cape (54%, n=587), Gauteng (23%, n=247) and the Western Cape (12%, n=127).

Additionally, 88% (n=964) of respondents were between the ages of 26 and 55 years old. Hence, the population groups under 26 years old and over 55 years old are poorly represented. To obtain a more holistic view, further research will need to be conducted to better assess these groups. In light of the demographic distribution above, the findings of this study will only reflect South Africa consumers, as the response rate of participants from other countries was extremely low (less than 1%). The design of this study allows for it to be replicated and thus, to assess the components of Loyalty Programmes globally.

1.6 RESEARCH THEORY

The components of Loyalty Programmes were initially explored through an examination of the dimensions of loyalty, namely behavioural and attitudinal loyalty. The basis for this study is formed from Social Exchange Theory, Equity Theory and the Theory of Planned Behaviour, which have been used to examine the interchange between parties associated by Loyalty Programme membership. The convergence of Social Exchange Theory and economic anthropology was drawn by Emerson in1976 (p. 337) and highlighted two main concerns: (a) who is rewarded and (b) how the

proposition is made, as two integral features of Social Exchange Theory (Redmond, 2015). In the context of Loyalty Programmes, Equity Theory is used to express factors associated with injustice and the associated repercussions and focuses on feelings pertaining to cost and reward (Adams and Freedman, 1976; Redmond, 2015).

1.7   RESEARCH SIGNIFICANCE

The impact of understanding the components of Loyalty Programmes comes from the benefits it will provide for future participants and providers of Loyalty Programmes. Reuters (April, 2017) projected the Global Loyalty Management Market growth to reach 7.305 billion US Dollars at the end of 2022. Wyman (2016) described the future of Loyalty Programmes as hinged on the company's ability to engage in retailer-controlled third-party ecosystems (Breugelmans et al., 2015) and the ability of Loyalty Programmes to embrace adaptability. Additionally, future-flexibility has become a key differentiator in the competitive loyalty landscape (Wyman, 2016; Dorotic et al., 2012).

Modern Loyalty Programmes started 28 years ago in the airline industry (Xie and Chen, 2013) and todays' leaders in innovative Loyalty Programmes are arguable companies such as Starbucks, Walgreens and Amazon Prime (McCall, Voorhees and Calantone, 2010; Crowd Twist report, 2016). Loyalty Programmes are about more than just points, with the customers' overall experience becoming pivotal (Gomez, Arranz and Cillan, 2012; Mosavi and Ghaedi, 2012; Collins and Lau, 2017). Questions are being raised over the components needed to design a Loyalty Programme that will be competitive in the evolving customer market place (McCall, Voorhees and Calantone, 2010; Rese, Hundertmark, Schimmelpfennig and Schons, 2013; Wyman, 2015).

Dorotic et al. (2012) proposed that the effects of Loyalty Programmes on customer attitudes and behaviour required further research as previous research had generally neglected this aspect. To this end, Dorotic et al. (2012) suggested studies whereby longitudinal data are collected specifically to examine these aspects of Loyalty Programme membership, customer attitudes and behaviour. A further aspect highlighted was the development of loyalty and the separation of loyalty in respect of Loyalty Programme incentives versus the company offering the Loyalty Programme. (Dorotic et al., 2012).

According to Breugelmans et al. (2015) further research was needed to understand the interaction among the design aspects of Loyalty Programmes and three research areas were identified. They are firstly, Loyalty Programme design, secondly, the evaluation of the performance of Loyalty Programmes and finally, the impact of new technologies on Loyalty Programmes. (Breugelmans et al., 2015) This treatise aims to offer insights into the aspects of Loyalty Programmes highlighted above.

The four dimensions of loyalty are summarised as Cognitive Loyalty (Belief), Affective Loyalty (Emotions), Conative Loyalty (Intention), Action Loyalty (Behaviour) in Figure 2.4, which highlights the significance of both situational influencers as well as social norms in modulating the actions of purchasers' behaviour (TaghiPourian and Bakhsh, 2015; Worthington, Russell-Bennett and Hartel, 2009; Oliver, 1999; Dick and Basu, 1994). For the purposes of this study, the focus of two dimensional loyalty has been considered. According to Dorotic et al. (2012) and Breugelmans et al. (2015) the following anchoring components and design elements are integral to Loyalty Programmes (a) Foster loyalty, (b) Membership based, (c) Long-term commitment, (d) Reward for loyalty, (e) Review design regularly (Dorotic, Bijmolt and Verhoef, 2012; Jennings et al., 2014; Breugelmans et al., 2015).

The opportunity from addressing these elements includes, firstly, a greater understanding of the motivations of Loyalty Programme users, in terms of drivers of behaviour and attitudes (Dorotic et al. ,2012; Liu and Yang, 2009). Secondly, it affords the opportunity to understand the relevance of the components of Loyalty Programmes and the future value these components may offer (Breugelmans et al., 2015). Thirdly, it provides the opportunity to refine and redesign Loyalty Programmes so that they may become future-flexible (Bijmolt et al., 2010; Leenheer, van Heerde, Bijmolt and Smidts, 2007; Wyman, 2015). Finally, in addressing these areas, managers will be afforded greater insight to convert consumers into long term, loyal customers (Evanschitzky et al., 2012).

1.8 RESEARCH METHODOLOGY

1.8.1 Research Approach

This treatise adopts a positivistic, deductive approach, using a multi-method research methodology, survey data collection method and cross-sectional time horizon, with quantitative data proposed to be collected from respondents. Quantitative data has been chosen for its objectivity, as it allows for the study of relationships between variables, by employing numerical data analysis (Yilmaz, 2013; Zikmund et al., 2013) and it allows for the findings to be inferred onto the population (Yilmaz, 2013; Collis and Hussey, 2013). A further discussion of the research approach is done in Section 3.2 and is summarised in Figure 3.3.

1.8.2 Literature Study

The review of literature identifies previously unapparent perspectives and approaches to the researcher beforehand (Kumar, 2011). Through critical review of available literature, researchers are afforded insight into gaps and deficiencies in knowledge that inform the design and research methodology of the proposed study (Collis and Hussey, 2014). The review of literature commenced with the process of compiling a list of relevant academic journals in the fields of business and management, to address the research topic and questions discussed in Section 1.3.

Using keywords, search engines such as Google Scholar, Ebscohost, ResearchGate as well as the Nelson Mandela University online library were searched to access relevant academic journal articles, books, publications and reports. Most sources found were directly applicable to this study. There are however, some indirectly relevant sources also used. All sources used in this study are cited in-text with the full reference found in the reference list.

1.8.3 Data Collection and Analysis

This study conducted both primary and secondary research. Chapters Two and Three reviewed existing sources (secondary research) as described in Section 1.7. This informed the development of a questionnaire, which formed the mechanism for the collection of primary research, which took the form of a survey. The Survey was

developed on the Nelson Mandela University Online Survey Tool (QuestionPro) and the link was distributed to Post graduate students on the PDBA and MBA programmes at NMU, who then distributed the survey link to their networks. Table 3.1 illustrates the operationalisation of each item from the literature that was perceived to be relevant in determining the component that Loyalty Programmes should include.

The questionnaire itself was comprised of a cover letter that detailed the aim of the study, this included a consent section to ensure participants were older than 18 years old. A section of the consent outlined to participants that they could withdraw from the survey at any time and that their partaking in the survey was voluntary. The remainder of the questionnaire was divided into two sections.

Demographic information pertaining to Loyalty Programme participants was collected in the first section through twelve closed-ended or multiple-choice questions. The second section of the questionnaire addressed the dependant variable and the seven independent variables identified as integral to the review of components of Loyalty Programmes and was comprised of seventy-two questions based on a five-point Likert scale. The scale range used in this questionnaire included the options "Strongly disagree" (1), "Disagree" (2), "Neutral" (3), "Agree" (4) and "Strongly Agree" (5).

The population of this study consisted of all adult customers in South Africa, targeted though online survey invitations distributed using e-mail. As no sampling frame exists for the general population, the sampling method employed in this treatise was non-probability sampling. A combination of convenience sampling and snowball sampling was used to identify participants (Wegner, 2016). At the close of the study, 974 complete responses had been received. Section 3.5 and Section 3.6 discuss this aspect further.

The link to the online questionnaire was distributed via email to the NMU Post graduate PDBA and MBA students. The use of QuestionPro for the survey facilitated data capturing and simplified data exporting to Microsoft Excel 2016. Thereafter data was edited and cleaned to allow for statistical analysis for this study, which was conducted by Dr Danie Venter from the Nelson Mandela University. The following analyses were performed and are further described in Section 3.6.2, descriptive statistics, inferential statistics, Exploratory Factor Analysis (EFA), Cronbach Alpha, Pearson's correlation

and Confirmatory Factor Analysis (CFA). The results of these analyses are discussed in Chapter Four.

1.9 ETHICAL CLEARANCE

Nelson Mandela University has clearly outlined criteria to assess the type of ethical clearance required for any proposed research. These criteria determine if the requirement of full ethical clearance must be met. This treatise did not meet the criteria for full ethical clearance. Therefore, for the purposes of this treatise the Ethical Clearance Form E provided by the NMU Business School was sufficient. The signed Form E is attached in ANNEXURE A: Form E, Ethical Clearance.

1.10 REPORT STRUCTURE

1.10.1 Chapter 1: Introduction and Problem Statement

Chapter One, provides an introduction for the study and outlines the Research Problem, Research Questions and Research Objectives. Additionally, an overview of the study, together with its purpose, delimitation and significance are specified. This chapter includes the research alignment plan and the chapter outline for this treatise, which outlines the structure of the document and these are illustrated in Table 1.1 and Figure 1.2 respectively.

1.10.2 Chapter 2: Literature Review

In this chapter, numerous academic resources are explored to address the first three research questions together with the corresponding research objectives. Firstly, **RQ_1:** What are the components of Loyalty Programmes? Which correlates to **RO_1:** To investigate the general components of Loyalty Programmes through a review of terms and theories. Thereafter, **RQ_2:** What components do Loyalty Programmes offer globally (internationally) and nationally? Which correlates to **RO_2:** To investigate the components present in Loyalty Programmes globally (internationally) and nationally. Finally, **RQ_3:** What components do Loyalty Programmes offer in different industries? Which correlates to **RO_3:** To determine and propose the components that Loyalty Programmes should include across various industries. A conceptual model which

seeks to examine the determinants of Loyalty Programmes is proposed to conclude this chapter.

1.10.3 Chapter 3: Research Design and Methodology

In Chapter Three, various research philosophies and approaches are examined to develop an outline for this study to follow in terms of research design and methodology. Additionally, this chapter elaborates on the unit of analysis and participants of this study as well as discussing the data analysis methods that will be employed. In so doing, Chapter Three addresses *RQ$_4$: What research design will be used in this study?* Which correlates to *RO$_4$: To establish the appropriate research design and methodology which will be used so that the study can be reproduced in the future*.

1.10.4 Chapter 4: Results and Analysis

Chapter Four, presents, analyses and discusses the results of the empirical study. Data analyses was conducted using descriptive and inferential statistics, factor analysis and structural equation modelling. The results of these analyses are illustrated using various tables and charts, which present the data and findings. Hence, Chapter Four addresses the main research question: *RQ$_M$: What are the components that Loyalty Programmes should include?* which correlates to the main research objective: *RO$_M$: To determine the components that Loyalty Programmes should include.* Thus, this chapter forms the foundation for Chapter Five.

1.10.5 Chapter 5: Findings, Conclusions and Recommendations

In Chapter Five begins with the findings of the study being presented. These findings are based on the results presented in Chapter Four. Thereafter, Chapter Five continues to make managerial recommendations based on the study findings and identifies the limitations present in this study. Additionally, any call for future research is outlined and finally, conclusions regarding the research problem identified in this chapter are drawn. Thus, Chapter five seeks to address *RQ$_5$: What recommendations can be formed to improve the design of Loyalty Programmes?* Which correlates to *RO$_5$: To formulate recommendations that can be implemented by organisations who employ Loyalty Programmes.*

Figure 1.2 below outlines the structure and layout of this treatise.
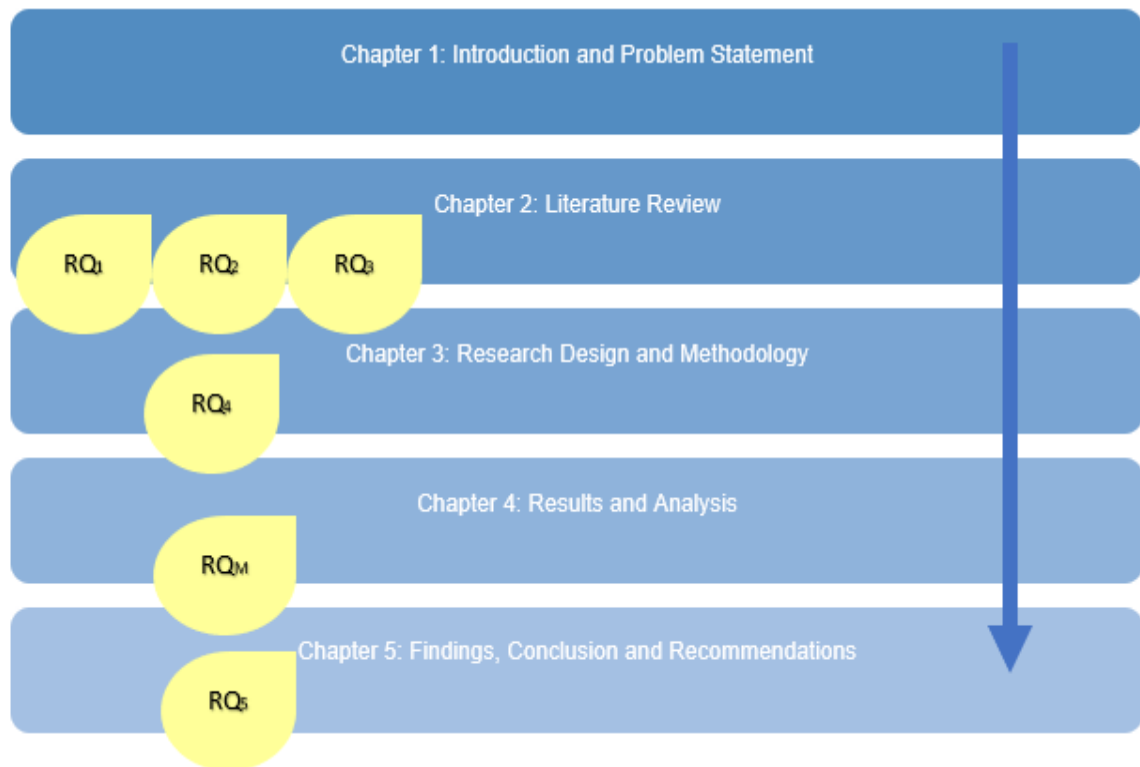
Figure 1.2: Chapter outline for this treatise.

1.11 SUMMARY

In this chapter, the topic of the study is introduced together with a definition and clarification of the main research problem as well as the research questions and research objectives that this study will seek to address. The section that follows highlights the research methodology that will be used in this study as well as a brief discussion of the delimitation and significance of the research. An introductory discussion of the methods of data collection and analysis proposed to be conducted in this study are then discussed together with a brief overview of the ethical requirements that were adhered to as a requirement to conduct this study, as is stipulated by the Nelson Mandela University.

In the latter half of this chapter, a report structure is found as well as the research alignment plan. This research alignment plan will be used and illustrated in all subsequent chapters to highlight the research question/s and research objective/s that are addressed in these chapters. The chapter that follows, Chapter Two, will discuss the first three research questions together with their corresponding research

objectives. This discussion will be achieved through an exploration and review of relevant literature.

CHAPTER TWO

LITERATURE REVIEW

2.1   INTRODUCTION

The purpose of this study, together with the main research objectives and research questions were outlined in the preceding chapter, Chapter One. In Chapter Two, the main focus is the review of literature pertaining to Loyalty Programmes. The primary objective of this study is to make recommendations on how to improve customer Loyalty Programmes by investigating the main components of such programmes and proposing how the design of Loyalty Programmes could be improved. To this end, this chapter sets out to, amongst other things, define and discuss the constructs of Loyalty Programmes, examine the theories associated with Loyalty Programmes and examine the determinants of Loyalty Programmes. In addition, global, continental, regional and local trends are discussed with the view of framing Loyalty Programmes and thus advance a proposed conceptual model to be used in this study. Hence, Chapter Two expands on the first three research questions as outlined in Chapter one.

Chapter two addresses **RQ$_1$, RQ$_2$, RQ$_3$** and their corresponding objectives **RO$_1$, RO$_2$, RO$_3$** thus this chapter addresses:

- **RQ$_1$:** *What are the components of Loyalty Programmes?* To correspond with **RO$_1$:** To investigate the general components of Loyalty Programmes through a review of terms and theories.
- **RQ$_2$:** *What components do Loyalty Programmes offer globally (internationally) and nationally?* To respond to **RO$_2$:** To investigate the components present in Loyalty Programmes globally (internationally) and nationally.
- **RQ$_3$:** *What components do Loyalty Programmes offer in different industries?* To address **RO$_3$:** To determine and propose the components that Loyalty Programmes should include across various industries.

The Chapter outline for Chapter Two is illustrated in Figure 2.1.

Source: Chapter Two Outline (Author's own construct)

Figure 2.1: Chapter Two Outline

2.2   DEFINITION OF LOYALTY PROGRAMMES

Loyalty Programmes have been in existence since the 18th century, in the form of copper tokens and thereafter the Sperry and Hutchinson Green Stamp programme (McCall, Voorhees and Calantone, 2010), which was extremely popular. Many other similar programmes based on a loyalty redemption strategy developed in the years that followed. Modern Loyalty Programmes started in the airline industry 28 years ago (Xie and Chen, 2013) and today the leaders in innovative Loyalty Programmes are arguable companies such as Starbucks, Walgreens and Amazon Prime (McCall, Voorhees and Calantone, 2010; Crowd Twist report, 2016).

Globally these companies lead the race among Loyalty Programmes (Brashear-Alejandro, Kang and Groza, 2016). Today Loyalty Programmes are about more than just points. The customers overall experience drives acceptance of any proposed

Loyalty Programme (Gomez, Arranz and Cillan, 2012; Mosavi and Ghaedi, 2012; Collins and Lau, 2017). This raises questions over the components needed to design a Loyalty Programme that will be competitive in the evolving customer market place (McCall, Voorhees and Calantone, 2010; Rese, Hundertmark, Schimmelpfennig and Schons, 2013; Wyman, 2015).

The vast array of loyalty building offerings classified as Loyalty Programmes makes any attempt at a unifying singular definition problematic. The defining characteristic of any Loyalty Programme is to reward and thereby promote an attitude and behaviour of loyalty from a buyer to a seller (Sharp and Sharp 1997, pp. 473 – 474; McCall, Voorhees and Calantone, 2010). Expanding or defining characteristics for Loyalty Programmes raises many challenges, hence a set of characteristics is proposed for offerings aimed at building loyalty. These should form the core in the design of a Loyalty Programme. The core features are:

- The main focus should be to **foster loyalty** through the reward of members behavioural and or attitudinal loyalty to encourage repeat patronage (McCall, Voorhees and Calantone, 2010, pp.7-8; Dorotic, Bijmolt and Verhoef, 2012, p. 218; Jennings, Giorgio, Murali and Goggin, 2014, p. 9);
- It should be a formal, structured arrangement with the customer, who must formally join the programme to obtain benefits, that is, it must be **membership based** (Dorotic, Bijmolt and Verhoef, 2012, p. 218; Estrella-Ramon, Sanchez-Perez, Swinnen and VanHoof, 2013, p. 55);
- Membership is a **long-term commitment** from both engaging parties(Dorotic, Bijmolt and Verhoef, 2012, p. 218 ; Xie and Chen, 2013, p. 469; Dorotic, Verhoef, Fok and Bijmolt, 2014, p. 9);
- There should be **reward for loyalty** for members, which is based in the current or future value of the buyer to the seller. The reward format can be variable but must be desirable and personalised to the buyer (Rese et al., 2013; Breugelmans et al., 2015; Breugelmans and Liu-Thompkins, 2017).
- It must evolve tailoring marketing offers and efforts to match buyer preferences and may have various formats (**redesign elements**) (Dorotic, Bijmolt and Verhoef, 2012, p. 218; Jennings et al., 2014, p. 9; Breugelmans et al., 2015, p. 13).

2.2.1 The Nature of Loyalty

The Stanford Encyclopaedia of Philosophy (Kleinig, 2017) described the following characteristics to be the underpinning qualities of **"loyalty"**. Firstly, it is the **practical temperament to persevere** in a fundamentally valued associational attachment, however this is not a requisite. Secondly, there is an associated **potential cost of commitment**, where the aim of securing or at the very least protecting the interests or well-being of the object of loyalty has bearing. Finally, the association comes to be **valued for its own sake** as well as for the sake of evoking a sense of identifying with the object as being part of you or yours.

Other affiliated characteristics of the leitmotif of loyalty identified by The Stanford Encyclopaedia of Philosophy (Kleinig, 2017), were that colloquially the term "loyalties" is often used to express our "loyalty". Loyalty is described as not just an affiliation but as a deeper associational relation based on groupings such as friends, family professions, country, etc. This deeper association promotes a willingness within the loyalist to expose themselves to additional risks or tolerate special burdens for the sake of these affiliates who are deemed socially valued. It must be noted, however that any association can become inherently important, regardless of its social value. The value of the association stems from the individual's perception of the value, which leads to allocation of loyalty by the individual (2017).

The objective of any Loyalty Programme is to evoke loyalty from members toward their offerings. This objective is supported through customer relationship management (Sarwar, Abbasi and Pervaiz, 2012, pp. 30-32; Xie and Chen, 2013, p. 466). Members are drawn to join programmes through incentives in the form of rewards for participation (Ailawadi et al., 2010, p.281) and the offering of greater customer utility resulting from the interaction (Leenheer, van Heerde, Bijmolt and Smidts, 2003, Leenheer, van Heerde, Bijmolt and Smidts, 2007; Bazargan, Karray and Zolfaghari, 2017).

2.2.2 Dimensions of Loyalty

The understanding of the concept of Loyalty is best approached through an analysis of the scope of loyalty through a dimensional approach. This approach was initially

described by Day (1969) and then broadened by Dick and Basu (1994), Oliver, (1999), Khan (2009) and Worthington, Russell-Bennett and Hartel (2009). Consolidating these dimensions TaghiPourian and Bakhsh (2015, pp. 48-51) identified four dimensions to Loyalty illustrated in Figure 2.2 below.
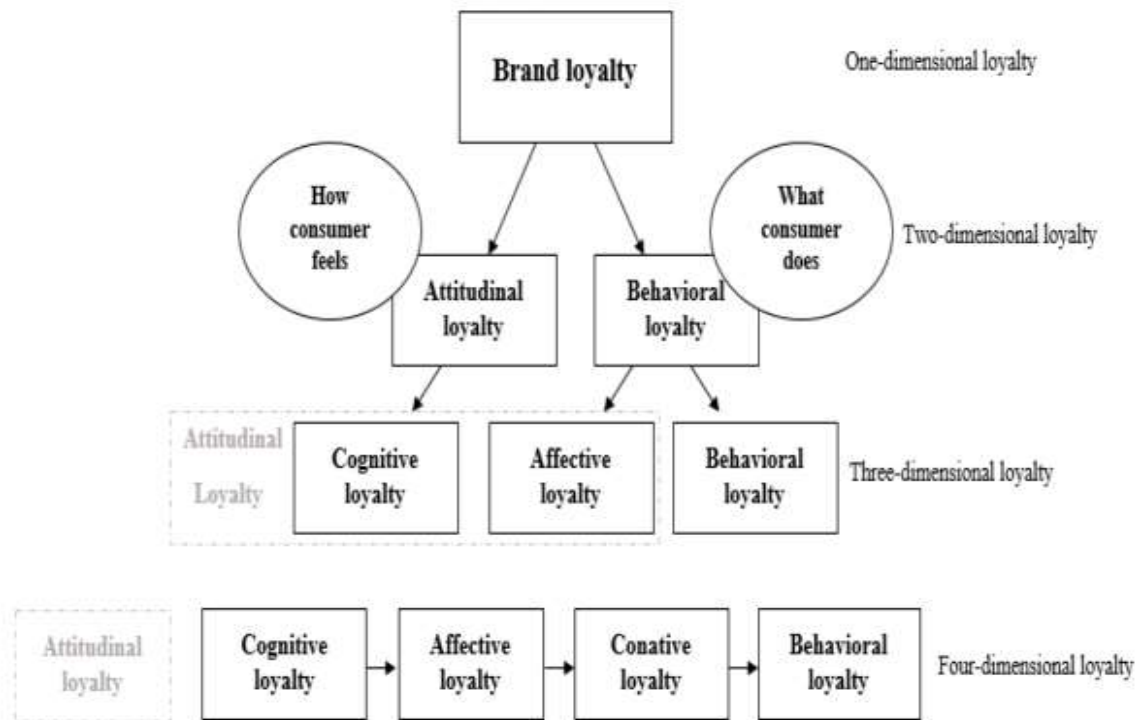
Source: Loyalty: From Single-Stage Loyalty to Four-Stage Loyalty Mohammad TaghiPourian and Bakhsh (2015, p. 50)

Figure 2.2: Four-Dimensional Loyalty Algorithm

2.2.2.1   *The Progression of the Dimensional Approach*

The concept of **One-dimensional loyalty** (1970's) is based on behavioural loyalty theories that dominated this period and focused on the purchase patterns of (a) frequency, (b) pattern, (c) probability and (d) share of total purchase, to qualify/quantify loyalty to the brand and did not consider the role of reasoning.

The concept of **Two-dimensional loyalty** included attitudinal measures in the assessment of loyalty, incorporating customer's actions and feelings. This aided the loyalty construct development in two ways (a) conceptualisation and (b) measurement (Day, 1969).

21

The concept of **Three or Tri dimensional loyalty** (1994 - 2009) Dick and Basu (1994) developed **Three-dimensional loyalty** to describe the customer loyalty relationship, which appeared to be mediated through both situational factors as well as social norms. The relationship further had a cognitive, affective and conative background in addition to the motivational, perceptual and behavioural consequences. Dick and Basu (1994) proposed attitude and shopping behaviour of customers could be categorised into four (4) groups, which are described as follows:

1. True Loyalists - this group exhibited both a high attitudinal loyalty as well as strong behavioural loyalty;
2. Latent Loyalists - this group exhibited high attitudinal loyalty however had low behavioural loyalty;
3. Ingenuine Loyalists - this group exhibited low attitudinal loyalty but were characterised by having high behavioural loyalty; and
4. Non-Loyalists - this group exhibited both low attitudinal and low behavioural loyalty.

Tri dimensional Loyalty proposed by Worthington, Russell-Bennett and Hartel (2009) included two other components under attitudinal loyalty in addition to behavioural loyalty. These components are (a) emotional loyalty and (b) cognitive loyalty and in so doing introduced the concept of intensity to the dimensional view of loyalty. Worthington et al. (2009, p. 6, p. 22) tabulated combinations based on the three dimensions of brand loyalty and proposed this table as a tool for auditing brand loyalty illustrated in Table 2.1. Worthington, Russell-Bennett and Hartel (2009) proposed that the sequential implementation of each dimension was not necessary however, if the response to a particular hierarchical sequence was proven, it would be prudent to follow suit from both a cost and efficiency perspective.

Table 2.1: Brand Audit Table Based on Tri-Dimensional Loyalty

	High emotional loyalty		Low emotional loyalty	
	High cognitive loyalty	Low cognitive loyalty	High cognitive loyalty	Low cognitive loyalty
High behavioural loyalty	Stable loyals	Passionate	Functional loyals	Vulnerables
Low behavioural loyalty	Hot potentials	Hopefuls	Cold potentials	Disloyals

Source: Worthington et al. (2009, p. 6, p. 22)

The concept of **Four-dimensional loyalty,** which expanded the previous models proposed by Oliver (1999) derived that customer loyalty is formed in a successive manner initiated by attitudinal loyalty, progressing to behavioural loyalty. In this progressive manner cognitive loyalty progresses to affective loyalty to conative loyalty and ends with the act of loyalty (Oliver, 1999; Khan, 2009).

The dimensional frameworks in Table 2.2 summarise the contributions of TaghiPourian and Bakhsh, (2015); Worthington, Russell-Bennett and Hartel, (2009); Oliver (1999) and Dick and Basu, (1994) and highlight the significance of both situational influencers as well as social norms and the modulating effect it has on the actions of purchasers' behaviour. The managerial implication from this is the role it should play when structuring and designing offerings to appeal positively to these emotional motivators of customers. Table 2.2 below expands on how appealing to the various attitudinal aspects build customer loyalty.

Table 2.2: Four-Dimensional Loyalty, Stages of Attitudinal Loyalty

Stages of Attitudinal Loyalty	Cognitive Loyalty (Belief)	Affective Loyalty (Emotions)	Conative Loyalty (Intention)	Action Loyalty (Behaviour)
Motivator	Information based brand loyalty	Pleasantness associated with using the brand	Repeated formation of positive feelings	Intentions built up through the earlier stages translates into a greater willingness to act
Depth of loyalty	Superficial-performance based	Emotional attachment Based	Commitment intention to purchase further	Intention converted to action despite possible obstacles
Progression	Resultant form	Attraction to commitment	Deep commitment to brand	Action

Source: Adapted from Oliver(1999) and TaghiPourian and Bakhsh (2015)

Through an application of loyalty dimensional frameworks, Steyn, Pitt, Strasheim, Boshoff and Abratts (2010) studied Asian customers, to evaluate the impact of the perceptions of benefits on the participants' feelings towards a Loyalty Programme and the resultant attitude towards the provider of that Loyalty Programme. This study revealed concurrent structural relations between the following items (a) perceived benefit, (b) emotional feelings and (c) loyalty behaviours. The significant findings of the study by Dorotic et al. (2014) were that Loyalty Programmes had a small overall positive effect on customer behaviour. Loyalty Programmes did improve loyalty but only significantly changed the behaviour of a minority of customers. The sustainability of Loyalty Programmes emanated from reinforcement of attitudinal attachment together with behavioural loyalty (Dorotic et al., 2014).

In a study of casino reward club members, Tanford and Baloglu (2013) demonstrated that loyal customers express high attitudinal and behavioural loyalty. Inactive but loyal patrons exhibited favourable attitudes, however this translated to low patronage perhaps due in part to income limitations (Tanford and Baloglu, 2013). The group who were not genuinely loyal demonstrated high behavioural loyalty but showed very low attitudinal loyalty, rather placing emphasis on the attainment of the reward programme

benefits. The last cluster of customers expressed low loyalty in both attitude as well as behaviour (Tanford and Baloglu, 2013).

2.2.3   Theories of Loyalty

2.2.3.1   Social Exchange Theory

Social Exchange Theory is a favoured perspective of social psychologists. It is underpinned in philosophical and psychological orientations and is reminiscent in particular of utilitarianism and behaviourism, which remains evident in current versions of Social Exchange Theory (Emerson, 1976; Cook and Rice, 2006; Redmond, 2015). The convergence of Social Exchange Theory and economic anthropology drawn by Emerson (1976) proposed that Social Exchange Theory be used to understand exchange behaviour markets that were not perfectly competitive.

Emerson (1976) highlighted that the concerns of (a) who is rewarded and (b) how the proposition is made are two integral features of Social Exchange Theory (Redmond, 2015). Cook and Rice (2006) framed the dyadic exchanges of Micro-exchange Theory as linkages in the background of Social Exchange Theory and theories of social status, influence, social networks, fairness, coalition formation, solidarity, trust, affect and emotion.

In a review of the groundwork theories upon which Loyalty Programmes are based, Henderson, Beck and Palmatier, (2011) identified the following phases that informed a relationship. These phases are based on previous findings of social exchange theorists. Firstly, there is a target set out for the relationship, secondly there are mechanisms present that oversee the relationship and finally the relationship progresses through an evolution from growth to an established or maintenance phase and ends through a disbanding process.

Blau (1964) approached social exchange as a centrally significant process of social life, which grounded relations between groups as well as between individuals. Key features of Social Exchange Theory are firstly, it is a voluntary interaction, secondly, there is an expectation of return or cost, thirdly there exists an expectation of future return for efforts expended and finally, participants react negatively if their expectation

or anticipated reward is not met (Homan, 1961; Blau,1964; Emerson,1976; Henderson et al., 2011).

Redmond (2015) summarised the determining factors of Social Exchange Theory as principles for the exchange and highlighted that in summary, an explanation of social behaviour can be made in terms of costs and rewards through exchange where costs are minimised and benefit maximised. A minimum of two participants are needed for the exchange. As a result of the exchange, relationships are developed and influenced.

Criticisms of Social Exchange Theory firstly, stem from questions raised regarding the degree to which humans behave in an overly rational and calculating manner. Social Exchange Theory proposes this to be the prevailing state of interactive assessment leading to participation. This is, however not as deeply seated as the Theory leads. Secondly, the pervasiveness of the Theory is questioned in that not all exchanges allow for negotiating the costs and rewards. In reality, restrictions are more common than not. Finally, this Theory underestimates the complexity of human interaction (Redmond, 2015).

Evanschitzky et al. (2012) applied concepts based on the Theory of Social Exchange to describe the effects of trust and commitment as drivers of company loyalty (Martínez and Rodríguez del Bosque, 2013). Social Exchange Theory demonstrated the link between positive affective bonds such as trust, commitment (Mosavi and Ghaedi, 2012) and satisfaction, which led to provider loyalty as a result of relationship marketing. Positive emotions toward the company led to brand loyalty. Programme loyalty emanated from economic effects. The balance of gains and losses and the choices relating to how these choices were made were best accounted for by principles found in Equity Theory (Evanschitzky et al., 2012).

2.2.3.2 Equity Theory

Equity Theory has its roots in many sources and is derived from many works such as those of Homan's on distributive justice. Equity Theory is generally linked to the works of J. Stacy Adams (1963, 1965) who focused on factors of injustice and peoples' emotional responses to unjust outcomes (injustices) (Redmond, 2015). Equity Theory focuses on factors that imbue a sense of injustice and the repercussions of those events. Adams and Freedman (1976) explored how people were influenced in

situations, where the outcomes were perceived to be unjust. The focus being on feelings pertaining to cost and reward outcomes in the environment for similar tasks or outputs.

The emphasis of enquiry centred around the effects of equity or inequity on motivation and willingness to participate given equitable or inequitable outcomes (Adams and Freedman, 1976; Redmond, 2015). Ashley, Noble, Donthu and Lemon (2011) identified that in scenarios where customers perceive the costs incurred in an exchange as too high, customers avoid the relationship instead of partaking in an inequitable exchange. According to Huppertz, Arenson and Evan's (1978) study into similar effects in a retail exchange environment, when offered a choice of behaviour most participants chose to exit the store when inequity was present, some opted to complain when shopping frequency was high (Huppertz, Arenson and Evans, 1978).

Henderson et al. (2011) examined the status or tiering feature prevalent in Loyalty Programmes, which appeals to a customers' natural inclination to make social comparisons. These effects can however be negative when customers feel they have been allocated a lower status unfairly. These customer concerns can be explained though an Equity Theory-based analysis. In these scenarios, customer perceptions of fairness, distributive injustice and the process of status allocation, procedural injustice, are mismatched to the company's execution of allotment. This mismatch can reduce the success of Loyalty Programmes and in its most negative outcome, the customer may be lost to the company altogether (Henderson et al., 2011).

Customer perceptions of the value of any Loyalty Programme have their roots in Equity Theory, as value is measured in terms of utility to the customer based on what cost was incurred (Evanschitzky et al., 2012). Cost is made up of several factors, the most influential being time, money and stress related to the interaction. Value is determined by the customer and is highly variable. The perception of value by the customer correlates strongly to loyalty and influences the success of any Loyalty Programme (Henderson et al., 2011; Evanschitzky et al., 2012).

2.2.3.3 *Theory of Planned Behaviour*

The Theory of Planned Behaviour is rooted in the Theory of Reasoned Action, which describes the predictability of an individual's intention to engage in a particular

behaviour/s at a specified time and place. It was intended to clarify all behaviours over which people have the ability to exert self-control (Ajzen, 1991, p. 181; Han and Kim, 2010, p. 660) The understanding of the complexity of human behaviour can be approached from many levels, with an appreciation of physiological processes at one end of the spectrum and a focus on social institutions at the other (Ajzen, 1991; Ajzen 2011).

At the intermediate level, information processing by an individual who is fully functional is mediated by factors such as the environment and biological factors (Ajzen, 1991, Ajzen 2011). Behavioural dispositions are also mediated by concepts such as social attitude and personality traits. These must all be factored into any attempt at explaining human behaviour (Henderson et al., 2011; Ajzen, Joyce, Sheikh and Cote, 2011).

Applying the Theory of Planned Behaviour in an examination of customer engagement behaviours, van Doorn et al. (2010) considered the interaction of customer loyalty in the context of co-creation and services marketing. In an analysis of the customer company relationship by De Cannicre, De Pelsmacker and Geuens, (2009) predictors of behavioural intentions that were based on the Theory of Planned Behaviour were found to be far more appropriate than those based on relationship quality.

The correlation of intention as a predictor of actual behaviour was strongly founded. The reasoning behind this correlation of the Theory of Planned Behaviour was proposed, to be as a result of the sequential immediacy between cognitive and behaviour measurements, despite the seemingly contradictory requirements (De Cannicre, De Pelsmacker and Geuens, 2009, pp. 19-20). Examining customer retention, Han and Kim, (2010) found that the Theory of Planned Behaviour was mediated by customer experiences linked to customer satisfaction and customer attitude when developing a model to examine customer preference for repeat patronage of green hotels.

Ajzen et al. (2011) used the Theory of Planned Behaviour as it correlates to specific actions to assess the effect of information quality and knowledge on behaviour. The findings demonstrated that information accuracy was rendered inconsequential by subjectively held beliefs. Expectations and beliefs about the outcome held far greater influence over behaviour (Ajzen et al., 2011).

2.3 THE IMPORTANCE OF LOYALTY PROGRAMMES

Mimouni-Chaabane and Volle (2010) identified six dimensions pertaining to customer loyalty and perceptions of benefits. The main value of Loyalty Programme membership from a customer perspective, was identified as the financial benefits. Monetary gains were the greater motivator for loyalty to any programme, however entertainment and social benefits were also recognised as having influence on perceptions of loyalty to Loyalty Programmes (Mimouni-Chaabane and Volle, 2010; Winters and Ha, 2012).

The perception of benefit from membership as opposed to the cost of the investment in participating in a Loyalty Programme from a customer perspective were also examined. The positive effects of reward on customer perception are evident as are marketing efforts aimed at enhancing relationship quality. However, client recognition of monetary savings benefits remain the most influential over customer perceptions of Loyalty Programmes (Mimouni-Chaabane and Volle, 2010; Jennings, Giorgio, Murali and Goggin, 2014; Bazargan, Karray and Zolfaghari, 2018).

Leenheer, Bijmolt, van Heerde and Smidts (2003) were one of the first to explore the relationship between Loyalty Programme membership and obtaining a portion of the customer share-of-wallet. A positive correlation can be made between Loyalty Programmes and share-of-wallet (Gomez et al., 2012; Rese et al., 2013). Leenheer et al. (2003) concluded that any company considering a Loyalty Programme undertaking, should closely monitor the Loyalty Programmes' effectiveness as the customers who are most likely to join a Loyalty Programme are already to some degree loyal to the company, thus creating the causality conundrum (Bijmolt, Dorotic and Verhorf, 2010; Breugelmans et al., 2015; Mosavi and Ghaedi, 2012 ; Bazargan et al., 2018).

Hence, a simple comparison of a Loyalty Programme member versus non-member's purchasing behaviour is invalid (Martínez and Rodríguez del Bosque, 2013, p.91). Without access to market wide data bases of customer purchasing patterns as well as customer background information, any evaluation of a company Loyalty Programme is limited (Xie and Chen, 2013).

Leenheer et al. (2003); McCall et al. (2010) and Dorotic et al. (2012) identified that the design of Loyalty Programmes played a critical role in the evaluation of efficacy and proposed longer term savings type rewards as opposed to short term cash rewards.

Unique features offered by a Loyalty Programme to improve attractiveness should not deter participation by being overly complicated (Henderson et al., 2011). It is noted strongly by Leenheer et al. (2003) and Collins and Lau, (2017) that the cost benefit balance must also be borne front of mind in the design and execution of any Loyalty Programme.

Evanschitzky et al. (2012) added to the understanding of the effects of Loyalty Programmes in relation to "programme loyalty" versus "company loyalty" through an investigation of the correlation of these two concepts to customer behaviour. The study revealed company loyalty conveyed preference in terms of shopping sites over competitor provider sites but did not translate to purchase behaviour. Programme loyalty translated strongly to customer purchase behaviours and implied that the strength of company loyalty lies in attraction, however programme loyalty correlated to actual money spend (Evanschitzky et al., 2012).

The role of information obtained from the analysis of Loyalty Programmes has become increasingly significant in the decisions taken by retailers (Leenheer, Bijmolt, van Heerde and Smidts, 2003; Xie and Chen, 2013). Data gathered from Loyalty Programmes allows for insights gained to be applied, to effect customer purchasing and allows the retailer to develop targeted offerings to reshape the retailer customer interchange (Collins and Lau, 2017).

The added benefit of marketing offerings channelled through Loyalty Programmes is that they are not easily tracked by competitors and thus may offer a competitive advantage (Ailawadi et al., 2010). An assessment of the leverage of Loyalty Programmes by Ailawadi et al. (2010) found retailers increasingly reliant on information gathered through Loyalty Programmes. The management of loyalty databases can provide companies with an advantage in the competitive loyalty space.

The impact of Loyalty Programme data on decision making has become undeniable (Liu and Yang, 2009; Xie and Chen, 2013; Estrella-Ramon et al., 2013). In some sectors, databases can inform companies on who and how to partner with fellow retailers. This allows companies to capitalise on cross-selling opportunities from data sharing and further benefit can be gained from detailed analysis of customer insights to maximise customisation of advertising as well as offerings (Rese et al., 2013). The

effects on retailer-manufacturer collaborative efforts and the power balance impacts on Loyalty Programmes however, are still poorly understood, despite extensive research into the subject from various perspectives (Ailawadi et al., 2010; Collins and Lau, 2017).

2.3.1 The Need for Further Research on Loyalty Programmes

Loyalty Programmes have been in existence since the 18th century and since then they have evolved and continue to evolve as many areas remain unexplored (Xie and Chen, 2013; Breugelmans et al., 2015). The explosion of user interfaces powered by information technology advances creates a dynamic space for Loyalty Programmes to engage customers (Jennings et al., 2014; Breugelmans et al., 2015; Nielson report, 2016).

There are many gaps in research pertaining to Loyalty Programmes (Liu and Yang, 2009) and Breugelmans et al. (2015) proposed that future research should be undertaken in key areas such as (a) design elements of Loyalty Programmes, (b) metrics to assess the performance of Loyalty Programmes and (c) impact assessments of new trends in technology. Xie and Chen (2013) similarly proposed that further research is needed to understand the components of customer relationships (Dorotic, Bijmolt and Verhoef, 2012), merits and drawbacks of Loyalty Programme rewards (Melnyk and van Osselaer, 2012) and how technology could be harnessed to improve Loyalty Programmes (McCall et al., 2010).

The rapid technological advancement present in current society is a challenge that Loyalty Programmes must address to remain relevant (Breugelmans et al., 2015, p. 13). The concern of when, where and how to approach customers (Bazargan et al., 2018) must be explored as the rise of new technology coupled with high customer expectations renders standard customer Loyalty Programmes and transactional rewards redundant. Multinational Corporations may become dominant as a result of their larger databases garnered from their Loyalty Programmes (Ailawadi et al., 2010; Wyman, 2015; Breugelmans and Liu-Thompkins, 2017).

Collaborative efforts between retailers and manufacturers may determine how the pie is portioned. Who will gain the greater benefit remains a concern as this will impact the

bargaining power of both parties. To understand some of the factors that have roles, further research areas have been highlighted. Ailawadi et al. (2010) and Bazargan et al. (2018) identified the design elements of Loyalty Programmes that promoted mutual benefits for all participants as an ideal model for further research. The perception of benefits from participation in Loyalty Programmes (Winters and Ha, 2012) was identified by Mimouni-Chaabane and Volle (2010) and Collins and Lau (2017) for further analysis in terms of the importance placed on monetary versus non-monetary benefits by both providers and participants.

A deeper understanding is needed of the effects of psychological rewards (Melnyk and van Osselaer, 2012) and of how cultural differences (Winters and Ha, 2012) impact actual customer behaviour toward Loyalty Programmes. The churn of Loyalty Programme members needs closer exmaination (Breugelmans and Liu-Thompkins, 2017) to understand why members leave and new members join Loyalty Programmes. To avoid these scenarios, future Loyalty Programmes need be guided by sound empirical research on how to develop future-flexible Loyalty Programmes (Wyman, 2015).

2.3.2 Types of Loyalty Programmes

Loyalty Programmes have many configurations and can be divided based on reward redemption strategies (points, cards, discounts, etc.) (Dorotic et al., 2012) or on reward type (attitudinal versus behavioural) (Liu and Yang, 2009; Breugelmans et al., 2015). The vast majority of Loyalty Programmes fall into one of the following categories, ranging from the simplest forms of point accumulation to the more complex tiering systems coupled to social offerings and multi-vendor Loyalty Programmes that cover different industries across various brands. Table 2.3 below captures a summary of the salient features of the five basic Loyalty Programme designs.

Table 2.3: Table of Loyalty Programme Types

Reward format	Programme characteristics	References
Points	• Point based or frequency- based reward programmes are the commonest type of Loyalty Programme. (buy X amount - collect X points – to reach a reward level).	(Bagchi and Li, 2011; Bazargan et al., 2018;

Reward format	Programme characteristics	References
	• Customers earn points from purchases, recommendations or other activities.	Dorotic et al., 2014)
	• Points are accumulated over a period and later redeemed for a reward.	
	• Points may or may not expire.	
	• The reward distance refers to the number of points required to redeem reward and step size indicates the number of points earned per activity.	
Membership	• Membership programmes provide customers with a sense of belonging and thus promote a sense of loyalty.	(Borle, Singhand Jain, 2008; Dorotic et al., 2014; McCall et al., 2010)
	• Membership based club examples – cinema, movie club card, bookstore, book club cards, etc.	
	• The company give its members special offers or rewards so that customers won't let go of their member privilege easily.	
Status	• Tiered programmes offer different rewards to customers in different tiers (buy X amount to collect X points and then qualify for this tier level).	(Breugelmans et al., 2015; Wagner, Hennig-Thurauand Rudolph, 2009; Xie and Chen, 2013)
	• To proceed to a higher tier, customers usually have to spend more to earn enough points and may have to maintain a threshold of spending to remain in that tier or be demoted to a lower tier.	
	• Therefore, the most important key to implementing tiered programs is to make customers know the benefits of each tier and what factors impact their status.	
Financial	• Cash back / gift card programmes - Customers can earn money back usually made up from a certain percentage of total spend or predetermined amount back in the form of a gift card.	(Bazargan et al., 2017; Cromhout, Netto, Hamiltonand Rootman, 2017; Mimouni-Chaabane and Volle, 2010)
	• This occurs for every transaction or purchase that is eligible for the cash back / gift card programme.	
	• This reward programme is extremely attractive to customers and is easy to understand.	
Multi-store/ group	• Coalition programs consist of brands that partner with other non-competitive companies and together form a Loyalty Programme.	(Evanschitzky et al., 2012; Melzer and Olivier, 2015; Rese et al., 2013)
	• Customers' redeem choices are broader and can be from any of the participating brands.	
	• The coalition aspect makes the Loyalty Programme more valuable to customers as it affords them a wider point redemption choice.	
	• Smaller companies benefit from increased visibility.	

Reward format	Programme characteristics	References
	• Larger companies benefit from the relationship aspects both from customers and from the smaller companies.	

2.4   INTERNATIONAL TRENDS IN LOYALTY PROGRAMMES

Reuters (2017) valued the Global Loyalty Management Market at 1.94 billion US dollars (USD) in 2016 with a projected growth to reach USD 7.305 billion at the end of 2022. The Nielsen Global Loyalty-Sentiment Survey (2016) gathered data from 63 countries using an online interface and identified modern trade as having a strong correlation to participation levels in retail Loyalty Programmes. Wyman (2016) described the future of Loyalty Programmes as hinged on the company's ability to engage in retailer-controlled third- party ecosystems (Breugelmans et al., 2015). The ability of Loyalty Programmes to embrace wider recognition methods and the company's adaptability or future-flexibility, to be ready at all times for customer interactions across all communication platforms were other key elements identified for success (Dorotic et al., 2012).

The Nielson Report (2016) revealed that in countries across Africa and the Middle East, over 50% of those surveyed participated in Loyalty Programmes. The highest levels of participation were found in United Arab Emirates and South Africa, the lowest levels were in Egypt and Pakistan. The high participation rates in South Africa are attested to the long history of Loyalty Programmes here (Cromhout et al., 2017). The converse situation is found in Egypt, due to the infancy state of their modern trade and the popularity of traditional trade outlets (Nielson report, 2016).

Globally, trends show well instituted Loyalty Programmes promote more frequent visits and a larger spend per visit with 72% of global participants favouring retailers with Loyalty Programmes (Nielson Report, 2016; Rese et al., 2013). Fifty one percent of global participants rated discount related rewards in the top three benefits of Loyalty Programmes.

The flexibility of Loyalty Programmes with regard to purchases across multiple platforms (instore versus web based versus mobile), accruing rewards to one Loyalty Programme and Loyalty Programmes that featured various reward options were highly

rated by 8 in 10 global users. Differences across geographical clusters were also prevalent, with the Asia-Pacific customer valuing digital interfaces. Roughly two thirds valued specific loyalty mobile applications (apps), 78% preferred integrated Loyalty Programmes across digital payment systems or with third-party applications that consolidate Loyalty Programme information. African/Middle Eastern participants placed greater emphasis on non-monetary rewards (Nielson report, 2016).

Purchase behaviour globally is influenced by the customer's willingness to bear the costs of membership, both financial and non-financial. The concern over personal data sharing coupled with cost versus future benefit, limits willingness to participate in programmes (Gomez, Arranz and Cillan, 2012; Winters and Ha, 2012). The volume and frequency of purchase, are influenced by reward factors such as redemption intervals and expiration of reward points (Rese et al., 2013; Breugelmans and Liu-Thompkins, 2017), but overall, Loyalty Programmes do have a positive impact on purchase behaviour (Liu and Yang, 2009; Mosavi and Ghaedi, 2012).

Privacy concerns and trust in Loyalty Programme management of shared personal data, impacts customer willingness to participate in Loyalty Programmes (Xie and Chen, 2013). Customers are however willing to participate in Loyalty Programmes, where database management results in personalised and customised experiences for themselves (Estrella-Ramon et al., 2013; Breugelmans et al., 2015).

In today's multichannel world, single channel Loyalty Programmes are outdated (Liu and Yang, 2009, p. 98). Communication strategies that encompass a multichannel approach and that embrace social media are more successful (Mimouni-Chaabane and Volle, 2010). The added benefit of multichannel, multi-directional communication approaches, is richer data for synthesis that allows more closely matched customer offerings (Breugelmans et al., 2015; Crowd Twist Report, 2016).

The communication design element of a Loyalty Programme is very important (Breugelmans et al., 2015) and should convey the programme's features in an easily understandable format and allow for two-way communication to be successful (Gommans et al., 2001; Winters and Ha, 2012; Xie and Chen, 2013). Improvements in information technology and developments in customer interface platforms provide opportunities (Breugelmans and Liu-Thompkins, 2017) for online offerings and

modernised Loyalty Programmes (Mimouni-Chaabane and Volle, 2010) that embrace omni-channel social media platforms, which are able to boost customer engagement (Breugelmans et al., 2015). The major benefit is the personalisation of Loyalty Programme offerings to better match customer needs (Estrella-Ramon et al., 2013), with further benefits from data synthesis arising from the information available to retailers regarding market trends across wider arenas (Crowd Twist Report, 2016).

Customer database development has become integral to any company that wants to pursue a Loyalty Programme that is centred on personalisation (Melzer and Olivier, 2015). These databases provide the framework (customer purchase, payment, online site visit patterns, etc.) for the design of Loyalty Programmes (Liu and Yang, 2009; Xie and Chen, 2013; Estrella-Ramon et al., 2013). At the core of this design, Loyalty Programmes become tailored offerings to meet current and anticipated needs of customers and in so doing the programme promotes purchase behaviour (Dorotic, Bijmolt and Verhoef, 2012; Jennings et al., 2014; Breugelmans et al., 2015) and builds company loyalty and market share (Dorotic et al., 2012).

The benefit of personalisation of Loyalty Programmes (Melzer and Olivier, 2015), is that it leads to an enhanced customer experience and positively influences customer perceptions of Loyalty Programmes (Ashley et al., 2011; Evanschitzky et al., 2012). This can be quantified though an assessment of customer engagement levels hence, it is essential to measure and track engagement (McCall et al., 2010; Xie and Chen, 2013), as this informs the basis for the redesign of Loyalty Programme formats (Bijmolt et al., 2010; McCall et al., 2010). These include personalised promotions, designed to meet customer specific needs (Mimouni-Chaabane and Volle, 2010) and options to earn bonuses (Rese et al., 2013) rate highly (Nielson Report, 2016).

Flexibility (Liu and Yang, 2009) and variety (Jennings et al., 2014) make Loyalty Programmes attractive, as they are adaptable to customer needs and therefore improve participation (McCall et al., 2010; Breugelmans and Liu-Thompkins, 2017). Flexible reward accumulation, payment options and a variety of purchase platforms (instore, online, mobile applications, etc.) (Wyman, 2015) are preferred (McCall et al., 2010; Nielson Report, 2016). Customers seek uncomplicated programmes with few hidden hurdles to redeem rewards (Winters and Ha, 2012). Desirable rewards promote

engagement (Dorotic et al., 2014) and the freedom to manage reward redemption (Cromhout et al., 2017) and strengthen engagement.

Non-expiring rewards enhance and improve participation in Loyalty Programmes (Dorotic et al., 2014) as customers perceive missed opportunities attached to expired points.(Dorotic et al., 2014). Considering the role of reward expiry, Bazargan, et al. (2018) found that it was ideal to match competitor strategies, in scenarios where customers placed higher value on rewards and time (Bazargan et al., 2017, 2018). The perception that point expiration would negatively impact participation in Loyalty Programmes is unsupported by the study of Breugelmans and Liu-Thompkins (2017). The presence of a strong expiration policy had positive effects on purchase behaviour, when customers had the flexibility to adapt their behaviour to these programmes (Breugelmans and Liu-Thompkins, 2017).

Participation in Loyalty Programmes must be seamless from the customer perspective (Crowd and Twist, 2016) and technology has advanced to facilitate this interface, allowing many Loyalty Programmes to mesh across payment, purchase and delivery platforms into integrated Loyalty Programmes (Shankar, Inman, Mantrala, Kelley and Rizley, 2011, pp. 32-33; Wyman, 2015). Jennings et al., (2014) found that almost one third of customers belonged to more than four Loyalty Programmes and households belonged to multiple Loyalty Programmes (Leenheer et al., 2007; Liu and Yang, 2009). Hence, methods to merge multi-vendor Loyalty Programmes are highly rated among customers (Rese et al., 2013; Wyman, 2015).

The rapid growth of on-line consumerism and electronic commerce (McCall et al., 2010; Nielson Report, 2016) necessitates that Loyalty Programmes are able to translocate existing participants as they evolve into online customers to maintain a sustainable competitive advantage in the retail space (Liu and Yang, 2009; Xie and Chen, 2013). Wyman (2015) and the Nielson Report (2016) highlighted that traditional Loyalty Programmes were under threat in this technology driven landscape, as disruptive new entrants approach the customer though these online channels, incorporating social media and third party applications (Jennings et al., 2014; Wyman, 2015).

The trend of online services being integrated into in-store activities (Shankar et al., 2011; Wyman, 2015) has been well received by customers. Social media based Loyalty Programme applications that integrate product information, price and payment options as well as optional advice on complementary items available in-store have also been well received by customers (Shankar et al., 2011; Jennings et al., 2014; Wyman, 2015).

The configuration of rewards and the associated redemption strategies have also been jolted by technology toward greater customer convenience (Ashley et al., 2011), with customers rating Loyalty Programmes with multi-store and multi-platform integration more highly (McCall et al., 2010; Melzer and Olivier, 2015; Wyman, 2015). The traditional economic gains of Loyalty Programmes have remained the main driver for Loyalty Programme participation, however the impact of non-monetary gains on customer attitudes has grown in importance for modern customers (Wyman, 2015; Rese, Hundertmark, Schimmelpfennig and Schons, 2013; Melnyk and van Osselaer, 2012; Mimouni-Chaabane and Volle, 2010). Hence, Ashley et al. (2011) concluded that the associated benefits of a Loyalty Programme should offset time and privacy sacrifices made by customers to be well accepted.

Gomez et al. (2012) described rewards as tangible (gifts, discounts, etc.) or intangible (social, relational or other non-financial benefit) and recommended customer relationship management systems and databases (Gomez et al., 2012) be created to monitor and allocate rewards and to provide an interface for participants to check their reward tally. Modern customers place greater value on intangible rewards, such as upgraded benefits (better seats/ higher tiering), preferential treatment, information, or the facilitation of interactive social networks and events (Mimouni-Chaabane and Volle, 2010; Gomez et al., 2012).

2.5 LOYALTY PROGRAMMES IN SOUTH AFRICA

The 2017 Truth Loyalty White paper reports a positive outlook for Loyalty Programmes in South Africa, where the use of Loyalty Programmes has increased by 8% points over the period 2016-2017 resulting in the new overall percentage of customer participation being 79%. Analysis of the overall 8% increase consisted of a factor of participation increase of 11% by women and a 5% increase by men participating in

Loyalty Programmes and the composite rise divided between the sexes revealed in 2017, 84% of women participated in Loyalty Programmes (Cromhout et al., 2017) .

The attitudes of South Africans toward Loyalty Programmes remained positive with 38% deriving use and value from participation and 10% agreeing that it influenced their shopping habits. Youth participation increased by 7% to an overall total of 67% participation. Card-based programmes remained the favoured choice of South African Loyalty Programme participants. Growth in the market was found for both retail and non-retail Loyalty Programmes. In the 2017 report there was an overall preference for reward accumulating programmes. Fifty three percent of participants were earners below R 10 000 and preferred to delay using rewards, preferring to save or bank and accumulate rewards for a specific or valuable redemption item.

In contrast, 21% redeemed rewards regularly and comprised mainly wealthier participants. Participants are keen for non-transactional rewards but programmes in South Africa are slow to take advantage of this. South African customers want more sophisticated yet simple Loyalty Programmes thus ease of use and simplicity will be defining factors going forward (Cromhout et al., 2017). South African Loyalty programme users preferred monetary rewards when compared to other neighbouring countries, with seven in ten participants choosing cash back, rebates or product discounts in lieu of rewards (Nielson report, 2016).

2.6   DETERMINANTS OF LOYALTY PROGRAMMES

The American Marketing association outlined the aim of customer Loyalty Programmes as the creation of benefit for buyers and sellers (McCall et al., 2010), as well as being an important tool to manage customer relationships (Liu and Yang, 2009). The basis of any Loyalty Programme design being that a seller offers benefit/s, which are packaged into various forms and presented to a buyer in an effort to promote transactions both in terms of volume as well as frequency (Evanschitzky et al., 2012; Dorotic et al., 2014; Breugelmans et al., 2015).

There are several goals from the seller's perspective. These goals include, increased business transactions (Rese et al., 2013; Breugelmans and Liu-Thompkins, 2017), improvement in sales volume (Evanschitzky et al., 2012; Rese et al., 2013),

strengthening of relationships between buyer and seller and to promote repeat regular transactions (Xie and Chen, 2013; Estrella-Ramon et al., 2013). The major foundation of this interaction is driven by the desirability of the reward to the buyer (Winters and Ha, 2012; Dorotic et al., 2014; Bazargan et al., 2018). The ability to capture and entice the buyer is the driver of success or failure and represents the rate limiting factor for any Loyalty Programme initiative, interaction or scheme (Mimouni-Chaabane and Volle, 2010; Steyn et al., 2010; Ashley et al., 2011; Rese et al., 2013).

Dorotic, Bijmolt and Verhoef (2012) identified a plethora of loyalty-building programmes, which were held under the umbrella of Loyalty Programmes. Acknowledging that a singular definition was needed, Dorotic et al. (2012) and Breugelmans et al. (2015) identified anchoring components and design elements, that best encompassed most variations of Loyalty Programmes and proposed these as the minimum requirements for a Loyalty Programme.

The minimum requirements included:

a) **Foster loyalty** (McCall, Voorhees and Calantone, 2010, pp.7-8; Dorotic, Bijmolt and Verhoef, 2012, p. 218; Jennings, Giorgio, Murali and Goggin, 2014, p. 9);

b) **Membership based** (Dorotic, Bijmolt and Verhoef, 2012, p. 218; Estrella-Ramon, Sanchez-Perez, Swinnen and VanHoof, 2013, p. 55);

c) **Long-term commitment** (Dorotic, Bijmolt and Verhoef, 2012, p. 218 ; Xie and Chen, 2013, p. 469; Dorotic, Verhoef, Fok and Bijmolt, 2014, p. 9);

d) **Reward for loyalty** (Rese et al., 2013; Breugelmans et al., 2015; Breugelmans and Liu-Thompkins, 2017) ; and

e) **Review design regularly** (Dorotik, Bijmolt and Verhoef, 2012, p. 218; Jennings et al., 2014, p. 9; Breugelmans et al., 2015, p. 13).

Sharp and Sharp (1997) acknowledged the increasing popularity of Loyalty Programmes (Crowd and Twist, 2016; Nielson Report, 2016) and that the influence Loyalty Programmes had on repeat purchase behaviour among customers was significant (Xie and Chen, 2013; Liu and Yang, 2009). The main driver of this repeat purchase behaviour being the "reward" (Dorotic et al., 2014; Nielson Report, 2016; Breugelmans and Liu-Thompkins, 2017).

The "reward" itself can take many forms, ranging from tangible to intangible (Gomez et al., 2012) to customised rewards (Winters and Ha, 2012), from in-store promotions to online offerings, to loyalty cards, loyalty points, discounts on current or future purchases or to various other programme designs that lead to the accumulation of points that can be redeemed (Liu and Yang, 2009; Mimouni-Chaabane and Volle, 2010; Xie and Chen, 2013; Dorotic et al., 2014). These components encompass the requirements for membership, the structure of the programme, how point and reward systems were managed and how the programme was communicated to current and future members (Breugelmans et al., 2015; Bijmolt et al., 2011; Liu and Yang 2009).

The benefits of Loyalty Programmes from the company perspective is to secure a profit (Collins and Lau, 2017; Bazargan et al., 2018) and build customer relationships (Liu and Yang, 2009; Sarwar et al., 2012) that ultimately lead to brand loyalty (Gommans, Krishnan and Scheffold, 2001; TaghiPourian and Bakhsh, 2015). Companies invest heavily in loyalty building offerings to increase customer spending (Brashear-Alejandro, Kang and Groza, 2016) and capture a greater share of wallet (Gomez et al., 2012). Companies realise that their most valuable asset lies in their customer base and therefore spend time and money on research to maintain and extend their customer base, as satisfied customers provide a sustainable competitive advantage (Estrella-Ramon et al., 2013). Loyalty Programmes, when well designed and executed help to achieve this goal.

2.6.1 Demographics

Demographics refer to the statistical analysis of data relating to a population and the subgroups that may occur within a defined population. The value of demographic related data analysis in the context of Loyalty Programmes is that it helps inform companies on how to design Loyalty Programmes to meet the needs of the customer population they wish to target (Gomez et al., 2012; Dorotic et al., 2014). The popularity of Loyalty Programmes has increased and a number of Loyalty Programmes have flooded the market place (Bijmolt, Dorotic and Verhorf, 2010; Mimouni-Chaabane and Volle, 2010; Dorotic et al., 2014), hence a key feature is the design of Loyalty Programmes to meet customer preferences (Rese et al., 2013).

In the terms of market saturation, the number of Loyalty Programmes present can reduce the levels of return from any one programme unless that particular category can be expanded (Liu and Yang, 2009). The effect of Loyalty Programmes on customer behaviour remains poorly understood due to the absence of understanding of the key drivers of the effectiveness (Gomez et al., 2012).

According to the research conducted by Dorotic et al., (2014) a deeper understanding of the correlation and reconciliation of perspectives of Loyalty Programmes from all role players (firm, customer and exchange environment) provides benefit to all role players. Comparisons of participants and non-participants in Loyalty Programmes however indicate that non-participants do not seem to be negatively affected (Dorotic et al., 2014).

Gómez et al. (2012) identified the following personal features as predictors of participation in a Loyalty Programme that focused on aspects of price, variety, shopping sentiment, attitudes toward Loyalty Programmes and privacy. The study identified one particular cluster of traits, which showed preference for participation in Loyalty Programmes. The traits identified were low displays of pleasure from shopping, high privacy concern and an existing favourable view of Loyalty Programmes (Gomez et al., 2012).

In an analysis of gender response to psychological rewards and special treatment, responses were evaluated using two psychological rewards commonly present in Loyalty Programmes, higher status rankings and personalisation based on visibility to other participants (Melnyk and van Osselaer, 2012). Clear differences were present, with men positively affected by visible status-based Loyalty Programmes and women showing a greater positive response to Loyalty Programmes that focused on personalisation in private settings (Melnyk and van Osselaer, 2012). In an analysis of purchasing behaviour in households, Hastings and Washington (2010) found that a food expenditure cycle existed among recipients of food stamps or cash welfare, which are similar to rewards offered by Loyalty Programmes and that it influenced the timing of purchases.

The Nielson Report (2016) identified financial rewards as highly valued among all ages and noted millennials preferred service related rewards (e.g. better seats on airlines).

Participation in at least three Loyalty Programmes is found across all age groups (Jennings et al., 2014). Effects on customer attraction and retention in multi versus single vendor Loyalty Programmes were evaluated by Rese et al. (2013) and found that stand-alone programmes achieved greater retention but multi-vendor programmes were more successful at attracting new participants to Loyalty Programmes. The Loyalty Programme space is highly competitive, to mitigate the effects of future technological advances vigorous regular and relevant redesign approaches must be applied to Loyalty Programme offerings, to remain relevant to customers and to the market space (Dorotic et al., 2014).

2.6.2 Purchase Behaviour

The basis of interaction for any Loyalty Programmes is the exchange of a Loyalty Programme currency for a reward that is linked to the frequency or value of the exchange and is driven by customer purchase behaviour (Liu and Yang, 2009, p. 94; Dorotic et al., 2012). Loyalty Programmes link buying activities with reward accumulation (Estrella-Ramon et al., 2013; Bazargan et al., 2018). Rewards may have many forms (Rese et al., 2013) that range from discounts on current or future purchases, to higher tiering in membership or free gifts, to cash back or coupons (Dorotic et al., 2014; Nielson report, 2016; Cromhout et al., 2017).

Loyalty Programmes are future orientated (Evanschitzky et al., 2012) in design and in the long-term increase switching costs (Xie and Chen, 2013), stimulate loyalty in programmes users and increase firm revenue(Collins and Lau, 2017). In contrast short term promotions may result in spikes in sales but they do not create lasting loyalty in customers nor do they positively impact the revenue of the firm (Liu and Yang, 2009; Mosavi and Ghaedi, 2012). The behaviour of a customer (buyer) and their interaction with a Loyalty Programme has many influences (Leenheer et al., 2003; Bijmolt et al., 2010; Bazargan et al., 2018). Dorotic et al's. (2012) conceptual framework explored the influence of Loyalty Programmes on customer retention (behaviour reinforcement though reward) and behaviour (purchasing patterns, etc.) (Dick and Basu, 1994; Blattberg, Kim and Neslin, 2008).

Dick and Basu (1994) noted the following factors contributed to the customer loyalty relationship: (a) social norms (Brashear-Alejandro et al., 2016), (b) situational factors

(Evanschitzky et al., 2012), (c) intellectual, emotional and natural tendencies (Bijmolt et al., 2010), (d) motivational, perceptual and behavioural consequences (Estrella-Ramon et al., 2013). Blattberg, Kim and Neslin (2008) proposed three influencers of these factors. The first influencer is based on the accumulation of loyalty currency and functions on a **point-pressure mechanism** (Breugelmans et al., 2015; Breugelmans and Liu-Thompkins, 2017), based on a proximity to reward attainment reaction. As the purchaser approaches reward attainment, the purchaser becomes more motivated to increase their purchasing patterns to attain the reward.

The second influencer is based on a **rewarded behaviour mechanism** and pertains to the purchasers' post reward attainment altitudinal and behavioural responses (Henderson et al., 2011; Sarwar et al., 2012). Following reward attainment, the act of rewarding strengthens the purchasers' attachment to the sellers' firm. The third influencer identified was the **personalised marketing mechanism** (Melzer and Olivier, 2015). Building from the standpoint of all factors of influence being constant, the enhancement of behavioural and attitudinal responses of Loyalty Programme members should be dependent on the Loyalty Programme design (Bijmolt et al., 2010). Affects that are design influenced are enrolment, behavioural and attitudinal responses and overall it influences the efficiency of all three mechanisms (Blattberg, Kim and Neslin, 2008).

Dorotic et al.(2012) concluded that Loyalty Programmes had a small but positive overall influence on customer behaviour, with expenditures of low and moderate buyers increasing, however significant behavioural change occurred in only a minority of customers. The success of a Loyalty Programme is dependent on the participant's willingness to become a member. This choice is influenced by the costs of joining, which include both financial costs from the purchase or those associated with switching and the non-financial consideration of personal data sharing that is required to join a programme (Gomez, Arranzand Cillan, 2012).

The choice to participate in a Loyalty Programme is often based on an expected future benefit (Winters and Ha, 2012) that maybe based on the offering (e.g. the product or the promotion), monetary gains or savings, or the benefit of membership versus non-membership (Rese et al., 2013). Volume of purchase (Rese et al., 2013) and frequency of purchases (Breugelmans and Liu-Thompkins, 2017) are influenced by rewards and

44

both factors may increase when either the redemption point for a reward approaches (Breugelmans et al., 2015) or when points may expire before the reward can be obtained (Bazargan et al., 2017).

2.6.3 Trust

Considering the relationship between trust, customer loyalty and other factors Mosavi and Ghaedi (2012) demonstrated a positive correlation between trustworthy Loyalty Programmes (Gommans et al., 2001) and commitment from service users. Factors that promoted trust were clarity in communication and delivery on promises, which led to brand commitment (Mosavi and Ghaedi, 2012). To strengthen the affective dimension, the associated dimensions of privacy and security needed to be met to develop trust in Loyalty Programme users (Gommans et al., 2001).

Building customer trust led to greater satisfaction with the company and thus greater commitment to company offerings by the customer (Mimouni-Chaabane and Volle, 2010), hence the value of investment in high quality relationships built on trust paid dividends with commitments to repurchase. The value of building trust into customer offerings is seen in the resultant effects of increased loyalty and customer retention (Mosavi and Ghaedi, 2012).

Globally it is evident that service quality, transparency of process and promise delivery strengthened the trust relationship thus building long term customer loyalty (Sarwar et al., 2012). According to Gómez, Arranz and Cillán (2012), the general attitude of customers toward Loyalty Programmes was impacted by the level of privacy afforded to them by the programme. The desire for privacy impacted the customers' willingness to participate in Loyalty Programmes when personal data needed to be provided to join the programme (Xie and Chen, 2013).

In the South African context, the Protection of Personal Information PoPI Act (Act No. 4 of 2013) governs all South African institutions to further ensure responsible conduct in terms of the collection, processing, storage and sharing of another entity's personal information. The institution is held accountable for any breach as the PoPI act protects you as the owner of your personal information and affords you the right of protection and control over your personal information (Department of Basic Education, 2014).

This study identified Loyalty Programmes users to have the following cluster of characteristics, (a) low displays of pleasure from shopping, (b) high privacy concerns and (c) an existing favourable view of Loyalty Programmes (Gomez et al., 2012). Customer trust in Loyalty Programmes was higher when companies had a positive Corporate Social Responsibility (CSR) image and customers affiliated more positively not just to the product but to the company (Brashear-Alejandro, Kang and Groza, 2016). The basis for this trust stems from the members belief that the company will adhere to promises (e.g. engaging in community upliftment efforts) not as part of legalities and contractual arrangements but instead out of a greater sense of consciousness and CSR (Martínez and Rodríguez del Bosque, 2013).

In a review of customer valuation trends (Estrella-Ramon et al., 2013) the concept of customer lifetime value was examined and took a resource-based view of customers as valued assets. Building on this resource of customers and their databases, companies can create value for both the customer and the organisation if Customer Relationship Management (CRM) is done well (Sarwar et al., 2012). In an examination of the types of relationships that customers and companies may enter in to, the semi-contractual relationship (Borle, Singhand Jain, 2008) is highlighted as a setting where membership-based clubs gathered data based on customer purchases (e.g. Loyalty Programmes).

The volume and richness of data that becomes available to be collected over the lifetime interaction of the two parties has potential to be an immense resource and can provide a database that has strong predictive possibilities (Estrella-Ramon et al., 2013; Breugelmans et al., 2015). In many cases, the data gathered from Loyalty Programme membership applications and usage patterns was used to analyse customer habits and behaviours (Cromhout et al., 2017). Some customers felt that this was too intrusive (Ashley et al., 2011), hence this became a limiting factor for some individuals who valued the privacy of their personal data over the benefits of joining a Loyalty Programme (Gomez et al., 2012).

2.6.4 Communication

A key feature of Loyalty Programme design is the communication of the programme, as it provides several opportunities for the company (Breugelmans et al., 2015). The

communication strategy should clearly convey to the customer (Mosavi and Ghaedi, 2012) the functional parameters of the Loyalty Programme such as eligibility criteria, tiering, point accumulation, reward redemption, point expiration warnings, etc. This information should be conveyed to the customer through a source that is acceptable to the member (e.g. email, text message, social networks, etc.) and should allow for one-way mass advertising and two-way communication for feedback and complaint management (Gommans et al., 2001; Winters and Ha, 2012; Xie and Chen, 2013).

Breugelmans et al. (2015) identified improvements in information technology and developments in customer interface platforms as both challenges and opportunities (Breugelmans and Liu-Thompkins, 2017) for Loyalty Programmes. Liu and Yang (2009) highlighted the opportunity of online retailing as a lucrative avenue that could be easily expanded to replace the traditional channels. Online offerings were more appealing to customers and encouraged greater purchase volumes.

The benefit of two-way communication offered by online Loyalty Programmes provides companies with vast caches of data, which can be used to tailor various personalised offerings both in-store and online (Wyman, 2015; Breugelmans et al., 2015). New options for customers for point redemption, cross purchasing and leveraging of marketing across omni-channel social media platforms to boost customer engagement is made possible by online Loyalty Programmes (Breugelmans et al., 2015).

Poorly executed communication strategies can damage Loyalty Programmes (Dick and Basu, 1994) as the customer may then be led by word of mouth communication, which is highly unpredictable (van Doorn et al., 2010; Mimouni-Chaabane and Volle, 2010; Xie and Chen, 2013). Dorotic et al. (2012) identified personalised communication regarding Loyalty Programmes, that was executed through the members preferred channel of communication had positive outcomes. In today's multichannel world, saturation by single channel Loyalty Programmes have left them outdated and delivering reducing returns (Liu and Yang, 2009).

The potential for Loyalty Programmes of the future lies in communication strategies that encompass a multichannel approach to loyalty (Mimouni-Chaabane and Volle, 2010). The benefit of Loyalty Programmes, which take a multichannel and multi-directional approach to the design of their communication strategy, is that it allows for

data synthesis that better meets the customer needs and informs retailers of market trends across a wider arena (Crowd Twist Report, 2016).

2.6.5 Personalisation

The Loyalty Programme Member Engagement Survey conducted in 2015 by Tritech Media (Melzer and Olivier, 2015), highlighted the need for personalisation as paramount for the success of any Loyalty Programme. Focus areas that were highlighted included:

a) Enhanced understanding of both the customers' experiences and perceptions of Loyalty Programmes (Ashley et al., 2011; Evanschitzky et al., 2012) ;

b) engagement should be the primary focus, hence it is essential to measure and track engagement (McCall et al., 2010; Xie and Chen, 2013);

c) if gaps are found, programmes must be redesigned to meet the customer needs and to close these gaps (Bijmolt et al., 2010; McCall et al., 2010); and

d) incentives must be desirable to be effective and should match customer tastes (Dorotic et al., 2012).

Growing a rich customer database is key to understanding and meeting the needs of customers as generic offerings fail to garner the support for Loyalty Programmes needed to justify the investment spend on them (Melzer and Olivier, 2015).

Data gathered from Loyalty Programmes are an invalueable tool when matched to meet customer preferences and allows Loyalty Programmes to make personalised offers to participants, by tracking customer purchase patterns or predicting needs based on demographic data (e.g. offers related to solar lights in areas of frequent load shedding) (Liu and Yang, 2009; Xie and Chen, 2013; Estrella-Ramon et al., 2013). This type of approach informed by skilful data management incorporates value for the customer that differentiates the company from competitors and builds relational bonds for the company (Evanschitzky et al., 2012).

This approach can assist in designing offerings that are tailored to meet current and anticipated needs of customers to promote purchase behaviour (Dorotic, Bijmolt and Verhoef, 2012; Jennings et al., 2014; Breugelmans et al., 2015) and can build loyalty

for the company and assist in capturing market segments through targeted offers (Dorotic et al., 2012).

2.6.6   Flexibility

The modern customer demands flexibility (Liu and Yang, 2009) and variety (Jennings et al., 2014) from all company offerings including Loyalty Programmes, which must be adaptable to customer needs to attract, retain and ensure active participation in these programmes (McCall et al., 2010; Breugelmans and Liu-Thompkins, 2017).

Approximately eighty percent of customers were attracted by Loyalty Programmes that allowed flexible reward accumulation for purchase and payment options across different purchase platforms (instore, online, mobile applications, etc.) (Wyman, 2015) and preferred flexible reward redemption (McCall et al., 2010) options (Nielson Report, 2016). Personalised promotions that were designed from past data of customer specific purchasing patterns (Mimouni-Chaabane and Volle, 2010) and options to earn bonuses (Rese et al., 2013) were also highly rated (Nielson Report, 2016).

Customers seek programmes that are not complicated and prefer simple earn and redemption rules with few hidden hurdles or steps to be followed to redeem rewards that are customised to the customer needs (Winters and Ha, 2012). Rewards must be desirable and engagement after joining should be relevant and personal (Dorotic et al., 2014b). Customers value the freedom to manage their rewards and prefer being able to exercise a choice with regard to how rewards can be saved or grouped, for instance frequent spending versus overall spend and what rewards options they would prefer to redeem (Cromhout et al., 2017).

Strategies to ensure the success of Loyalty Programmes must centre around flexibility and the common practice of multichannel shopping by customers (Breugelmans and Liu-Thompkins, 2017). The Crowd Twist report (2016), identified that 88 % of surveyed respondents ranked multichannel Loyalty Programmes, which focused on harmonising across channels and data sets to provide greater value as a key feature highly. Customers' preference of choice, fairness and control over offerings provides Loyalty Programmes with a competitive advantage, as when given a choice, customers

preferred Loyalty Programme which incorporated flexibility of redemption intervals and choice of rewards (McCall et al., 2010).

Non-expiring rewards are a more common form of reward in Loyalty Programmes across many industries, as these rewards enhance and improve participation in Loyalty Programmes (Dorotic et al., 2014). The benefits of this approach are that it allows companies to build and sustain loyalty by removing the negative sentiments attached by customers to perceived missed opportunities attached to expired point. (Dorotic et al., 2014).

The fall back of this approach is an increasing company liability and low participation efforts from current programme members as they have an unlimited time to gain all rewards (Dorotic et al., 2014; Breugelmans and Liu-Thompkins, 2017). The role of reward expiry was examined by Bazargan, et al. (2018) in the context of Loyalty Programmes and found that a company's ideal strategy was to match the competitor strategies with regard to redemption approaches. The profitability of a strategy that included reward expiration is beneficial when customers placed a higher value on rewards and time (Bazargan et al., 2017, 2018).

The perception that this would negatively impact participation in Loyalty Programmes with finite reward points is unsupported by the study of Breugelmans and Liu-Thompkins (2017). This study found that in the presence of a more stringent expiration policy, positive effects on purchases are demonstrated in customers who possess the flexibility to adapt their behaviour to such a strategy (Breugelmans and Liu-Thompkins, 2017).

2.6.7   Rewards

The value of a Loyalty Programme, to any company is from the increased customer engagement promoted through the allocation of a reward of some type for repeat patronage or purchases (Mimouni-Chaabane and Volle, 2010; Dorotic, Bijmolt and Verhoef, 2012; Bazargan et al., 2017). Studies have confirmed the benefits of pursuing this type of customer relationship (Leenheer et al., 2007; Dorotic et al., 2012), which benefitted the company through increased product sales and growth of the company market share (Bazargan et al., 2017).

In a study on the influence of Loyalty Programme rewards and customer company identification, Brashear-Alejandro et al. (2016) found that non-monetary rewards increased customer feelings of status and belonging to company-initiated communities, which in turn positively influenced the customers self-concept. Henderson et al. (2011) and Dorotic, Verhoef, Fok and Bijmolt, (2014) identified that apart from the functional monetary benefit from rewards, which over time could lead to habit formed loyalty, rewards could also generate feelings of gratitude, importance and satisfaction. This could lead to an associated urge to reciprocate on these feelings borne from post reward appreciation, which in the long run could lead to relationship-based loyalty (Dorotic et al., 2014; Henderson et al., 2011).

The positive effect of Loyalty Programme rewards on customer perceptions has in previous literature been addressed under two major headings, either monetary savings or through offers of special access. Earlier studies have leaned toward economic gains as the main driver of participation in Loyalty Programmes, however recent studies highlight non-monetary gains as being just as important to modern customers (Wyman, 2015; Rese, Hundertmark, Schimmelpfennig and Schons, 2013; Melnyk and van Osselaer, 2012; Mimouni-Chaabane and Volle, 2010).

There are different reward types as well as numerous redemption options that are designed into Loyalty Programmes, with the form of reward ranging from monetary to non- monetary (Mimouni-Chaabane and Volle, 2010; Nielson Report, 2016; Bazargan et al., 2018), Figure 2.3 illustrates the grouping of rewards offered based on this. In the majority of cases, customers preferred monetary savings benefits and these rewards had the most influence over customer perceptions of Loyalty Programmes (Mimouni-Chaabane and Volle, 2010; Jennings, Giorgio, Murali and Goggin, 2014; Bazargan, Karray and Zolfaghari, 2018).

Monetary
- Discounts on Products
- Rebates or cash back
- Points
- Free products
- Free or discounted shipping

Non-monetary
- Frequent usage points
- Service priority upgrades
- Access (exclusive) to promotions and entertainment benefits
- Customer value recognition benefits
- Provide a personalised product or service experience
- Donation to charity in lieu of reward
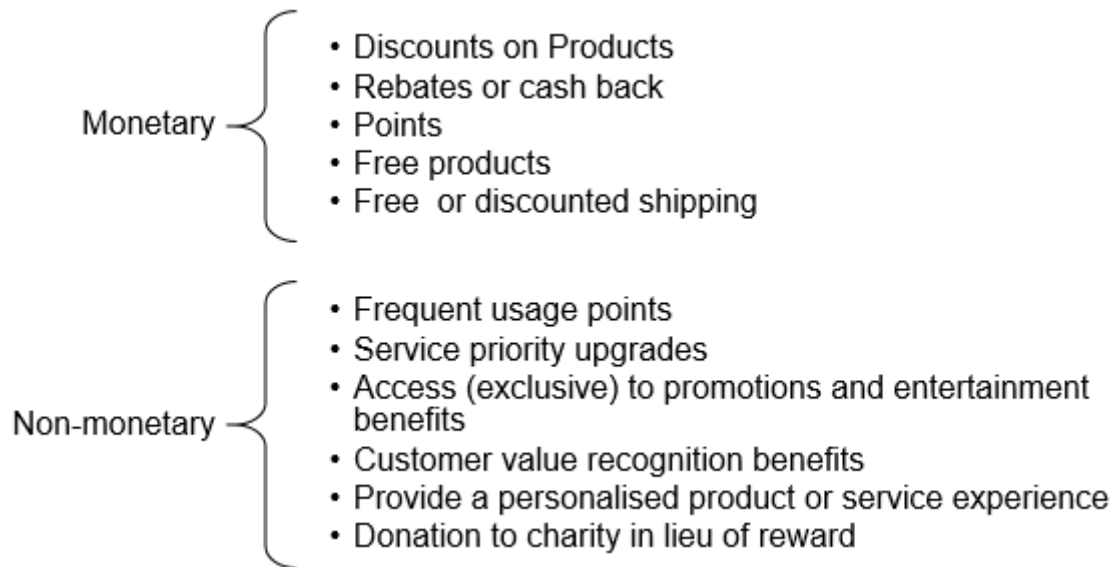
Source : Adapted from Mimouni-Chaabane and Volle, 2010; Nielson Report, 2016; Bazargan et al., 2018

Figure 2.3: Types of Rewards Offered by Loyalty Programmes

Mimouni-Chaabane and Volle (2010) used a multi-benefit framework for the analysis of French Loyalty Programme participants to evaluate perceptions of Loyalty Programme benefits. This framework pivoted around the concepts of economic gains, exploration, entertainment value, acknowledgement and social benefits and found that the manner in which participants attributed value was varied, with multiple underlying motivators. To better understand these motivators, Mimouni-Chaabane and Volle (2010) proposed that a scale be used to evaluate perceived benefits and that dividing participants into segments would assist in identifying and tracking different benefit dimensions.

The inclusion of both monetary and non-monetary rewards is recommended and features associated with pleasure (e.g. ease of obtaining rewards) should be incorporated and promoted to draw enrolment to Loyalty Programmes. Ashley et al. (2011) recommended that if the associated benefits of a Loyalty Programme do not offset the customer's time and privacy sacrifices then they may not be well accepted and that companies should re-evaluate the proposition of reward in these situations.

Gomez et al. (2012) described the rewards of loyalty card programmes as having tangible or intangible rewards. Tangible rewards included gifts or future purchase discounts and intangible rewards appealed to social aspects such as preferential

access. Rewards were kept up-to-date by customer relationship management systems and databases from the Loyalty Programme themselves (Gomez et al., 2012).

In a review of offerings of different sizes made by Loyalty Programmes, Bagchi and Li, (2011) examined customer reactions and found benefit in designing personalisation into rewards as it affected customer perceptions positively. Most Loyalty Programmes underscore the importance of psychological rewards (Liu and Yang, 2009) and special treatment for customers but the response among different participants varied for these rewards (e.g. between male and female customers) (Henderson et al., 2011). The study conducted by Melnyk and van Osselaer (2012) highlighted that status related to Loyalty Programmes appealed to males more than females, where the status was visible and personalisation appealed to females more than males in Loyalty Programmes provided that it was in a private setting.

Some Loyalty Programmes employ a tier structure for rewards (Bazargan et al., 2017; Breugelmans and Liu-Thompkins, 2017). This type of programme must ensure that the tier design is relevant to the customer segment/s they want to focus on (Liu and Yang, 2009). Reward tiers should carefully consider hierarchical nomenclatures and Loyalty Programme managers should aim to revisit tier level differentiators regularly (Wagner, Hennig-Thurau and Rudolph, 2009; Steyn et al., 2010). Tier levels should evolve based on customer spending and interests to maximise customer motivation to progress to the next tier (McCall et al., 2010). Whilst overtly complicated rewards seemed appealing to customers, participation in these offerings were not as high as expected.

The concern of how well customers understand the rewards on offer and how they can take full advantage of the offers placed before them is central to the success of Loyalty Programmes (Breugelmans and Liu-Thompkins, 2017). According to McCall, Voorhees and Calantone (2010), reward programmes centre around the creation of loyalty in customers, thus with greater loyalty comes greater reward. Key factors in this interchange identified were firstly, genuineness in offerings, secondly competitor comparisons and thirdly the effect and management of tiering within Loyalty Programmes.

Bazargan, Karray and Zolfaghari (2017, 2018, p. 628) examined the role of reward expiry in the context of Loyalty Programmes' profitability and found that a company's

ideal strategy was to match the competitor strategies with regard to redemption approaches. The profitability of a strategy that included reward expiration is found to be beneficial when customers placed a high value on rewards and time (Bazargan et al., 2017, 2018).

The liability posed by rewards that do not expire is significant to the company and the perception that this would negatively impact participation in Loyalty Programmes with finite reward points is unsupported by the study of Breugelmans and Liu-Thompkins (2017, p. 547). The findings indicated that in the presence of a more stringent expiration policy, positive effects on purchases are demonstrated in customers who possess the flexibility to adapt their behaviour to such a strategy (Breugelmans and Liu-Thompkins, 2017).

The need for further research on the components of Loyalty Programmes in different industries needs further investigation to determine if these effects translate when applied in different settings. (Bijmolt et al., 2010; Wyman, 2015). Current trends in Loyalty Programmes exhibit a distinct shift away from transactional points-based programmes toward more varied, flexible customer engagement programmes, hinged on new technologies (McCall et al., 2010; Melzer and Olivier, 2015; Wyman, 2015). To remain relevant in this changing landscape, retailers must ensure their programmes are innovative to meet these demands (Xie and Chen, 2013; Nielson Report 2016). Success in this endeavour to innovate Loyalty Programmes will promote greater customer engagement and may prove to be protective against new entrants to the market (Wyman, 2015).

2.6.8 Methods of Participation

The easy and method of interaction with any Loyalty Programme has become a differentiator in the customer's mind (Crowd and Twist, 2016). Technology has created the opportunity for multi-channel engagement and customers prefer these interfaces that allow payment, purchase and delivery across various companies through an integrated Loyalty Programme (Shankar, Inman, Mantrala, Kelley and Rizley, 2011; Wyman, 2015).

Jennings et al's. (2014) survey found that almost 30% participants belonged to more than four Loyalty Programmes and that many households belong to multiple Loyalty Programmes (Leenheer et al., 2007; Liu and Yang, 2009). Hence methods that are able to earn them rewards from multi-vendor Loyalty Programmes are highly appealing to the customer (Rese et al., 2013; Wyman, 2015). These methods include (a) the purchase from the retailer, (b) from the bank for the payment and from (c) the delivery company are highly appealing to the customer.

Current market trends have seen the rapid growth of on-line consumerism and growth in E-commerce (McCall et al., 2010; Nielson Report, 2016). This trend highlights the need for building a presence in the online market space to build and maintain customer loyalty and to be able to translocate existing participants as they evolve as customers and maintain a sustainable competitive advantage in the retail space (Liu and Yang, 2009; Xie and Chen, 2013). Key elements in achieving this goal are site design and content matching to customer preference, which correlate strongly to re-patronage and are a strong determinant of customer satisfaction (Gommans et al., 2001; Shankar et al., 2011).

Wyman (2015) and the Nielson Report (2016) highlighted the pressure that traditional retailers are under in the face of new technology savvy entrants to the Loyalty Programme landscape. These disruptive new entrants approach the customer though online direct selling or as payment providers through digital wallets (Wyman, 2015). They incorporate social media and other applications (apps) for marketing and third party applications (apps) for consolidating Loyalty Programme information (Jennings et al., 2014; Wyman, 2015).

The management of customer service related issues has also taken hold with customers. Customers expect their needs to be met via these channels and feel they have greater control of their interactions with loyalty service. Recent trends find online services being integrated into in-store activities (Shankar et al., 2011; Wyman, 2015). An example of this is applications (apps) that allow you to access product information, make payment for purchases and that provide advice on complementary items available in-store that may enhance your recent purchases (Shankar et al., 2011; Jennings et al., 2014; Wyman, 2015).

2.7 CONCEPTUAL MODEL

In this chapter the analysis of literature has highlighted important variables that impact the functionality, user uptake and overall success of Loyalty Programmes. It has additionally highlighted the need to further evaluate factors such as demographics, purchase behaviour, trust, communication, personalisation, flexibility, rewards and methods of participation, which inform the basis of Loyalty Programmes. These variables have been identified for further analysis as they are key determinants of Loyalty Programmes. To test these proposed variables the conceptual model in Figure 2.4 is proposed. This model will form the base for the empirical study in the following chapters, designed to test each of these variables. The goal being the development of a model that can be replicated in the future to describe and evaluate Loyalty Programmes.
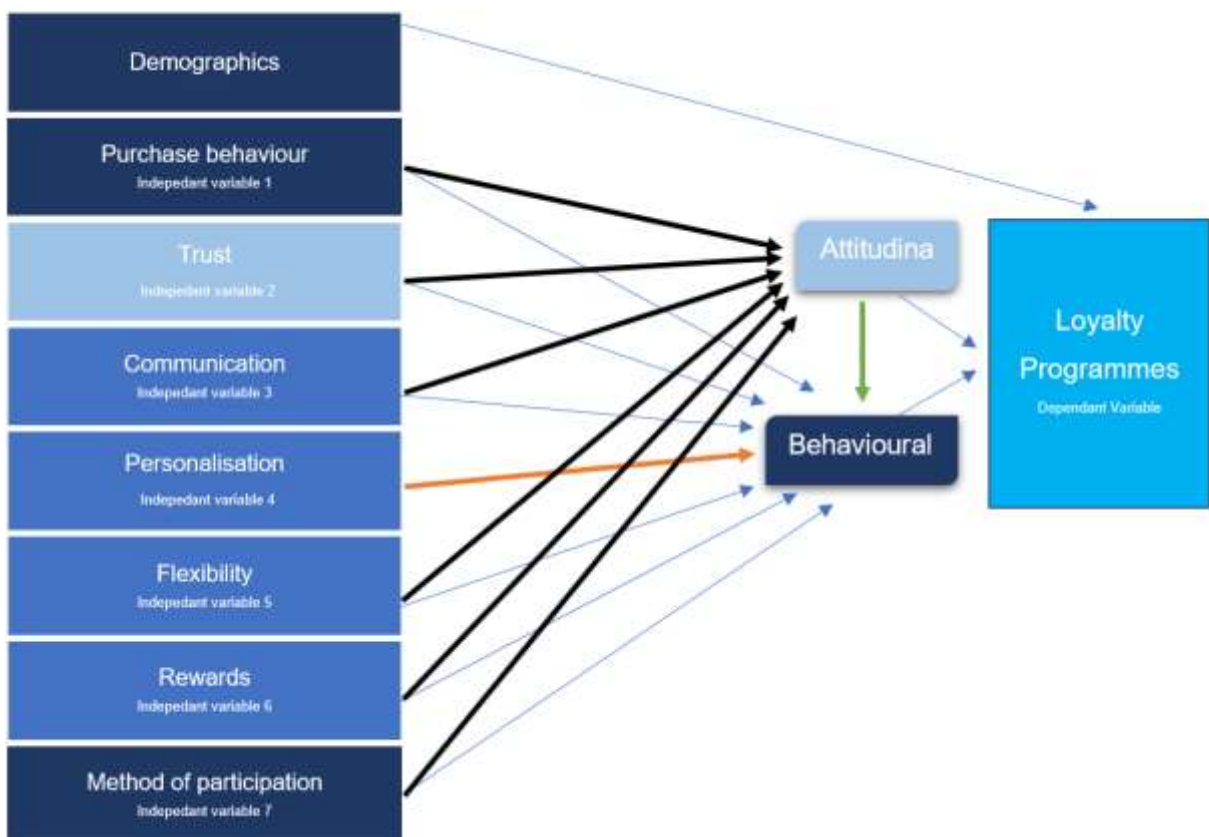
Figure 2.4: Proposed Conceptual Model of Determinants of Loyalty Programmes

2.8 SUMMARY

In this chapter the first three research questions are addressed together with the associated research objectives. The chapter starts by defining Loyalty Programmes and the social psychology constructs through the four-dimensional loyalty algorithm and explores the stages of attitudinal loyalty. The following section examines three theories and their applicability to Loyalty Programmes namely social exchange Theory, Equity Theory and the Theory of Planned Behaviour.

The remaining sections explore pertinent variables in relation to Loyalty Programmes, within the background context of customer expectations and participation. The literature highlights reward, personalisation and flexibility to be key factors in the success of Loyalty Programmes. Influencers of purchase behaviour and trust together with elements of communication and methods of participation were other design elements highlighted as pivotal to Loyalty Programmes.

Loyalty Programme trends in South Africa, Africa and internationally were discussed and the potential of South African markets was highlighted. A conceptual model is proposed in the last section to include all influencers (independent variables) purchase behaviour, trust, communication, personalisation, flexibility, rewards and method of participation on the dependant variable of Loyalty Programmes. The proposed model will be tested in an empirical study of Loyalty Programmes, the design and methodology of which will be described in Chapter three. The findings of the empirical study will be reported on and discussed in Chapter Four.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

In Chapter Two secondary research was conducted through a review of literature to highlight significant components that Loyalty Programmes should include. The review of literature further established that the interaction of these components was worthy of further enquiry. From this review, the components of Loyalty Programmes were identified for this empirical study. Loyalty Programmes were defined in *RQ1: What are components of Loyalty Programmes?* and *RO1: To investigate the general components of Loyalty Programmes* through a review of terms and theories. The main paradigms of Loyalty Programmes were found to be distinctively attached to the understanding of firstly the nature of loyalty and secondly to the dimensions of loyalty. These concepts were further grounded in the following theories of Social Exchange Theory, Equity Theory and the Theory of Planned Behaviour.

The review of literature also addressed *RQ2: What components do Loyalty Programmes offer globally (internationally) and nationally?* which gave discourse to *RO2: To investigate the components present in Loyalty Programmes globally (internationally) and nationally.* Across both divisions, commonalities were found to include patterns pertaining to purchase behaviour, trust, communication, personalisation, flexibility, rewards and methods of participation. Additionally, *RQ3: What components do Loyalty Programmes offer in different industries?* addressed *RO3: To determine and propose the components that Loyalty Programmes should include across various industries.* This informed the foundation of the components appropriate for inclusion in this study and directed the development of the proposed conceptual model depicted in Figure 2.7 of Chapter Two.

In order to extrapolate and advance the model proposed in Chapter Two, to form a practical assessment tool for Loyalty Programmes, an empirical study will be conducted. Chapter Three delineates the research approach and design that will be adopted during this empirical study delineates the research methodology that will guide the exploration of the literature review insights detailed in Chapter Two. Thus, Chapter

Three will describe the research process and methods of data collection that are to be used during this empirical research study. Chapter Three further considers and reports the data analysis processes as well as the ethical requirements taken under consideration for the conduct of this empirical study. Thus, Chapter Three will address *RQ₄: What recommendations can be formed to improve the design of Loyalty Programmes in terms of the components that should be included in Loyalty Programmes?* correlated to *RO₄: To establish the appropriate research design and methodology which will be used so that the study can be reproduced in the future*.

The Chapter outline for Chapter Three is illustrated in Figure 3.1.

Chapter 1: Introduction and Problem statement

Chapter 2: Review of Literature

Chapter 3: Research Design and Methodology
- 3.1   Introduction
- 3.2   Research Definition
- 3.2.1 Literature Review
- 3.3   Research Design
- 3.3.1 Research Philosophies and Approaches
- 3.3.2 Research Methodology and Design
- 3.3.3 Time Horizons
- 3.4   Unit of Analysis
- 3.5   Sampling Design
- 3.5.1 Participants of the study
- 3.6   Data Collection Method
- 3.6.1 Questionnaire Development
- 3.6.2 Data Analysis
- 3.6.3 Reliability and Validity
- 3.7   Ethical Requirements
- 3.8   Summary

Chapter 4: Results and Analysis

Chapter 5: Findings, Conclusions and Recommendations

Source: Chapter Three Outline (Author's own construct)
Figure 3.1: Chapter Three Outline

3.2 RESEARCH DEFINITION

Research is a defined process that encapsulates an undertaking of a systematic and methodical approach to investigate and understand something, thereby increasing knowledge (Collis and Hussey, 2014, p 2; Saunders, Lewis and Thornhill, 2009, p. 5). The critical component of a systematic approach to research, underlies that the pursuit will be conducted in a logical manner that includes balancing theory and practice. It further infers that the method will be outlined to provide a structure ensuring that the results produced are meaningful and that while there may be a multiplicity of potential outcomes of research, there is a clear purpose or focus guiding the search through defining parameters for the enquiry through the proposed method (Saunders, Lewis and Thornhill, 2009, p. 5).

Research can be divided into two main categories, basic (pure) research and applied research. Basic research is generally undertaken by academic institutions with flexible timelines and seeks to add to the theoretical understanding and general knowledge of society. Applied research has fixed timelines and is problem specific, seeking to advance a solution to a narrower focused well-defined problem (Collis and Hussey, 2014, pp 6-7; Saunders, Lewis and Thornhill, 2009, p. 9).

This treatise adopts an applied approach to research and directly addresses the main research problem RP_M: *The essential components of a successful Loyalty Programme are not well understood*. The treatise further seeks to expand the body of knowledge through basic research in the area of Loyalty Programmes as the conceptual model can be replicated in various sections of customers, in different sectors of exchange and across different countries. The basic research component also seeks to add to the theory of social exchange by exploring the relationship of exchange evident in Loyalty Programmes.

Research follows a defined logical process or sequence, described by Collis and Hussey (2014) to entail six broad steps:

1. Identify a topic and review pertinent literature;
2. Analysis of pertinent literature to draft and define research questions;
3. Design and composition of a research proposal;
4. Gathering of data;

5. Analysis and interpretation of gathered data;
6. Synthesis of treatise or research report.

3.2.1 Literature Review

Literature is described as an accessible body of knowledge by Collis and Hussey (2014). Adding to this description, Collis and Hussey (2014) defined the body of knowledge to consist of various sources of secondary data that could be applied to the field of interest. Secondary data sources include but are not limited to conference papers, academic journals, professional journals, reports, books, statistics, broadcast media and news sources (Collis and Hussey, 2014).

The literature review is a systematic development of a body of knowledge with the aim of providing insights about a subject, which aids in developing and refining the research question (Bryman, Bell, Mills and Yue, 2011). The researcher is able to collate and identify appropriate secondary data through the process of critically reviewing the literature and is thus able to develop a useful body of knowledge within the subject field (Bryman et al., 2011). This has been accomplished in Chapter 2.

The review of literature began with the process of compiling a list of relevant and pertinent journals related to the field of business management. Key words were identified from the research topic and the portrayal of the research problem, which were then put into search engines such as Google Scholar, Ebscohost as well as the Nelson Mandela University library.

The results of these searches formed the basis of the survey of online literature, which was then further refined using the research parameters/keywords. Once a sufficient body of knowledge had been amassed, a formalised a Research Alignment Plan (RAP) was designed by the researcher under the guidance of the research supervisor. Once sufficient information was gathered, a conceptual model was drafted and proposed for the research project.

The literature review identified that while a large body of knowledge existed regarding Loyalty Programmes, further research was needed to understand which components Loyalty Programmes should include in their design. The process of research as expanded by Saunders, Lewis and Thornhill, (2009, pp. 107-109) through the

metaphor of an onion (see Figure 3.2 below) forms the research framework for this study.
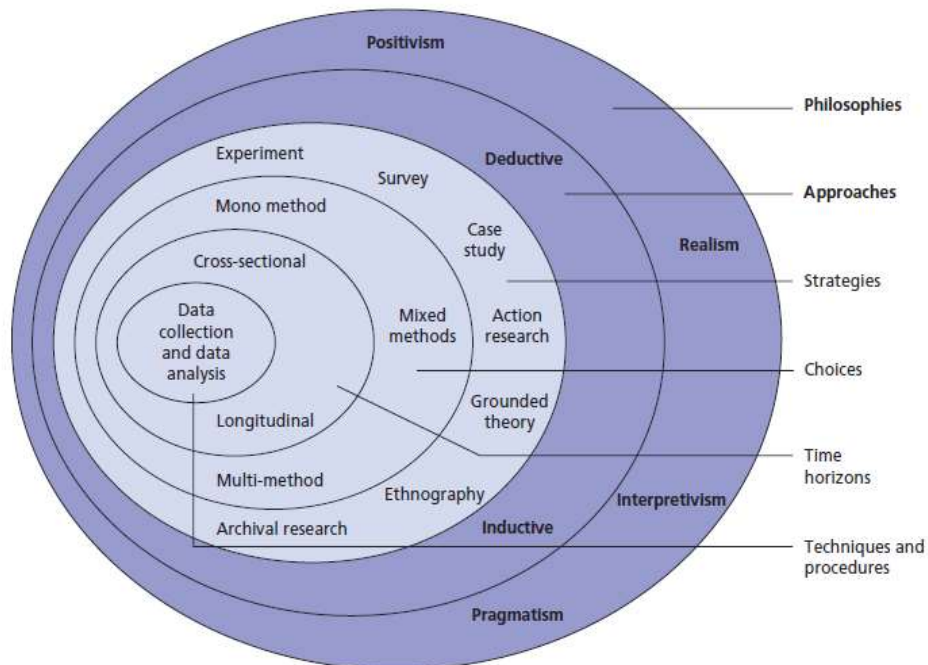
Source: Saunders, Lewis and Thornhill, 2009, p. 108

Figure 3.2: The Research Onion

Collis and Hussey (2014, pp.18-19) proposed that good quality research should embrace the following aspects suggested by Litman, (2012). Firstly, the research question should be well-defined. This will be addressed in Chapter One. Secondly, there should be an account of existing information in the context of the problem. Chapter Two will attend to this requirement. Thirdly, evidence should be demonstrated of the reproducibility of the study by other researchers, including data analysis. This will be addressed in the course of Chapters Three and Four. Fourthly, critical assumptions and arguments of alternative interpretations and opposing findings should be presented. Chapter Four will address this requirement. Finally, the conclusions and the analysis of the implications of the findings should be conducted in a thoughtful and cautious manner. This will be addressed in Chapter Five. It is further recommended that references are adequate and that the acknowledgement of original sources and alternate perspectives are taken in to account by the researcher to ensure new

developments and criticisms of the topic are addressed. Chapter Two will ensure this is addressed.

In this section, the focus has been on the definition of research. The sections that follow will explore the various research philosophies, described above in Figure 3.2, The Research Onion.

3.3   RESEARCH DESIGN

The basis of social research has three common forms according to Babbie (2007): (a) explorative, (b) descriptive and (c) explanatory. These forms can be the purpose of a study either individually or in various combinations. The research design to be adopted is developed from research philosophies (Collis and Hussey, 2014) and will be determined by an exploration of the various research philosophies together with the most commonly associated methodologies in this chapter. Guided by the research onion illustrated in Figure 3.2 (Saunders, Lewis and Thornhill, 2009, p. 108) the examination will commence with an examination of the stances of positivism, realism, interpretivism and pragmatism to lead the research into a research methodology approach (Saunders, Lewis and Thornhill, 2009).

3.3.1   Research Philosophies and Approaches

The research onion (Figure 3.2) facilitates the discussion of the research philosophies of positivism, realism, interpretivism and pragmatism. The two major areas are positivism and interpretivism (Collis and Hussey, 2014; Saunders, Lewis and Thornhill, 2009):

1. Positivism is reliant on large sample sizes and is based on the testing of hypotheses to yield precise, objective quantitative data, with high reliability but low validity. This data can be used to make inferences about the inferred population (Collis and Hussey, 2014).
2. Interpretivism is reliant on the analysis of small sample sizes from which theories are developed. The qualitative data it provides has a rich yield but is subjective with high validity but low reliability thus inferences can only be made to similar settings (Collis and Hussey, 2014).

3. <u>Realism</u> is reliant on the sensory perception of truth and that the existence of an object is not dependent on the faculties of human mind. While realism is similar to positivism it is opposed to idealism. There are two forms of realism, direct realism and critical realism:

   - <u>Direct realism</u> – the sensory experience is an accurate account of the world; and

   - <u>Critical realism</u> – the sensory experience is a sensation and is not an accurate account of the world.(Saunders et al., 2009).

4. <u>Pragmatism</u> is not reliant on any single approach but uses the best approach for the task at hand to achieve the goal of answering the research question. The basis being practical efficiency, that is practical consequences are accepted and that unpractical ideas are rejected (Saunders et al., 2009).

The comparison of these philosophies are illustrated in Table 3.1 (Saunders et al., 2009, p. 113).

Table 3.1: A Comparison of the Four Research Philosophies

	Positivism	Realism	Interpretivism	Pragmatism
Ontology: *the researcher's view of the nature of reality or being*	External, objective and independent of social actors	Is objective. Exists independently of human thoughts and beliefs or knowledge of their existence (realist), but is interpreted through social conditioning (critical realist)	Socially constructed, subjective, may change, multiple	External, multiple, view chosen to best enable answering of research question
Epistemology: *the researcher's view regarding what constitutes acceptable knowledge*	Only observable phenomena can provide credible data, facts. Focus on causality and law like generalisations, reducing phenomena to simplest elements	Observable phenomena provide credible data, facts. Insufficient data means inaccuracies in sensations (direct realism). Alternatively, phenomena create sensations which are open to misinterpretation (critical realism). Focus on explaining within a context or contexts	Subjective meanings and social phenomena. Focus upon the details of situation, a reality behind these details, subjective meanings motivating actions	Either or both observable phenomena and subjective meanings can provide acceptable knowledge dependent upon the research question. Focus on practical applied research, integrating different perspectives to help interpret the data
Axiology: *the researcher's view of the role of values in research*	Research is undertaken in a value-free way, the researcher is independent of the data and maintains an objective stance	Research is value laden; the researcher is biased by world views, cultural experiences and upbringing. These will impact on the research	Research is value bound, the researcher is part of what is being researched, cannot be separated and so will be subjective	Values play a large role in interpreting results, the researcher adopting both objective and subjective points of view
Data collection techniques most often used	Highly structured, large samples, measurement, quantitative, but can use qualitative	Methods chosen must fit the subject matter, quantitative or qualitative	Small samples, in-depth investigations, qualitative	Mixed or multiple method designs, quantitative and qualitative

Source : Saunders et al., 2009, p. 113

Table 3.1 above, summarises the comparison of the philosophies of positivism, realism, interpretivism and pragmatism under the headings of ontology, epistemology, axiology and data collection techniques.

Firstly, a philosophy is chosen and then thereafter an approach to research must be determined. There are two main approaches to research (a) deductive and (b) inductive (Saunders et al., 2009):

- The deductive approach follows scientific principles. A theory and hypothesis are constructed, thereafter a research strategy is designed and used to test the hypothesis. This method is most often associated with positivism (Saunders et al., 2009); and

- The inductive approach comprises data collection, data analysis and the development of a theory informed by the analysis. This method is most often related with interpretivism (Saunders et al., 2009).

In this treatise, the positivistic philosophy informs the research study. Hence, the positivistic research tradition will be followed, using a quantitative methodological paradigm and taking a systematic approach (Collis and Hussey, 2014). The ontology adopted will therefore be precise, objective and external and the axiology adopted will be unbiased and independent in its approach to the research. This research will be conducted using quantitative methods to elucidate the causal relationships between the dependent variable Loyalty Programmes and the eight independent variables of demographics, purchase behaviour, trust, communication, personalisation, flexibility, rewards and methods of participation (Collis and Hussey, 2014; Saunders et al., 2009). This approach has been chosen as the epistemology of positivistic research and allows for research to be conducted such that observations can be made of singularities with the view of obtaining credible facts and data, through a focus aimed at reducing singularities to their simplest form (Saunders et al., 2009).

This study aims to investigate the general components of Loyalty Programmes. It is assumed that the component variables of demographics, purchase behaviour, trust, communication, personalisation, flexibility, rewards and methods of participation influence participation in and the success of a Loyalty Programme. Hence, these have been chosen as the measurable indicators. South African customers will be selected to form the sample and the findings of this study will be analysed to be extrapolated to represent the population of all South African customers (Collis and Hussey, 2014).

A deductive approach is selected for this study as it pairs well with the positivistic tradition (Saunders et al., 2009). This will allow for deductive, cause and effect analysis (Collis and Hussey, 2014). These attributes ensure detachment of the researchers' subjective biases and the objective reality of the actual issue under study. This

approach relies on experimental and manipulative methods and allows for the isolation of categories prior to the study.

Quantitative methods will be used as they allow for hypothesis generation and testing for relationships (Saunders et al., 2009). Through this process, results produced can be context free and generalisation is possible, which allows for prediction, explanation and more accurate understanding of the research topic. This produces results, which are both reliable and valid. The study will be conducted on a sample of the population, through the use of an online questionnaire, with response options based mainly on a Likert scale. These methods will allow for statistical generalisability of the research findings (Walliman, 2011; Saunders et al., 2009).

3.3.2 Research Methodology and Design.

Research methodology encompasses the theory underpinning the processes associated with research and involves a body of methods (Collis and Hussey, 2014; Saunders et al., 2009) that outline the strategies, method and time-horizons pertaining to research (Saunders et al., 2009). The research philosophy and approach discussed in Sections 3.3.1 above inform the choice of the research methodology for this treatise (Collis and Hussey, 2014).

Strategies used in research include experiments, surveys, case studies, action research, grounded theory, archival research and ethnography. These strategies are not necessarily used individually in research and combinations of strategies can be used in the same research project. The strategies applied in quantitative data collection are most often surveys and experimental design. To test specific hypotheses that involve independent and dependent variables, an experimental design is applicable to assess the impact of a specified intervention.

The use of the survey method is widespread in quantitative research that tries to find and describe characteristics associated with a bigger group where the aim is to enhance the understanding of the conditions present. Qualitative research is more commonly associated with the following strategies: (a) grounded theory, (b) ethnography, (c) action research, (d) phenomenology, (e) case study analysis and (f) participatory enquiry. In all cases it remains important that the sample chosen is

representative of the population under investigation (Cooper and Schindler, 2014; Saunders et al., 2009).

The research methods available are the mono, multiple and mixed methods. Research that uses a single data collection technique (qualitative or quantitative) and corresponding analysis procedures is referred to as the **mono method**. Research that uses more than one data collection technique and analysis procedures to answer research questions is referred to as a **multiple method**. In this method, a combination of data collection techniques and procedures are used. Research conducted using the **mixed method** of study incorporates a combination of both qualitative and quantitative research methodologies, which can be conducted sequentially or simultaneously. The analysis of the data collected from each method is analysed such that qualitative data is analysed qualitatively and quantitative data is analysed quantitatively (Saunders et al., 2009, pp. 151 - 152).

The methods available to researchers to choose from are qualitative, quantitative and mixed methods. **Qualitative research**, studies narrative data, to contextualise and communicate social relationships. The tools available for this analysis are limited to words and symbols. These words and symbols are bound by both the author and the reader's systems of values, beliefs and assumptions, to bring meaning to the subject matter under analysis. Hence, the understanding of qualitative data can only be achieved within a context and is therefore primarily explorative research. These explorative findings may then inform the development of hypotheses for possible quantitative research by improving the understanding of underlying reasons, opinion and motivators surrounding the areas of inquiry.

Qualitative research is appropriate when the emphasis of inquiry is to develop a deeper understanding of motivations or when developing novel concepts. The benefit is qualitative research lies in the improved understanding it provides in areas where culturally specific information or socially contextualised information is sought regarding the values, opinions and behaviours of a specified population. (Collis and Hussey, 2014; Saunders et al., 2009; Zikmund, Babin, Carr and Griffin, 2013).

According to Yilmaz (2013) a qualitative research design assumes knowledge to be independent of the knower, but is socially constructed. Further it considers reality as

neither fixed nor static thus, qualitative research examines all the complexities of the given phenomenon under consideration from the perspectives of the participants. It is conducted in the natural setting of the occurrence of the phenomenon and does not try to quantify the differences of the circumstances, phenomenon or problem. In order to answer the questions of 'what', 'how' and 'why' terms relating to quality are used to replace terms that relate to quantity, intensity, or frequency. Instead qualitative data from an observed phenomenon is used to identify common characteristics. However, qualitative data can be obtained through and measured by nominal or ordinal, scaled variables (Yilmaz 2013, pp. 316-317; Kumar, 2011; Walliman, 2011).

While qualitative research addresses the study of a phenomenon in all its complexity, **quantitative research** allows for the study of relationships between variables, by employing numerical data analysis (Yilmaz, 2013; Zikmund et al., 2013). Through the systematic application of mathematically-based methods, more especially statistical analysis (Babbie, 2007), quantitative research evaluates the relationships between variables and allows for these to be quantified with respect to specific relationships associated with the phenomenon (Collis and Hussey, 2014). More broadly, it is a type of empirical research into social/human problems to test a theory based on identified variables through the numeric measurement of an objectively selected population (sample) to determine if the theory succeeds in describing or predicting the identified phenomenon so that it may be extrapolated to a greater population (Yilmaz, 2013).

The levels of measurement used during data collection for the purposes of quantitative analysis include nominal, ordinal, interval and ratio scaled data and together with the size of the sample, determine the type of analysis that is applicable (Walliman, 2011). The main aim of quantitative research is to determine the presence and strength of statistical relationships between variables as well as the amount of variation contained within the quantitative data gathered in terms of the quantitative variables.

Hence, the primary purpose of quantitative data analysis is to (a) measure and quantify the variation of the phenomenon, (b) compare and (c) examine relationships with the aim of testing hypotheses, construct concepts and theories, (d) predict causal relationships and (e) describe characteristics of a population. Quantitative data analysis is also used to explore, control and explain relationships between variables (Walliman, 2011, p. 113; Saunders, Lewis and Thornhill, 2009; Kumar, 2011).

The sections above establish that the deductive approach and quantitative research methodology are most often associated with the positivistic philosophy. This method is chosen for this treatise, to ensure that the data collected remains objective as through this approach, the researcher's personal worldview does not influence outcomes or results. Additionally, research conducted under this method will allow for statistical and numerical analysis and allows for the findings from the sample to be inferred onto the population (Collis and Hussey, 2014; Walliman, 2011; Kumar, 2011).

The main objective of this treatise is to develop and test a model that evaluates the components of Loyalty Programmes in South Africa, to gain insight into the success of each of these components in achieving the objective of developing loyalty among customers. The proposed conceptual model will be tested and assessed using the deductive and quantitative research approach. The potential respondents for the research are adult customers who reside though out South Africa, thus an empirical study will be conducted on a sample of South African customers. This will be discussed in Section 3.5. Statistical measures will be used to analyse the data collected.

The positivistic paradigm adopted for this treatise prescribes that the research must be anchored through a review of literature and theory that is relevant to the research topic. The boundary parameters for the research are described by the conceptual framework and are informed by the literature review. The paradigm informs the method of data collection, either primary or secondary data. In the quantitative paradigm, data are collected from primary sources through the use of original sources such as questionnaires, experiments or interviews of either individuals or focus groups (Collis and Hussey, 2014).

In research that makes use of a sample as the source for data collection, the sample must be representative of the population to allow for conclusions to be drawn through statistical analysis to be inferred to the population. A structured questionnaire is posed to the individuals selected to form the sample. The design of the questionnaire must allow for participants to answer anonymously. Questions must be structured such that participants are not led to specific answers (Babbie, 2007; Cooper and Schindler, 2014).

3.3.3   Time Horizons

In Figure 3.2, Saunders et al. (2009) identified the following time horizons that a study can follow, (a) cross-sectional or (b) longitudinal. **Cross-sectional** studies are investigations that are conducted at one point in time, that study a group of people or variables concurrently in different contexts. It involves the observations of a sample or cross section of a population or phenomenon and is commonly associated with exploratory or descriptive studies.

Cross-sectional studies are viewed as a snapshot time horizon (Babbie, 2007) and are most often conducted when there are few resources and time constraints. The concerns associated with this approach are that while it identifies the existence of a correlation, if fails to establish why this correlation exists. It is further constrained by difficulties in finding a representative sample size of the population under study and the isolation of the singularities under investigation from other potential influencers of the correlation can be difficult (Babbie, 2007; Collis and Hussey, 2014; Cooper and Schindler, 2014; Saunders et al., 2009).

An alternative to cross-sectional studies is **longitudinal studies**. Longitudinal studies permit long term observation of the same phenomenon, facilitating the tracking of changes in variables over time and includes panels or cohort groups. Commonly, longitudinal studies are viewed as a diary perspective. This stems from the accommodation it affords to changes that occur over time (Saunders et al., 2009). Investigating the same group of people or variables over a period of time through longitudinal studies allows for repeat observations to be made, which assists in revealing the stability of the singularity being investigated (Collis and Hussey, 2014).

The benefit of longitudinal studies is that it requires a smaller sample size however, the negative effect of a small sample is that it can jeopardise the study as subjects can be lost due to the duration of the study. Other negative effects include the associated higher cost and long duration of the study (Collis and Hussey, 2014; Cooper and Schindler, 2014; Saunders et al., 2009).

A cross-sectional time horizon will be adopted in this study. To avert the negative aspects associated with a cross-sectional of study, a suitably large sample size will be selected. This will ensure that the results obtained from the study will allow for

inferences to be drawn about the population. This time horizon is selected as it is most suitable to the time frame allocated for this treatise and for its affordability. Figure 3.4 below illustrates the research methodology selected for this study.
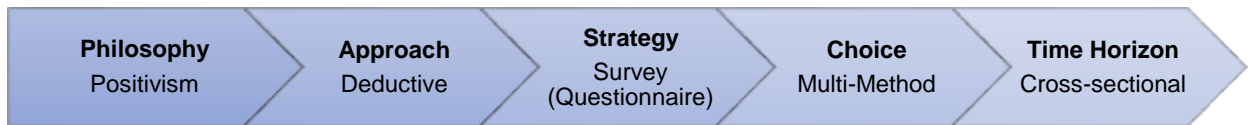
Source: Authors own construction.

Figure 3.3: Research Methodology for this Treatise

3.4 UNIT OF ANALYSIS

A unit of analysis refers to what or whom is proposed for study. Alternatively stated, it refers to the provider of the data and to the level of aggregation proposed for analysis to be conducted at e.g. organisations, strategic business units, departments, families, individuals, etc. Typically individual people are the unit of analysis in social science research (Zikmund, Babin, Carr and Griffin, 2013; Babbie, 2007, p. 94). Collis and Hussey (2014, p. 101) described the unit of analysis as being closely linked to both the research problem and the research question.

The research problem and research question are both determined at the start of the study and are described as the case proposed for investigation about which data will be collected and analysed (Collis and Hussey, 2014, p. 101). The unit of analysis is determined by the analysis conducted in the study and allows the researcher to evaluate the sample in terms of it achieving the goal of being representative of the population (Collis and Hussey, 2014). The unit of analysis represents that which is examined for the purpose of deriving summary descriptions for all such units as well as to explain the differences. They thus define the boundaries in which the study is conducted (Babbie, 2007). The unit of analysis for this study is the adult South African customer.

3.5 SAMPLING DESIGN

Following the identification of the unit of analysis, the next checkpoint is to ensure that the population identified is accurately represented. Ideally this would require every

single member of that population to be tested. This is however logistically improbable due to the financial and time constraints associated with such an undertaking. For these reasons a sample is selected from the population (Saunders et al., 2009). The benefits from this approach include meeting time and financial concerns, facilitation of easier access to respondents from the population and having selected a suitable sample the researcher is able to draw conclusions and make inferences about the entire population (Cooper and Schindler, 2014; Zikmund et al., 2013).

3.5.1 Participants of the study

To closely approximate the population of adult customers in South Africa, all South African customers were targeted. Online survey invitations are most conveniently distributed using e-mail, but there are no e-mail directories for the general population therefore no sampling frame exists. For this reason, the sampling method employed in this treatise was non-probability sampling as sample members were not randomly selected. Hence, data quality is impacted by coverage and frame challenges and will be taken into consideration during the reporting of research results. Sample members were identified through a combination of convenience sampling and snowball sampling (Wegner, 2016).

The snowball sampling method is commonly used for online studies and respondents are encouraged to forward the survey to their network to complete the questionnaire (Wegner, 2016). To achieve this the link to the survey on Questionpro was distributed via email to NMU postgraduate students (95 MBA students and 90 PDBA students, 185 students in total). They were encouraged to share the link with their networks. This type of statistical method draws representative data by selecting people based on the ease of their volunteering, their availability or due to ease of access.

The advantages of this type of sampling are the rapid availability in which data can be gathered. The disadvantage lies in the risk that the sample might not represent the population as a whole as it may be biased through volunteers (Wegner, 2016). Some other disadvantages of this method are the inability to measure the sampling error and the concern that the sample would potentially not be representative of the entire population.

Despite the disadvantages of this method of sampling, when compared to probability sampling, the cost saving benefits as well as the ability to easily access the sample members outweighed the disadvantages (Wegner, 2016). The mid-year population estimates produced by Statistics South Africa (Stats SA) in 2017 uses the cohort-component method for population estimation. The estimates from this study formed the basis for the calculation of the proposed sample size for this study:

- **Population size:** Mid-year population estimates 2017 compiled by Statistics South Africa list all customer aged >18 to 80+ to be approximately 35 205 116 persons; and
- **Proposed sample size** of all customers in South Africa – 500 persons at a confidence level of 95% and confidence interval of 5.

Each variable that was measured in the study, received at least 974 responses.

3.6 DATA COLLECTION METHOD

The main purpose underlying the collection of data is to inform and facilitate the investigation of a research question. The aim of such an investigation is to provide and improve knowledge pertaining to the research question (Collis and Hussey, 2014). There are two main categories of data, these are primary and secondary data. The main characteristic of primary data is that it is collected from original sources. This type of data may be collected through surveys, interviews, experiments or from focus groups (Collis and Hussey, 2014).

Secondary data are data that are collected from existing sources. This type of data has been accumulated as a result of previous problem investigations identified by researchers. Examples of these sources can be found from both internal and external sources and include internal data bases, records, publications, etc. (Wegner, 2016; Collis and Hussey, 2014). Researchers have emphasised that the underpinning of many social research frameworks are measurements, which are necessary to compute the observations made and to this end, numerals are assigned to observed occurrences, such that differences in the quality or degrees of agreement can be documented (Wegner, 2016; Collis and Hussey, 2014).

The objective of the data collected for this study is aimed at aligning the research questions described in Chapter One. To achieve this objective, the data will be collected and selected based on relevance, validity and reliability (Wegner, 2016; Collis and Hussey, 2014). In this study, both primary and secondary data collection will be conducted. In Chapter Two, the secondary data collection component for this study was completed hence, this section will focus on the collection of the primary data for the study. Section 3.3.2 (Research Methodology and Design) identified surveys and experimental design to be the two primary data collection methods most commonly associated with positivistic studies (Collis and Hussey, 2014).

The data collection method for primary data in this study will be in the form of an online survey, using a questionnaire. The strength of this data collection method of online surveys stems from its convenience to both researchers and respondents. This method is flexible, easy to maintain and offers easier analyse. However, the weakness of online surveys stems from the exclusion of people without access to the Internet and includes only participants who willingly respond to the survey. Concerns over confidentiality, security and the increasing burden of junk email has further negatively affected participation in online surveys. Despite these and other concerns, Guzi and de Pedraza García (2015) found results produced through online surveys to be comparable to the those obtained from probabilistic sampling surveys hence, the online data collection method was used for this study.

3.6.1   Questionnaire Development

The design of a questionnaire must take into consideration the aspects of time, associated expense as well as the effort that will be invested in the collection of data (Collis and Hussey, 2014). Additionally, a critical step in conducting a study is the administering of the questionnaire as it determines whether respondents will participate in the survey (Saunders et al., 2009).

It is thus vital that the layout and wording of the questionnaire is appropriate, appealing as this will attract and motivate respondents to complete the questionnaire (Saunders et al., 2009). Specific attention must be paid to the wording of questions to reduce and avoid ambiguity. Questions must be valid, in that questions should measure what they seek to measure and should be worded so as to elicit reliable responses from the

sample group. Questions should be limited to only collect data relevant to the study (Collis and Hussey, 2014; Saunders et al., 2009).

The questionnaire developed for this study aims to assess the dependant variable (Loyalty Programmes) discussed in Chapter two and the eight independent variables (demographics, purchase behaviour, trust, communication, personalisation, flexibility, rewards and methods of participation) that are discussed in Section 2.6.

The primary data were collected from the sample by means of an on-line survey questionnaire (ANNEXURE B – Questionnaire) that was designed using the Nelson Mandela University Online Survey Platform (QuestionPro). To access and collect responses from the sample group, the questionnaire was distributed by means of an email containing a Universal Resource Link (URL) to the questionnaire.

Section 3.5 describes the processes followed in selecting participants for the sample and was based on the ease of their volunteering, their availability to participate as well as the ease gaining access to the sample members. A copy of the email that was distributed is attached as an annexure (ANNEXURE C – copy of email sent to respondents**).**

The questionnaire itself was comprised of a cover letter that detailed the aim of the study, a consent to ensure participants were older than 18 years old. The consent also alerted participants to the terms of their participation as being voluntary, anonymous and revocable should they no longer wish to part of the sample. Further, it explained that confidentiality would be maintained and that the data would only be reported as aggregates. Copies of these documents are attached as an annexure (ANNEXURE D – Consent for participants of the survey).

The questionnaire was divided into two sections and is illustrated in Table 3.1. Demographic information pertaining to Loyalty Programme participants is collected in the first section through twelve items. Demographic data serves a dual purpose as it allows for the researcher to describe the study sample and for the comparison of Likert scale data collected pertaining to variables influencing Loyalty Programmes to be compared among the different demographic groupings.

Information was collected pertaining to the age, race, gender, marital status, employment, province of residence, composition and roles within the household, income and financial decisions, educational levels and participation levels among various Loyalty Programmes offerings. In this section, closed-ended questions and multiple-choice options were used and respondents could select from a list of available options.

The second section of the questionnaire addressed the eight independent variables and was operationalised from the review of literature conducted in Chapter Two. This section comprised seventy-two questions based on a five-point Likert scale. Likert scale questionnaires are used to measure the attitude of the respondent. This is achieved by requesting responses to grouped statements, where the responses are assembled in a continuum from strongly disagree (1) to strongly agree (5).

Researchers have acknowledged that not all scales measure identically and, that this may influence the validity of the conclusions. A five-point Likert scale has been used in this questionnaire and includes the presence of a neutral point, which improves the validity and reliability of the data obtained (Wegner, 2016; Collis and Hussey, 2014). The scale range used in this questionnaire included the options "Strongly disagree" (1), "Disagree" (2), "Neutral" (3), "Agree" (4) and "Strongly Agree" (5). This scale was used to gather data pertaining to loyalty cards/programmes, purchase behaviour, trust, communication, personalisation, flexibility, rewards and methods of participation.

Chapter 2 identified the determinants of Loyalty Programmes and previous research studies were highlighted for each determinant. The questions below are informed by this review of literature and aim to investigate the causal relationship between these determinants and Loyalty Programmes. The table below, Table 3.1 illustrates the operationalisation of the determinants together with a source reference for each question. A copy of the questionnaire is attached as an annexure (ANNEXURE B – Questionnaire).

Table 3.2: Operationalisation of Factors and Demographic Variables

Variable	Code	Survey Question	Class	Source
Demographics	D1	Please indicate your age	Behavioural	(Jennings, Giorgio, Muraliand Goggin, 2014) Nielson report 2016
	D2	Please indicate your race	Behavioural	(Dorotic et al., 2014)
	D3	Please indicate your gender	Behavioural	(Melnyk and van Osselaer, 2012)
	D4	Please indicate your employment status	Behavioural	(Dorotic et al., 2014)
	D5	Where do you live?	Behavioural	(Dorotic et al., 2014)
	D6	How many people live in your household	Behavioural	(Dorotic et al., 2014)
	D7	Please indicate your monthly household income	Behavioural	(Dorotic et al., 2014)
	D8	Please indicate your highest level of education	Behavioural	(Dorotic et al., 2014)
	D9	In your household are you	Behavioural	(Dorotic et al., 2014)
	D10	When it comes to making financial decision in your household are you	Behavioural	(Hastings and Washington, 2010; Dorotic et al., 2014)
	D11	Do you belong to Loyalty Programmes or have loyalty cards?	Behavioural	(Jennings et al., 2014)
	D12	My connection to brands goes beyond special offers?	Behavioural	(Dorotic et al., 2014)
Loyalty Programmes OR cards	G1	Loyalty cards/programmes are all the same	Attitudinal	(Rese, Hundertmark, Schimmelpfennigand Schons, 2013)
	G2	I have loyalty cards/programmes that I don't use	Behavioural	(Dorotic, Bijmoltand Verhoef, 2012) (Jennings et al., 2014)
	G3	I save a lot of money using loyalty cards and belonging to Loyalty Programmes	Behavioural	(Mimouni-Chaabane and Volle, 2010)

Variable	Code	Survey Question	Class	Source
	G4	Other things are more important than discounts e.g. Customer service, quality, etc	Attitudinal	(Mosavi and Ghaedi, 2012) (Sarwar, Abbasiand Pervaiz, 2012)
	G5	I would change where I shop for the sake of a loyalty card/programme	Attitudinal	(Dorotic et al., 2012)(Dick and Basu, 1994)
	G6	I used to use loyalty cards/programmes but don't anymore	Attitudinal	(Dorotic et al., 2012; Estrella-Ramon et al., 2013)
	G7	Having loyalty cards and belonging to Loyalty Programmes are a waste of time	Attitudinal	(Dorotic et al., 2014; Xie and Chen, 2013)
	G8	I am a member of Loyalty Programmes and have loyalty cards but have no intention of using them	Behavioural	(Leenheer, Bijmolt, van Heerdeand Smidts, 2003)
	G9	Loyalty Programmes and cards deliver increased value	Attitudinal	(Dorotic, Verhoef, Fokand Bijmolt, 2014)
	G10	Loyalty cards and programmes are too complicated	Attitudinal	(Bagchi and Li, 2011)
	G11	Loyalty cards and programmes are expensive with not enough return	Attitudinal	(Dorotic et al., 2012)
	G12	Loyalty cards and programmes have no benefit	Attitudinal	(Gomez, Arranzand Cillan, 2012)
	G13	It takes too long to earn points to get anything worthwhile from loyalty cards/programmes	Attitudinal	Blattberg, R.C., Kim, B.D. and Neslin, S.A. (2008). *Data- base Marketing: Analysing and Managing Customers. New York, NY: Springer. Bolton*, (Bazargan, Karrayand Zolfaghari, 2018)
Purchasing	PB1	My loyalty cards/programmes have converted me from a consumer to a customer	Behavioural	(Ailawadi et al., 2010) (Estrella-Ramon, Sanchez-Perez, Swinnenand VanHoof,

Variable	Code	Survey Question	Class	Source
				2013) (Liu and Yang, 2009)
	PB2	I have seen substantial savings due to the money I get off from loyalty cards and programmes	Behavioural	(Mimouni-Chaabane and Volle, 2010; Jennings, Giorgio, Muraliand Goggin, 2014; Bazargan, Karrayand Zolfaghari, 2018)
	PB3	I buy products that I don't need because of the promotions surround them	Behavioural	(Battenberg, Kim and Neslin 2008)
	PB4	I shop wherever gives me better discounts	Behavioural	(Dorotic et al., 2012)
	PB5	I get better discounts from in store promotions than loyalty cards/programmes	Behavioural	(Dorotic et al., 2012)
	PB6	I spend less in stores where I don't have a card or belong to a programme	Behavioural	(Dorotic et al., 2012)
	PB7	My loyalty cards/programmes motivate me to spend more	Behavioural	(Dorotic et al., 2012)
	PB8	I get better discounts/value from loyalty cards and programmes than in store promotions	Behavioural	(Mimouni-Chaabane and Volle, 2010; Jennings, Giorgio, Muraliand Goggin, 2014; Bazargan, Karrayand Zolfaghari, 2018) .
	PB9	I would shop in any store that suits me regardless of where they had a loyalty scheme	Behavioural	(Mimouni-Chaabane and Volle, 2010; Jennings, Giorgio, Muraliand Goggin, 2014; Bazargan, Karrayand Zolfaghari, 2018)
	PB10	I buy products if there are extra points offered on them	Behavioural	(Blattenberg, Kim and Neslin 2008)

Variable	Code	Survey Question	Class	Source
	PB11	I prefer to purchase from outlets that provide loyalty cards/programmes	Behavioural	(Liu and Yang, 2009) (Ailawadi et al., 2010) (Estrella-Ramon et al., 2013)
Trust	T1	I feel that loyalty cards/programmes monitor my every move	Attitudinal	(Gomez et al., 2012)
	T2	I am nervous about loyalty cards/programmes using my personal information	Attitudinal	(Mosavi and Ghaedi, 2012) (Gomez et al., 2012)
	T3	I get annoyed when loyalty cards/programmes contact me all the time	Attitudinal	(Ashley et al., 2011; Xie and Chen, 2013)
	T4	I think loyalty cards/programmes are worthwhile and I am willing to give my personal details for this	Attitudinal	(Gomez et al., 2012)
	T5	Loyalty cards/programmes are truthful about what they do with the data I give them	Behavioural	(Stanford and Baloglu, 2013)
	T6	Loyalty cards/programmes are setup to increase profit	Attitudinal	(Bazargan et al., 2018)
	T7	Loyalty cards/programmes donate to upliftment programmes as promised	Attitudinal	(Martínez and Rodríguez del Bosque, 2013)
	T8	Loyalty cards/programmes know too much about my purchasing behaviour	Behavioural	(Estrella-Ramon et al., 2013)(Gomez et al., 2012)
Communication	C1	I gave permission for the loyalty cards/programmes to contact me	Behavioural	(Ashley et al., 2011; Department of Basic Education, 2014)
	C2	I read all my e-mails relating to loyalty cards/programmes	Attitudinal	(Breugelmans et al., 2015)
	C3	They talk to me personally	Behavioural	(Dorotic et al., 2012)

Variable	Code	Survey Question	Class	Source
	C4	I feel overwhelmed and bombarded by communication from loyalty cards/programmes	Attitudinal	(Breugelmans et al., 2015)
	C5	The loyalty card/programmes' communication is relevant to me	Attitudinal	(Winters and Ha, 2012)
	C6	Loyalty cards/programmes communicate through the medium I prefer	Attitudinal	(Dorotic et al., 2012)
	C7	Loyalty cards/programmes call centres and interactive websites enhance my experience	Behavioural	(Breugelmans et al., 2015; Dorotic et al., 2012)
	C8	My loyalty cards/programmes listen to me	Behavioural	(Breugelmans et al., 2015; Winters and Ha, 2012)
Personalisation	P1	My loyalty cards/programmes keep track of my life changes	Behavioural	(Melzer and Olivier, 2015)
	P2	The rewards are relevant and make a difference in my life	Behavioural	(Winters and Ha, 2012)
	P3	I receive personalised discounts from my loyalty cards/programmes	Behavioural	(Ashley et al., 2011; Evanschitzky et al., 2012; Melzer and Olivier, 2015)
	P4	I receive personalised promotion offerings from my loyalty cards/programmes	Behavioural	(Ashley et al., 2011; Evanschitzky et al., 2012; Melzer and Olivier, 2015)
	P5	I receive personalised product recommendations from my loyalty cards/programmes	Behavioural	(Ashley et al., 2011; Evanschitzky et al., 2012; Melzer and Olivier, 2015)
	P6	I receive personalised service recommendations from my loyalty cards/programmes	Behavioural	(Ashley et al., 2011; Evanschitzky et al., 2012; Melzer and Olivier, 2015)

Variable	Code	Survey Question	Class	Source
Flexibility	F1	My Loyalty Programmes/cards have a one size fits all approach	Behavioural	(Y. Liu and Yang, 2009)
	F2	Points or rewards are available regardless of whether I buy in store, on a website or mobile device	Behavioural	(Breugelmans et al., 2015)
	F3	I can choose different types of rewards from my loyalty cards/programmes	Behavioural	(Mimouni-Chaabane and Volle, 2010)
	F4	Loyalty points should not expire	Attitudinal	(Breugelmans and Liu-Thompkins, 2017) (Bazargan, Karrayand Zolfaghari, 2017)
	F5	I feel cheated when my points expire	Behavioural	(Breugelmans and Liu-Thompkins, 2017) (Bazargan et al., 2017)
	F6	The loyalty cards/programme should notify me before my points expire	Attitudinal	(Breugelmans and Liu-Thompkins, 2017) (Bazargan et al., 2017)
Rewards	R1	Loyalty card/programme rewards make me feel good	Behavioural	(Gomez et al., 2012) (Winters and Ha, 2012)
	R2	I prefer tangible rewards to cash	Attitudinal	(Mimouni-Chaabane and Volle, 2010)
	R3	I like it that my loyalty cards/programmes partner with other brands	Behavioural	(Dorotic et al., 2012)
	R4	I get points for referrals	Behavioural	(Cromhout et al., 2017)
	R5	Rewards should be in the form of discounts	Attitudinal	(Mimouni-Chaabane and Volle, 2010; Nielson Report, 2016; Bazargan et al., 2018)
	R6	Rewards should be cash back or rebates	Attitudinal	(Mimouni-Chaabane and Volle, 2010; Nielson Report, 2016; Bazargan et al., 2018)

Variable	Code	Survey Question	Class	Source
	R7	Rewards should be free products	Attitudinal	(Mimouni-Chaabane and Volle, 2010; Nielson Report, 2016; Bazargan et al., 2018)
	R8	Rewards should include free shipping	Attitudinal	(Mimouni-Chaabane and Volle, 2010; Nielson Report, 2016; Bazargan et al., 2018)
	R9	Rewards should be in the form of points	Attitudinal	(Mimouni-Chaabane and Volle, 2010; Nielson Report, 2016; Bazargan et al., 2018)
	R10	I should have exclusive access to sales and merchandise	Attitudinal	(Mimouni-Chaabane and Volle, 2010; Nielson Report, 2016; Bazargan et al., 2018)
	R11	I should get priority service	Attitudinal	(Mimouni-Chaabane and Volle, 2010; Nielson Report, 2016; Bazargan et al., 2018)
	R12	I am recognised as a valued customer	Behavioural	(Henderson et al., 2011)
	R13	Rewards should be personalised products or services	Attitudinal	(Ashley et al., 2011; Evanschitzky et al., 2012; Melzer and Olivier, 2015)
	R14	I prefer a charitable donation as a reward	Attitudinal	(Henderson et al., 2011)
Method of participation	M1	Membership cards should be scanned/swiped	Behavioural	(Wyman, 2015)
	M2	I prefer them to look up my account when I provide a phone number or other personal information	Behavioural	(Breugelmans et al., 2015)
	M3	I prefer to use the retailer's mobile app	Behavioural	(Wyman, 2015)
	M4	I prefer to use a third-party app	Behavioural	(Wyman, 2015)

Variable	Code	Survey Question	Class	Source
	M5	I belong to too many loyalty card/programmes	Behavioural	(Jennings et al., 2014)
	M6	I have too many loyalty cards	Behavioural	(Leenheer, van Heerde, Bijmoltand Smidts, 2007)

In this sub-section the questionnaire development has been discussed as well as the distribution methods used in this study. In the subsection that follows the data analysis methods that will be used in this study are discussed.

3.6.2 Data Analysis

To easily understand, interpret and communicate primary data that has been collected, data analysis tools are used. This allows data to be presented in a manner that is meaningful and allows managers to make decisions (Wegner, 2016). The first steps in the preparation of data includes editing, coding and entry of the data. This is done to ensure the accuracy will be preserved during the process of conversion from raw data to the reduced and classified forms that allow for analysis (Cooper and Schindler, 2014). Following this, any of the following analytical approaches can be followed (a) descriptive analysis, (b) univariate analysis, (c) bivariate analysis and (d) multivariate analysis (Zikmund et al., 2013).

In order to analyse the data collected, researchers employ tools such as computer software programmes as well as other statistical and technical tools. These tools are used to assist the researcher in summarising the findings of the sample such that they may be presented in a simple and logical manner (Wegner, 2016). The data analysis tools to be used are chosen based on the study and depend on the data collection method used in the study, either qualitative or quantitative (Collis and Hussey, 2014). The methods chosen for the analysis of data must be valid, clear and reliable (Collis and Hussey, 2014; Cooper and Schindler, 2014).

To ensure accurate capturing of data, precoding the questions is advocated as this reduces the number of capturing errors. Following the coding of the data, the data must

be captured and edited. Table 3.1. illustrates the coding of the questions in this study. In this study, statistical analysis was carried out through the use of computer-based software for collation and analysis. The benefit of using such software is that it allows for broader coverage of formulas and statistical routines and allows for data files to be easily imported and exported to other programs thus reducing the time required for data analysis.

In this study, only an online questionnaire was distributed using the NMU online survey system, Questionpro hence, the capturing of the data was done automatically. The results from the survey were then exported to Microsoft Excel 2016, followed by the editing and cleaning of the data and all transcription errors were removed (Saunders et al., 2009). The statistical analysis for this study was conducted by Dr Danie Venter, the statistician from the Nelson Mandela University.

Statistical data analysis methods are used to present the data of this study as the study collected quantitative data. Data will be analysed against the secondary data collected in Chapter Two after the primary data has been captured. This will allow for the testing of the conceptual model illustrated in Figure 2.7. Descriptive data analysis and inferential data analysis techniques are used for the analysis of the data.

Descriptive statistical analysis will include frequency distributions of demographic information and of the measurement items. A central tendency and dispersion will be done for each factor. In order for the results of the study to be regarded as significant, the results must be both statistically and practically significant. Statistical significance is indicated by an Alpha = 0.05 and the p-value of less than 0.05. Cohen's d is used to evaluate the practical significance in a One-sample T-test and the ranges are illustrated below in Table 3.2

Table 3.3: Interpretation Intervals for Cohen's d

Interpretation intervals for Cohen's d:

<0.20	Not significant
0.20 - 0.49	Small
0.50 - 0.79	Medium
0.80+	Large

(Gravetter and Wallnau, 2009, p. 264)

In order to indicate practical significance in cross tabulation and Chi-square, Cramer's V and p-values are used. The acceptable ranges are depicted in Table 3.3 below.

Table 3.4: Interpretation Intervals for Cramer's V

	Small	Medium	Large
$df^* = 1$	$.10 < V < .30$	$.30 < V < .50$	$V > .50$
$df^* = 2$	$.07 < V < .21$	$.21 < V < .35$	$V > .35$
$df^* \geq 3$	$.06 < V < .17$	$.17 < V < .29$	$V > .29$

(Gravetter and Wallnau, 2009, p. 268)

Quantitative analysis only allows the researcher to confirm or negate conclusions based on the researcher's understanding of the analysed data (Kumar, 2011). A commonly used statistical method researchers use to confirm or negate conclusions is Correlation Analysis, which can be defined as relationships among variables or the measure of linear association between two variables. The change in one variable relates to a change in another and the extent of this change is what correlation analysis determines.

The variables under analysis are each classified as either dependent or independent variables, where the value of the dependent variable maybe influenced by one or more independent variables. Another alternate explanation of the relationship is that the independent variable is viewed as the cause and the dependent variable as the effect (Collis and Hussey, 2014).

In an analysis of the relationship between variables, a correlation exists when one variable is found to increase and another variable either increases (positive correlation) or decreases (negative correlation). The presence of such a relationship indicates that

the correlation behaves in a predictable fashion (Collis and Hussey, 2014). The strength of such correlation is measured by the correlation coefficient (r) and can range from -1 (a perfect negative correlation) to +1 (a perfect positive correlation). In Figure 3.4. the various strengths of correlation can be seen.

Correlation Coefficient	Interpretation
+1.00	Perfect positive linear association
+0.90 to +0.99	Very high positive correlation
+0.70 to +0.89	High positive correlation;
+0.40 to +0.69	Medium positive correlation
+0.01 to +0.39	Low positive correlation
0	No linear association
-0.01 to -0.39	Low negative correlation
-0.40 to -0.69	Medium negative correlation
-0.70 to -0.89	High negative correlation
-0.90 to -0.99	Very high negative correlation
-1.00	Perfect negative linear association

Figure 3.4: Strengths of Correlation (Collis and Hussey, 2014)

This study aims to use Pearson's Product Moment Correlations analysis. The correlation coefficient is deemed statistically significant if the p-value is at 0.05 for n ranging from 344 to 360 for a correlation coefficient critical (rcrit or |r|) ranging from 0.103 to 0.106 and deemed practically significant if $|r| >= .300$ (Gravetter and Wallnau, 2009: 534). Thus, for the sample size of 360, a result will be deemed both statistically and practically significant if $|r| >= .300$ (Gravetter and Wallnau, 2009: 534).

Multivariate analysis statistical techniques are data analyses that focus on highlighting the structure of simultaneous relationships among three or more phenomena and allow for multiple measurements to be analysed simultaneously (Zikmund et al., 2013). This type of analysis is conducted to assist the researcher to create knowledge and to promote better decision making (Cooper and Schindler, 2014). The multivariate methods used in data analysis are Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA).

EFA is performed when there is uncertainty regarding the number of factors that may exist among a set of variables and is used to explore the relationships among variables. This is done to identify patterns and aims to reduce the number of variables so that the researcher is able to detect structure in the relationship between variables (Zikmund et al., 2013). Items providing the most significant data were retained and those that provided redundant information were removed.

Eigenvalues and minimum factor loadings are the two measurement tools used to determine whether an item is significant. Eigenvalues measure how much variance is explained for by each factor. The common rule and default for most statistical programmes is to base the number of factors on the number of Eigenvalues greater than 1.0 thus an Eigenvalue > 1 is deemed significant and Eigenvalues less than 1 are disregarded. Minimum factor loadings indicate the strength of a measured variables correlation with a factor. A minimum factor loading of 0.300 at $\alpha = 0.05$ is deemed significant for samples of n > 350 (Zikmund et al., 2013).

CFA is performed when the researcher has strong theoretical expectations about the number of factors and which variables relate to each factor. It is a good tool for assessing construct validity (Brown, 2012; Zikmund et al., 2013). CFA is based on theory or previous findings, which are then used to estimate which items form the basis of each dimension of the factors and is a confirmatory technique. A strong empirical or conceptual foundation is required for CFA, to guide the specification and evaluation of the factor model. The purpose of which is to test the fit of the model or evaluate to what level the observed data fits the expected structure.

In Chapter Four a discussion of CFA and the 'goodness-of-fit' are applied as illustrated in Table 3.5. The criteria are dependent on (a) number of items and (b) the sample size hence, column 5 of the Table 3.5 is applicable to this study as the sample size falls between the parameters of 250 and 1000 and the number of items is less than 30 (Hair et al., 2006:128; Schreiber et al., 2006).

The target for Chi-square (χ^2) is p > .05 and the target χ^2 per degrees of freedom (df) or χ^2/df is ≤ 3. The target Bentler Comparative Fit Index (CFI) is ≥ .90 and the target Bentler-Bonnet normed fit index (NFI) is ≥ .90. The target Joreskog adjusted goodness-

of-fit index (AGFI) is ≤ .95 and finally, the target Root mean square error of approximation (RMSEA) is ≤ .08 (Hair et al., 2006:128; Schreiber et al., 2006).

Table 3.5: "Goodness of Fit" for Confirmatory Factor Analysis

Goodness-of-Fit Criteria depending on samples size (n) and number of items (m)						
n.m. Cat.	**1**	**2**	**3**	**4**	**5**	**6**
	n < 250			250 < n < 1000		
	m ≤ 12	12 < m < 30	m ≥ 30	m ≤ 12	12 < m < 30	m ≥ 30
χ^2	p > .05	p > .05	p > .05	p > .05	p > .05	p > .05
χ^2/df	≤ 2	≤ 2	≤ 2	≤ 3	≤ 3	≤ 3
CFI	≥ .97	≥ .95	≥ .92	≥ .95	≥ .92	≥ .90
NFI	n.a.	≥ .95	≥ .92	≥ .95	≥ .92	≥ .90
AGFI	≤ .95	≤ .95	≤ .95	≤ .95	≤ .95	≤ .95
RMSEA	≤ .08	≤ .08	≤ .08	≤ .08	≤ .08	≤ .08

Sources : Hair et al. (2006, p. 128) and Schreiber et al. (2006)

Following the analyses of the data any changes that will be made to the conceptual model will be discussed in Chapter Four.

3.6.3   Reliability and Validity

Reliability represents the accuracy and exactness of a measurement and denotes the absence of variation, that is are the results of a study repeatable (Collis and Hussey, 2014; Saunders et al., 2009; Bryman, Bell, Mills and Yue, 2011). Validity indicates the degree to which a measurement tests what the researcher is seeking to test and that the findings do reflect the case under investigation. Validity is concerned with the integrity of the conclusions that are generated from research (Collis and Hussey, 2014; Saunders et al., 2009; Bryman, Bell, Mills and Yue, 2011). Due to these attributes, these two constructs are used to measure the quality of the measures applied in any study (Bryman et al., 2011). In addition to validity and reliability, a researcher should also test the relevance of the measure. Relevance is evaluated from the viewpoint of

the importance of a topic within its substantive field or the contribution that is made to that field of literature (Bryman et al., 2011, p. 82).

Reliability is the first construct discussed above. The researcher should carefully consider if the findings and conclusions will be consistent, repeatable and will withstand scrutiny (Collis and Hussey, 2014). Reliability is considered significant in positivistic studies however, in interpretivist studies, the significance of reliability is reduced (Collis and Hussey, 2014). Collis and Hussey (2014, pp. 274-275) identify three different methods for the estimation of reliability:

- Test-retest reliability – the same sample completes the questionnaire a few days apart and the results can be compared. The findings are reliable if a positive correlation between the two sets of results (correlation ≥0.8) is found. This is an external form of reliability testing and is cumbersome for respondents and answers often change as they have had time to reflect on the questions;

Split-half reliability – this is a form of internal reliability that is used for multiple-scale items and is achieved by separating the items in the scale into two equal halves. Correlation analyses are run and the correlation coefficients of the two groups are compared. The Cronbach Alpha coefficient test is considered the most applicable for split-half reliability. An added advantage of this approach is that the questionnaire can only be completed once. The minimum requirement for good reliability is a Cronbach's Alpha score of 0,70 (Nunnally, 1978), with the cut-off for fair reliability being 0,60 (Zikmund, Babin, Carr and Griffin, 2013);

Table 3.6: Interpretation Intervals for Cronbach's alphas

	Cronabch' alpha value
Unacceptable	<0.50
Acceptable	0.50 – 0.69
Good	0.70 – 0.79
Excellent	0.80 +

91

- Internal consistency reliability – it is important to rule out multicollinearity. This means that there is a very strong correlation between independent variables measuring the same dependent variable in multiple regression models (≥0.90). Multicollinearity generates unreliable approximations of standard errors. Correlation coefficients in the findings are acceptable at values below ≤0.70;

- **Validity** is the second construct that needs to be established. As discussed earlier, validity refers to the degree to which the findings reflect the case under investigation and the integrity of the conclusions that are generated from research. When constructs are ambiguous, researchers must define the steps taken to validate findings. There are three ways in which validity can be measured (Collis and Hussey, 2014; Saunders et al., 2009; Bryman et al., 2011);

- Face validity or content validity is described as the extent to which a measurement delivers satisfactory disclosure to the research questions, which guide the study. Simply put, does the measure clearly reflect the content of the concept in question and does the measurement tool measure what it is designed to measure (Bryman et al., 2011; Collis and Hussey, 2014);

- Construct validity encourages researchers to deduce hypotheses from a theory that is relevant to the concept. It pertains to hypothetical constructs, which are not directly apparent, but rather assumed. The researcher must explain the research results and observations in terms of how the construct explains the hypothetical constructs (Collis and Hussey, 2014; Saunders et al., 2009; Bryman et al., 2011); and

- Criterion-based validity or predictive validity uses a future criterion measure, rather than a contemporary one and refers to the extent to which the measurement tool adequately estimates or predicts relevant aspects of the variable or criterion (Saunders et al., 2009; Bryman et al., 2011).

The questionnaire in this study was validated through operationalisation from literature and by making use of validated questions from previous studies which is illustrated in

Section 3.6.1 as Table 3.1. Through these steps face validity, criterion-based validity and construct validity were adhered to.

3.7 ETHICAL REQUIREMENTS

Research ethics addresses the formulation and clarification of the research topic and the design of research, relating specifically to how access will be gained, data collection, the process and storage of data, analysis of data and the write up of research findings. These activities should be conducted in a moral and responsible way. This is achieved by ensuring that the design component of research is both methodologically sound and morally defensible to all involved (Saunders et al., 2009). The ethics pertaining to research plays a pivotal role in any research project and is concerned with the manner in which research is collected and how outcomes are conveyed (Collis and Hussey, 2014). There is a list of ethical principles that researchers should adhere to (Collis and Hussey, 2014: 31; Bell and Bryman, 2007):

- Any potential harm to participants should be avoided throughout the research process;
- Participant's dignity must be respected and efforts must be consciously made to avoid making the participant feel uncomfortable or anxious;
- Knowledgeable consent must be ensured by the researcher from the participant;
- Protection of the privacy of participants must be ensured or avoid invading their privacy;
- Ensure confidentiality of the collected data;
- Protect the anonymity of participants;
- Efforts must be taken to avoid any deception or misleading behaviour throughout the research process;
- Any affiliations, conflict of interests and sponsorship of the research must be declared;
- Information must be communicated in a transparent and honest manner;
- Ensure that the research does not exploit the participant, but that the research is mutually beneficial; and
- Avoid misrepresentation, misleading, misunderstanding or falsely reporting the findings of the research.

Nelson Mandela University has clearly outlined criteria to assess the type of ethical clearance required for any proposed research. These criteria determine if the requirement of full ethical clearance must be met. This treatise did not meet the criteria for full ethical clearance. Therefore, for the purposes of this treatise the Ethical Clearance Form E provided by the NMU Business School was sufficient. The signed Form E is attached in **Annexure A – Form E** Ethical Clearance.

3.8 SUMMARY

In Chapter Three the main aim has been to describe the research design and methodology that will be used in conducting this study. Therefore, this chapter addressed address *RQ$_4$: What recommendations can be formed to improve the design of Loyalty Programmes in terms of the components that should be included in Loyalty Programmes?* This correlated to *RO$_4$: To establish the appropriate research design and methodology which will be used so that the study can be reproduced in the future.* To achieve this, a review of literature was done to explore the main two research philosophies of interpretivism and positivism, further the deductive and inductive approaches to research were also discussed. This chapter additionally reviewed the differences between the methodologies of qualitative and quantitative research and outlined the various data collection methods related to each methodology. The study adopts a positivistic philosophy, deductive approach, multi-method research methodology, survey data collection method and cross-sectional time horizon. This is illustrated in Figure 3.4.

This chapter further identified the unit of analysis as adult South African customers and outlined the sampling design and the database that was chosen. The methods of data collection were secondary data (conducted in Chapter Two) and primary data methods. Data collection will be done via the questionnaire, which was discussed as well as the development of the questionnaire through operationalisation of questions from the literature review done in Chapter Two. The methods of data analysis together with the validity and reliability were discussed to ensure that valid and reliable data would be collected. A discussion of the ethical requirements needed to conduct this study concluded this chapter. In the next chapter an analysis of the collected data together with the associated findings will be presented and discussed.

CHAPTER FOUR

RESULTS AND ANALYSIS

4.1 INTRODUCTION

The previous chapter, Chapter Three, addressed the approach that this study followed and examined the research methodology followed in this study. In this respect RQ_4: *What research design will be used in this study?* which correlates with RO_4: *To establish the appropriate research design and methodology, which will be used so that the study can be reproduced in the future* was addressed. Chapter Three introduced and outlined the various data analysis tests and parameters proposed for use in Chapter Four. These will be applied to the results of the study to allow for discussion of the results.

To this end, Chapter Four addresses the RQ_M: *What are the components that Loyalty Programmes should include?* and the corresponding RO_M: *To determine the components that Loyalty Programmes should include.* Hence, Chapter Four will discuss various aspects pertaining to the questionnaire. These discussions will begin with the demographic analysis and will discuss various elements. A Cronbach's Alpha coefficient analysis is conducted to test the reliability of the factors. Exploratory factor analysis (EFA) is conducted to explore the relationships between the factors of Loyalty Programmes. Descriptive and inferential statistics are presented. Finally, Confirmatory Factor Analysis (CFA), will be conducted to test the conceptual Model proposed in Chapter Two and is used to test the "goodness-of-fit" of the model for measuring factors of Loyalty Programmes. The Chapter outline for Chapter Four is illustrated in Figure 4 .1.

| Chapter 1: Introduction and Problem Statement |
| Chapter 2: Literature Review |
| Chapter 3: Research Design and Methodology |

Chapter 4: Results and Analysis

- •4.1 Introduction
- •4.2 Revision of Conceptual Model
- •4.3 Demographic profile of the respondents
- •4.3 Measurement Items
- •4.4 Item Analysis: Exploratory Factor Analysis
- •4.5 Descriptive Statistics for Factors
- •4.6 Inferential Statistics for Factors
- •4.7 Relationship between Demographic Factors and Factors (ANOVAS)
- •4.8 Testing the model
- •4.9 Conclusions

Chapter 5: Findings, Conclusions and Recommendations

Source: Author's Own Construction

Figure 4.1: Chapter Four Outline

4.2   REVISION OF THE CONCEPTUAL MODEL

In the conceptual model proposed in Chapter Two, Figure 2.7 the factors of the study are described as either dependant or independent variables. Further, the model related the independent variables to the dependant variable through the use of the additional factors (A) Attitude and (B) Behaviour, to highlight the influence the independent variables may have on the functionality, uptake and overall success of Loyalty Programmes. This led to the design of the survey used in this study as described in Section 3.6.1.

Table 3.1 illustrated the operationalisation of these factors. During the statistical analysis undertaken in Chapter Four, the Attitudinal and Behavioural factors became stronger determinants of respondents' perceptions of Loyalty Programmes and membership. The statistician with his experience in analysing the service quality model, proposed a new factor layout with only factors to add meaning to the analysis.

Thus, the new model was proposed. The revised conceptual model of factors influencing Loyalty Programme participation is thus illustrated in Figure 4.2.

Demographics profile of participants

ATTITUDINAL LOYALTY	BEHAVIOURAL LOYALTY

	Assessment in general	
A.G.01 Loyalty cards/programmes are all the same* A.G.03 I would change where I shop for the sake of a loyalty card/programme A.G.04 I used to use loyalty cards/programmes but don't anymore* A.G.05 Having loyalty cards and belonging to Loyalty Programmes is a waste of time* A.G.06 Loyalty Programmes and cards deliver increased value A.G.07 Loyalty cards and programmes are too complicated* A.G.08 Loyalty cards and programmes are expensive with not enough return* A.G.09 Loyalty cards and programmes have no benefit* A.G.10 It takes too long to earn points to get anything worthwhile from loyalty cards/programmes*		B.G.02 I save a lot of money by using loyalty cards and belonging to Loyalty Programmes B.G.03 I am a member of Loyalty Programmes and have loyalty cards but have no intention of using * B.G.04 I have seen substantial savings due to the money I get off from loyalty cards and programmes B.G.05 I get better discounts/ value from loyalty cards and programmes than in store promotions

	Purchase Behaviour	
		B.PB.01 My loyalty cards/programmes have converted me from a consumer to a customer B.PB.02 I buy products that I don't need because of the promotions surrounding them B.PB.05 I spend less in stores where I don't have a card or belong to a programme B.PB.06 My loyalty cards/programmes motivate me to spend more B.PB.07 I would shop in any store that suits me regardless of whether they had a loyalty scheme* B.PB.08 I buy products if there are extra points offered on them B.PB.09 I prefer to purchase from outlets that provide loyalty cards/programmes

| A.T.01 I feel that loyalty cards/programmes monitor my every move*
A.T.02 I am nervous about loyalty cards/programmes using my personal information*
A.T.03 I get annoyed when loyalty cards/programmes contact me all the time*
A.T.04 I think loyalty cards/ programmes are worthwhile and I am willing to give my personal details for this
A.T.05 Loyalty cards/programmes are set up to increase profit* | Trust | B.T.01 Loyalty cards/programmes are truthful about what they do with the data I give them
B.T.02 Loyalty cards/programmes know too much about my purchasing behaviour* |

| A.C.01 I read all my e-mails relating to loyalty cards/programmes
A.C.02 I feel overwhelmed and bombarded by communication from loyalty cards/programmes*
A.C.03 The loyalty card/programmes' communication is relevant to me
A.C.04 Loyalty cards/programmes communicate through the medium I prefer | Communication | B.C.01 I gave permission for the loyalty cards/programme to contact me
B.C.02 They talk to me personally
B.C.03 Loyalty card/programme call centres and interactive websites enhance my experience
B.C.04 My loyalty cards/programmes listen to me |

| | Personalisation | B.P.01 My loyalty cards/programmes keep track of my life changes
B.P.02 The rewards are relevant and make a difference in my life
B.P.03 I receive personalised discounts from my loyalty cards/programmes
B.P.04 I receive personalised promotion offerings from my loyalty cards/programmes
B.P.05 I receive personalised product recommendations from my loyalty cards/programmes
B.P.06 I receive personalised service recommendations from my loyalty cards/programmes |

| A.F.01 Loyalty points should not expire
A.F.02 The loyalty cards/programme should notify me before my points expire | Flexibility | B.F.02 Points or rewards are available regardless of whether I buy in store, on a website or mobile device
B.F.03 I can choose different types of rewards from my loyalty cards/programmes |

A.R.01 I prefer tangible rewards to cash* A.R.02 Rewards should be in the form of discounts* A.R.03 Rewards should be cash back or rebates A.R.04 Rewards should be free products A.R.05 Rewards should include free shipping A.R.06 Rewards should be in the form of points* A.R.07 I should have exclusive access to sales and merchandise* A.R.08 I should get priority service* A.R.09 Rewards should be personalised products or services* A.R.10 I prefer a charitable donation as a reward*	**Rewards**	B.R.01 Loyalty card/programme rewards make me feel good B.R.02 I like it that my loyalty cards/programmes partner with other brands B.R.04 I am recognised as a valued customer

Figure 4.2: Revised Conceptual Model of Factors Influencing Loyalty Programme Participation.

This new model will form the base for the statistical analysis in this chapter, where each of the factors are tested.

4.3   DEMOGRAPHIC PROFILE OF THE RESPONDENTS

4.3.1   Geographic Information

In Table 4.1 the geographical distribution of study participants is illustrated. The vast majority (99%, n=1078) of participants resided in South Africa. The remaining 1% (n=10) resided in Namibia, United Kingdom, Germany, United Arab Emirates, India, Japan, Australia and New Zealand.

Table 4.1: Frequency Distribution – Country

Where do you live (Country)?		
South Africa	1078	99%
Namibia	1	0%
UK	1	0%
Germany	1	0%
UAE	1	0%
India	1	0%
Japan	1	0%
Australia	3	0%
New Zealand	1	0%
Total	**1088**	**100%**

The frequency distribution of the participants of the study across the provinces of South Africa is illustrated in Figure 4.3.
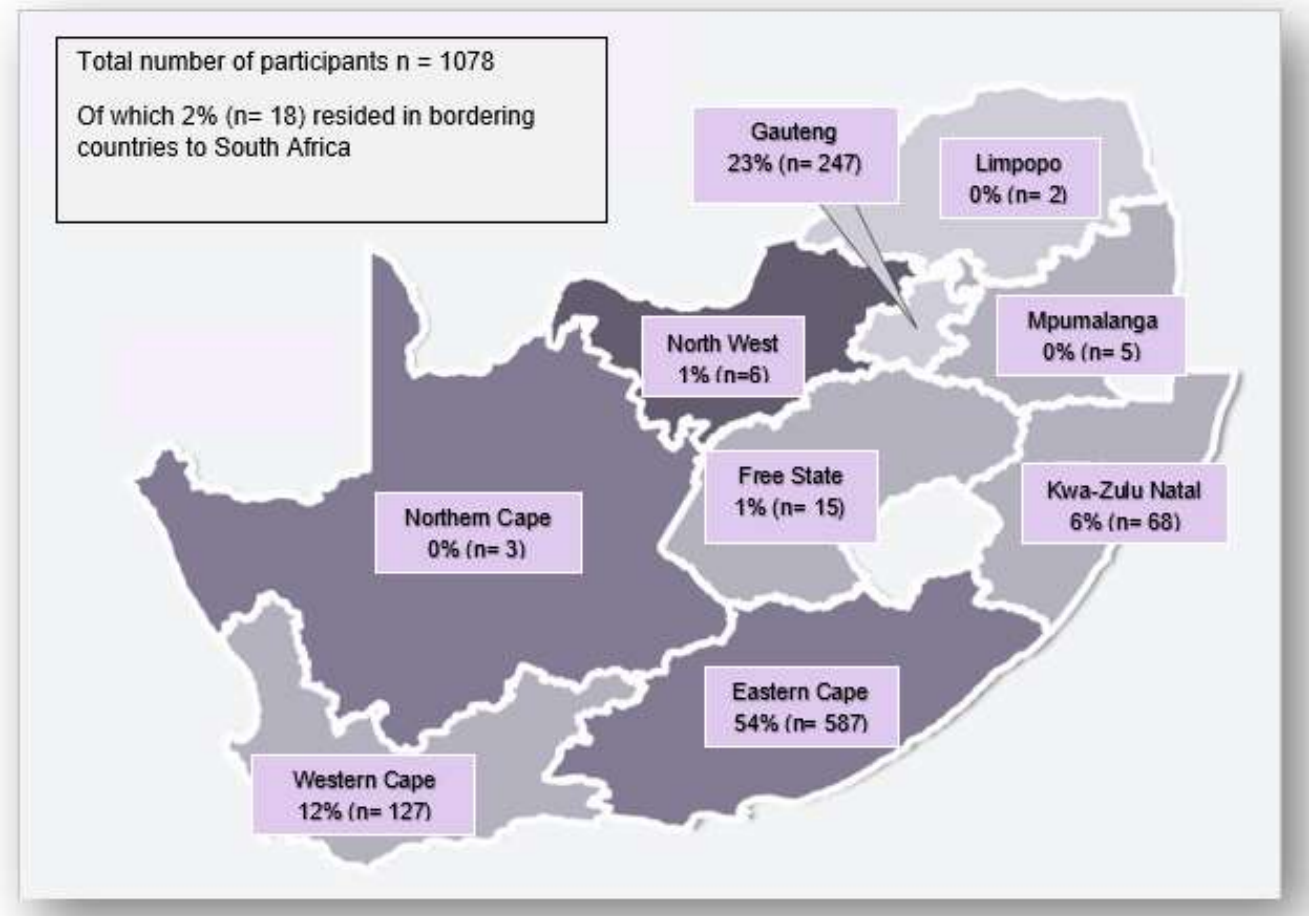
Figure 4.3: Frequency Distribution of Participants per Province

Participants further indicated which province in South Africa they resided in. The vast majority of participants were from the Eastern Cape (54%, n=587), followed by Gauteng (23%, n=247), Western Cape (12%, n=127), Kwa-Zulu Natal (6%, n=68), Free state (1%, n=15) and the North West province (1%, n=6). Participants from countries that share a border with South Africa accounted for two percent (2%, n=18) participants.

4.3.2 Demographic characteristics

In the Figure 4.4 below the gender distribution of participants is illustrated. There are a majority of female respondents (57%, n=621) versus male (43%, n=469). This may have the potential to introduce some gender bias to the results of this study.
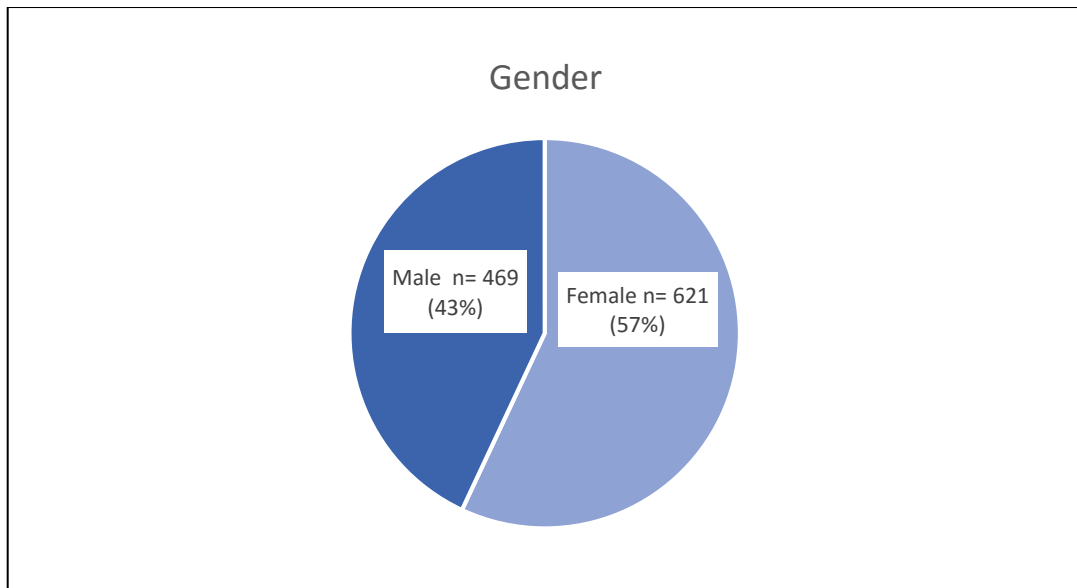
Figure 4.4: Frequency Distribution: Gender (n=1090)

Additionally, Table 4.2 illustrates the age distribution of participants. The majority of respondents (75%, n=818) were found to be between the ages of 26 and 45, with a further 13% (n=146) of respondents being between the ages of 46 and 55 years old. Thus 88% (n=964) of respondents were between the age of 26 and 55 years old. This may be a consequence of the survey being conducted online and distributed via email.

The distribution of which race group participants identified themselves with, found 45% (n=486) of respondents identified themselves as Black, a further 21% (n=230) identified themselves as Coloured and 28 % (n=304) identified themselves as White. The remaining 6% (n=70) were comprised of participants who identified themselves as Asian (5%, n=54) or under Other (1%, n=16). In comparison to the Mid-year population estimates (2017), these results do not mirror the population of South Africa (APPENDIX E).

Table 4.2: Frequency Distribution - Demographic Characteristics of Participants

Age of participant	Frequency	Percentage
21-25	70	6%
26-35	517	47%
36-45	301	28%
46-55	146	13%
56-65	46	4%
65+	10	1%
Total	1090	100%
Race	**Frequency**	**Percentage**
Asian	54	5%
Black	486	45%
Coloured	230	21%
White	304	28%
Other	16	1%
Total	1090	100%
Highest Level of Education	**Frequency**	**Percentage**
Primary school complete	2	0%
Some high school	21	2%
Matric	152	14%
Diploma	265	24%
Degree	481	44%
Master's degree	125	11%
PHD	8	1%
Other post matric	36	3%
Total	1090	100%

Considering the educational level of respondents, most participants (68%, n=746) held either a Degree or a Diploma. A further 14% (n=152) of participants had completed Matric and an additional 11% (n=125) held a Master's Degree.

4.3.3 Employment information

In Table 4.3 the employment information of participants is illustrated. The vast majority of participants were employed (87%, n=943) with a further 7% (n=79) of participants identifying as being self-employed. The remaining 6% comprised of students (2%, n=24), retirees (1%, n=13) and those who were unemployed (3%, n=1).

Table 4.3: Frequency Distribution: Employment and Monthly Household Income.

Employment status	Frequency	Percentage
Employed	943	87%
Unemployed	31	3%
Self employed	79	7%
Full time student	24	2%
Retired	13	1%
Total	1090	100%
Monthly household income	**Frequency**	**Percentage**
<R10 000	82	8%
<R30 000	365	33%
<R50 000	322	30%
<R70 000	140	13%
<R90 000	95	9%
R90 000 +	86	8%
Total	1090	100%

Considering the monthly household income of participants, 41% (n=447) acknowledged a monthly income of less than R 30 000, with a further 43% (n=462) earning between R 30 000 and less that R70 000 and 17% (n=181) of participants earned between more than R 70 0000 per month.

Figure 4.5 depicts the sizes of households.
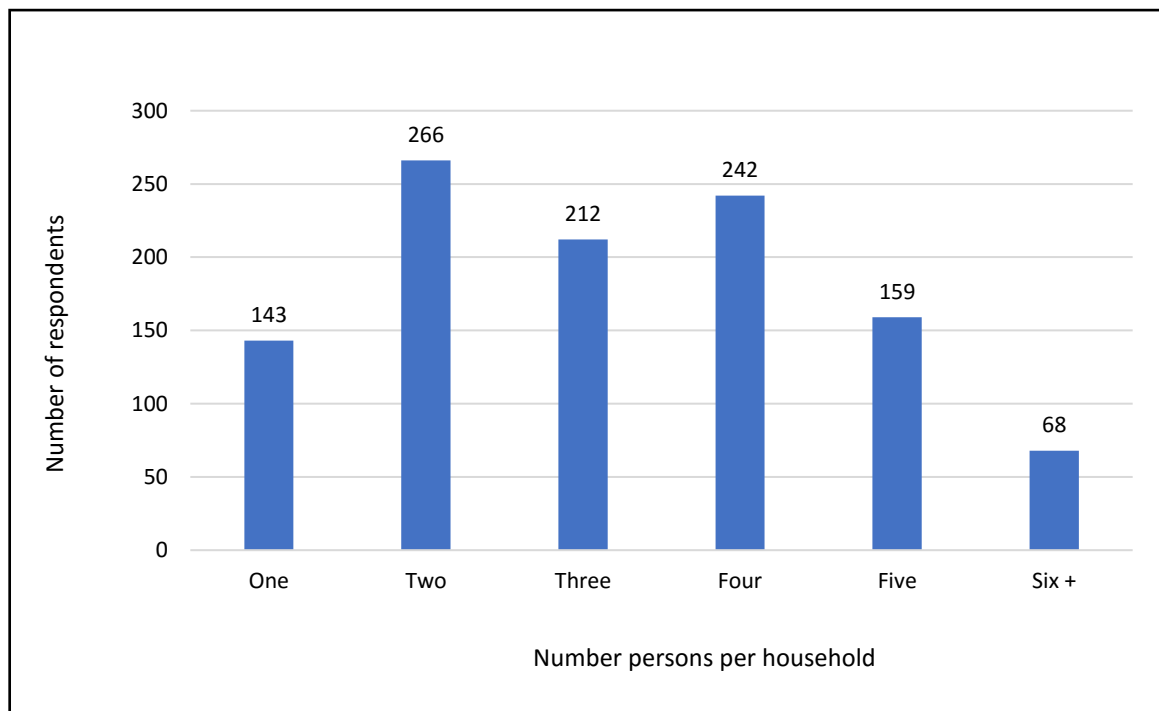
Figure 4.5: Frequency Distribution: Household Size (n=1090)

Two hundred and sixty-six (24%) of households consisted of two people, 22% (n=242) of households consisted of four people, a further 19 % (n=212) consisted of three people and 15% (n=159) consisted of five people. Thirteen percent (n=143) of households were comprised of single persons and six percent (n=68) households had more than six people.

Figure 4.6 indicates how the responsibility for day-to-day household purchases was distributed among respondents.
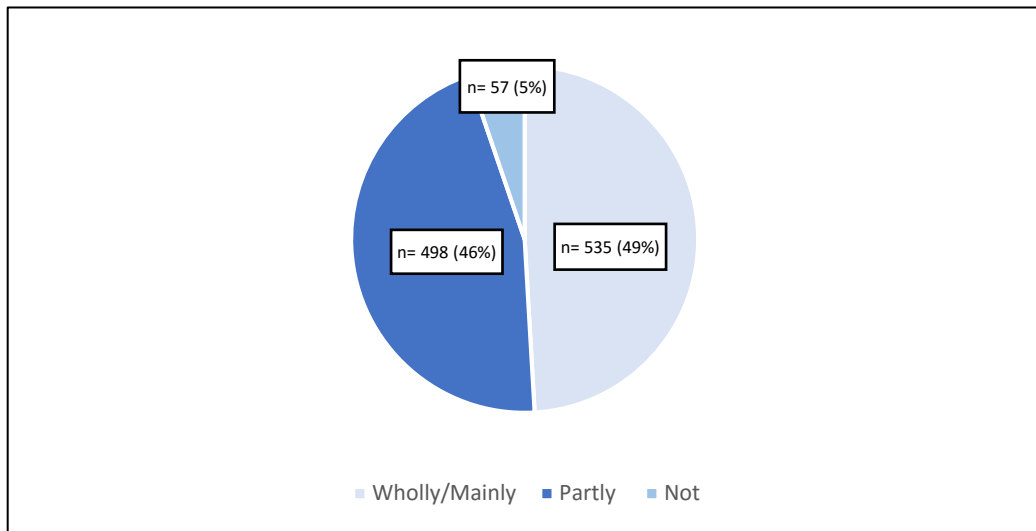
Figure 4.6: Frequency Distribution: Responsible for Day-to-Day Household Purchases (n=1090)

Forty nine percent (n=535) of respondents indicated they were wholly or mainly responsible for day-to-day household purchases with an additional 46% (n=498) indicated that they were partially responsible. Five percent (n=57) indicated that they were not responsible for day-to-day household purchases.

In Table 4.4, the responsibility for day-to-day household purchases is depicted together with the results for how responsibility for financial decisions is undertaken.

Table 4.4: Frequency Distribution: Decision Making in Households.

Responsible for Day-to-Day Household Purchases	Frequency	Percentage
Wholly/mainly	535	49%
Partly	498	46%
Not	57	5%
Total	1090	100%
Responsible for Financial Decisions	**Frequency**	**Percentage**
Wholly responsible for the decisions	368	34%
Others and I share the decision equally	559	51%
I get opinions from others but I make the decision	91	8%
I give my opinion but the decision is made by others	54	5%
The decision is made solely by others	18	2%
Total	1090	100%

Fifty one percent (n=559) of respondents indicated that the responsibility for financial decisions is shared and 34% (n=368) indicated that they were wholly responsible for the decisions. Eight percent (n=91) of respondents indicated that they sought out opinions from others but made the decisions themselves. Among 2% of respondents (n=18), the decision was made by others and among 5% (n=54) their opinion was provided but the decision was made by others.

Membership of Loyalty Programmes and loyalty cards is illustrated in Figure 4.7.
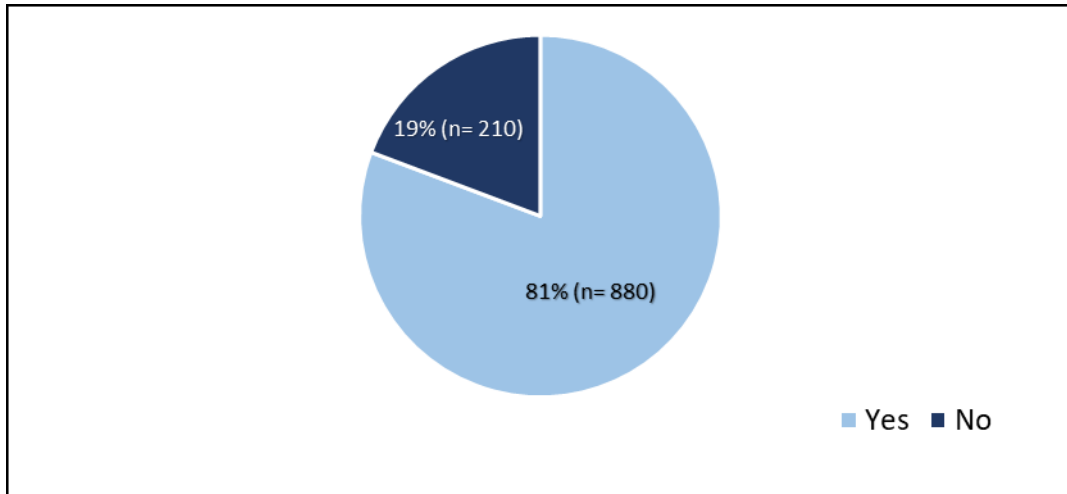
Figure 4.7: Frequency Distribution: Loyalty Programme/card Participants (n=1090)

The survey results found that n=880 (81%) of respondents belonged to a Loyalty Programme/card and n=210 (19%) did not. In Table 4.5 below, the participation of respondents is described per category and found 60% (n=656) of respondents participated in a loyalty offering, 40% (n=434) did not.

Table 4.5: Frequency Distribution: Loyalty Programme/Card Participation.

Loyalty Programme or Card Participation	Frequency		Percentage	
Yes	880		81%	
No	210		19%	
Total	1090		100%	
Loyalty Programme/Card Participation (category breakdown)	**No**		**Yes**	
	Frequency	Percent	Frequency	Percent
Any Card	434	40%	656	60%
Grocery Retail	447	41%	643	59%
Health and Beauty	487	45%	603	55%
Banking, Credit Cards	477	44%	613	56%
Insurance, Medical Aid	704	65%	386	35%
Travel, Hospitality	824	76%	266	24%
Restaurants, Fast Foods	691	63%	399	37%
Mobile Phones	753	69%	337	31%
Entertainment, Gaming	930	85%	160	15%

Of the categories, those with the highest participation were the grocery and retail category 59% (n=643), banking and credit cards 56% (n=613) and health and beauty 55% (n=603). These categories were followed by fast food and restaurant offerings with 37% (n=399), insurance and medical aid 35% (n=386) and mobile phones 31% (n=337). Travel and hospitality loyalty offerings represented 24% (n=66), followed by entertainment and gaming with a 15% (n=60) uptake.

In Table 4.6 below, the number of cards a respondent subscribed to is tabulated per category, with the highest value highlighted in red. Overall 54% (n=593) respondents were members of more than five loyalty cards and 40% (n=434) had no loyalty cards at all. Considering those who had loyalty cards, the majority of respondents had three to four cards in the grocery and retail category (27%, n=293) and the health and beauty category had a majority having two loyalty cards (30%, n=330). The other categories showed respondents had mainly one card with banking and credit cards leading this group with 38% (n=414), followed by mobile phones (27%, n=289), fast food and restaurant offerings with 26% (n=278) and insurance and medical aid (23%, n=254). The travel and hospitality had 16% (n=177) and the entertainment and gaming category had the lowest uptake with a 13% (n=141) having one card.

Table 4.6: Number of Loyalty Programmes/Cards per Category

Number of cards	None		One		Two		Three - Four		Five +	
Any Card	434	40%	0	0%	9	1%	54	5%	593	**54%**
Grocery Retail	447	41%	75	7%	127	12%	293	**27%**	148	14%
Health and Beauty	487	45%	225	21%	330	**30%**	48	4%	0	0%
Banking, Credit Cards	477	44%	414	**38%**	148	14%	51	5%	0	0%
Insurance, Med Aid	704	65%	254	**23%**	98	9%	34	3%	0	0%
Travel Hospitality	824	76%	177	**16%**	60	6%	26	2%	3	0%
Restaurants, Fast Foods	691	63%	278	**26%**	107	10%	14	1%	0	0%
Mobile Phones	753	69%	289	**27%**	48	4%	0	0%	0	0%
Entertainment, Gaming	930	85%	141	**13%**	19	2%	0	0%	0	0%

Figure 4.8 indicates how respondents best described their brand connection in relation to special offers as well as Loyalty Programmes.
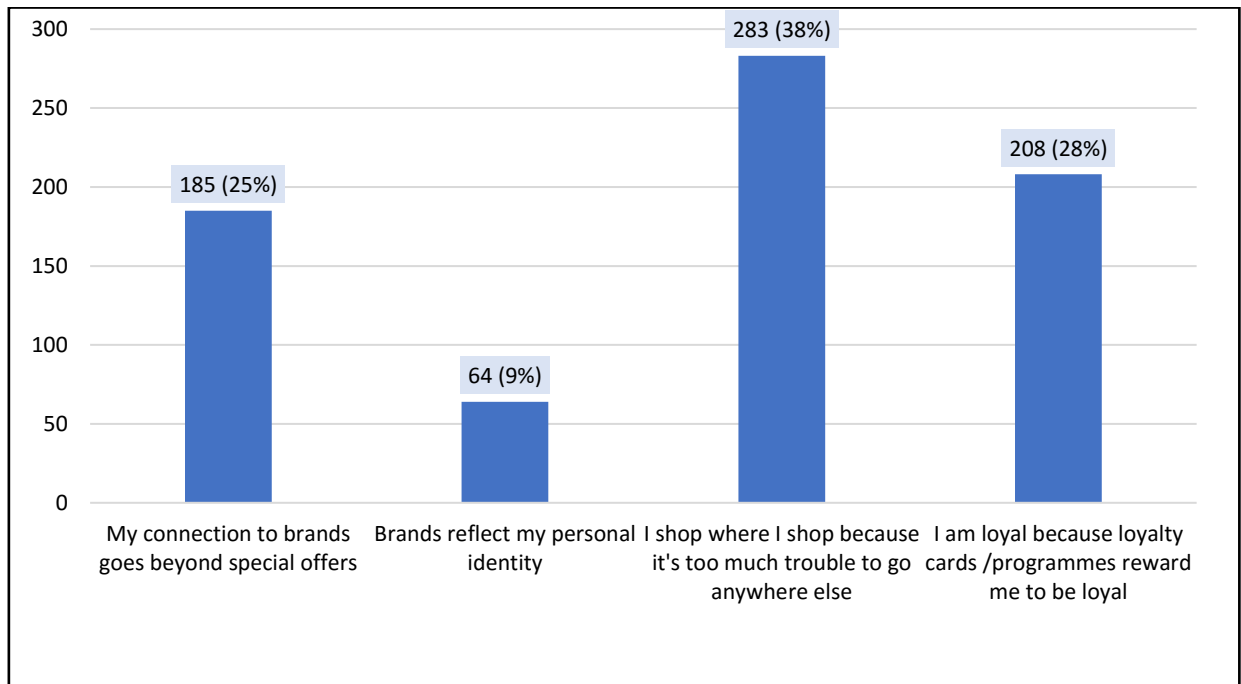
Figure 4.8: Frequency Distribution: Loyalty Programme/card, Best Description of Brand Connection (n=740)

The analysis above in Figure 4.8, found that 38% (n=283) of shoppers chose where to shop based on ease of access and that 28% (n=208) were loyal due to rewards offered by Loyalty Programmes. Brand connection went beyond special offers for n=185 respondents (25%) and 9% (n=64) admitted that brands reflected their personal identity.

4.4 MEASUREMENT ITEMS

4.4.1 Factor 1: Loyalty Programmes - General

In this section, the aim of the questionnaire was to elucidate the general attitude and behaviour of respondents with regard to Loyalty Programmes. The frequency distributions for the items related to this factor are tabulated below in Table 4.7. A discussion and presentation of the descriptive statistics for the summated score derived from these responses will follow in Section 4.5.

Table 4.7: Frequency Distributions: Loyalty Cards/Programmes Items (n=740)

Codes	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
A.G 01	Loyalty cards/programmes are all the same*	35 *5%*	205 *28%*	174 *24%*	259 *35%*	67 *9%*
B.G 01	I have loyalty cards/programmes that I don't use*	110 *15%*	355 *48%*	70 *9%*	146 *20%*	59 *8%*
B.G 02	I save a lot of money by using loyalty cards and belonging to Loyalty Programmes	43 *6%*	140 *19%*	240 *32%*	259 *35%*	58 *8%*
A.G 02	Other things are more important than discounts e.g. customer service, quality, etc.*	204 *28%*	351 *47%*	106 *14%*	54 *7%*	25 *3%*
A.G.03	I would change where I shop for the sake of a loyalty card/programme	110 *15%*	297 *40%*	143 *19%*	156 *21%*	34 *5%*
A.G.04	I used to use loyalty cards/programmes but don't anymore*	11 *1%*	61 *8%*	153 *21%*	363 *49%*	152 *21%*
A.G.05	Having loyalty cards and belonging to Loyalty Programmes is a waste of time*	22 *3%*	65 *9%*	180 *24%*	324 *44%*	149 *20%*
B.G 03	I am a member of Loyalty Programmes and have loyalty cards but have no intention of using *	12 *2%*	66 *9%*	112 *15%*	388 *52%*	162 *22%*
A.G.06	Loyalty Programmes and cards deliver increased value	22 *3%*	109 *15%*	242 *33%*	323 *44%*	44 *6%*
A.G.07	Loyalty cards and programmes are too complicated*	24 *3%*	104 *14%*	140 *19%*	379 *51%*	93 *13%*
A.G.08	Loyalty cards and programmes are expensive with not enough return*	21 *3%*	115 *16%*	178 *24%*	336 *45%*	90 *12%*

111

Codes	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
A.G.09	Loyalty cards and programmes have no benefit*	8 *1%*	51 *7%*	122 *16%*	415 *56%*	144 *19%*
A.G.10	It takes too long to earn points to get anything worthwhile from loyalty cards/programmes*	139 *19%*	250 *34%*	142 *19%*	162 *22%*	47 *6%*

* Indicates reversed items

The results of Table 4.7 indicate that 44% (n=326) of respondents found Loyalty Card/ Programmes were all the same (A.G 01) however, 33% (n=240) found that they differed, while 24% (n=174) were neutral. Sixty three percent (n=465) of respondents disagreed or strongly disagreed with the statement that they did not use the Loyalty Card/ Programmes that they had (B.G 01) while 28% (n=205) agreed or strongly agreed that they do have Loyalty Card/ Programmes that they do not use. Forty three percent (n=317) of respondents found Loyalty Programme membership to be a cost saving (B.G 02) and 75% (n=555) found discounts to be more important than other things such as customer service and quality (A.G 02).

Only 26% (n=190) of respondents would change where they shopped based on Loyalty Card/ Programmes (A.G 03). However, only 9% (n=72) of respondents agreed or strongly agreed that they no longer use the Loyalty Card/ Programmes that they belonged to (A.G 04), while 70% (n=515) continue to use the Loyalty Card/ Programmes that they belonged to. Sixty four percent (n=473) of respondents agreed or strongly agreed that Loyalty Card/ Programmes participation was a waste of time (A.G 05) and 74% (n=550) indicated that while they were members of Loyalty Card/ Programmes they had no intention of using them (B.G 03).

Fifty percent (n=367) of respondents found Loyalty Card/ Programmes membership to deliver increased value (A.G 06) however, 64% (n=472) found them to be overly complicated (A.G 07) and 57% (n=426) found that the Loyalty Card/ Programmes were expensive with not enough return (A.G 08). Seventy five percent (n=559) of respondents found Loyalty Card/ Programmes had no benefit (A.G 09) but 43% (n=389) disagreed or strongly disagreed that the time taken to earn worthwhile rewards

was too long (A.G 10). It can be concluded that the respondents were positive toward Loyalty Card/ Programmes and were satisfied with their benefits from participation and interaction with these programmes.

4.4.2 Factor 2: Purchase Behaviour

In order to establish the influence of Loyalty Card/Programmes on Purchasing Behaviour, eleven items were put forth to examine purchasing behaviour in relation to Loyalty Card/Programmes and the responses to these items are summarised in Table 4.8 below.

Table 4.8: Frequency Distributions: Purchase Behaviour Items (n=740)

Code	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
B.PB 01	My loyalty cards/programmes have converted me from a consumer to a customer	32 4%	218 29%	252 34%	205 28%	33 4%
B.G 04	I have seen substantial savings due to the money I get off from loyalty cards and programmes	32 4%	216 29%	177 24%	266 36%	49 7%
B.PB 02	I buy products that I don't need because of the promotions surrounding them	154 21%	375 51%	89 12%	110 15%	12 2%
B.PB 03	I shop wherever gives me better discounts*	112 15%	332 45%	137 19%	134 18%	25 3%
B.PB 04	I get better discounts from in store promotions than loyalty cards/programmes*	66 9%	265 36%	277 37%	114 15%	18 2%
B.PB 05	I spend less in stores where I don't have a card or belong to a programme	48 6%	271 37%	194 26%	190 26%	37 5%
B.PB 06	My loyalty cards/programmes	114 15%	374 51%	116 16%	112 15%	24 3%

Code	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	motivate me to spend more					
B.G 05	I get better discounts/ value from loyalty cards and programmes than in store promotions	54 7%	267 36%	258 35%	137 19%	24 3%
B.PB 07	I would shop in any store that suits me regardless of whether they had a loyalty scheme*	164 22%	414 56%	93 13%	53 7%	16 2%
B.PB 08	I buy products if there are extra points offered on them	74 10%	313 42%	171 23%	158 21%	24 3%
B.PB 09	I prefer to purchase from outlets that provide loyalty cards/programmes	70 9%	249 34%	197 27%	190 26%	34 5%

Indicates reversed items

Considering the influence of Loyalty Card/Programmes on converting consumers to customers (B.PB 01) the results were almost evenly split with 33% (n=238) disagreeing or strongly disagreeing and 32% (n=250) agreeing or strongly agreeing and 34% (n=252) remaining neutral. Substantial savings were attributed to Loyalty Card/Programmes by 43% (n=315) (B.G 04) and 72% (n=529) (B.PB 02) were not swayed by promotions to buy products that they did not need. Furthermore, 60% (n=444) (B.PB 03) of respondents were not influenced to shop where better discounts were available and 45% (n=331) (B.PB 04) did not find in-store promotions preferable to Loyalty Card/Programmes.

Additionally, 43% (n=319) (B.PB 05) did not spend less in stores for which they were not members of Loyalty Card/Programmes and 66% (n=488) (B.PB 06) did not spend more as a result of motivation due to Loyalty Card/Programmes membership. Forty three percent (n=321) of respondents (B.G 05) did not see better discounts or value from Loyalty Card/Programmes when compared to in-store promotions. Seventy eight percent (n=578) (B.PB 07) of respondent's store choice for shopping was not influenced by Loyalty Programmes. Extra points did not affect 52% (n=387) (B.PB 08)

of respondents purchasing behaviour and 43% (n=319) (B. PB 09) of respondents did not show preference for purchasing from stores, which provided Loyalty Card/Programmes. It is thus found that purchasing behaviour is poorly influenced by Loyalty Card/Programmes.

4.4.3   Factor 3: Trust

In this section of the questionnaire, the design was focused to establish whether respondents experienced trust when interacting with Loyalty Card/Programmes. Table 4.9 below depicts the responses to the eight items related to Trust.

Table 4.9: Frequency Distributions: Trust Items (n=740)

Code	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
A.T 01	I feel that loyalty cards/programmes monitor my every move*	59 8%	162 22%	154 21%	316 43%	49 7%
A.T 02	I am nervous about loyalty cards/programmes using my personal information*	72 10%	178 24%	145 20%	294 40%	51 7%
A.T 03	I get annoyed when loyalty cards/programmes contact me all the time*	197 27%	272 37%	136 18%	115 16%	20 3%
A.T 04	I think loyalty cards/ programmes are worthwhile and I am willing to give my personal details for this	56 8%	184 25%	283 38%	193 26%	24 3%
B.T 01	Loyalty cards/programmes are truthful about what they do with the data I give them	81 11%	186 25%	342 46%	117 16%	14 2%
A.T 05	Loyalty cards/programmes are set up to increase profit*	144 19%	352 48%	185 25%	54 7%	5 1%

Code	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
A.T 06	Loyalty cards/programmes donate to upliftment programmes as promised	17 2%	84 11%	466 63%	157 21%	16 2%
B.T 02	Loyalty cards/programmes know too much about my purchasing behaviour*	79 11%	239 32%	270 36%	138 19%	14 2%

Indicates reversed items

Half of the respondents (A.T 01; 50%, n=365) felt that Loyalty Card/Programmes monitored their every move and this led to them being nervous regarding the use of their personal information (A.T 02; 47%, n=345). Respondents did not get annoyed when contacted by Loyalty Card/Programmes (A.T 03; 64%, n=469), however (A.T 04; 33%, n=240) were negative regarding personal information that had to be provided to Loyalty Card/Programmes with (B.T 01; 36%, n=267) respondents not convinced that Loyalty Card/Programmes were being truthful regarding how this information would be used. Forty six percent (n=267) were neutral in this regard.

The majority of respondents (A.T 05; 67%, n=496) did not find Loyalty Card/Programmes set up to increase profits and 63% (n=466; A.T 06) were neutral regarding their perception of Loyalty Card/Programmes investments (donations) in upliftment programmes. Forty three percent (n=318) of respondents (B.T 02) did not find that Loyalty Card/Programmes had too much knowledge regarding their purchasing behaviour. Thus, respondents felt cautious about sharing information with Loyalty Card/Programmes but did find that when they did share information, it was managed satisfactorily.

4.4.4   Factor 4: Communication

This section in the questionnaire was designed to establish whether respondents were satisfied with how Loyalty Card/Programmes communicated with them. Table 4.10 illustrates the responses to the eight items pertaining to communication.

Table 4.10: Frequency Distributions: Communication Items (n=740)

Code	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
B.C 01	I gave permission for the loyalty cards/programme to contact me	82 11%	247 33%	101 14%	285 39%	25 3%
A.C.01	I read all my e-mails relating to loyalty cards/programmes	157 21%	288 39%	127 17%	149 20%	19 3%
B.C 02	They talk to me personally	139 19%	346 47%	163 22%	81 11%	11 1%
A.C.02	I feel overwhelmed and bombarded by communication from loyalty cards/programmes*	90 12%	196 26%	218 29%	205 28%	31 4%
A.C.03	The loyalty card/programmes' communication is relevant to me	58 8%	186 25%	305 41%	171 23%	20 3%
A.C.04	Loyalty cards/programmes communicate through the medium I prefer	30 4%	79 11%	170 23%	419 57%	42 6%
B.C 03	Loyalty card/programme call centres and interactive websites enhance my experience	85 11%	225 30%	260 35%	153 21%	17 2%
B.C 04	My loyalty cards/programmes listen to me	79 11%	189 26%	370 50%	89 12%	13 2%

* Indicates reversed items

Respondents reported almost equally receiving unsolicited communications from Loyalty Card/Programmes (B.C 01; 44%, n=329) as well as solicited (B.C 01; 42%, n=310) communications. E-mail communications were not all read by 60% (n=445) (A.C 01) and 66% (n=485) (B.C 02) did not find Loyalty Card/Programmes spoke to them personally.

Thirty eight percent (n=286) of respondents (A.C 02) did not feel overwhelmed by the volume of communication they received from Loyalty Card/Programmes and most respondents were happy with the medium of communication (A.C 04; 63%, n=461). Interactive websites failed to enhance 41% (n=310) (B.C 03) respondents' experiences and 50% (n=370) were neutral regarding Loyalty Card/Programmes listening to them. Overall communication strategies employed by Loyalty Card/Programmes have experienced mixed levels of success when communicating to respondents.

4.4.5   Factor 5: Personalisation

In this section, the questionnaire design aimed to determine how respondents felt toward items of personalisation present in Loyalty Card/Programmes. Table 4.11 summarises these responses to the six items related to Personalisation.

Table 4.11: Frequency Distributions: Personalisation Items (n=740)

Code	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
B.P 01	My loyalty cards/programmes keep track of my life changes	34 5%	276 37%	270 36%	140 19%	20 3%
B.P 02	The rewards are relevant and make a difference in my life	41 6%	157 21%	245 33%	268 36%	29 4%
B.P 03	I receive personalised discounts from my loyalty cards/programmes	46 6%	214 29%	156 21%	304 41%	20 3%
B.P 04	I receive personalised promotion offerings from my loyalty cards/programmes	54 7%	223 30%	151 20%	291 39%	21 3%
B.P 05	I receive personalised product recommendations from my loyalty cards/programmes	51 7%	241 33%	169 23%	260 35%	19 3%
B.P 06	I receive personalised service recommendations from my loyalty cards/programmes	57 8%	259 35%	197 27%	211 29%	16 2%

Respondents found Loyalty Card/Programmes failed to keep track of their life changes (B.P 01; 42%, n=310), but did find rewards to be relevant and that these rewards did make a difference in their lives (B.P 02; 40%, n=297), with 44% (n=324) (B.P 03) of respondents receiving personalised discounts from Loyalty Card/Programmes and 42% (n=312) (B.P 04) receiving personalised promotional offerings.

Respondents were closely split over personalised product recommendations with 40% (n=292) disagreeing versus 38% (n=279) agreeing (B.P 05). With regard to personalised service recommendations, respondents 43% (n=316) (B.P 06) found Loyalty Card/Programmes missed the mark. Hence, with regard to Personalisation the overall sentiment of respondents is difficult to gauge and seems to be a 50/50 split between hitting and missing the mark.

4.4.6   Factor 6: Flexibility

The design of this section of the questionnaire aimed to determine how flexibility influenced respondents' experiences of Loyalty Card/Programmes. Table 4.12 below summarises the responses to the six items pertaining to Flexibility.

Table 4.12: Frequency Distributions: Flexibility Items (n=740)

	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
B.F 01	My Loyalty Programmes/cards have a one size fits all approach*	49 7%	280 38%	244 33%	137 19%	30 4%
B.F 02	Points or rewards are available regardless of whether I buy in store, on a website or mobile device	41 6%	131 18%	263 36%	271 37%	34 5%
B.F 03	I can choose different types of rewards from my loyalty cards/programmes	57 8%	238 32%	208 28%	215 29%	22 3%
A.F.01	Loyalty points should not expire	4 1%	16 2%	41 6%	267 36%	412 56%

	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
B.F 04	I feel cheated when my points expire	6 1%	21 3%	61 8%	240 32%	412 56%
A.F.02	The loyalty cards/programme should notify me before my points expire	2 0%	5 1%	46 6%	254 34%	433 59%

Indicates reversed items

Considering the approach taken by Loyalty Card/Programmes to flexibility, 45% (n=329) (B.F 01) of respondents did not find a one size fits all approach being adopted by Loyalty Card/Programmes and 42% (n=305) (B.F 02) found flexibility existed across purchase platforms (in-store versus online versus mobile apps) for points or rewards. Flexibility in reward types was found to be lacking by 40% (n=295) (B.F 03) of respondents.

The majority of respondents (A.F 01; 92%, n=679) expected rewards not to expire. The respondents felt cheated when they did expire (B.F 04; 88%, n=652) and respondents wanted to be informed before their points expired (A.F 02; 93%, n=687). In summary, it can be concluded that most respondents were satisfied with the flexibility of points or rewards on offer and the majority of respondents felt very negative about point expiration.

4.4.7 Factor 7: Rewards

In this section, the questionnaire design aimed to establish whether respondents were satisfied with the reward offers available to them. Table 4.13 illustrates the responses to the fourteen items related to rewards.

Table 4.13: Frequency Distributions: Rewards Items (n=740)

Code	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
B.R 01	Loyalty card/programme rewards make me feel good	17 2%	68 9%	230 31%	336 45%	89 12%
A.R 01	I prefer tangible rewards to cash*	68 9%	203 27%	235 32%	188 25%	46 6%
B.R 02	I like it that my loyalty cards/programmes partner with other brands	3 0%	22 3%	147 20%	430 58%	138 19%
B.R 03	I get points for referrals	88 12%	277 37%	265 36%	94 13%	16 2%
A.R 02	Rewards should be in the form of discounts*	83 11%	341 46%	200 27%	86 12%	30 4%
A.R 03	Rewards should be cash back or rebates	9 1%	34 5%	120 16%	379 51%	198 27%
A.R 04	Rewards should be free products	26 4%	101 14%	198 27%	312 42%	103 14%
A.R 05	Rewards should include free shipping	11 1%	41 6%	137 19%	383 52%	168 23%
A.R 06	Rewards should be in the form of points*	56 8%	210 28%	284 38%	145 20%	45 6%
A.R 07	I should have exclusive access to sales and merchandise*	101 14%	306 41%	240 32%	79 11%	14 2%
A.R 08	I should get priority service*	101 14%	309 42%	236 32%	79 11%	15 2%
B.R 04	I am recognised as a valued customer	22 3%	125 17%	260 35%	262 35%	71 10%
A.R 09	Rewards should be personalised products or services*	91 12%	351 47%	236 32%	54 7%	8 1%
A.R 10	I prefer a charitable donation as a reward*	31 4%	127 17%	343 46%	187 25%	52 7%

Indicates reversed items

Loyalty Card/Programmes made 57% (n=425) (B.R 01) of respondents feel good. Respondent sentiments regarding the choice between tangible rewards and cash were almost evenly split with 36% (n=271) (A.R 01) preferring cash rewards, 31% (n=234) (A.R 01) preferring tangible rewards and 32% (n=235) (A.R 01) remaining neutral.

Partnerships with other brands by Loyalty Card/Programmes was preferred by respondents (B.R 02; 77%, n=568). However, 49% (n=365) (B.R 03) of respondents did not receive points for referrals. Considering how rewards should be designed, discounts were not preferred (A.R 02; 57%, n=424). Cash or rebate rewards were desirable (A.R 03; 78%, n=577) together with free products (A.R 04; 56%, n=415) and free shipping (A.R 05; 75%, n=551).

Respondent's sentiment toward reward points were mixed with 38% (n=284) (A.R 06) having a neutral response and 36% (n=266) (A.R 06) not in favour of point rewards. Respondents were also not keen on exclusive access to sales and merchandise (A.R 07; 55%, n=407), however respondents did find access to priority service desirable (A.R 08; 56%, n=410). Forty five percent (n=333) of respondents (B.R 04) felt they were a valued customer. Respondents did not prefer personalised products or services as rewards (A.R 09; 59%, n=442) and were neutral when considering donations to charities as a reward (A.R 10; 46%, n=343). In summary, it can be concluded that respondents had strong preferences to a few reward types, particularly those that allowed partnerships with other brands.

4.4.8   Factor 8: Method of Participation

This section of the questionnaire was designed to establish the effects that the method of participation had on Loyalty Card/Programmes. The responses to these six items are illustrated in Table 4.14.

Table4.14: Frequency Distributions: Method of Participation Items (n=740)

Code	Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
M 01	Membership cards should be scanned/swiped	15 2%	48 6%	125 17%	444 60%	108 15%
M 02	I prefer them to look up my account when I provide a phone number or other personal information	52 7%	158 21%	175 24%	257 35%	98 13%
M 03	I prefer to use the retailer's mobile app	37 5%	159 21%	251 34%	229 31%	64 9%
M 04	I prefer to use a third-party app	95 13%	315 43%	267 36%	48 6%	15 2%
B.G 06	I belong to too many loyalty card/programmes*	68 9%	217 29%	163 22%	251 34%	41 6%
B.G 07	I have too many loyalty cards*	73 10%	201 27%	150 20%	269 36%	47 6%

Indicates reversed items

Seventy five percent (n=552) (M 01) of respondents indicated that membership cards should be scanned or swiped. Forty eight percent (n=355) (M 02) preferred to access membership account information through phone numbers or other personal information. Retailer mobile applications were preferred (M 03; 40%, n=293), however 56% (n=410) (M 04) did not prefer using third-party applications.

Considering Loyalty Card/Programme membership 40% (n=316) (B.G 06) of respondents indicated they belonged to too many Loyalty Card/Programmes, however 38% (n=285) had the opposite opinion. Furthermore, 42% (n=316) (B.G 07) of respondents indicated they had too many Loyalty Cards. In summary, respondents find more modern methods of participation in Loyalty Card/Programmes acceptable and preferable.

4.5   ITEM ANALYSIS: EXPLORATORY FACTOR ANALYSIS (EFA)

In Section 3.6.2, the merits of Exploratory Factor Analysis (EFA) were discussed. EFA was conducted to explore the relationships among factors and to identify the possibility

of the presence patterns. The aim of this examination was to reduce the number of factors and to detect the structure of the relationship between factors (Hair et al., 2010; Schreiber et al., 2006). The retained items had to be significantly related to the intended construct, while those that were not, were eliminated (Hair et al., 2010).

Three measurement tools were used to elucidate and determine the significance of items. They are firstly, Eigenvalues, secondly, factor loadings and thirdly, Cronbach's Alpha coefficients. Eigenvalues were used to determine the number of items to be used per factor. An Eigenvalue of greater than 1 was used as the guideline, thus factor loadings of greater than 0.300 at an alpha equal to 0.05 were deemed to be significant, in accordance with the recommendations for sample sizes that were greater than 350 (Hair et al., 2006:128).

4.5.1   Eigenvalues

Eigenvalues and the related Exploratory Factor Analysis (EFA) loadings are illustrated in Tables 4.15 to Table 4.38. The aim of this analysis is to express a percentage value for each item such that it can be explained by a single factor. To achieve a single factor confirmation a Scree plot is constructed for each of the factors (Figure 4.9 to Figure 4.17). Thereafter, a series of EFAs were conducted to finally determine the factor structure.

Factor 1 – Loyalty Programmes (General)

Attitudinal factor: General

Tables 4.15 to 4.16 illustrated that Loyalty Programmes are related to Attitudinal factors and obtained a single factor that had an Eigenvalue of 3.751 and accounted for 41.7% the variance in Loyalty Programmes due to the influence of Attitudinal factors found in Table 4.16 (n=740).

Table 4.15: Eigenvalues of Factors and Variances Explained for Factor 1: Loyalty Programmes as Related to Attitudinal Factors - Attitudinal General. (n = 740)

Factor	Eigenvalue	% Total Variance
1	3,751	41,7
2	1,096	12,2
3	0,893	9,9
4	0,745	8,3
5	0,656	7,3
6	0,582	6,5
7	0,477	5,3
8	0,437	4,9
9	0,363	4,0

Nine items and two factors were indicated by the Eigenvalues however, one factor was indicated by the Scree Plot illustrated in Figure 4.9.

Figure 4.9: Scree Plot - Factor 1: Loyalty Programmes as Related to Attitudinal Factors - Attitudinal General. (n=740)
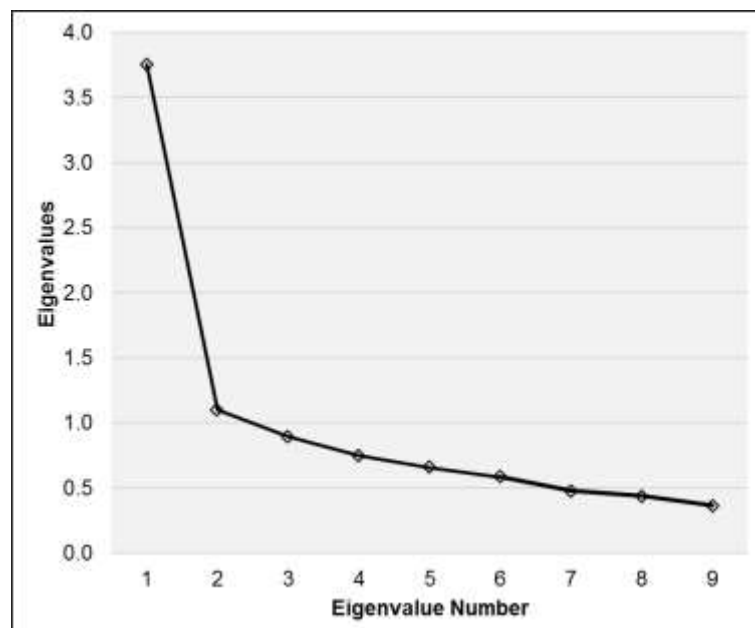
Thus, the following EFA's loadings for one factor were significant and are illustrated in Table 4.16. The minimum loading deemed significant was 0.300 and 1 item A.G 02 loaded 0.216 and was omitted from further analysis. Two factors were indicated by the Eigen Values and one factor by the Scree Plot. Minimum loading deemed significant = .300; Percentage of Total Variance Explained = 41.7%. After omission of item the EFA Eigen Value indicated two factors and scree plot indicated one factor. Table 4.16 indicates final minimum loading deemed significant, accounting for a Percentage of Total Variance of 41.7%. Nine items remained in the 1 factor model.

Table 4.16: Exploratory Factor Analysis (EFA) Loadings (1 Factor Model) –
Factor 1: Loyalty Programmes as Related to Attitudinal Factors -
Attitudinal General (n=740)

ITEM	1 FACTOR
A.G.05 Having loyalty cards and belonging to Loyalty Programmes is a waste of time*	,802
A.G.09 Loyalty cards and programmes have no benefit*	,800
A.G.08 Loyalty cards and programmes are expensive with not enough return*	,721
A.G.10 It takes too long to earn points to get anything worthwhile from loyalty cards/programmes*	,680
A.G.07 Loyalty cards and programmes are too complicated*	,678
A.G.04 I used to use loyalty cards/programmes but don't anymore*	,657
A.G.06 Loyalty Programmes and cards deliver increased value	,523
A.G.01 Loyalty cards/programmes are all the same*	,435
A.G.03 I would change where I shop for the sake of a loyalty card/programme	,362
Expl.Var	3,751
% of Total	,417
Minimum loading deemed significant = .300; Percentage of Total Variance Explained = 41.7%	

* *Indicates reversed items*

Behaviour factor: General

Considering the influence of Behavioural factors on Loyalty Programmes in Table 4.17, an Eigenvalue of 2.032 was obtained which accounted for 50.8% of the variance in Loyalty Programmes as a consequence of Behavioural factors (n=656).

Table 4.17: Eigenvalues of Factors and Variances Explained for Factor 1: Loyalty Programmes as Related to Behavioural Factors – Behaviour General (n=656)

Factor	Eigenvalue	% Total Variance
1	2,032	50,8
2	0,889	22,2
3	0,654	16,3
4	0,426	10,6

A single factor was indicated by the Eigenvalues and one factor was indicated by the Scree Plot illustrated below in Figure 4.10.
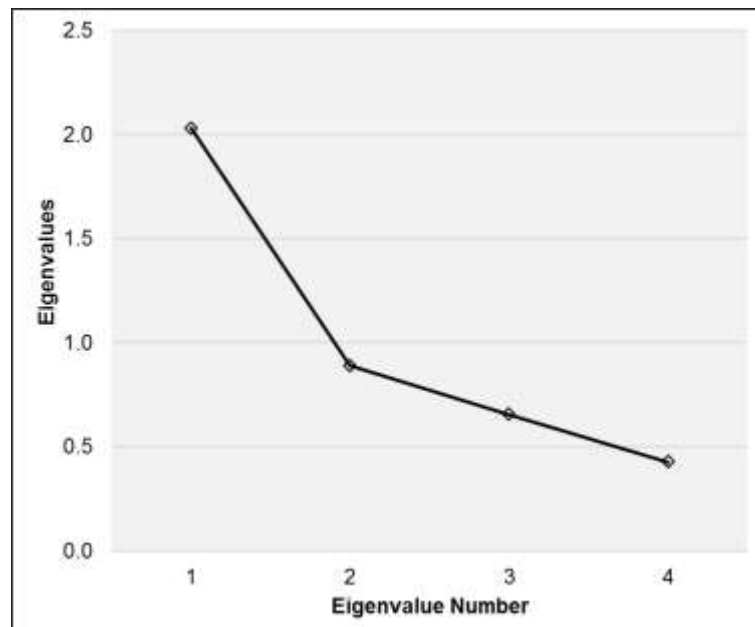
Figure 4.10: Scree Plot – Factor 1: Loyalty Programmes as Related to Behavioural factors – Behaviour General (n=656)

Thus, the following EFA's loadings for one factor (Table 4.18) were significant for Loyalty Programmes as related to Behavioural factors in general. All items load on one

factor, but low total variance is explained. After several iterations the optimal solution is with items B.G.02 to B.G.05. Table 4.18 indicates final minimum loading deemed significant of 0.300 accounting for a Percentage of Total Variance of 50.8%. Four items remained when items were removed.

Table 4.18: Exploratory Factor Analysis (EFA) Loadings (1 Factor Model) –
Factor 1: Loyalty Programmes as Related to Behavioural Factors –
Behaviour General (n=656)

ITEM	1 FACTOR
B.G.04 I have seen substantial savings due to the money I get off from loyalty cards and programmes	**,834**
B.G.02 I save a lot of money by using loyalty cards and belonging to Loyalty Programmes	**,805**
B.G.05 I get better discounts/ value from loyalty cards and programmes than in store promotions	**,677**
B.G.03 I am a member of Loyalty Programmes and have loyalty cards but have no intention of using *	**,479**
Expl.Var	2,032
% of Total	,508
Minimum loading deemed significant = .300; Percentage of Total Variance Explained = 50.8%	

Indicates reversed items

Factor 2 - Purchase Behaviour

There are no attitudinal factors for this factor. The factor of Purchase Behaviour, as illustrated in Table 4.17 identified a single factor resulting in an Eigenvalue of 2.962 and explained 42.3% of the variance in the influence of Behavioural Factors on Purchase Behaviour (n=656).

**Table 4.19: Eigenvalues of Factors and Variances Explained for Factor 2 -
Purchase Behaviour and Behavioural Factors (n=656)**

Factor	Eigenvalue	% Total Variance
1	2,962	42,3
2	0,975	13,9
3	0,765	10,9
4	0,718	10,3
5	0,666	9,5
6	0,492	7,0
7	0,423	6,0

This is confirmed by the Scree Plot illustrated below in Figure 4.11, as one factor is indicated by both the Eigenvalues and the Scree Plot.
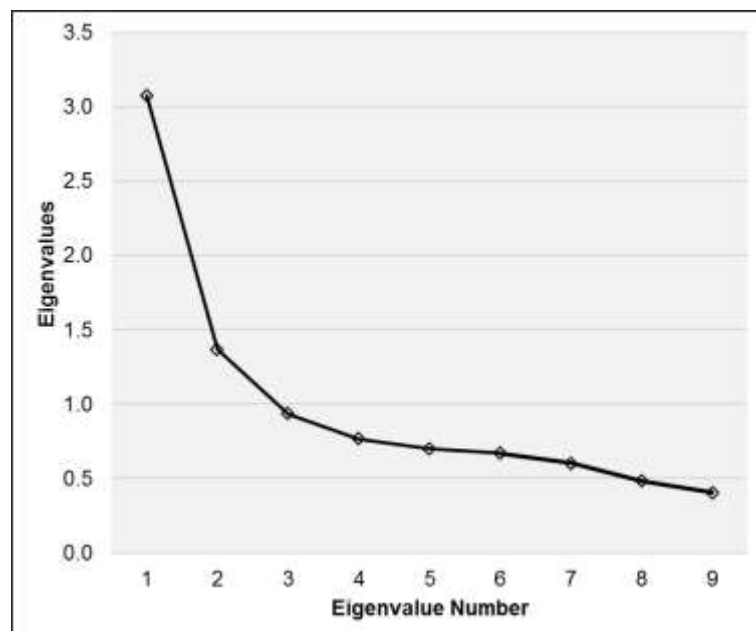
**Figure 4.11: Scree Plot – Factor 2 - Purchase Behaviour and Behavioural
Factors (n=656)**

Thus, the following EFA's loadings for one factor were significant for Behavioural Factors on Purchase Behaviour. Table 4.20 indicates final minimum loading deemed significant of 0.300 accounting for a Percentage of Total Variance of 42.3%. Seven items remined when items were removed.

**Table 4.20: Exploratory Factor Analysis (EFA) Loadings (1 Factor Model) –
Factor 2 - Purchase Behaviour and Behavioural Factors (n=656)**

ITEM	1 FACTOR
B.PB.09 I prefer to purchase from outlets that provide loyalty cards/programmes	**,741**
B.PB.06 My loyalty cards/programmes motivate me to spend more	**,738**
B.PB.08 I buy products if there are extra points offered on them	**,734**
B.PB.01 My loyalty cards/programmes have converted me from a consumer to a customer	**,617**
B.PB.05 I spend less in stores where I don't have a card or belong to a programme	**,594**
B.PB.07 I would shop in any store that suits me regardless of whether they had a loyalty scheme*	**,554**
B.PB.02 I buy products that I don't need because of the promotions surrounding them	**,538**
Expl.Var	2,962
% of Total	,423
Minimum loading deemed significant = .300; Percentage of Total Variance Explained = 42.3%	

Factor 3 – Trust

Attitudinal factor: Trust

For the factor of Trust, Table 4.21 and 4.23 illustrate the one factor Eigenvalues. Firstly, considering the influence of Attitudinal factors on the factor of Trust (Table 4.18) the one factor Eigenvalue is 2.158 and explains 43.2% of the variance (n=740).

Table 4.21: Eigenvalues of Factors and Variances Explained for Factor 3 - Trust and Attitudinal Factors

Factor	Eigenvalue	% Total Variance
1	2,158	43,2
2	0,994	19,9
3	0,831	16,6
4	0,586	11,7
5	0,432	8,6

This is confirmed by the Scree Plot illustrated below in Figure 4.12, as one factor is indicated by both the Eigenvalues and the Scree Plot.
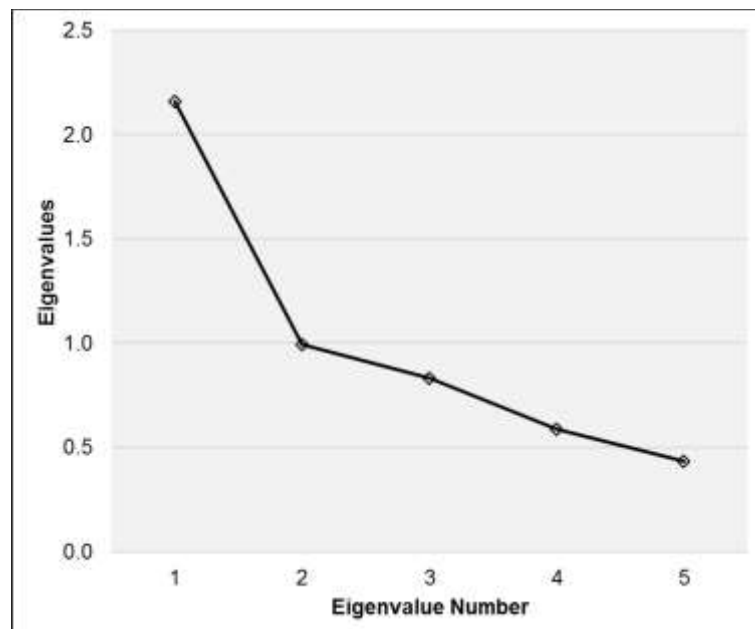
Figure 4.12: Scree Plot - Factor 3 - Trust and Attitudinal Factors (n=740)

Thus, the following EFA's loadings for one factor were significant for Trust and Attitudinal Factors. Table 4.22 indicates final minimum loading deemed significant of 0.300 accounting for a Percentage of Total Variance of 43.2%. Five items remained when item was removed.

Table 4.22: Exploratory Factor Analysis (EFA) Loadings (1 Factor Model) –
Factor 3 - Trust and Attitudinal Factors (n=740)

ITEM	1 FACTOR
A.T.02 I am nervous about loyalty cards/programmes using my personal information*	,803
A.T.03 I get annoyed when loyalty cards/programmes contact me all the time*	,759
A.T.01 I feel that loyalty cards/programmes monitor my every move*	,673
A.T.05 Loyalty cards/programmes are set up to increase profit*	,496
A.T.04 I think loyalty cards/ programmes are worthwhile and I am willing to give my personal details for this	,488
Expl.Var	2,158
% of Total	,432
Minimum loading deemed significant = .300; Percentage of Total Variance Explained = 43.2%	

* Indicates reversed items

Behavioural factor: Trust

Secondly, considering Behavioural factors (Table4.19) the one factor Eigenvalue is 1.166 and explains 58.3% of the variance in the influence of Behavioural Factors on Trust (n=656).

Table 4.23: Eigenvalues of Factors and Variances Explained for Factor 3 –
Trust and Behavioural Factors

Factor	Eigenvalue	% Total Variance
1	1,166	58,3
2	0,834	41,7

For the factor Trust and Behavioural Factors, a Scree plot was infeasible for a factor with two items. Thus, the following EFA's loadings for one factor were indicated by the Eigenvalues. Table 4.24 indicates final minimum loading deemed significant of 0.300 accounting for a Percentage of Total Variance of 58.3%. Two items remained when items were removed.

Table 4.24: Exploratory Factor Analysis (EFA) Loadings (1 Factor Model) - Factor 3 - Trust and Behavioural Factors (n=656)

ITEM	1 FACTOR
B.T.01 Loyalty cards/programmes are truthful about what they do with the data I give them	**,764**
B.T.02 Loyalty cards/programmes know too much about my purchasing behaviour*	**,764**
Expl.Var	1,166
% of Total	,583
Minimum loading deemed significant = .300; Percentage of Total Variance Explained = 58.3%	

* *Indicates reversed items*

Factor 4 – Attitude Communication

Attitudinal factor: Communication

For the independent factor of Communication, Table 4.25 and Table 4.27 illustrate the one factor Eigenvalues. The factor of Communication, Table 4.25 illustrates that one factor has an Eigenvalue of 2.099 and explains 52.5% of the variance in the influence of Attitudinal Factors on Communication (n=740).

Table 4.25: Eigenvalues of Factors and Variances Explained for Factor 4 – Communication and Attitudinal Factors (n=740)

Factor	Eigenvalue	% Total Variance
1	2,099	52,5
2	0,799	20,0
3	0,645	16,1
4	0,457	11,4

This is confirmed by the Scree Plot illustrated below in Figure 4.13, as one factor is indicated by both the Eigenvalues and the Scree Plot for Communication and Attitudinal Factors.
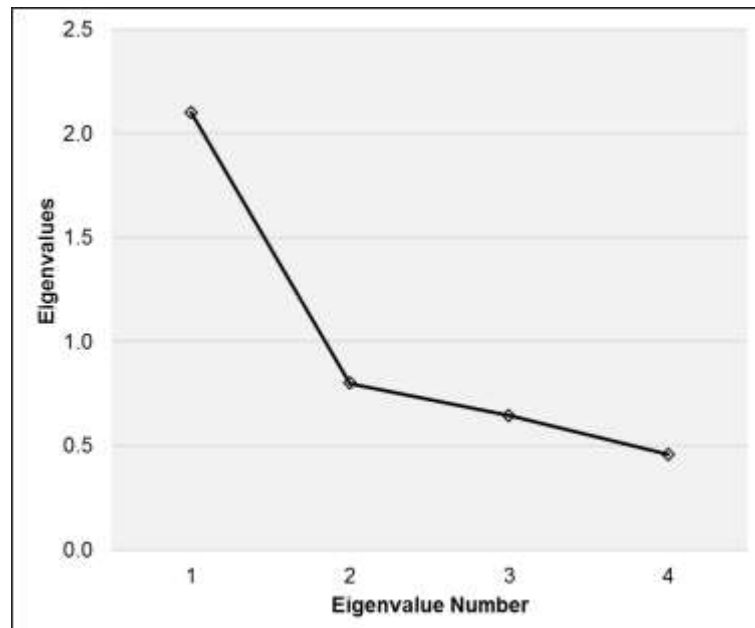
Figure 4.13: Scree Plot - Factor 4 – Communication and Attitudinal Factors (n=740)

Thus, the following EFA's loadings for one factor were significant for Communication and Attitudinal Factors. Table 4.26 indicates final minimum loading deemed significant of 0.300 accounting for a Percentage of Total Variance of 52.5%. Four items remained when items were removed.

Table 4.26: Exploratory Factor Analysis (EFA) Loadings (1 Factor Model) – Factor 4 - Communication and Attitudinal Factors (n=740)

ITEM	1 FACTOR
A.C.03 The loyalty card/programmes' communication is relevant to me	,822
A.C.01 I read all my e-mails relating to loyalty cards/programmes	,751
A.C.04 Loyalty cards/programmes communicate through the medium I prefer	,726
A.C.02 I feel overwhelmed and bombarded by communication from loyalty cards/programmes*	,578
Expl.Var	2,099
% of Total	,525
Minimum loading deemed significant = .300; Percentage of Total Variance Explained = 52.5%	

* Indicates reversed items

Behavioural factor: Communication

Table 4.27 illustrates Factor 4, Communication and Attitudinal Factors and identified a single factor that has an Eigenvalue of 2.252 and explains 56.3% of the variance in the influence of Behavioural Factors on Communication (n=656).

Table 4.27: Eigenvalues of Factors and Variances Explained for Factor 4 – Communication and Behavioural Factors

Factor	Eigenvalue	% Total Variance
1	2,252	56,3
2	0,756	18,9
3	0,615	15,4
4	0,377	9,4

A single factor was indicated by the Eigenvalues and one factor was indicated by the Scree Plot illustrated below in Figure 4.14.
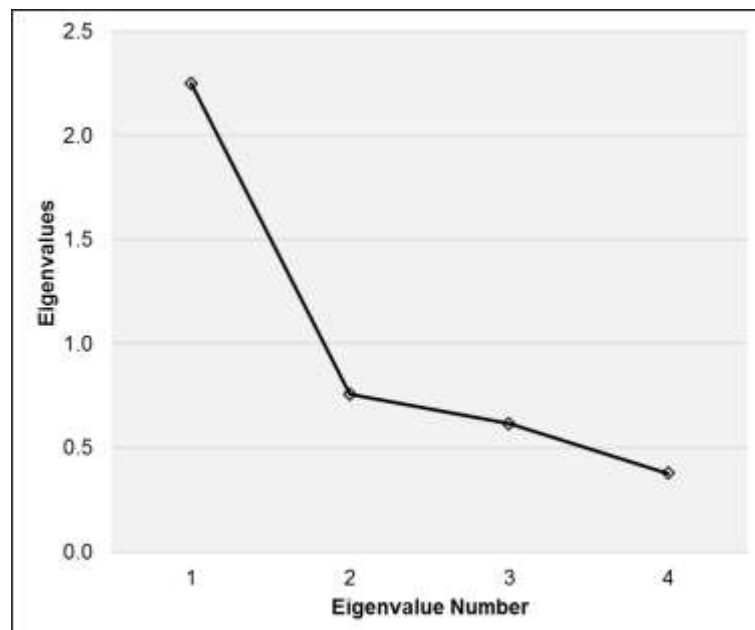
Figure 4.14: Scree Plot -Factor 4 - Communication and Behavioural Factors (n=656)

Thus, the following EFA's loadings for one factor were significant for Communication and Behavioural Factors. Table 4.28 indicates final minimum loading deemed

significant of 0.300 accounting for a Percentage of Total Variance of 56.3%. Four items remained when items were removed.

Table 4.28: Exploratory Factor Analysis (EFA) Loadings (1 Factor Model) – Factor 4 - Communication and Behavioural Factors (n=656)

ITEM	1 FACTOR
B.C.03 Loyalty card/programme call centres and interactive websites enhance my experience	**,816**
B.C.04 My loyalty cards/programmes listen to me	**,815**
B.C.02 They talk to me personally	**,728**
B.C.01 I gave permission for the loyalty cards/programme to contact me	**,625**
Expl.Var	2,252
% of Total	,563
Minimum loading deemed significant = .300; Percentage of Total Variance Explained = 56.3%	

Factor 5 – Behavioural Personalisation

There are no attitudinal factors for this factor. Table 4.29 illustrates that one factor has an Eigenvalue of 3.715 and explains 61.9% of the variance in the influence of Behavioural Factors on Personalisation (n=656).

Table 4.29: Eigenvalues of Factors and Variances Explained for Factor 5 – Personalisation and Behavioural Factors

Factor	Eigenvalue	% Total Variance
1	3,715	61,9
2	0,888	14,8
3	0,621	10,3
4	0,388	6,5
5	0,209	3,5
6	0,179	3,0

A single factor was indicated by the Eigenvalues and one factor was indicated by the Scree Plot illustrated below in Figure 4.15.
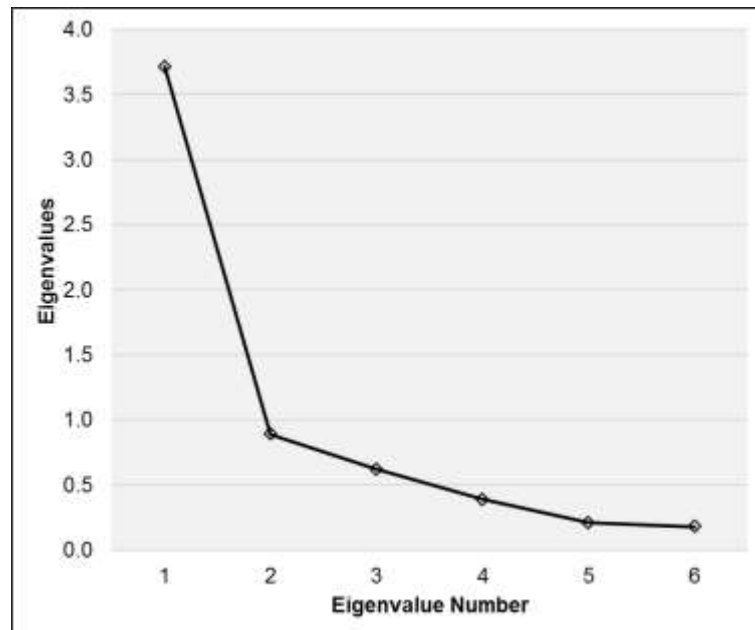
Figure 4.15: Scree Plot – Factor 5 - Personalisation and Behavioural Factors (n=656)

Thus, the following EFA's loadings for one factor were significant for Communication and Behavioural Factors. Table 4.30 indicates final minimum loading deemed significant of 0.300 accounting for a Percentage of Total Variance of 61.9%. Six items remained when items were removed.

Table 4.30: Exploratory Factor Analysis (EFA) Loadings (1 Factor Model) - Factor 5 - Personalisation and Behavioural Factors (n=656)

ITEM	1 FACTOR
B.P.04 I receive personalised promotion offerings from my loyalty cards/programmes	**,891**
B.P.05 I receive personalised product recommendations from my loyalty cards/programmes	**,882**
B.P.06 I receive personalised service recommendations from my loyalty cards/programmes	**,867**
B.P.03 I receive personalised discounts from my loyalty cards/programmes	**,860**
B.P.02 The rewards are relevant and make a difference in my life	**,603**
B.P.01 My loyalty cards/programmes keep track of my life changes	**,536**
Expl.Var	3,715
% of Total	,619
Minimum loading deemed significant = .300; Percentage of Total Variance Explained = 61.9%	

Factor 6 – Flexibility

Attitudinal factor: Flexibility

For the sixth factor, Flexibility, Table 4.31 and Table 4.32 illustrate that one factor has an Eigenvalue of 1.675 and explains 83.7% of the variance in the influence of Attitudinal Factors on Flexibility (n=740).

Table 4.31: Eigenvalues of Factors and Variances Explained for Factor 6 – Flexibility and Attitudinal Factors

Factor	Eigenvalue	% Total Variance
1	1,675	83,7
2	0,325	16,3

A Scree plot was infeasible for a factor with two items. Thus, the following EFA's loadings for one factor were indicated by the Eigenvalues.

Table 4.32: Exploratory Factor Analysis (EFA) Loadings (1 Factor Model) –
Factor 6 - Flexibility and Attitudinal Factors (n=740)

ITEM	1 FACTOR
A.F.01 Loyalty points should not expire	**,915**
A.F.02 The loyalty cards/programme should notify me before my points expire	**,915**
Expl.Var	1,675
% of Total	,837
Minimum loading deemed significant = .300; Percentage of Total Variance Explained = 83.7%	

Further, considering Flexibility and Behavioural factors (Table 4.33), the one factor has an Eigenvalue of 1.360 and explains 68.0% of the variance in the influence of Behavioural Factors on Flexibility (n=656).

Table 4.33: Eigenvalues of Factors and Variances Explained for Factor 6 –
Flexibility and Behavioural Factors

Factor	Eigenvalue	% Total Variance
1	1,360	68,0
2	0,640	32,0

Behavioural factor: Flexibility

For the factor Flexibility and Behavioural Factors, a Scree plot was infeasible for a factor with two items. Thus, the following EFA's loadings for one factor were indicated by the Eigenvalues.

Table 4.34: Exploratory Factor Analysis (EFA) Loadings (1 Factor Model) – Factor 6 - Flexibility and Behavioural Factors (n=656)

ITEM	1 FACTOR
B.F.02 Points or rewards are available regardless of whether I buy in store, on a website or mobile device	**,825**
B.F.03 I can choose different types of rewards from my loyalty cards/programmes	**,825**
Expl.Var	1,360
% of Total	,680
Minimum loading deemed significant = .300; Percentage of Total Variance Explained = 68.0%	

Factor 7 – Rewards

Attitudinal factor: Rewards

For the factor of Rewards, Table 4.34 and 4.36 illustrate the Eigenvalues. Considering Rewards and Attitudinal factors illustrated in Table 3.34, there were 10 items and 3 Eigen values greater than 1 (1 – 2.817, 2 - 1.425 and 3 – 1.134), which together explained 51.7% of the variance in the influence of Attitudinal Factors on Rewards (n=740).

Table 4.35: Eigenvalues of Factors and Variances Explained for Factor 7 –
Rewards and Attitudinal Factors

Factor	Eigenvalue	% Total Variance
1	2,817	28,2
2	1,425	14,2
3	1,134	11,3
4	0,857	8,6
5	0,826	8,3
6	0,779	7,8
7	0,659	6,6
8	0,610	6,1
9	0,561	5,6
10	0,333	3,3

On the Scree plot three factors were indicated, the Eigenvalues also had three factor loadings and they are separated by > 0.1 thus they could load on two factors.
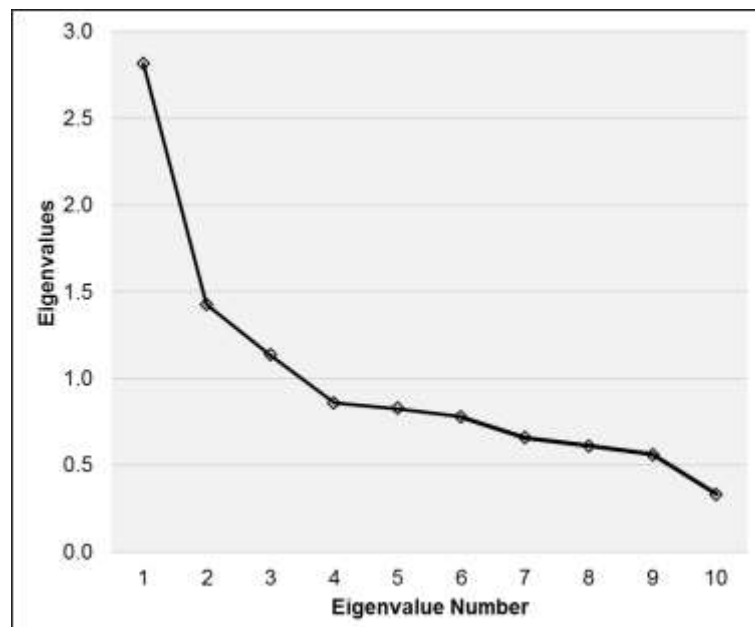
Figure 4.16: Scree Plot –Factor 7 - Rewards and Attitudinal Factors (n=740)

A series of EFA were conducted to finally determine the factor structure and the three-factor solution illustrated in Table 4.36 appears to be optimal with item A.R 02 reversed

to make it a positive value to fit in with the direction of the scoring. Table 4.36 indicates the final minimum loading deemed significant of 0.300 accounting for a Percentage of Total Variance of 53.8%. Ten items were included in the three-factor model.

Table 4.36: Exploratory Factor Analysis (EFA) Loadings (3 Factor Model) – Factor 7 - Rewards and Attitudinal Factors (n=740)

ITEM	1 FACTOR REWARDS PERSONAL	2 FACTOR REWARDS TANGIBLE	3 FACTOR REWARDS MONETARY
A.R.08 I should get priority service*	**,879**	-,022	-,116
A.R.07 I should have exclusive access to sales and merchandise*	**,827**	,106	-,104
A.R.09 Rewards should be personalised products or services*	**,686**	,141	-,182
A.R.01 I prefer tangible rewards to cash*	,136	**,651**	,019
A.R.06 Rewards should be in the form of points*	,090	**,623**	,030
A.R.10 I prefer a charitable donation as a reward*	,111	**,599**	-,024
A.R.02 Rewards should be in the form of discounts*	-,082	**,556**	**-,316**
A.R.03 Rewards should be cash back or rebates	-,108	,149	**,773**
A.R.05 Rewards should include free shipping	-,278	-,087	**,659**
A.R.04 Rewards should be free products	-,179	**-,350**	**,653**
Expl.Var	2,095	1,663	1,618
% of Total	,209	,166	,162
Minimum loading deemed significant = .300; Percentage of Total Variance Explained = 53.8%			

Indicates reversed items

Behavioural factor: Rewards

Further, considering Behavioural factors (Table 4.36) a single factor with an Eigenvalue of 1.536 and explained 51.2% of the variance in the influence of Behavioural Factors on Rewards (n=656).

Table 4.37: Eigenvalues of Factors and Variances Explained for Factor 7 – Rewards and Behavioural Factors

Factor	Eigenvalue	% Total Variance
1	1,536	51,2
2	0,878	29,3
3	0,586	19,5

A single factor was indicated by the Eigenvalues and one factor was indicated by the Scree Plot illustrated below in Figure 4.15.
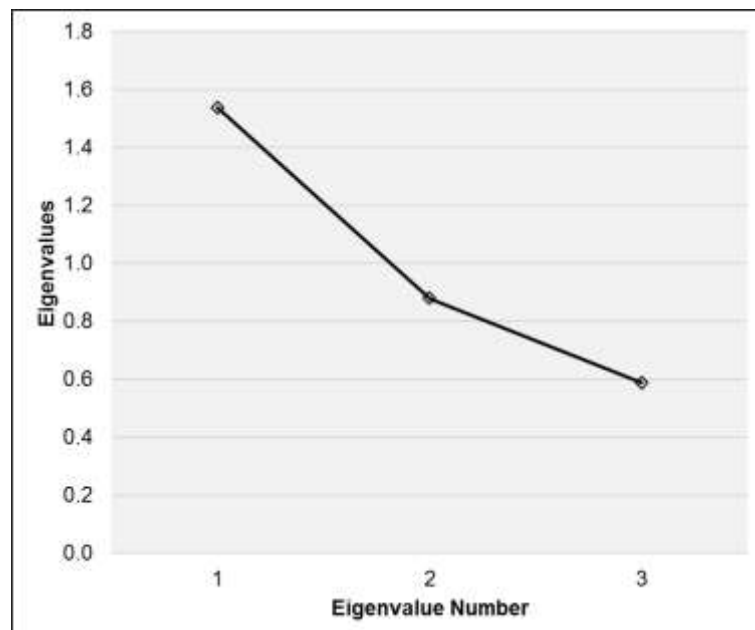
Figure 4.17: Scree Plot – Factor 7 - Rewards and Behavioural Factors (n=656)

Thus, the following EFA's loadings for one factor were significant for Rewards and Behavioural Factors. Table 4.38 indicates final minimum loading deemed significant of 0.300 accounting for a Percentage of Total Variance of 51.2%. Three items remained when items were removed.

143

**Table 4.38: Exploratory Factor Analysis (EFA) Loadings (1 Factor Model) –
Factor 7 - Rewards and Behavioural Factors (n=656)**

ITEM	1 FACTOR
B.R.01 Loyalty card/programme rewards make me feel good	**,816**
B.R.02 I like it that my loyalty cards/programmes partner with other brands	**,705**
B.R.04 I am recognised as a valued customer	**,610**
Expl.Var	1,536
% of Total	,512
Minimum loading deemed significant = .300; Percentage of Total Variance Explained = 51.2%	

4.5.2 Factors that did not load or that were reversed

Listed in Table 4.27 are all the factors, together with each factor loading. At an α = 0.05, a minimum factor loading of 0.300 is required to be significant. Items were excluded from the scale if either their factor loading was below 0.300 or if their inclusion resulted in unacceptable Cronbach's alpha coefficient values. These items are depicted in strikethrough font in Table 4.27, items that are reversed are highlighted in yellow and those highlighted in blue are reallocated to other factors. Thus, in the table below there are updated codes for all survey questions.

Table 4.39: Revised Survey Questions with Factor Loadings

VARIABLE	ORIGINAL CODE	UPDATED CODE AND FACTOR LOADING	SURVEY QUESTION	CLASSIFICATION (ATTITUDINAL OR BEHAVIOURAL)
Loyalty cards OR Programmes	G1	A.G 01 0.435	Loyalty cards/programmes are all the same	Attitudinal
	G2	B.G 01	~~I have loyalty cards/programmes that I don't use~~	Behavioural
	G3	B.G 02 0.805	I save a lot of money using loyalty cards and belonging to Loyalty Programmes	Behavioural
	G4	A.G 02 0.216	~~Other things are more important than discounts e.g. Customer service, quality, etc.~~	Attitudinal
	G5	A.G.03 0.362	I would change where I shop for the sake of a loyalty card/programme	Attitudinal
	G6	A.G.04 0.657	I used to use loyalty cards/programmes but don't anymore	Attitudinal
	G7	A.G.05 0.802	Having loyalty cards and belonging to Loyalty Programmes are a waste of time	Attitudinal
	G8	B.G 03 0.479	I am a member of Loyalty Programmes and have loyalty cards but have no intention of using them	Behavioural
	G9	A.G.06 0.523	Loyalty Programmes and cards deliver increased value	Attitudinal
	G10	A.G.07 0678	Loyalty cards and programmes are too complicated	Attitudinal
	G11	A.G.08 0.721	Loyalty cards and programmes are expensive with not enough return	Attitudinal
	G12	A.G.09 0.800	Loyalty cards and programmes have no benefit	Attitudinal
	G13	A.G.10 0.680	It takes too long to earn points to get anything worthwhile from loyalty cards/programmes	Attitudinal
Purchasing behaviour	PB1	B.PB 01 0.617	My loyalty cards/programmes have converted me from a consumer to a customer	Behavioural
	PB2	B.G 04	I have seen substantial savings due to the money I get off from loyalty cards and programmes	Behavioural
	PB3	B.PB 02 0.538	I buy products that I don't need because of the promotions surround them	Behavioural
	PB4	B.PB 03	I shop wherever gives me better discounts	Behavioural
	PB5	B.PB 04	I get better discounts from in store promotions than loyalty cards/programmes	Behavioural

VARIABLE	ORIGINAL CODE	UPDATED CODE AND FACTOR LOADING	SURVEY QUESTION	CLASSIFICATION (ATTITUDINAL OR BEHAVIOURAL)
	PB6	B.PB 05 0.594	I spend less in stores where I don't have a card or belong to a programme	Behavioural
	PB7	B.PB 06 0.738	My loyalty cards/programmes motivate me to spend more	Behavioural
	PB8	B.G 05	I get better discounts/value from loyalty cards and programmes than in store promotions	Behavioural
	PB9	B.PB 07 0.554	I would shop in any store that suits me regardless of where they had a loyalty scheme	Behavioural
	PB10	B.PB 08 0.734	I buy products if there are extra points offered on them	Behavioural
	PB11	B.PB 09 0.741	I prefer to purchase from outlets that provide loyalty cards/programmes	Behavioural
Trust	T1	A.T 01 0.673	I feel that loyalty cards/programmes monitor my every move	Attitudinal
	T2	A.T 02 0.803	I am nervous about loyalty cards/programmes using my personal information	Attitudinal
	T3	A.T 03 0.759	I get annoyed when loyalty cards/programmes contact me all the time	Attitudinal
	T4	A.T 04 0.488	I think loyalty cards/programmes are worthwhile and I am willing to give my personal details for this	Attitudinal
	T5	B.T 01 0.764	Loyalty cards/programmes are truthful about what they do with the data I give them	Behavioural
	T6	A.T 05 0.496	Loyalty cards/programmes are setup to increase profit	Attitudinal
	T7	A.T 06	Loyalty cards/programmes donate to upliftment programmes as promised	Attitudinal
	T8	B.T 02 0.764	Loyalty cards/programmes know too much about my purchasing behaviour	Behavioural
Communication	C1	B.C 01 0.625	I gave permission for the loyalty cards/programmes to contact me	Behavioural
	C2	A.C.01 0.751	I read all my e-mails relating to loyalty cards/programmes	Attitudinal
	C3	B.C 02 0.728	They talk to me personally	Behavioural
	C4	A.C.02 0.578	I feel overwhelmed and bombarded by communication from loyalty cards/programmes	Attitudinal

VARIABLE	ORIGINAL CODE	UPDATED CODE AND FACTOR LOADING	SURVEY QUESTION	CLASSIFICATION (ATTITUDINAL OR BEHAVIOURAL)
	C5	A.C.03 0.822	The loyalty card/programmes' communication is relevant to me	Attitudinal
	C6	A.C.04 0.726	Loyalty cards/programmes communicate through the medium I prefer	Attitudinal
	C7	B.C 03 0.816	Loyalty cards/programmes call centers and interactive websites enhance my experience	Behavioural
	C8	B.C 04 0.815	My loyalty cards/programmes listen to me	Behavioural
Personalisation	P1	B.P 01 0.536	My loyalty cards/programmes keep track of my life changes	Behavioural
	P2	B.P 02 0.603	The rewards are relevant and make a difference in my life	Behavioural
	P3	B.P 03 0.860	I receive personalised discounts from my loyalty cards/programmes	Behavioural
	P4	B.P 04 0.891	I receive personalised promotion offerings from my loyalty cards/programmes	Behavioural
	P5	B.P 05 0.882	I receive personalised product recommendations from my loyalty cards/programmes	Behavioural
	P6	B.P 06 0.867	I receive personalised service recommendations from my loyalty cards/programmes	Behavioural
Flexibility	F1	B.F 01	~~My Loyalty Programmes/cards have a one size fits all approach~~	Behavioural
	F2	B.F 02 0.825	Points or rewards are available regardless of whether I buy in store, on a website or mobile device	Behavioural
	F3	B.F 03 0.825	I can choose different types of rewards from my loyalty cards/programmes	Behavioural
	F4	A.F.01 0.915	Loyalty points should not expire	Attitudinal
	F5	B.F 04	~~I feel cheated when my points expire~~	Behavioural
	F6	A.F.02 0.915	The loyalty cards/programme should notify me before my points expire	Attitudinal
Rewards	R1	B.R 01 0.816	Loyalty card/programme rewards make me feel good	Behavioural
	R2	A.R 01	I prefer tangible rewards to cash	Attitudinal

VARIABLE	ORIGINAL CODE	UPDATED CODE AND FACTOR LOADING	SURVEY QUESTION	CLASSIFICATION (ATTITUDINAL OR BEHAVIOURAL)
	R3	B.R 02 0.705	I like it that my loyalty cards/programmes partner with other brands	Behavioural
	R4	B.R 03	I get points for referrals	Behavioural
	R5	A.R02	Rewards should be in the form of discounts	Attitudinal
	R6	A.R 03	Rewards should be cash back or rebates	Attitudinal
	R7	A.R 04	Rewards should be free products	Attitudinal
	R8	A.R 05	Rewards should include free shipping	Attitudinal
	R9	A.R 06	Rewards should be in the form of points	Attitudinal
	R10	A.R 07	I should have exclusive access to sales and merchandise	Attitudinal
	R11	A.R 08	I should get priority service	Attitudinal
	R12	B.R 04 0.610	I am recognised as a valued customer	Behavioural
	R13	A.R 09	Rewards should be personalised products or services	Attitudinal
	R14	A.R 10	I prefer a charitable donation as a reward	Attitudinal
Method of participation	M1	M 01	Membership cards should be scanned/swiped	Behavioural
	M2	M 02	I prefer them to look up my account when I provide a phone number or other personal information	Behavioural
	M3	M 03	I prefer to use the retailer's mobile app	Behavioural
	M4	M 04	I prefer to use a third-party app	Behavioural
	M5	B.G 06	I belong to too many loyalty card/programmes	Behavioural
	M6	B.G 07	I have too many loyalty cards	Behavioural

148

4.5.3 Cronbach's Alpha Coefficient Analysis

In Table 4.40, the Cronbach's alpha scores are reported and were calculated after the items depicted with a strikethrough font in Table 4.39 were removed.

Table 4.40: Cronbach's Alpha Coefficients for the Factors – All Measurement Items.

Item Number	Factor	n	Cronbach's α
1.	Attitudinal – Communication	740	0,68
2.	Attitudinal – Flexibility	740	**0,80**
3.	Attitudinal – General	740	**0,81**
4.	Attitudinal – Rewards Personal	740	**0,76**
5.	Attitudinal – Rewards Tangible	740	0,48
6.	Attitudinal – Rewards Monetary	740	0,59
7.	Attitudinal – Trust	740	0,67
8.	Behavioural – Communication	656	**0,73**
9.	Behavioural – Flexibility	656	0,53
10.	Behavioural – General	656	0,67
11.	Behavioural – Personalisation	656	**0,87**
12.	Behavioural – Purchase Behaviour	656	**0,77**
13.	Behavioural – Rewards	656	0,51
14.	Behavioural – Trust	656	0,29

In Table 4.40 it is seen that items numbered 1,6,7,9,10 and 13 (Attitudinal – Communication, Attitudinal – Rewards Monetary, Attitudinal – Trust, Behavioural – Flexibility, Behavioural – General and Behavioural – Rewards) red script, have alpha scores that meet the minimum requirement of 0.50 required for acceptable reliability (Nunnally, 1978). Items 2,3,4,8,11 and 12 (Attitudinal – Flexibility, Attitudinal – General, Attitudinal – Rewards Personal, Behavioural – Communication, Behavioural – Personalisation and Behavioural – Purchase Behaviour) in red bold script have

Cronbach alpha coefficients that meet the minimum requirement of 0.70 required for good or excellent reliability (Nunnally, 1978). Items 5 and 14 (Attitudinal – Rewards Tangible and Behavioural – Trust) did not meet the minimum requirements for reliability (Zikmund et al., 2013).

4.6   DESCRIPTIVE STATISTICS FOR FACTORS

Thus far, the validity (discussed in Section 3.6.3) and reliability (illustrated above) of the summated scores, which were derived from the various factors have been established. In this section, descriptive statistics for these scores are presented.

4.6.1   Frequency Distributions of Factors

Table 4.41 depicts the frequency distributions for the factors. As described in Chapter 3, the scores for the factors were categorised in accordance with the 5-point Likert scale that was used for this study. The categories are Negative (1.00 to 2.59), Neutral (2.60 to 3.40) and Positive (3.41 to 5.00). The highest score per factor is indicated in red.

Table 4.41: Frequency Distributions: Factors

Item Number	Factor	Negative 1.00 to 2.59		Neutral 2.60 to 3.40		Positive 3.41 to 5.00		Total	
1	Attitudinal – Communication	237	32%	316	43%	187	25%	740	100%
2	Attitudinal – Flexibility	7	1%	44	6%	689	93%	740	100%
3	Attitudinal – General	100	14%	269	36%	371	50%	740	100%
4	Attitudinal – Rewards Personal	400	54%	288	39%	52	7%	740	100%
5	Attitudinal – Rewards Tangible	246	33%	364	49%	130	18%	740	100%
6	Attitudinal – Rewards Monetary	23	3%	214	29%	503	68%	740	100%
7	Attitudinal – Trust	250	34%	392	53%	98	14%	740	100%
8	Behavioural – Communication	322	50%	240	37%	94	14%	656	100%

Item Number	Factor	Negative 1.00 to 2.59		Neutral 2.60 to 3.40		Positive 3.41 to 5.00		Total	
9	Behavioural – Flexibility	208	32%	210	32%	238	34%	656	100%
10	Behavioural – General	135	21%	244	37%	275	42%	656	100%
11	Behavioural – Personalisation	220	34%	233	36%	203	31%	656	100%
12	Behavioural – Purchasing Behaviour	370	56%	201	31%	85	13%	656	100%
13	Behavioural – Rewards	27	4%	244	37%	385	59%	656	100%
14	Behavioural – Trust	293	44%	236	36%	127	19%	656	100%

As illustrated in Table 4.29, positive scores were obtained for factors 2,3,6,10 and 13 (Attitudinal – Flexibility, Attitudinal – General, Attitudinal – Rewards Monetary, Behavioural – General and Behavioural – Rewards). For factors 9 and 11 respondents were evenly distributed between negative, neutral and positive scores (Behavioural – Flexibility and Behavioural – Personalisation). Respondents obtaining neutral scores for items 1,5 and 7 (Attitudinal – Communication, Attitudinal – Rewards Tangible and Attitudinal – Trust) while negative scores were obtained for items 4,8,12 and 14 (Attitudinal – Rewards Personal, Behavioural – Communication, Behavioural – Purchasing Behaviour and Behavioural – Trust).

4.6.2 Central Tendency and Dispersion of Factors

Table 4.42 illustrates the central tendency measures: median, mean, standard deviation and dispersion for each factor.

Table 4.42: Central Tendency and Dispersion: Factors

No	Factor	n	Mean	S.D.	Minimum	Quartile 1	Median	Quartile 3	Maximum
1	Attitudinal – Communication	740	2,92	0,73	1,00	2,50	3,00	3,50	5,00
2	Attitudinal – Flexibility	740	**4,47**	0,65	1,00	4,00	5,00	5,00	5,00
3	Attitudinal – General	740	3,35	0,63	1,00	2,89	3,44	3,78	5,00
4	Attitudinal – Rewards Personal	740	**2,43**	0,73	1,00	2,00	2,33	3,00	5,00
5	Attitudinal – Rewards Tangible	740	2,86	0,62	1,00	2,50	3,00	3,25	5,00
6	Attitudinal – Rewards Monetary	740	**3,79**	0,68	1,00	3,33	4,00	4,00	5,00
7	Attitudinal – Trust	740	2,75	0,68	1,00	2,40	2,80	3,20	4,60
8	Behavioural – Communication	656	2,65	0,74	1,00	2,25	2,75	3,00	5,00
9	Behavioural – Flexibility	656	3,04	0,81	1,00	2,50	3,00	3,50	5,00
10	Behavioural – General	656	3,22	0,70	1,00	2,75	3,25	3,75	5,00
11	Behavioural – Personalisation	656	2,95	0,78	1,00	2,33	3,00	3,50	5,00
12	Behavioural – Purchasing Behaviour	656	2,59	0,65	1,00	2,14	2,57	3,00	4,57
13	Behavioural – Rewards	656	**3,60**	0,62	1,67	3,33	3,67	4,00	5,00
14	Behavioural – Trust	656	2,70	0,72	1,00	2,38	3,00	3,00	4,50

Employing the same threshold values used to categorise scores into negative (1.00 to 2.59), neutral (2.60 to 3.40) and positive (3.41 to 5.00), the following conclusions may be drawn based on the results illustrated in Table 4.42:

- Only one factor obtained a negative mean score highlighted in red ($\mu < 2.60$), namely factor item number 4, Attitudinal – Rewards Personal;
- The majority of factors, ten factor items, obtained a neutral (μ between 2.60 to 3.40) mean scores, namely items 1, 3, 5, 7, 8, 9, 10, 11, 12 and 14. These factors are Attitudinal – Communication, Attitudinal – General, Attitudinal – Rewards Tangible, Attitudinal – Trust, Behavioural – Communication, Behavioural – Flexibility, Behavioural – General, Behavioural – Personalisation, Behavioural – Purchasing Behaviour and Behavioural – Trust; and
- Three of the fourteen factors obtained positive mean scores, highlighted in bold red, item 2 ($\mu = 4.47$) Attitudinal – Flexibility, item 6 ($\mu = 3.79$) Attitudinal – Rewards Monetary and item 13 ($\mu = 3.60$) Behavioural – Rewards.

4.7 INFERENTIAL STATISTICS FOR THE FACTORS

This section presents the inferential statistics that were generated to test the various hypotheses postulated for the factors.

4.7.1 One Sample T-Tests

To determine if the population of South African Loyalty Programme members' mean scores for the various factors can be described as negative, neutral or positive One-sample t-tests were conducted. The test is conducted by comparing the mean scores of the Sample data to the population. The threshold used to answer questions is 2.6 and 3.4. Whichever is closest to the mean is chosen. These figures are the borders for the factor being neutral and are indicated by H1: μ. A statistically significant p value is less than 0.5 and Cohens d is used to indicate practical significance. The results of these tests are reported in Table 4.43.

Table 4.43: One-Sample T-Tests: Factors

No	Factor	n	Mean	S.D.	H$_1$: μ	t	def.	p	Cohen's d	Significant
1	Attitudinal – Communication	740	2,92	0,73	≠2.60	11,79	739	<.0005	**0.44 Small**	Yes
2	Attitudinal – Flexibility	740	4,47	0,65	≠3.40	45,09	739	<.0005	**1.65 Large**	Yes
3	Attitudinal – General	740	3,35	0,63	≠3.40	-2,26	739	,024	0.08 Not sig.	No
4	Attitudinal – Rewards Personal	740	2,43	0,73	≠2.60	-6,30	739	<.0005	**0.23 Small**	Yes
5	Attitudinal – Rewards Tangible	740	2,86	0,62	≠2.60	11,48	739	<.0005	**0.42 Small**	Yes
6	Attitudinal – Rewards Monetary	740	3,79	0,68	≠3.40	15,52	739	<.0005	**0.58 Medium**	Yes
7	Attitudinal – Trust	740	2,75	0,68	≠2.60	5,91	739	<.0005	**0.22 Small**	Yes
8	Behavioural – Communication	656	2,65	0,74	≠2.60	1,79	655	,075	n/a	No
9	Behavioural – Flexibility	656	3,04	0,81	≠3.40	-11,52	655	<.0005	**0.44 Small**	Yes
10	Behavioural – General	656	3,22	0,70	≠3.40	-6,49	655	<.0005	**0.26 Small**	Yes
11	Behavioural – Personalisation	656	2,95	0,78	≠2.60	11,67	655	<.0005	**0.45 Small**	Yes
12	Behavioural – Purchasing Behaviour	656	2,59	0,65	≠2.60	-0,38	655	,703	n/a	No
13	Behavioural – Rewards	656	3,60	0,62	≠3.40	8,48	655	<.0005	**0.32 Small**	Yes
14	Behavioural – Trust	656	2,70	0,72	≠2.60	3,60	655	<.0005	0.14 Not sig.	No

Table 4.43 depicts that the factors with positive mean scores and small practical significance are items 1,4,5,7,9,10,11 and 13 (Attitudinal – Communication, Attitudinal – Rewards Personal, Attitudinal – Rewards Tangible, Attitudinal – Trust, Behavioural – Flexibility, Behavioural – General, Behavioural – Personalisation and Behavioural – Rewards). Item 6, Attitudinal – Rewards Monetary had a positive mean scores and medium practical significance and item 2, Attitudinal – Flexibility had a positive mean scores and large practical significance. The remaining items 3 and 14 (Attitudinal – General and Behavioural – Trust) had no practical significance while items 8 and 12 were not applicable (Behavioural – Communication, Behavioural – Purchasing Behaviour).

4.7.2   Pearson's Correlation

As discussed in Section 3.6.2, a correlation coefficient is statistically significant at 0.05 level for n ranging from 740 to 656 if |r| >= rcrit ranging from .072 to .077. A correlation coefficient with an absolute value greater than 0.300 can be regarded as practically significant and of moderate magnitude and those greater than 0.50 indicating a strong relationship (Gravetter and Wallnau, 2009). The correlations between the attitudinal and behavioural factors are reflected in Table 4.44 and Table 4.45. Results in red were only statistically significant and those highlighted in red bold and italics are both statistically and practically significant. The items with low Cronbach Alpha Coefficient scores, that is less than 0.50 were Attitudinal – Rewards Tangible and Behavioural – Trust and should therefore be interpreted with caution. The three strongest factor relationships identified were (a) Attitudinal – General and Behavioural – General (0.723), (b) Attitudinal – Communication and Behavioural – Communication (0.691) and (c) Attitudinal – Trust and Behavioural – Trust (0.595).

Table 4.44 reports the correlations between the Attitudinal factors and all factors. Negative correlations are highlighted in grey.

Table 4.44: Pearson Product Moment Correlations – Attitudinal Factors to All Factors

	Attitudinal – Communication	Attitudinal – Flexibility	Attitudinal – General	Attitudinal – Rewards Personal	Attitudinal – Rewards Tangible	Attitudinal – Rewards Monetary	Attitudinal – Trust
Attitudinal – Communication	-	-,011	*,507*	-,034	-,201	,009	*,461*
Attitudinal – Flexibility	-,011	-	,085	-,149	,026	,257	-,107
Attitudinal – General	*,507*	,085	-	,022	-,085	,041	,412
Attitudinal – Rewards Personal	-,034	-,149	,022	-	,210	*-,385*	,107
Attitudinal – Rewards Tangible	-,201	,026	-,085	,210	-	-,251	-,148
Attitudinal – Rewards Monetary	,009	,257	,041	*-,385*	-,251	-	-,130
Attitudinal – Trust	*,461*	-,107	*,412*	,107	-,148	-,130	-
Behavioural – Communication	*,691*	-,071	*,427*	-,079	*-,308*	,033	,385
Behavioural – Flexibility	*,334*	,014	*,316*	-,071	-,155	,055	,138
Behavioural – General	*,502*	,052	*,723*	-,054	-,122	,071	,335
Behavioural – Personalisation	*,480*	-,019	*,416*	-,131	-,230	,064	,209
Behavioural – Purchasing Behaviour	*,318*	-,062	*,390*	-,132	-,172	,157	,134
Behavioural – Rewards	*,371*	,229	*,462*	*-,370*	-,279	,297	,204
Behavioural – Trust	*,410*	-,148	*,342*	,130	-,098	-,107	,595

Figure 4.18 illustrates the Pearson Product Moment Correlations relationships between Attitudinal Factors and all factors. The three strongest positive factor relationships identified are (a) Attitude – General and Behavioural – General (0.723), (b) Attitude – Communication and Behavioural – Communication (0.691) and (c)

Attitude – Trust and Behavioural – Trust (0.595). Hence it is suggested that communication surrounding Loyalty Programmes needs to embrace new technologies and adopt a multichannel and multi-directional strategy to be more responsive to customers. Furthermore, trust was found to be influential in Loyalty Programme participation and how managers used the shared personal data, impacted customer willingness to participate in Loyalty Programmes. The strongest negative factor relationship was found between Attitudinal – Rewards Personal and Attitudinal – Rewards Monetary (-0.385) and Attitude – Rewards (Personal) and Behavioural – Rewards (-0.370). This highlights the need for carefully designed, targeted reward offerings to attract the desired customer segment. The ultimate goal being to influence the behaviour of customers by tailoring the reward offered.
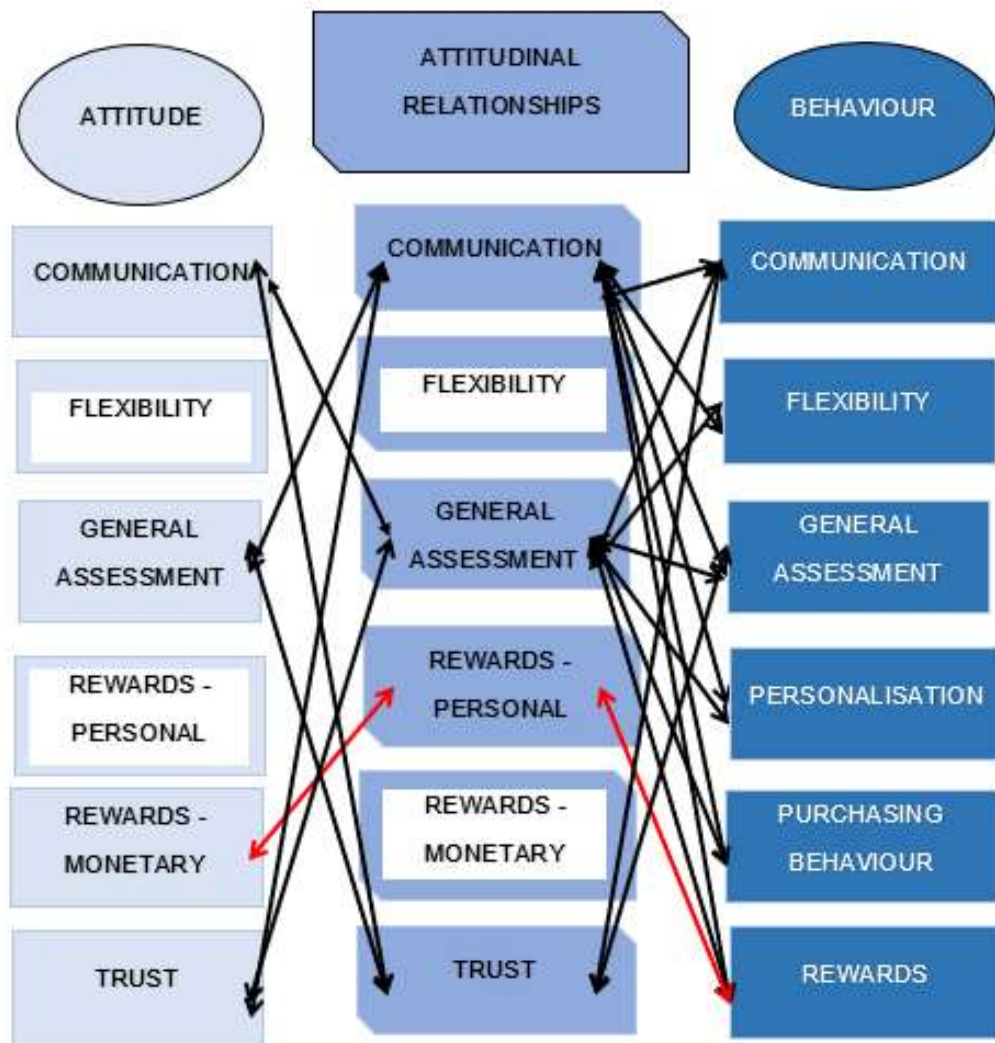
Figure 4.18: Illustrates the Pearson Product Moment Correlations – Attitudinal Factors to all

Table 4.45 reports the correlations between the Behavioural factors and all factors. Negative correlations are highlighted in grey.

Table 4.45: Pearson Product Moment Correlations – Behavioural Factors to All Factors

	Behavioural – Communication	Behavioural – Flexibility	Behavioural – General	Behavioural – Personalisation	Behavioural – Purchasing Behaviour	Behavioural – Rewards	Behavioural – Trust
Attitudinal – Communication	*,691*	*,334*	*,502*	*,480*	*,318*	*,371*	*,410*
Attitudinal – Flexibility	-,071	,014	,052	-,019	-,062	,229	-,148
Attitudinal – General	*,427*	*,316*	*,723*	*,416*	*,390*	*,462*	*,342*
Attitudinal – Rewards Personal	-,079	-,071	-,054	-,131	-,132	*-,370*	,130
Attitudinal – Rewards Tangible	*-,308*	-,155	-,122	-,230	-,172	-,279	-,098
Attitudinal – Rewards Monetary	,033	,055	,071	,064	,157	,297	-,107
Attitudinal – Trust	*,385*	,138	*,335*	,209	,134	,204	*,595*
Behavioural – Communication	-	*,350*	*,466*	*,548*	*,389*	*,375*	*,348*
Behavioural – Flexibility	*,350*	-	,373	*,433*	,256	,284	,171
Behavioural – General	*,466*	*,373*	-	*,500*	,538	*,448*	,286
Behavioural – Personalisation	*,548*	*,433*	*,500*	-	,388	*,385*	,171
Behavioural – Purchasing Behaviour	*,389*	,256	*,538*	*,388*	-	*,358*	,157
Behavioural – Rewards	*,375*	,284	*,448*	*,385*	,358	-	,123
Behavioural – Trust	*,348*	,171	,286	,171	,157	,123	-

Figure 4.19 illustrates the Pearson Product Moment Correlations Relationships Behavioural Factors and all factors.
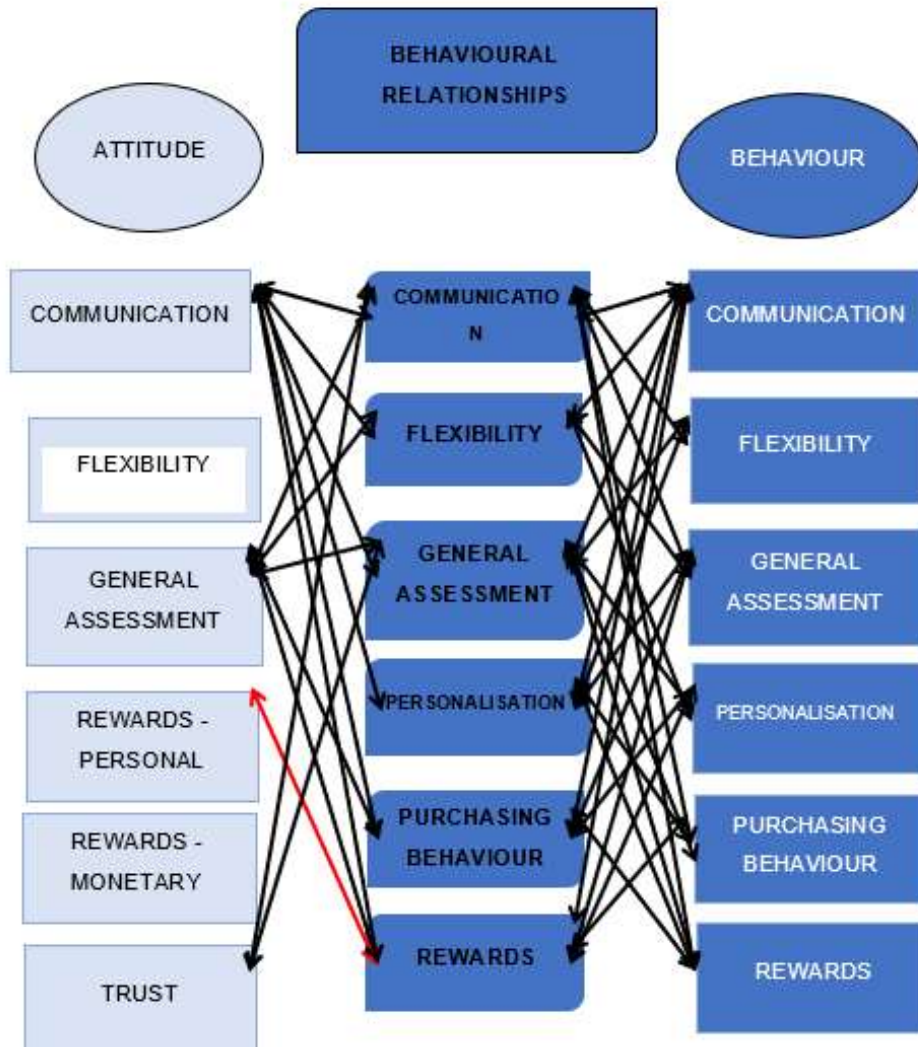
Figure 4.19: Illustrates the Pearson Product Moment Correlations – Behavioural Factors to all Factors

Figure 4.18 and 4.19 illustrate the Pearson Product Moment Correlations for Attitudinal Factors and Behavioural Factors to all factors respectively. All of the positive correlations are indicated with Black arrows and negative correlations are indicated with Red arrows. Factors that had no significant correlations have blocks highlighted in white.

4.8 RELATIONSHIPS BETWEEN DEMOGRAPHIC FACTORS AND THE FACTORS (ANOVAS)

To analyse the relationship between the demographic information collected in the survey descriptive statistics in the form of an ANOVA analysis was conducted and a full list of the results is found in Appendix F. The discussion of the results of selected demographic factor s: ANOVA tests follows together with additional relevant tables in Section 4.7.2.

4.8.1 ANOVA Results and Discussion of Descriptive Statistics for the ANOVA

Following statistical analysis of the relationship between the demographic information collected in the survey and the factors of Attitudinal Factors and Behavioural Factors the ANOVA results found no statistically significant relationship between the demographic factors and the following factor s:

- Attitudinal – Communication;
- Attitudinal – Flexibility;
- Attitudinal – General;
- Attitudinal – Rewards;
- Attitudinal – Monetary;
- Behavioural – Flexibility;
- Behavioural – Purchasing Behaviour; and
- Behavioural – Rewards.

The statistically significant findings from the ANOVA results are as follows in Tables 4.46 to 4.58.

<u>Factor – Behavioural – General</u>

Table 4.46 illustrates the results of the univariate ANOVA analysis of the factor Behavioural – General.

Table 4.46: Univariate ANOVA Results – Behavioural – General

Effect	F-value	D.F.	p	Cohen's d
Age5	0,53	4; 606	,712	n/a
Race4	0,96	3; 606	,412	n/a
Gender	0,14	1; 606	,710	n/a
Household Size	0,58	5; 606	,719	n/a
Monthly Household Income5	2,46	4; 606	,044	n/a
Highest Level of Education4	0,28	3; 606	,843	n/a

The results found Monthly household income to be statistically significant (p = 0.044) and not practically significant. Post-hoc results however did not differentiate any level of household income to be significant.

Factor – Attitudinal – Trust

Table 4.47 illustrates the results of the univariate ANOVA analysis of the factor Attitudinal – Trust

Table 4.47: Univariate ANOVA Results – Attitudinal – Trust

Effect	F-value	D.F.	p	Cohen's d
Age5	0,58	4; 685	,680	n/a
Race4	3,29	3; 685	,020	n/a
Gender	6,28	1; 685	,012	0,21
Household Size	0,47	5; 685	,795	n/a
Monthly Household Income5	0,28	4; 685	,892	n/a
Highest Level of Education4	2,31	3; 685	,076	n/a

The results found race to be statistically significant (p = 0.020) and not practically significant. Gender has been found to be statistically significant (p = 0.012) with a small practical significance (Cohen's d=0.21). Post-hoc results are illustrated in Table 4.48.

Table 4.48: Post-Hoc Results - Attitudinal – Trust

Effect	Level 1	Level 2	M_1	M_2	p*	Cohen's d
Race4	Asian	Black	2,79	2,79	1,000	0,00
	Asian	Coloured	2,79	2,78	1,000	0,02
	Asian	White	2,79	2,64	,651	0,23
	Black	Coloured	2,79	2,78	,999	0,02
	Black	White	2,79	2,64	,094	0,22
	Coloured	White	2,78	2,64	,290	0,22
Gender	Female	Male	2,80	2,66	,012	0,21
* Scheffé Test if 3+ Levels, else t-Test						

Post-hoc results however did not differentiate between any race group, but found Females to be more positive (M1; 2,80) than Males (M2; 2,66) when considering the factor Attitudinal – Trust.

Factor – Behavioural – Trust

Table 4.49 illustrates the results of the univariate ANOVA analysis of the factor Behavioural – Trust

Table 4.49: Univariate ANOVA Results – Behavioural – Trust.

Effect	F-value	D.F.	p	Cohen's d
Age5	0,34	4; 606	,853	n/a
Race4	0,36	3; 606	,779	n/a
Gender	1,50	1; 606	,221	n/a
Household Size	0,98	5; 606	,431	n/a
Monthly Household Income5	0,51	4; 606	,726	n/a
Highest Level of Education4	5,45	3; 606	,001	n/a

The results found levels of Education to be statistically significant (p = 0.001). Post-hoc results are illustrated in Table 4.50

Table 4.50: Post-Hoc Results - Behavioural – Trust.

Effect	Level 1	Level 2	M_1	M_2	Scheffé p	Cohen's d
Highest Level of Education4	Not Diploma	Diploma	2,92	2,81	,753	0,16
	Not Diploma	Degree	2,92	2,58	,002	0,46
	Not Diploma	M+D	2,92	2,67	,175	0,32
	Diploma	Degree	2,81	2,58	,021	0,32
	Diploma	M+D	2,81	2,67	,580	0,20
	Degree	M+D	2,58	2,67	,802	0,12

Post-hoc results differentiated between 2 educational groups (Scheffé p = 0.021 and Cohen's d = 0.32) and found respondents who had not achieved a Diploma to more positive (M1; 2,92) than respondents who had achieved a degree (M2; 2,58) and those who had achieved a Diploma to be more positive (M1; 2,81) than those who had achieved a Degree (M2; 2,58), when considering the factor Behavioural – Trust.

Factor – Behavioural – Communication

Table 4.51 illustrates the results of the univariate ANOVA analysis of the factor Behavioural – Communication.

Table 4.51: Univariate ANOVA Results - Behavioural – Communication

Effect	F-value	D.F.	p	Cohen's d
Age5	0,53	4; 606	,713	n/a
Race4	3,92	3; 606	,009	n/a
Gender	0,03	1; 606	,865	n/a
Household Size	0,45	5; 606	,817	n/a
Monthly Household Income5	0,82	4; 606	,514	n/a
Highest Level of Education4	1,59	3; 606	,191	n/a

The results found race to be statistically significant (p = 0.009). Post-hoc results are illustrated in Table 4.52.

Table 4.52: Post-Hoc Results - Behavioural – Communication

Effect	Level 1	Level 2	M_1	M_2	Scheffé p	Cohen's d
Race4	Asian	Black	2,96	2,66	,147	0,40
	Asian	Coloured	2,96	2,70	,330	0,37
	Asian	White	2,96	2,55	,023	0,60
	Black	Coloured	2,66	2,70	,949	0,06
	Black	White	2,66	2,55	,486	0,15
	Coloured	White	2,70	2,55	,316	0,22

Post-hoc results differentiated between the race groups (Scheffé p = 0.023 and Cohen's d = 0.60) Asian and White with Asian respondents found to be more positive (M1; 2,96) than White respondents (M2; 2,55), when considering the factor Behavioural – Communication.

Factor – Behavioural – Personalisation

Table 4.53 illustrates the results of the univariate ANOVA analysis of the factor Behavioural – Personalisation.

Table 4.53: Univariate ANOVA Results - Behavioural – Personalisation

Effect	F-value	D.F.	p	Cohen's d
Age5	0,13	4; 606	,973	n/a
Race4	1,28	3; 606	,280	n/a
Gender	0,89	1; 606	,345	n/a
Household Size	1,17	5; 606	,322	n/a
Monthly Household Income5	2,45	4; 606	,045	n/a
Highest Level of Education4	0,11	3; 606	,955	n/a

The results found Monthly Household income to be statistically significant (p = 0.045). Post-hoc results are illustrated in Table 4.54.

Table 4.54: Post-hoc Results - Behavioural – Personalisation

Effect	Level 1	Level 2	M₁	M₂	Scheffé p	Cohen's d
Monthly Household Income5	<R30 000	<R50 000	2,92	2,98	,959	0,08
	<R30 000	<R70 000	2,92	2,80	,827	0,15
	<R30 000	<R90 000	2,92	3,11	,556	0,24
	<R30 000	R90 000 +	2,92	3,15	,446	0,30
	<R50 000	<R70 000	2,98	2,80	,519	0,24
	<R50 000	<R90 000	2,98	3,11	,859	0,17
	<R50 000	R90 000 +	2,98	3,15	,743	0,23
	<R70 000	<R90 000	2,80	3,11	,205	0,39
	<R70 000	R90 000 +	2,80	3,15	,159	0,45
	<R90 000	R90 000 +	3,11	3,15	,999	0,06

The results found Monthly household income to be statistically significant ($p = 0.045$). Post-hoc results however did not differentiate any level of household income to be significant when considering Behavioural – Personalisation.

Factor – Attitudinal – Rewards Personal

Table 4.55 illustrates the results of the univariate ANOVA analysis of the factor Attitudinal – Rewards Personal.

Table 4.55: Univariate ANOVA Results - Attitudinal – Rewards Personal

Effect	F-value	D.F.	p	Cohen's d
Age5	0,22	4; 685	,929	n/a
Race4	5,60	3; 685	,001	n/a
Gender	0,90	1; 685	,344	n/a
Household Size	0,43	5; 685	,827	n/a
Monthly Household Income5	1,66	4; 685	,157	n/a
Highest Level of Education4	1,13	3; 685	,336	n/a

The results found Race to be statistically significant (p = 0.001). Post-hoc results are illustrated in Table 4.56.

Table 4.56: Post-hoc Results - Attitudinal – Rewards Personal

Effect	Level 1	Level 2	M_1	M_2	Scheffé p	Cohen's d
Race4	Asian	Black	2,27	2,32	,987	0,06
	Asian	Coloured	2,27	2,51	,365	0,34
	Asian	White	2,27	2,56	,160	0,41
	Black	Coloured	2,32	2,51	,088	0,25
	Black	White	2,32	2,56	,003	0,33
	Coloured	White	2,51	2,56	,923	0,08

Post-hoc results differentiated between the race groups Black and White with Black respondents found to be less positive (M1; 2,32) than White respondents (M2; 2,56), when considering the factor Attitudinal – Rewards Personal. This indicates that race groups perceive the value of rewards offered differently.

Factor – Attitudinal – Rewards Tangible

Table 4.57 illustrates the results of the univariate ANOVA analysis of the factor Attitudinal – Rewards Tangible.

Table 4.57: Univariate ANOVA Results - Attitudinal – Rewards Tangible

Effect	F-value	D.F.	p	Cohen's d
Age5	0,90	4; 685	,462	n/a
Race4	4,41	3; 685	,004	n/a
Gender	5,10	1; 685	,024	0,20
Household Size	0,93	5; 685	,459	n/a
Monthly Household Income5	1,87	4; 685	,115	n/a
Highest Level of Education4	3,59	3; 685	,014	n/a

The results found Race to be statistically significant (p = 0.004), Gender (p = 0.024) and Level of Education (p = 0.014). Post-hoc results are illustrated in Table 4.58. Post-

hoc results differentiated between the race groups (Scheffé p = 0.036 and Cohen's d = 0.26) Black and White with White respondents found to be more positive (M2; 2,96) than Black respondents (M1; 2,80), when considering the factor Attitudinal – Rewards Tangible. Results also differentiated between gender groups (Scheffé p = 0.020 and Cohen's d = 0.24), with Male respondents found to be more positive (M2; 2,94) than Female respondents (M1; 2,80), when considering the factor Attitudinal – Rewards Tangible. Results further differentiated between educational groups (Scheffé p = 0.020 and Cohen's d = 0.33), with respondents holding degrees found to be more positive (M2; 2,91) than respondents who did not have a diploma (M1; 2,70), when considering the factor Attitudinal – Rewards Tangible.

Table 4.58: Post-hoc Results - Attitudinal – Rewards Tangible

Effect	Level 1	Level 2	M_1	M_2	p*	Cohen's d
Race4	Asian	Black	2,83	2,80	,990	0,06
	Asian	Coloured	2,83	2,86	,995	0,05
	Asian	White	2,83	2,96	,719	0,21
	Black	Coloured	2,80	2,86	,775	0,10
	Black	White	2,80	2,96	,036	0,26
	Coloured	White	2,86	2,96	,559	0,16
Gender	Female	Male	2,81	2,94	,024	0,20
Highest Level of Education4	Not Diploma	Diploma	2,70	2,87	,197	0,29
	Not Diploma	Degree	2,70	2,91	,031	0,33
	Not Diploma	M+D	2,70	2,83	,533	0,22
	Diploma	Degree	2,87	2,91	,928	0,06
	Diploma	M+D	2,87	2,83	,970	0,06
	Degree	M+D	2,91	2,83	,746	0,12
* Scheffé Test if 3+ Levels, else t-Test						

4.9   TESTING THE MODEL

4.9.1   Confirmatory Factor Analysis (CFA)

CFA was conducted to investigate the measurement instruments used to measure the factors of attitudinal loyalty and behavioural loyalty. The results are illustrated in Table 4.59 for both of the factors. The results of the analysis for the attitudinal factors all fell within the required ranges and were as follows, χ^2/df (1,34), CFI (0,98), NFI (0,93), AGFI (0,95) and RMSEA (0,021), except for the p-value which was less than 0,005. The results of the analysis of the behavioural factors were, the χ^2/df (1,20), CFI (0,99), AGFI (0,96) NFI (0,96), AGFI (0,96) and RMSEA (0,017) fell within the required ranges, however, the p (0,014), was outside the required range. Therefore, the CFA results for both attitudinal loyalty and behavioural loyalty factors confirm that the measurement instrument is in order. Despite the p values not being within the required range, all of the other values met the requirements and therefore are sufficient for the measurement instrument to be used in this study. It is however, recommended that further research is required to improve the instrument's fit.

Table 4.59: Observed CFA goodness of Fit Statistics (figures indicated red in denote an acceptable fit)

	CFA Attitudinal factor s			CFA Behavioural factor s		
	Abbr.	**Target**	**Observed**	**Abbr.**	**Target**	**Observed**
Sample size	n	740		n	656	
No. of items	m	30		m	28	
Sample size; No. of items Category	n;m.Cat.	250 < n < 1000 m ≥ 30		n;m.Cat.	250 < n < 1000 12 < m < 30	
Absolute/predictive fit	Abbr.	Target	Observed	Abbr.	Target	Observed
Chi-square (Maximum likelihood)	χ^2		413,26	χ^2		311,63
	df		309	df		259
	χ^2 p	≥ .05	< .0005	χ^2 p	≥ .05	,014
	χ^2/df	≤ 3	1,34	χ^2/df	≤ 3	1,20

Comparative Fit Indices						
Bentler-Bonnet normed fit index	NFI	≥ .90	,93	NFI	≥ .92	,96
Bentler comparative fit index	CFI	≥ .90	,98	CFI	≥ .92	,99
Other						
Joreskog adjusted GFI	AGFI	≥ .95	,95	AGFI	≥ .95	,96
Root mean square error of approximation	95%Lo		,016	95%Lo		,008
	RMSEA	≤ .08	,021	RMSEA	≤ .08	,017
	95%Hi		,027	95%Hi		,023

4.10   CONCLUSIONS

The principle objective of Chapter Four was to address the RQ$_M$: *What are the components that Loyalty Programmes should include?* and the corresponding RO$_M$: *To determine the components that Loyalty Programmes should include.* The results of the primary research study were analysed and discussed such that this aim could be achieved. To better achieve this aim, the statistician revised the model proposed in Chapter 2, Figure 2.7 to highlight the service quality model aspects of Loyalty Programmes present in the attitudinal and behavioural aspects of the factor s, which influence Loyalty Programme participation Thus, a new model and factor layout is illustrated in Figure 4.2 to add meaning to the analysis.

The total number of participants in this study was 1090 respondents. Inferential and descriptive statistics were conducted together with Exploratory Factor Analysis. The factors were tested for internal consistency by means of the Cronbach's Alpha scores and 9 of the 14 factors satisfied the criteria for fair reliability, that is a score greater than 0,60 (Zikmund, Babin, Carr and Griffin, 2013). A further three factors scored greater than 0.50, which was acceptable for basic and explorative research.

To explore the statistical relationships between the factors of attitudinal loyalty and behavioural loyalty, a Pearson's correlation analysis was conducted. Further, descriptive data analysis methods, ANOVA and t- Tests statistics were used to examine relationships between selected demographic information and the factors of

attitudinal loyalty and behavioural loyalty. To review the fitness of the factors of attitudinal loyalty and behavioural loyalty Confirmatory Factor Analysis (CFA), was the analytical instrument used and both attitudinal loyalty and behavioural loyalty factors were deemed fit. However, room for improvement was identified for all factors.

Finally, the CFA analysis used to test the conceptual model from Chapter Two, as revised by the statisticians in Figure 4.2 and found that although the initial model identified a dependant variable and independent variables, all variables were better suited to being described as just factors of Loyalty Programmes. Thus, the model was adapted accordingly and hence Chapter Four concludes with a new recommended model for measuring the components that Loyalty Programmes should include.
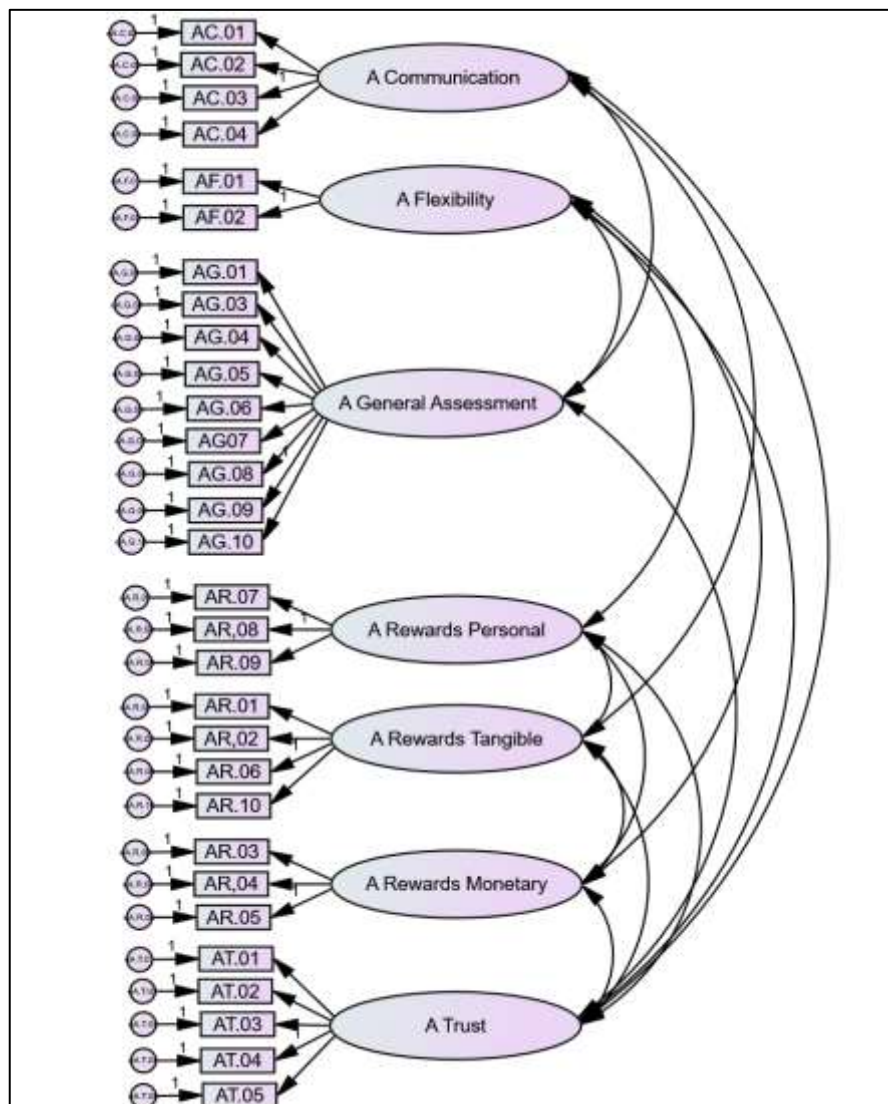

Figure 4.20: Model 3 Attitudinal Factors Influencing Loyalty Programme Participation
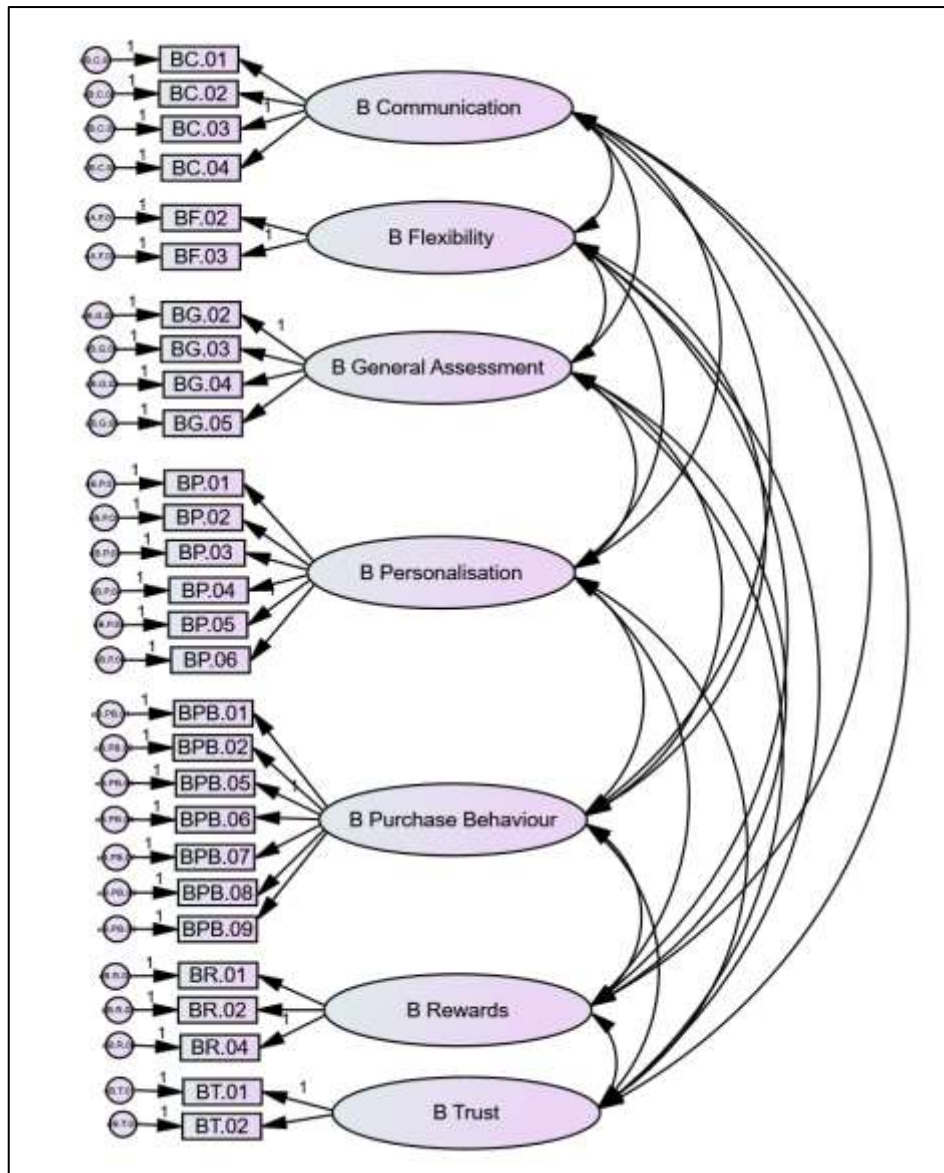
Figure 4.21: Model 4 Behavioural Factors Influencing Loyalty Programme Participation

The first four research questions together with the corresponding research objectives as well as the main research question and corresponding main research objective have thus far been addressed in the first four chapters. In Chapter Five, a conclusion to the study will be made and *RQ₅: What recommendations can be formed to improve the design of Loyalty Programmes in terms of the components that should be included in Loyalty Programmes and to highlight the possible social, financial and personal benefits to consumers and organisations from improvements to the design of Loyalty Programmes?* which correlates to *RO₅: To formulate recommendations that can be implemented by organisations who employ Loyalty Programmes and explore the*

benefits associated with these recommendations in terms of social, financial and personal benefit, if loyalty levels among consumers are improved, will be addressed.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The results of the empirical study conducted were presented in Chapter 4, together with an analysis and discussion of those results. Thus, the chapter concluded with a conceptual model for measuring the components that Loyalty Programmes should include. Chapter 4 further addressed the RQ_M: *What are the components that Loyalty Programmes should include?* and the corresponding RO_M: *To determine the components that Loyalty Programmes should include.*

In this the final chapter of the study, Chapter 5, the findings, managerial recommendations and conclusions of the study are presented. Thus, this chapter addresses *RQ_5: What recommendations can be formed to improve the design of Loyalty Programmes in terms of the components that should be included in Loyalty Programmes,* which addresses *RO_5: To formulate recommendations that can be implemented by organisations who employ Loyalty Programmes.*

In Figure 5.1 the chapter outline for Chapter 5 is illustrated.

| Chapter 1: Introduction and Problem Statement |
| Chapter 2: Literature Review |
| Chapter 4: Results and Analysis |
| Chapter 5: Findings, Conclusions and Recommendations |

- •5.1 Introduction
- •5.2 Summary of Study
- •5.3 Key Findings of the study
- •5.4 Managerial Recommendations
- •5.5 Limitations and call for future research
- •5.6 Summary

Source: Authors own construction

Figure 5.1: Chapter Five Outline

5.2 SUMMARY OF STUDY

5.2.1   Chapter 1: Introduction and Problem Statement

In Chapter One, the topic is introduced. It provides an overview of the study, its purpose, research significance and delimitations. This chapter goes further to outline the problem statement: The components that Loyalty Programmes should include have not been sufficiently examined, nor have the implications been adequately explored. Furthermore, it establishes the RQ_M: *What are the components that Loyalty Programmes should include?* This chapter includes a Research Alignment Plan for this treatise, that assisted to direct the researcher throughout the document. This chapter concludes with Figure 1.2 which outlines the structure and layout of this treatise.

5.2.2   Chapter 2: Literature Review

In this Chapter various academic resources, which included journal articles, books and dissertations were explored and analysed to address the first three secondary research questions. These were: *RQ_1: What are the components of Loyalty Programmes?* which addressed *RO_1: To investigate the general components of Loyalty Programmes through a review of terms, theories and literature. RQ_2: What components do Loyalty*

Programmes offer globally (internationally) and nationally? that addressed *RO₂: To investigate the components present in Loyalty Programmes globally (internationally) and nationally.* Finally, it dealt with *RQ₃: What components do Loyalty Programmes offer in different industries?* which spoke to *RO₃: To determine and propose the components that Loyalty Programmes should include across various industries.*

The review of literature highlighted the popularity of Loyalty Programmes among consumers (Xie and Chen, 2013), which has grown rapidly in recent years (Liu and Yang, 2009) and is expected to achieve a global market value of 7.305 billion US dollars (USD) at the end of 2022 (Reuters, 2017). This popularity has prompted an increase in the number of Loyalty Programmes present in the market place (Bijmolt, Dorotic and Verhorf, 2010; Mimouni-Chaabane and Volle, 2010; Dorotic et al., 2014), which has made satisfying customer preferences (Rese et al., 2013) a key design factor.

Leenheer et al. (2003), McCall et al. (2010) and Dorotic et al. (2012) identified the design of Loyalty Programmes to play a critical role in the future evaluation of outcomes and participation in Loyalty Programmes. Previous literature has identified monetary gains often motivated membership and influenced perceptions of Loyalty Programmes (Mimouni-Chaabane and Volle, 2010; Winters and Ha, 2012).

The variables found to be most suitable for the evaluation of Loyalty Programmes were identified as demographic factors, purchase behaviour, trust, communication, personalisation, flexibility, rewards and methods of participation. Hence, these variables were then proposed for the evaluation of Loyalty Programmes and Chapter 2 is concluded with a proposed conceptual model that provided the underpinnings for the development of the questionnaire used for the empirical study.

5.2.3   Chapter 3: Research Design and Methodology

In Chapter Three, various research philosophies and approaches are outlined. The methodology used for this study is discussed. The methodology used for this study undertook a positivistic philosophy, accompanied by a deductive approach, using a multi-method research methodology, harnessing a survey data collection method, applied across a cross-sectional time horizon. Furthermore, this chapter discussed the

operationalisation of the questionnaire from literature as well as the reliability and validity of the study. A determination was also put forth for the data analysis tests and required ranges, which were proposed to analyse the collected data in Chapter Four. To this end, this chapter addressed *RQ₄: What research design will be used in this study?* which corresponded to *RO₄: To establish the appropriate research design and methodology which will be used so that the study can be reproduced in the future.*

In this study both primary and secondary research is conducted, which informed the development of the questionnaire. The questionnaire formed the mechanism for the collection of primary research, which took the form of a survey that was developed on the Nelson Mandela University Online Survey Tool (QuestionPro). The Universal Resource Link (URL) for the survey was distributed to the 2018 class of Post graduate students on the PDBA (n=90) and MBA (n=95) programmes at NMU, who then distributed the survey link to their networks. Table 3.1 illustrates the operationalisation of each item from the literature that was perceived to be relevant in determining the component that Loyalty Programmes should include.

The questionnaire used a five-point Likert scale and included the presence of a neutral point to improve the validity and reliability of the data obtained (Wegner, 2016; Collis and Hussey, 2014). Once the data was collected it was then revised to preserve accuracy. During this process the data was converted from raw data to the reduced and classified forms that allowed for analysis (Cooper and Schindler, 2014). The types of data analysis conducted included descriptive and inferential statistical measures as well as multivariate methods. Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) were completed.

EFA to explore the relationships among variables, to identify patterns and to reduce the number of variables so that a structure in the relationship between variables may be detected (Zikmund et al., 2013). CFA will be attempted to assess construct validity (Brown, 2012; Zikmund et al., 2013) and to estimate which factors form the basis of each dimension (Attitudinal and Behavioural) and will be used as a confirmatory technique. These data analysis tools were used to easily understand, interpret and communicate the primary data, which then allowed for the data to be presented in a meaningful manner for further interpretation and recommendations to be made (Wegner, 2016).

5.2.4 Chapter 4: Empirical Study - Results and Analysis

In this chapter, the collected results were presented, analysed and discussed. To enhance and add meaning to the analysis, the statistician revised the model proposed in Chapter 2, Figure 2.7 to highlight the service quality model aspects of Loyalty Programmes, Attitudinal Loyalty and Behavioural Loyalty. Thus, a new model and factor layout are illustrated in Figure 4.2 to enhance the analysis. To achieve the analysis the following statistical analysis measures were conducted, Descriptive and inferential statistics, Exploratory Factor Analysis and Confirmatory Factor Analysis.

Additionally, relationships between selected factors and demographic information were explored. This was followed by a testing of the conceptual model from Chapter Two. Chapter Four concludes with a new recommended model for measuring the components that Loyalty Programmes should include. Chapter 4 addressed the RQ_M: *What are the components that Loyalty Programmes should include?* which correlated to the RO_M: *To determine the components that Loyalty Programmes should include.*

The participants of the survey were mainly female (57%, n=621) South Africans (99%, n=1078) from the Eastern Cape (54%, n=587), Gauteng (23%, n=247), Western Cape (12%, n=127) and Kwa-Zulu Natal (6%, n=68). The majority of respondents (75%, n=818) were between the ages of 26 and 45 and 45% (n=486) of respondents identified themselves as Black. The vast majority of participants were employed (87%, n=943) with 41% (n=447) having a monthly income of less than R 30 000 per month. Of the participants 81% (n=880) belonged to a Loyalty Programme and 60% (n=656) actively participated in a loyalty offering. The categories with the highest participation levels were the grocery and retail category 59% (n=643), banking and credit cards 56% (n=613) and health and beauty 55% (n=603).

Descriptive statistics for factors was completed and the frequency distributions for the factors identified positive scores for the following factors (a) Attitudinal – Flexibility, (b) Attitudinal – General, (c) Attitudinal – Rewards Monetary, (d) Behavioural – General and (e) Behavioural – Rewards. The following factors obtained positive mean scores, Attitudinal – Flexibility (μ =4.47), Attitudinal – Rewards Monetary (μ =3.79) and Behavioural – Rewards (μ =3.60) when Central tendency measures were applied.

Inferential statistical analysis was generated. The one sample T-tests of factors found Attitudinal – Rewards Monetary had a positive mean scores and medium practical significance and Attitudinal – Flexibility had a positive mean scores and large practical significance. Results of the Pearson Product Moment Correlations analysis identified numerous factor relationships that were statistically significant at 0.05 level absolute value greater than 0.300 had added practical significance. These relationships are illustrated in Figure 4.18 and Figure 4.19. The complete list of correlations between the attitudinal and behavioural factors are reflected in Table 4.44 and Table 4.45. The three strongest factor relationships identified were (a) Attitudinal – General and Behavioural – General (0.723), (b) Attitudinal – Communication and Behavioural – Communication (0.691) and (c) Attitudinal – Trust and Behavioural – Trust (0.595).

Cronbach's Alpha Coefficient analysis found Attitudinal – Rewards Tangible and Behavioural – Trust did not meet the minimum requirements of 0.5 for reliability (Nunnally, 1978) and were thus interpreted with caution. Eigenvalues and the related Exploratory Factor Analysis (EFA) loadings were illustrated in Tables 4.15 to Table 4.38. The aim of this analysis is to express a percentage value for each item such that it can be explained by a single factor. For the factor Rewards and Attitudinal factors, a series of EFA were conducted to finally determine the factor structure. A three-factor solution was settled on and is illustrated in Table 4.36. To achieve this item A.R 02 reversed to make it a positive value to fit in with the direction of the scoring and the final minimum loading deemed significant of 0.300 accounting for a Percentage of Total Variance of 53.8%.

Ten items were included in the three-factor model. CFA results for both attitudinal loyalty and behavioural loyalty factors confirmed that the measurement instrument was in order. Despite the p values not being within the required range, all of the other values met the requirements and therefore were sufficient for the measurement instrument to be used in this study.

5.2.5   Chapter 5: Findings, Conclusions and Recommendations

Chapter 5, serves to summarise the entire study and presents the key findings from both the literature and the empirical study, to addresses any gap that may have been

present between the literature and the results. Furthermore, this chapter discusses the implications of the study and managerial recommendations are proposed, thereafter the limitations of the study are discussed. Additionally, a call for future research is made and finally, based on the research findings, conclusions are made. Thus, *RQ$_5$: What recommendations can be formed to improve the design of Loyalty Programmes in terms of the components that should be included in Loyalty Programmes* and the correlating *RO$_5$: To formulate recommendations that can be implemented by organisations who employ Loyalty Programmes,* are addressed.

5.3 KEY FINDINGS OF THE STUDY

In this section a summary of the key findings of the study are presented for each factor and concludes with a discussion of the conceptual model for measuring the component that Loyalty Programmes should include.

5.3.1   Proposed Components of Loyalty Programmes

The defining characteristic of any Loyalty Programme is to reward and thereby promote a behaviour of loyalty from a buyer to a seller (Sharp and Sharp 1997; McCall, Voorhees and Calantone, 2010). The main focus of fostering loyalty is achieved through rewarding members' behavioural and or attitudinal loyalty to encourage repeat patronage (McCall, Voorhees and Calantone, 2010; Dorotic, Bijmol and Verhoef, 2012; Jennings, Giorgio, Murali and Goggin, 2014). This Loyalty Programme objective of evoking loyalty from members is supported by customer relationship management (Sarwar, Abbasi and Pervaiz, 2012; Xie and Chen, 2013), incentives in the form of rewards for participation (Ailawadi et al., 2010) and the resultant experience of greater utility from the interaction (Leenheer, van Heerde, Bijmolt and Smidts, 2003, 2007; Bazargan, Karray and Zolfaghari, 2017).

In this treatise, the dimensional approach to understanding the scope of loyalty is adopted. This approach was initially described by Day (1969) and then broadened by Dick and Basu (1994), Oliver, (1999), Khan (2009) and Worthington, Russell-Bennett and Hartel (2009). In 2015, TaghiPourian and Bakhsh (2015, pp. 48-51) consolidated these dimensions and identified four dimensions to Loyalty, which are illustrated in Figure 2.2.

This treatise undertook a two-dimensional approach to loyalty and thus investigates the influence of attitudinal loyalty and behavioural loyalty and was supported by the following Theories. Firstly, *Social Exchange Theory* improved understanding of exchange behaviour (a) who is rewarded and (b) how the proposition is made (Emerson, 1976, p. 356; Redmond, 2015). Redmond (2015) summarised the determining factors of Social Exchange Theory as a social behaviour mediated by costs and rewards of exchange, where costs are minimised and benefit maximised, Evanschitzky et al. (2012) describe the effects of trust and commitment as the main drivers.

Mosavi and Ghaedi (2012) demonstrated the link between positive affective bonds such as trust, commitment and satisfaction, which resulted in customer loyalty. Secondly, *Equity Theory* focuses on factors of injustice and the repercussions thereof (Adams and Freedman, 1976; Redmond, 2015). Henderson et al. (2011) found this theory applicable to status or tiering features of Loyalty Programmes as well as perceptions of the reward offered and the perception of value from participating in a Loyalty Programme (Henderson et al., 2011; Evanschitzky et al., 2012). Thirdly, the *Theory of Planned Behaviour* describes the predictability of an individual's intention to engage in a particular behaviour/s at a specified time and place (Ajzen, 1991; Han and Kim, 2010, p. 660).

Behavioural dispositions, are also mediated by concepts such as social attitude and personality traits (Henderson et al., 2011; Ajzen, Joyce, Sheikh and Cote, 2011, p.112). Applying the *Theory of Planned Behaviour*, De Canničre, De Pelsmacker and Geuens (2009) found predictors of behavioural to be far more appropriate than those based on relationship quality. Han and Kim (2010) found that the Theory of Planned Behaviour was mediated by customer experiences that were linked to customer satisfaction and customer attitude. Ajzen et al. (2011) described that the Theory of Planned Behaviour correlates to specific actions when assessing the effect of information quality and knowledge on behaviour.

This approach was supported by both results of Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA). Through Exploratory Factor Analysis (EFA) the relationships among factors were examined, to identify the possibility of the presence patterns, to reduce the number of factors and to detect the structure of the relationship

between factors (Hair et al., 2010; Schreiber et al., 2006). Three measurement tools were used to achieve this: Eigenvalues, factor loadings and Cronbach's Alpha coefficient.

Confirmatory Factor Analysis (CFA) was conducted to investigate the measurement instruments used to measure the factors of attitudinal loyalty and behavioural loyalty. The results are illustrated in Table 4.59 and revealed that for the attitudinal factors all values fell within the required ranges and were as follows, χ^2/df (1,34), CFI (0,98), NFI (0,93), AGFI (0,95) and RMSEA (0,021), except for the p-value, which was less than 0,005. The results of the analysis of the behavioural factors were, the χ^2/df (1,20), CFI (0,99), AGFI (0,96) NFI (0,96), AGFI (0,96) and RMSEA (0,017) fell within the required ranges, however, the p-value (0,014) was outside the required range. Therefore, the CFA results for both attitudinal loyalty and behavioural loyalty factors confirm that the measurement instrument is reliable.

The results of both EFA and CFA analysis revealed the following factors to be significant:

- Attitudinal – Communication;
- Attitudinal – Flexibility;
- Attitudinal – General;
- Attitudinal – Rewards (Personal, Tangible and Monetary);
- Attitudinal – Trust;
- Behavioural – Communication;
- Behavioural – Flexibility;
- Behavioural – General;
- Behavioural – Personalisation;
- Behavioural – Purchasing Behaviour;
- Behavioural – Rewards; and
- Behavioural – Trust.

5.3.2 Factor 1: Loyalty Programmes - General

Loyalty Programmes have many configurations and can be divided based on reward redemption strategies (points, cards, discounts, etc.) (Dorotic et al., 2012) or on reward type (attitudinal versus behavioural) (Liu and Yang, 2009; Breugelmans et al., 2015). The Nielson Report (2016) revealed that in countries across Africa and the Middle East, over 50% of those surveyed participated in Loyalty Programmes. The results of this survey found similarly that 60% (n=656) of respondents participated in Loyalty Programmes.

Globally, trends show well instituted Loyalty Programmes promote more frequent visits and a larger spend per visit. Respondents in this study were strongly influenced by monetary rewards and discounts. Fifty one percent of global participants rated discount related rewards in the top three benefits of Loyalty Programmes. The results of this study (A.G 02) 75% (n=555) found similarly that discounts were more important than other things such as customer service and quality.

Seventy-two percent of customers favoured retailers with Loyalty Programmes (Nielson Report, 2016; Rese et al., 2013) however the results of this study found only 26% (n=190) of respondents would change where they shopped based on Loyalty Card/ Programmes (A.G 03). The perception of benefit from membership as opposed to the cost showed the positive effects of reward on customer perception.

However, client recognition of monetary savings had the most influence over customer perceptions of Loyalty Programmes (Mimouni-Chaabane and Volle, 2010; Jennings, Giorgio, Murali and Goggin, 2014; Bazargan, Karray and Zolfaghari, 2018). This is supported by the findings of this study. The central tendency and dispersion analysis found where three of the fourteen factors obtained a positive mean scores, (μ =4.47) Attitudinal – Flexibility, (μ =3.79) Attitudinal – Rewards Monetary and (μ =3.60) Behavioural – Rewards. Monetary rewards obtained the second highest score.

While the results of the study (Table 4.7) indicated that 44% (n=326) of respondents found Loyalty Card/ Programmes were all the same (A.G 01), 63% (n=465) of respondents actively participated in the Loyalty Card/ Programmes that they had (B.G 01) while 28% (n=205) were idle members (inactive). Forty three percent (n=317) of

respondents found Loyalty Programme membership to be a cost saving (B.G 02). Seventy five percent (n=555) found discounts to be most important (A.G 02). Only 26% (n=190) of respondents would change where they shopped based on Loyalty Card/ Programmes (A.G 03).

However, 70% (n=515) of respondents continue to use the Loyalty Card/ Programmes that they belonged to (A.G 04). These results indicate that the majority of South Africans are active members of Loyalty Programmes, preferring to shop where discounts were offered and viewed Loyalty Programme membership as cost saving. This finding is parallel to the findings on the choice to participate in a Loyalty Programme being linked to an expected future benefit (Winters and Ha, 2012), monetary gains or savings, or the benefit of membership versus non-membership (Rese et al., 2013).

Sixty four percent (n=472) of respondents found Loyalty Card/ Programmes participation a waste of time (A.G 05) and 74% (n=550) indicated that while they were members of Loyalty Card/ Programmes they had no intention of using them (B.G 03). Fifty percent (n=367) of respondents found Loyalty Card/ Programmes membership to deliver increased value (A.G 06) however, 64% (n=472) found them to be overly complicated (A.G 07) and 57% (n=426) found that the Loyalty Card/ Programmes were expensive with not enough return (A.G 08).

Seventy five percent (n=559) of respondents found Loyalty Card/ Programmes had no benefit (A.G 09), however 43% (n=389) disagreed or strongly disagreed that the time taken to earn worthwhile rewards was too long (A.G 10). It can be concluded in summary that the respondents were positive toward Loyalty Card/ Programmes and were satisfied with their benefits from participation and interaction with these programmes which is in keeping with findings from previous research.

5.3.3   Factor 2: Purchase Behaviour

The basis of interaction for any Loyalty Programmes is the exchange of a Loyalty Programme currency for a reward that is linked to customer purchase behaviour (Liu and Yang, 2009; Dorotic et al., 2012). Dorotic et al. (2012) concluded that Loyalty

Programmes had a small but positive overall influence on customer behaviour, with significant behavioural changes only occurring in a minority of customers.

This survey considered the influence of Loyalty Card/Programmes on Behavioural – Purchasing Behaviour. It considered the question of converting consumers to customers (B.PB 01) and the results were almost evenly split (33% (n=238) negative, 32% (n=250) positive and 34% (n=252) remaining neutral). Substantial savings were attributed to Loyalty Card/Programmes by 43% (n= 315) (B.G 04). These results indicate that unlike previous studies that found Loyalty Programmes had a positive impact on purchase behaviour (Liu and Yang, 2009; Mosavi and Ghaedi, 2012), South African consumers are not easily influenced by Loyalty Programmes.

The first influencer of purchase behaviour was the accumulation of loyalty currency and functioned on a point-pressure mechanism (Breugelmans et al., 2015; Breugelmans and Liu-Thompkins, 2017). The purchaser became more motivated to increase their purchasing patterns to attain the reward. The second influencer was based on a rewarded behaviour mechanism and pertained to the purchasers' post reward attainment of attitudinal and behavioural responses (Henderson et al., 2011; Sarwar et al., 2012). The third influencer identified was the personalised marketing mechanism (Melzer and Olivier, 2015), where the enhancement of behavioural and attitudinal responses of Loyalty Programme members hinged on the Loyalty Programme design (Bijmolt et al., 2010).

The choice to participate in a Loyalty Programme is often based on an expected future benefit (Winters and Ha, 2012) that maybe based on the offering (e.g. the product or the promotion), monetary gains or savings, or the benefit of membership versus non-membership (Rese et al., 2013). Volume of purchase (Rese et al., 2013) and frequency of purchases (Breugelmans and Liu-Thompkins, 2017) are influenced by rewards and both factors may increase when, either the redemption point for a reward approaches (Breugelmans et al., 2015), or when points may expire before the reward can be obtained (Bazargan et al., 2017).

Contrary to the findings of Breugelmans and Liu-Thompkins, (2017), the results of this study found 72% (n=529) (B.PB 02) were not swayed by promotions to buy products that they did not need. Furthermore 60% (n=444) (B.PB 03) of respondents were not

influenced to shop were better discounts were available and 45% (n=331) (B.PB 04) did not find in-store promotions preferable to Loyalty Card/Programmes. These results may be influenced by the ability of South African consumers to take advantage of these offerings as they may have less disposable income to take advantage of these offers.

Additionally, 43% (n=319) (B.PB 05) did not spend less if they were not members of Loyalty Card/Programmes. Sixty six percent (n=488) (B.PB 06) did not spend more if they were Loyalty Card/Programmes members. Forty three percent (n=321) of respondents (PB8) did not see better discounts or value from Loyalty Card/Programmes when compared to in-store promotions. Seventy eight percent (n=578) (B.G 05) of respondent's choice of store for shopping was not influenced by Loyalty Programmes .

Extra points did not affect 52% (n=387) (B.PB 08) of respondents purchasing behaviour and 43% (n=319) (B. PB 09) of respondents did not show preference for purchasing from stores which provided Loyalty Card/Programmes. It is thus found that purchasing behaviour in South African Loyalty Programme members in summary, is poorly influenced by Loyalty Card/Programmes as there may be other financial pressures that effect participation. This is similar to the findings of Dorotic et al., (2012) which concluded that Loyalty Programmes had a small but positive overall influence on customer behaviour, with significant behavioural changes only occurring in a minority of customers.

5.3.4   Factor 3: Trust

Considering the relationship between trust, customer loyalty and other factors, Mosavi and Ghaedi (2012) demonstrated a positive correlation between trustworthy Loyalty Programmes (Gommans et al., 2001) and commitment from service users. Building customer trust improved satisfaction with the company and led to greater commitment to repurchase company offerings by the customer (Mimouni-Chaabane and Volle, 2010). Thus, the resultant effect was increased loyalty and customer retention (Mosavi and Ghaedi, 2012).

The results from this study found 50% (n= 365) of the respondents (A.T 01) felt that Loyalty Card/Programmes monitored their every move and this led to them being

nervous regarding the use of their personal information (A.T 02; 47%, n=345). Respondents were annoyed when contacted by Loyalty Card/Programmes (A.T 03; 64%, n=469) and (A.T 04; 33%, n=240) were negative about sharing personal information. These results are similar to the findings of Gómez, Arranz and Cillán (2012) and Xie and Chen (2013) discussed above.

A further 36% (n=267) (B.T 01) of respondents were not convinced that Loyalty Card/Programmes were being truthful regarding how this information would be used. This result compares with literature findings on customers willing to participate in Loyalty Programmes were positively influenced when database management resulted in personalised and customised experiences for themselves (Estrella-Ramon et al., 2013; Breugelmans et al., 2015). Hence communication regarding how information collected will be used may change attitudes toward information sharing.

Globally, it is evident that service quality, transparency of process and promise delivery strengthened the trust relationship (Sarwar et al., 2012). According to Gómez, Arranz and Cillán (2012), the general attitude of customers toward Loyalty Programmes was influenced by the level of privacy afforded to them by the programme, which influenced their willingness to share personal data when joining a programme (Xie and Chen, 2013). In this survey the majority of 67% (n= 496) of respondents (A.T 05) did not find Loyalty Card/Programmes set up to increase profits and 63% (n=466) (A.T 06).

Forty three percent (n=318) of respondents (B.T 02) did not find Loyalty Card/Programmes had too much knowledge regarding their purchasing behaviour. Thus, overall respondents felt more cautious about sharing information with Loyalty Card/Programmes but did find that personal information was managed satisfactorily. These results compared well with literature findings regarding privacy concerns and trust in Loyalty Programme where the management of shared personal data, impacted customer willingness to participate in Loyalty Programmes (Xie and Chen, 2013).

Commonly data gathered from Loyalty Programme membership applications is used to analyse customer habits and behaviours (Cromhout et al., 2017), which some customers felt was too intrusive (Ashley et al., 2011). This became a limiting factor for some individuals who valued the privacy of their personal data over the benefits of joining a Loyalty Programme (Gomez et al., 2012). ANOVA's Post-hoc results found

those who had achieved a Degree (M2; 2,58) to be less positive, when considering the factor Behavioural – Trust, when compared to respondents with or without diplomas. This maybe as a result of them being more critical and less trusting as a result of their academic studies. ANOVA's Post-hoc results also found Females to be more positive (M1; 2,80) than Males (M2; 2,66). This maybe as a result of their views regarding special treatment from Loyalty Programmes. Henderson et al. (2011) found that the response among different participants varied for depending on the rewards offered (e.g. between male and female customers). Melnyk and van Osselaer (2012) highlighted that status related to Loyalty Programmes appealed to males when the status was visible and personalisation appealed to females.

In the South African context, the Protection of Personal Information PoPI Act (Act No. 4 of 2013) governs all South African institutions. The Act holds institutions accountable for any breach. It protects your personal information and affords you the right of protection and control over your personal information (Department of Basic Education, 2014).

5.3.5   Factor 4: Communication

A key feature of Loyalty Programme design is communication, as it provides several opportunities for the company (Breugelmans et al., 2015) and should clearly convey to the customer (Mosavi and Ghaedi, 2012) the key features of the Loyalty Programme through a source that is acceptable (e.g. email, text message, social networks, etc.) Further, communication strategies should allow for one-way mass advertising and two-way communication for feedback and complaint management (Gommans et al., 2001; Winters and Ha, 2012; Xie and Chen, 2013).

Results of the Pearson Product Moment Correlations analysis from this study identified a strong factor relationship that was statistically significant between the factors of Attitudinal – Communication and Behavioural – Communication (0.691). This indicates the strong influence of the factor of communication in evaluating Loyalty Programmes.

In this study respondents reported equally receiving solicited and unsolicited communications from Loyalty Card/Programmes (B.C 01; 44%, n=329 and B.C 01; 42%, n=310). E-mailed communications were not all read by 60% (n=445) (A.C 01)

and 66% (n=485) (B.C 02) did not find Loyalty Card/Programmes spoke to them personally. Forty eight percent (n=286) of respondents (A.C 02) did not feel overwhelmed by the volume of communication received from Loyalty Card/Programmes and most respondents were happy with the medium of communication (A.C 04; 63%, n=461). Interactive websites failed to enhance 41% (n=310) (B.C 03) of respondents' experiences and 50% (n=350) were neutral regarding Loyalty Card/Programmes listening to them.

Overall in this study it is found that communication strategies employed by Loyalty Card/Programmes have experienced mixed levels of success when communication to respondents and study results were overall similar to those found in literature. In the South African context this may be influenced by the manner of communication and the language of communication as South Africa has a multi-lingual culture.

Dorotic et al. (2012) identified personalised communication that was executed through the members preferred channel of communication to have positive outcomes. The benefit of a multichannel and multi-directional communication strategies was also highlighted in the Crowd Twist Report, (2016). These findings were well collaborated by this study and greater focus on personalised two-way communication is advocated for by the results of this study.

5.3.6   Factor 5: Personalisation

The Loyalty Programme Member Engagement Survey conducted in 2015 by Tritech Media (Melzer and Olivier, 2015), highlighted the need for personalisation of any Loyalty Programme. Focus was placed on enhanced understanding of both the customers' experiences and perceptions of Loyalty Programmes (Ashley et al., 2011; Evanschitzky et al., 2012), engagement (McCall et al., 2010; Xie and Chen, 2013) and incentives to be desirable and matched to customer tastes (Dorotic et al., 2012).

This study found personalisation was not well executed as 42% (n=310) of respondents found Loyalty Card/Programmes failed to keep track of their life changes (B.P 01). Rewards were relevant and made a difference in respondents' lives (B.P 02; 40%, n=297), with 44% (n=324) (B.P 03) of respondents receiving personalised discounts from Loyalty Card/Programmes and 42% (n=312) (B.P 04) receiving

personalised promotional offerings. Respondents were closely split over personalised product recommendations with 40% (n=292) disagreeing to 38%(n=279) agreeing (B.P 05).

Growing a customer database is key to understanding and meeting these needs (Melzer and Olivier, 2015). Data gathered from Loyalty Programmes is an invaluable tool when matched to meet customer preference. It allows Loyalty Programmes to make personalised offers to participants by tracking customer purchase patterns or predicting needs based on demographic data (e.g. offers related to solar lights in areas of frequent load shedding) (Liu and Yang, 2009; Xie and Chen, 2013; Estrella-Ramon et al., 2013). This type of approach differentiates the company from competitors and builds relational bonds for the company (Evanschitzky et al., 2012) and may further assist in capturing market segments through targeted offers (Dorotic et al., 2012).

This study found Loyalty Programmes were not succeeding in this area, despite volumes of data being collected most Loyalty Programmes missed the mark. This may be as a result of poor data management. Hence, with regard to Personalisation, the overall sentiment of respondents is difficult to gauge and seems to be a 50/50 split between hitting and missing the needs of users.

5.3.7   Factor 6: Flexibility

The modern Loyalty Programme customer demands flexibility (Liu and Yang, 2009) and variety (Jennings et al., 2014). Hence, Loyalty Programmes must be adaptable to customer needs to attract, retain and ensure active participation in these programmes (McCall et al., 2010; Begelman's and Liu-Thompkins, 2017). Approximately 80% of customers were attracted by Loyalty Programmes that allowed flexible reward accumulation for purchase and payment options across different purchase platforms (in-store, online, mobile applications, etc.) (Wyman, 2015) and preferred flexible reward redemption strategies (McCall et al., 2010; Nielson Report, 2016).

This study found that these design elements were well incorporated into Loyalty Programmes. Considering the approach taken by Loyalty Card/Programmes to flexibility 45 % (n=329) (B.F 01) of respondents found a flexible approach being adopted and 42% (n=305) (B.F 02) found flexibility existed across purchase platforms

(in-store versus online versus mobile applications) for points or rewards. However, Flexibility in reward types was found absent by 40% (n=295) (B.F 03) of respondents.

Customers seek uncomplicated and simple earn and redemption rules with few hidden clauses or steps to be followed to redeem rewards (Winters and Ha, 2012) which are be desirable, relevant and personal (Dorotic et al., 2014). The results of this study found that many Loyalty Programmes are missing this mark with 64% (n=472) of respondents finding Loyalty Programmes overly complicated (A.G 07). Customers value the freedom to manage their rewards and prefer being able to exercise a choice with regard to how rewards can be saved or grouped (Cromhout et al., 2017). Respondents in this study found that the time taken to earn desired rewards was appropriate (43%, n=389; A.G 10).

Non-expiring rewards are a more common across many industries, as they enhance and improve participation in Loyalty Programmes (Dorotic et al., 2014). The role of reward expiry among Loyalty Programmes was examined by Bazargan, et al. (2018, p. 628) and found the ideal strategy was to match the competitor strategies. The profitability of a strategy that included reward expiration was only beneficial when customers placed a higher value on rewards and time (Bazargan et al., 2017, 2018).

The perception that finite reward points would negatively impact participation in Loyalty Programmes is unsupported by the study of Breugelmans and Liu-Thompkins (2017, p. 547). This study found that in the presence of a more stringent expiration policy, positive effects on purchases are demonstrated in customers who possess the flexibility to adapt their behaviour to such a strategy (Breugelmans and Liu-Thompkins, 2017).

Reward expiration sentiment from previous literature is strongly matched by the results of this survey, with 92% (n=679) of respondents (A.F 01) expected rewards not to expire and 88% (n=652) feeling cheated when rewards expired (B.F 04). Ninety three percent of respondents (n=687) wanted to be informed prior to their points expiring (A.F 02). In summary, it can be concluded that most respondents were satisfied with the flexibility of points or rewards on offer and the majority of respondents felt strongly negative about point expiration.

5.3.8 Factor 7: Rewards

The value of a Loyalty Programme is from the increased customer engagement promoted through the allocation of a reward for repeat patronage or purchases (Mimouni-Chaabane and Volle, 2010; Dorotic, Bijmolt and Verhoef, 2012; Bazargan et al., 2017). Studies have confirmed the benefits of pursuing this strategy (Leenheer et al., 2007; Dorotic et al., 2012). Brashear-Alejandro et al. (2016) found that non-monetary rewards increased customer feelings of status and belonging, which in turn positively influenced the customer's self-concept. Henderson et al. (2011) and Dorotic, Verhoef, Fok and Bijmolt (2014) identified that rewards could also generate feelings of gratitude, importance and satisfaction.

Respondent sentiment in this study was mixed when considering reward points, with 38% (n=284) (A.R 06) neutral and 36% (n=266) (A.R 06) negative. Respondents were also not keen on exclusive access to sales and merchandise (A.R 07; 55%, n=407) however respondents did find access to priority service desirable (A.R 08; 56%, n=410). Forty five percent of respondents (n=333) (B.R 04) felt they were a valued customer. Respondents did not prefer personalised products or services as rewards (A.R 09; 59%, n=442) and were neutral when considering donations to charities as a reward (A.R 10; 46%, n=343). Hence these results do not strongly align with any past study results. This maybe as a result of population differences as the study respondents were mainly South African.

The positive effect of Loyalty Programme rewards is addressed under two major headings, either monetary savings or offers of special access. Earlier studies have leaned toward economic gains as the main driver of participation in Loyalty Programmes, however recent studies highlight non-monetary gains as being just as important to modern customers (Wyman, 2015; Rese, Hundertmark, Schimmelpfennig and Schons, 2013; Melnyk and van Osselaer, 2012; Mimouni-Chaabane and Volle, 2010). This study found that participation in Loyalty Card/Programmes made 57% (n=425) (B.R 01) of respondents feel good, when compared to the findings of previous literature.

In the majority of cases, customers preferred monetary savings benefits and these rewards had the most influence on customer perceptions of Loyalty Programmes

(Mimouni-Chaabane and Volle, 2010; Jennings, Giorgio, Murali and Goggin, 2014; Bazargan, Karray and Zolfaghari, 2018). Gomez et al. (2012) described the rewards of loyalty card programmes as having tangible or intangible rewards. The findings of this survey concur with this. Respondent sentiments regarding the choice between tangible rewards and cash were almost evenly split with 36% (n=271) (A.R 01) preferring cash rewards, 31% (A.R 01) preferring tangible rewards and 32% (n=235) (A.R 01) remaining neutral. The study also found a strong preference for discounts among respondents (A.G 02; 75%, n=555).

Brand partnership by Loyalty Card/Programmes was preferred by respondents (B.R 02; 77%, n=568). However, 49% (n=365) (B.R 03) of respondents did not receive points for referrals. Considering how rewards should be designed cash or rebate rewards (A.R 03; 78%, n=577) and free shipping (A.R 05; 75%, n=551) were preferred over discounts (A.R 02; 16%, n=116), together with free products (A.R 04; 56%, n=415). In summary, it can be concluded that respondents had strong preferences to a few reward types, particularly those that allowed partnership with other brands and free shipping and free products.

5.3.9   Factor 8: Method of Participation

In the customers mind, the ease of participation in any Loyalty Programme has become a differentiator (Crowd and Twist, 2016) as technology has created the opportunity for multi-channel engagement and customers prefer these interfaces. The preference for payment, purchase and delivery across various companies through an integrated Loyalty Programme has gained popularity (Shankar, Inman, Mantrala, Kelley and Rizley, 2011; Wyman, 2015). Similarly, this survey found 75% (n=552) (M 01) of respondents preferred cards be scanned or swiped and 48% (n=355) (M 02) preferred to access membership account information through phone numbers or other personal information.

Jennings et al's. (2014) survey found that almost 30% participants belonged to more than four Loyalty Programmes and that many households belong to multiple Loyalty Programmes (Leenheer et al., 2007; Liu and Yang, 2009). Similarly, this study results indicated that overall 54% (n=593) respondents were members of more than five loyalty cards. Methods that are able to earn them rewards from multi-vendor Loyalty

Programmes are highly appealing to the customer (Rese et al., 2013; Wyman, 2015). The results from this survey found that retailer mobile applications were preferred (M 03; 40%, n=293) however 56% (n=410) (M 04) did not prefer using third-party applications.

Considering Loyalty Card/Programme membership 40% (n=316) (B.G 06) of respondents indicated they belonged to too many Loyalty Card/Programmes and 42% (n=316) (B.G 07) of respondents indicated they had too many Loyalty Cards. In summary, respondents find more modern methods of participation in Loyalty Card/Programmes acceptable and preferable.

The items under this factor were reassigned by the statistician to the factor Loyalty Programmes in general for statistical purposes. Hence no further analysis is done for this factor.

5.3.10 The Tested Model for Measuring Loyalty Programmes

The conceptual model for determining the components of Loyalty Programmes from Chapter Two was revised by the statistician and after statistical analysis. CFA was conducted and additional models were explored. Model 3 and Model 4 illustrated in Figure 4.20 and Figure 4.21 respectively were proved through CFA to be an adequate model for analysing and determining the components that Loyalty Programmes should include. In the evolution of the model some factors were removed. Firstly, the statistician removed the Factor - Method of Participation. Secondly, the Cronbach's Alpha coefficients score for the Factors Attitudinal – Rewards Tangible and Behavioural – Trust did not meet the minimum requirements for reliability (Zikmund et al., 2013) and were thus removed from subsequent models.

Furthermore, two tested models are proposed, one for Attitudinal Factors and another for Behavioural Factors. Firstly, Figure 4.20, Model 3 addresses Attitudinal Factors Influencing Loyalty Programme Participation, which retained the following factors:
- Attitudinal – Communication;
- Attitudinal – Flexibility;
- Attitudinal – General;
- Attitudinal – Rewards (Personal and Monetary);

- Attitudinal – Trust;

Secondly, Figure 4.21 Model 4 addresses Behavioural Factors Influencing Loyalty Programme Participation, which retained the following factors:

- Behavioural – Communication;
- Behavioural – Flexibility;
- Behavioural – General;
- Behavioural – Personalisation;
- Behavioural – Purchasing Behaviour;
- Behavioural – Rewards;
- Behavioural – Trust;

5.4   MANAGERIAL RECOMMENDATIONS

The managerial recommendations in this section are formulated to bridge the gap between the literature and the results of the empirical study. These recommendations aim to improve the design of Loyalty Programmes over all, which addresses the research problem: *The components that Loyalty Programmes should include have not been sufficiently examined, nor have the implications been adequately explored.* The items in this section are all in the conceptual model and have been tested as the determinants of Loyalty Programmes.

5.4.1   Attitudinal – Communication

This factor had strong and practically significant Pearson Product Moment Correlations to Attitudinal - General and Behavioural - General as well as Behavioural – Communication factors. From the analysis it is found that communication strategies currently employed by Loyalty Card/Programmes have experienced mixed levels of success. Considering communication to Loyalty Programme members, efforts should be made to improve how communication is executed and delivered to customers and should embrace feedback mechanisms that are multichannel and multi-directional communication strategies (Crowd Twist Report, 2016) to enrich the customers' experience. (Gommans et al., 2001; Winters and Ha, 2012; Xie and Chen, 2013).

Efforts to improve communication will positively influence all other factors and therefore it is strongly recommended as an area for review.

5.4.2 Attitudinal – Flexibility

There were no significant Pearson Product Moment Correlations for this factor and while most respondents were satisfied with the flexibility of points or rewards currently offered, the negative influence of point expiration should be examined further. While the study conducted by Breugelmans and Liu-Thompkins (2017) found no negative effects from point expiration, the results from other studies differ (Dorotic et al., 2014).and the strategy proposed by Bazargan, et al. (2018) of matching the competitor strategies may be an alternative to explore.

5.4.3 Attitudinal – General

This factor had strong and practically significant Pearson Product Moment Correlations to Attitudinal - Communication and Behavioural - General. The results of the study concluded that respondents were positive toward Loyalty Card/ Programmes and were satisfied with their benefits from participation and interaction with these programmes. However, 44% (n=326) of respondents found Loyalty Card/ Programmes were all similar and 75% (n=555) found the discounts offered to be the most important component.

Loyalty Programmes had little influence on changing where respondents shopped. Sixty three percent (n=465) were active members of Loyalty Programmes. Sixty four percent (n=472) found them to be over complicated and a waste of time, offering little return for their investments. A review of existing members of Loyalty Programmes expectations and participation methods could bridge this mismatch and improve participation of existing members.

Companies should look at ways of differentiating their Loyalty Programmes so that they are unique in their value proposition or in the method of participation and stand out from other loyalty offerings. Renewing interest in established Loyalty Programmes through modernisation of design and participation methods, more especially brand partnering, may also positively influence idle members to become active members.

195

5.4.4   Attitudinal – Rewards (Personal and Monetary)

This factor had a practically significant and moderate magnitude negative Pearson Product Moment Correlations between Attitudinal Rewards Personal to Attitudinal – Rewards Monetary and Attitudinal Rewards Personal to Behavioural – Rewards. In summary, it can be concluded that respondents had strong preferences to different reward types. However, 78% (n=577) preferred cash or rebate rewards. Seventy five percent (n=551) preferred free shipping rewards and respondents preferred Loyalty Programmes that allowed partnered with other brands (77%, n=568). These findings correlated well with previous research (Wyman, 2015; Rese, Hundertmark, Schimmelpfennig and Schons, 2013; Melnyk and van Osselaer, 2012; Mimouni-Chaabane and Volle, 2010). Thus, managers need to review Loyalty Programme rewards design elements to focus on these reward types and collaboration across brands to improve Loyalty Programme components.

5.4.5   Attitudinal – Trust

This factor had strong and practically significant Pearson Product Moment Correlations to Attitudinal – Communication. Overall this study found respondents were cautious about sharing information with Loyalty Card/Programmes. Thus, designs should be reviewed to focus on improving communication of confidentiality elements for the management of data collected by Loyalty Programmes to engender greater trust from respondents thereby increasing participation in Loyalty Programmes. (Gomez et al., 2012; Xie and Chen, 2013).

5.4.6   Behavioural – Communication

This factor had strong and practically significant Pearson Product Moment Correlations to Attitudinal – Communication. Interactive websites failed to enhance 41% (n=310) of respondents Behavioural – Communication and 37% (n=268) were unconvinced that Loyalty Card/Programmes were listening to them. The design of communication elements must be revised to allow for responsive feedback via routes that clearly convey the intended message (Mosavi and Ghaedi, 2012) and that meet the needs and expectations of consumers (Breugelmans et al., 2015). Poorly conveyed communication reduces active participation and the success of reward strategies

hence this area should be reviewed regularly to ensure that the information given to customers is well positioned to represent the Loyalty Programme and is able to capture the customers interest.

5.4.7 Behavioural – Flexibility

There were no strongly significant Pearson Product Moment Correlations for this factor and the survey results found approximately 45% (n=329) of respondents experienced flexibility in reward platforms and reward approaches but equally 40% (n=295) felt the absence of reward flexibility and 88% (n=652) felt cheated when rewards expired. Hence, these factors should be further examined and addressed.

5.4.8 Behavioural – General

This factor had strong and practically significant Pearson Product Moment Correlations to Attitudinal – Communication, Attitudinal – General, Behavioural – Personalisation and Behavioural – Purchasing Behaviour factors. However, 64% (n=473) of respondents found Loyalty Card/ Programmes participation a waste of time and 74% (n=550) indicated that while they were members of Loyalty Card/ Programmes they had no intention of using them. A review of existing members of Loyalty Programmes expectations could bridge this mismatch and improve participation of existing members.

5.4.9 Behavioural – Personalisation

This factor had strong and practically significant Pearson Product Moment Correlations to Behavioural – Communication and Behavioural – General. The overall sentiment with regard to Personalisation was evenly split and thus difficult to gauge. A review of current Personalisation strategies is needed and members of Loyalty Programmes should be consulted regarding their expectations.

Focus should be placed on understanding customers' experiences and perceptions of personalisation for Loyalty Programmes (Ashley et al., 2011; Evanschitzky et al., 2012). This should inform the design and communication of incentives to match customer tastes (Dorotic et al., 2012). Data analysis and trend plotting must inform personalisation promotions, which must be accompanied by focused communication

of the offering through a medium that customers are familiar with. This will improve participation of existing members converting idle members to become active and will attract new members.

5.4.10 Behavioural – Purchasing Behaviour

This factor had strong and practically significant Pearson Product Moment Correlations to the factor Behavioural – General. This survey found that purchasing behaviour, in summary, is poorly influenced by Loyalty Card/Programmes, as discounts and promotions did not sway shopper purchasing behaviour. Strategies that are employed to increase volume of purchase (Rese et al., 2013) and frequency of purchases (Breugelmans and Liu-Thompkins, 2017) must be accompanied by rewards that meet customer expectations and a review of point-pressure mechanisms.

5.4.11 Behavioural – Rewards

There were no strongly significant Pearson Product Moment Correlations for this factor. There was however a practically significant and moderate magnitude negative Pearson Product Moment Correlations between Attitudinal - Rewards Personal and Behavioural – Rewards. Brand partnership was preferred by 77% (n=568) of respondents and Loyalty Card/Programmes made 57% (n=425) of respondents feel good. Respondents had strong preferences to a few reward types, particularly those that allowed partnership with other brands Thus, similar to Attitudinal – Rewards design elements that should be reviewed must focus on reward types that are attractive to shoppers and collaboration across brands could positively improve Loyalty Programme membership.

5.4.12 Behavioural – Trust

This factor had strong and practically significant Pearson Product Moment Correlations to the factor Attitudinal Trust. Overall respondents felt cautious about Loyalty Card/Programmes and were reluctant to share information but 42% (n=318) did not find Loyalty Programmes had too much knowledge of their purchasing patterns. To build greater trust focus should be on communication of the benefits of Loyalty

Programmes and on how shared information is managed by companies to improve shopper experiences.

5.5   LIMITATIONS AND CALL FOR FUTURE RESEARCH

The limitations of this study are that many items in the questionnaire were reversed and several items were removed due to insufficient factor loadings. The removal of these factors was done to improve the Cronbach's Alpha coefficient scores. To this end, it is suggested that more time could have been spent on validating the questions. The Pearson's correlations between the factors for Attitude and Behaviour (Table 4.44 and 4.45) varied from low positive correlations to strong positive correlations and are depicted in Figures 4.18 and 4.19 The only factor that obtained a high positive correlation (0.723) was Attitudinal – General to Behavioural - General.

The design of the Model for this study also underwent many revisions ultimately resulting in two models, one for Attitudinal factors and another for Behavioural factors. Further research is suggested to develop a unified model for these two factors. In addition, the CFA results for both the attitudinal and behavioural factors confirmed that the measurement instrument was reliable. However, the p (<0.0005) and p = (0.14) were outside the required ranges and for this reason further research is required to improve the measurement instrument's fit.

This study undertook a two-dimensional loyalty approach to analyse Loyalty Programmes that is Attitudinal Loyalty and Behavioural Loyalty. Further research is required into the effects of three- and four-dimensional loyalty (Figure 2.2) on Loyalty Programmes.

5.6 SUMMARY

The main objective of the study was to determine the components that Loyalty Programmes should include and to explore the implications on organisations if the components of Loyalty Programmes were optimised. Additionally, in Chapter two a conceptual model, that was informed by literature, was constructed and used to measure the components of Loyalty Programmes in the primary study. Following the

execution of the CFA, a tested two-part model was proposed for measuring the components of Loyalty Programmes.

The deliverables, this treatise achieved based on the ROs include:

- Explore and review definitions and theories surrounding Loyalty Programmes;
- Determine the important determinants of Loyalty Programmes;
- Establish the determinants of Loyalty Programmes that are best suited for measuring which components Loyalty Programmes should include;
- Examine international and national trends in Loyalty Programmes;
- Construct the appropriate research design and methodology best suited to this study; and
- Formulate recommendations that for managers to improve the design of Loyalty Programmes that can be implemented by organisations that employ Loyalty Programmes and discuss the benefits to the organisation if these are implemented.

The study concluded that following factors, Attitudinal – Rewards Tangible and Behavioural – Trust had to be removed from the model and that in the final model all factors were equal with no hierarchy.

As such, the research problem – *The components that Loyalty Programmes should include have not been sufficiently examined, nor have the implications been adequately explored*, as well as the *RQ_M: What are the components that Loyalty Programmes should include?* which correlated to the *RO_M: To determine the components that Loyalty Programmes should include* have been adequately addressed.

Additionally, managerial recommendations, limitations to the study and call for future research were discussed. If these recommendations are implemented, Loyalty Programmes should attract more active users and companies should be successful in developing brand loyalty. As indicated by the extensive review of literature, successfully designed Loyalty Programmes improve company revenue, customer experience and build brand loyalty by transforming a consumer into a customer for life.

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ANNEXURE A – FORM E ETHICS CLEARANCE

ETHICS CLEARANCE FOR TREATISES/DISSERTATIONS/THESES

Please type or complete in black ink

FACULTY: Business and Economic Sciences

SCHOOL/DEPARTMENT: Business School - Graduate School.

I, (surname and initials of supervisor) Prof M. Cullen

the supervisor for (surname and initials of candidate) A T Thaver

_____ (student number) 218081558

a candidate for the degree of MBA

with a treatise/dissertation/thesis entitled (full title of treatise/dissertation/thesis):

To determine the components that loyalty programmes should include

considered the following ethics criteria *(please tick the appropriate block)*:

	YES	NO
1. Is there any risk of harm, embarrassment of offence, however slight or temporary, to the participant, third parties or to the communities at large?		✓
2. Is the study based on a research population defined as 'vulnerable' in terms of age, physical characteristics and/or disease status?		✓
2.1 Are subjects/participants/respondents of your study:		
(a) Children under the age of 18?		✓
(b) NMMU staff?		✓
(c) NMMU students?		✓
(d) The elderly/persons over the age of 60?		✓

(e) A sample from an institution (e.g. hospital/school)?		✓
(f) Handicapped (e.g. mentally or physically)?		✓
3. Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable people)		✓
3.1 Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?		✓
4. Will the participant's privacy, anonymity or confidentiality be compromised?		✓
4.1 Are you administering a questionnaire/survey that:		
(a) Collects sensitive/identifiable data from participants?		✓
(b) Does not guarantee the anonymity of the participant?		✓
(c) Does not guarantee the confidentiality of the participant and the data?		✓
(d) Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?		✓
(e) Will create doubt whether sample control measures are in place?		✓
(f) Will be distributed electronically via email (and requesting an email response?		
Note: • If your questionnaire **DOES NOT** request respondents' identification, is distributed electronically and you request respondents to return it manually (print out and deliver/mail); **AND** respondent anonymity can be guaranteed, your answer will be NO. • If your questionnaire **DOES NOT** request respondents' identification, is distributed via an email link and works through a web response system (e.g. the university survey system); **AND** respondent anonymity can be guaranteed, your answer will be NO.		✓

Please note that if **ANY** of the questions above have been answered in the affirmative **(YES)** the student will need to complete the full ethics clearance form (REC-H application) and submit it with the relevant documentation to the Faculty RECH (Ethics) representative.

and hereby certify that the student has given his/her research ethical consideration and full ethics approval is not required.

_____
SUPERVISOR(S)

25/5/18
DATE

p.p. _____
HEAD OF DEPARTMENT

06 June, 2018
DATE

_____
STUDENT(S)

25 May 2018
DATE

Student(s) contact details (e.g. telephone number and email address):

atthaver@yahoo.com   cell 082 7797638

Please ensure that the research methodology section from the proposal is attached to this form.

ANNEXURE B – QUESTIONNAIRE

LOYALTY

Dear Participant

You are invited to participate in our survey on Loyalty programmes and Loyalty cards. Loyalty programmes and cards are offered by various stores, airlines and other organisations. Loyalty programmes are structured marketing strategies designed by merchants to encourage customers to continue to shop at or use the services of businesses associated with each programme. Examples of loyalty programmes and cards are Pick n Pay Smart Shopper, Voyager and the Spur Family card.

* Please indicate your age

21-25 ▼

21-25

26-35

36-45

46-55

56-65

65+

* Please indicate your race

Asian ▼

Asian

Black

Coloured

White

Other

* Please indicate your gender

Female	▾

Female
Male

* Please indicate your employment status

Employed	▾

Employed
Unemployed
Self employed
Full time student
Retired

* Where do you live?

Border	▾

Border
Eastern Cape
Free State
Gauteng
KZN
Limpopo
Northern Cape

North West
Mpumulanga
Western Cape
Other

* How many people live in your household?

1 ▼

    1
    2
    3
    4
    5
    6 +

* Please indicate your monthly household income

< R10 000.00 ▼

    < R10 000.00
    R10 000.00-R29 999.00
    R30 000.00-R49 999.99
    R50 000.00-R69 000.00
    R70 000.00-R89 999.00
    R90 000.00 +

* Please indicate your highest level of education

Primary school complete ▾

Some high school

Matric

Diploma

Degree

Masters degree

PHD

Other post matric

* In your household are you

Wholly or mainly responsible for day- to- day household purchases ▾

Wholly or mainly responsible for day- to- day household
purchases

Partly responsible for the day -to- day household purchases

Not responsible for the day- to- day household purchases

* When it comes to making financial decisions in your household are you

Wholly responsible for the decisions ▾

decisions

Others and I share the
decision equally

I get opinions from others
but I make the decision

I give my opinion but the
decision is made by others

The decision is made soley
by others

Add Question

217

* Do you belong to loyalty programmes or have loyalty cards?

Yes ▼

Yes

No

Grocery and general retail- Please indicate which Loyalty Cards/Programmes you belong to.

☐ Edcon Thank you

☐ Fanatics

☐ Little World

☐ My School/My Village/My Planet

☐ My Spar Rewards Club

☐ Pick n Pay Smart Shopper Card

☐ Shoprite Checkers Eezicoupons

☐ Snap n Save

☐ W Rewards

☐ Other

Answer text

Health and Beauty-Please indicate which Loyalty Cards/Programmes you belong to.

☐ Clicks Club card

☐ Dischem Benefits

☐ Sorbet Society

☐ Other

Answer text

Banking and credit cards-Please indicate which Loyalty Cards/Programmes you belong to.

- [ ] ABSA Rewards
- [ ] African Bank Achiever
- [ ] African Band Enroller
- [ ] FNB E Bucks Rewards
- [ ] Global One
- [ ] Investec Rewards
- [ ] Nedbank Greenbacks
- [ ] Standard Bank U Count
- [ ] Other

  Answer text

Insurance and Medical Aid-Please indicate which Loyalty Cards/Programmes you belong to.

- [ ] Discovery Vitality Drive
- [ ] Discovery Vitality
- [ ] Discovery Card
- [ ] Liberty Own Your Life Rewards
- [ ] Momentum Multipy
- [ ] Sanlam Reality
- [ ] Other

  Answer text

Travel and Hospitality-Please indicate which Loyalty Cards/Programmes you belong to.

- ☐ Avios
- ☐ BA Executive Club
- ☐ City Lodge
- ☐ Emirates Skywards
- ☐ Protea Hotels
- ☐ Sunrands
- ☐ Wild Card
- ☐ Other

Answer text

Restaurants and fast food-Please indicate which Loyalty Cards/Programmes you belong to.

- ☐ KFC Colonel's Club
- ☐ Starbucks
- ☐ Spur Family Card
- ☐ Spur Secret Tribe
- ☐ Vida E Cafe
- ☐ Other

Answer text

Mobile-Please indicate which Loyalty Cards/Programmes you belong to.

- ☐ MTN 1-4-1
- ☐ Vodacom Talking Points
- ☐ Other

Answer text

220

Entertainment, casinos and gaming-Please indicate which Loyalty Cards/Programmes you belong to.

☐ MVG

☐ Nu Metro

☐ Ster Kinekor Movie Club

Answer text

* Please indicate which option describes you

My connection to brands goes beyond special offers ▾

My connection to brands goes beyond special offers

Brands reflect my personal identity

I shop where I shop because it's too much trouble to go anywhere else

I am loyal because loyalty cards /programmes reward me to be loyal

• LOYALTY CARDS/PROGRAMMES

| | Left Anchor | | | | Right Anchor |
	Strongly disagree	Disgaree	Neutral	Agree	Strongly agree
Loyalty cards/programmes are all the same	○	○	○	○	○
I have loyalty cards/programmes that I don't use	○	○	○	○	○
I save a lot of money by using loyalty cards and belonging to loyalty programmes	○	○	○	○	○
Other things are more important than discounts e.g customer service, quality, etc.	○	○	○	○	○
I would change where I shop for the sake of a loyalty card/programme	○	○	○	○	○
I used to use loyalty cards/programmes but don't anymore	○	○	○	○	○
Having loyalty cards and belonging to loyalty programmes is a waste of time	○	○	○	○	○
I am a member of loyalty programmes and have loyalty cards but have no intention of using them	○	○	○	○	○

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Loyalty programmes and cards deliver increased value	○	○	○	○	○
Loyalty cards and programmes are too complicated	○	○	○	○	○
Loyalty cards and programmes are expensive with not enough return	○	○	○	○	○
Loyalty cards and programmes have no benefit	○	○	○	○	○
It takes too long to earn points to get anything worthwhile from loyalty cards/programmes	○	○	○	○	○

- PURCHASE BEHAVIOUR

	Left Anchor				Right Anchor
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
My loyalty cards/programmes have converted me from a consumer to a customer	○	○	○	○	○
I have seen substantial savings due to the money I get off from loyalty cards and programmes	○	○	○	○	○
I buy products that I don't need because of the promotions surrounding them	○	○	○	○	○
I shop wherever gives me better discounts	○	○	○	○	○
I get better discounts from in store promotions than loyalty cards/programmes	○	○	○	○	○
I spend less in stores where I don't have a card or belong to a programme	○	○	○	○	○
My loyalty cards/programmes motivate me to spend more	○	○	○	○	○
I get better discounts/ value from loyalty cards and programmes than in store promotions	○	○	○	○	○

I would shop in any store that suits me regardless of whether they had a loyalty scheme	○	○	○	○	○
I buy products if there are extra points offered on them	○	○	○	○	○
I prefer to purchase from outlets that provide loyalty cards/programmes	○	○	○	○	○

222

• TRUST

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I feel that loyalty cards/programmes monitor my every move	○	○	○	○	○
I am nervous about loyalty cards/programmes using my personal information	○	○	○	○	○
I get annoyed when loyalty cards/programmes contact me all the time	○	○	○	○	○
I think loyalty cards/ programmes are worthwhile and I am willing to give my personal details for this	○	○	○	○	○
Loyalty cards/programmes are truthful about what they do with the data I give them	○	○	○	○	○
Loyalty cards/programmes are set up to increase profit	○	○	○	○	○
Loyalty cards/programmes donate to upliftment programmes as promised	○	○	○	○	○
Loyalty cards/programmes know too much about my purchasing behaviour	○	○	○	○	○

• COMMUNICATION

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
I gave permission for the loyalty cards/programme to contact me	○	○	○	○	○
I read all my e-mails relating to loyalty cards/programmes	○	○	○	○	○
They talk to me personally	○	○	○	○	○
I feel overwhelmed and bombarded by communication from loyalty cards/programmes	○	○	○	○	○
The loyalty card/programmes' communication is relevant to me	○	○	○	○	○
Loyalty cards/programmes communicate through the medium I prefer	○	○	○	○	○
Loyalty card/programme call centres and interactive websites enhance my experience	○	○	○	○	○
My loyalty cards/programmes listen to me	○	○	○	○	○

• PERSONALISATION

	Left Anchor				Right Anchor
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
My loyalty cards/programmes keep track of my life changes	○	○	○	○	○
The rewards are relevant and make a difference in my life	○	○	○	○	○
I receive personalised discounts from my loyalty cards/programmes	○	○	○	○	○
I receive personalised promotion offerings from my loyalty cards/programmes	○	○	○	○	○
I receive personalised product recommendations from my loyalty cards/programmes	○	○	○	○	○
I receive personalised service recommendations from my loyalty cards/programmes	○	○	○	○	○

• FLEXIBILITY

	Left Anchor				Right Anchor
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
My loyalty programmes/cards have a one size fits all approach	○	○	○	○	○
Points or rewards are available regardless of whether I buy in store, on a website or mobile device	○	○	○	○	○
I can choose different types of rewards from my loyalty cards/programmes	○	○	○	○	○
Loyalty points should not expire	○	○	○	○	○
I feel cheated when my points expire	○	○	○	○	○
The loyalty cards/programme should notify me before my points expire	○	○	○	○	○

- REWARDS

	Left Anchor				Right Anchor
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Loyalty card/programme rewards make me feel good	○	○	○	○	○
I prefer tangible rewards to cash	○	○	○	○	○
I like it that my loyalty cards/programmes partner with other brands	○	○	○	○	○
I get points for referrals	○	○	○	○	○
Rewards should be in the form of discounts	○	○	○	○	○
Rewards should be cash back or rebates	○	○	○	○	○
Rewards should be free products	○	○	○	○	○
Rewards should include free shipping	○	○	○	○	○
Rewards should be in the form of points	○	○	○	○	○
I should have exclusive access to sales and merchandise	○	○	○	○	○
I should get priority service	○	○	○	○	○

I am recognised as a valued customer	○	○	○	○	○
Rewards should be personalised products or services	○	○	○	○	○
I prefer a charitable donation as a reward	○	○	○	○	○

- METHOD OF PARTICIPATION

	Left Anchor				Right Anchor
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Membership cards should be scanned/swiped	○	○	○	○	○
I prefer them to look up my account when I provide a phone number or other personal information	○	○	○	○	○
I prefer to use the retailer's mobile app	○	○	○	○	○
I prefer to use a third party app	○	○	○	○	○
I belong to too many loyalty card/programmes	○	○	○	○	○
I have too many loyalty cards	○	○	○	○	○

ANNEXURE C – COPY OF EMAIL SENT TO RESPONDENTS

From: Aneshree Thaver <atthaver@yahoo.com>

To: walshgladwin@yahoo.com

Sent: Thursday, February 8, 2018, 3:10:02 PM GMT+2

Subject: Please assist -MBA research - Loyalty cards and programmes

Good day friends, family and colleagues.

Loyalty programs are everywhere these days and seem to fill our purses and key chains with cards, slips of paper, stickers, some or other tag and above all they promise some sort of savings.

The survey below is collecting data which will form part of my MBA treatise and I would greatly appreciate if you could take a few minutes (it takes around 8 mins) to complete the survey attached. It is anonymous and will greatly assist me with the data collection portion for the treatise.

I encourage you to share the email with friends and family who may also participate in the survey.

If you would like to know the findings at the end of the research please reply to this email and I will send you a summary when I am done later this year.

Thank you for your participation.

Kind regards.

Dr AT Thaver

Dear Participant

We would appreciate your feedback in our online survey on Loyalty cards and programmes. All responses will remain confidential and secure. Thank you in advance for your valuable insights. Please click on this link to complete the survey:

Start Survey

Please contact margaret.cullen@mandela.ac.za with any questions.

Thank You

Powered by QuestionPro

Unsubscribe   **Report Abuse**

ANNEXURE D – CONSENT FOR PARTICIPANTS OF THE SURVEY

LOYALTY

Add Question

Dear Participant

You are invited to participate in our survey on Loyalty programmes and Loyalty cards. Loyalty programmes and cards are offered by various stores, airlines and other organisations. Loyalty programmes are structured marketing strategies designed by merchants to encourage customers to continue to shop at or use the services of businesses associated with each programme. Examples of loyalty programmes and cards are Pick n Pay Smart Shopper, Voyager and the Spur Family card.

It will take approximately ten minutes to complete the questionnaire.

Your participation in this study is completely voluntary. There are no foreseeable risks associated with this project. However if you feel uncomfortable answering any questions, you can withdraw from the survey at any point. It is very important for us to learn your opinions. Your survey responses will be strictly confidential and data from this research will be reported only in the aggregate. Your information will be coded and will remain confidential.

If you have questions at any time about the survey or the procedures, you may contact Professor Margaret Cullen by email or the following address margaret.cullen@mandela.ac.za.

Thank you very much for your time and support. Please start with the survey now by clicking on the next button below.

Rich Content Editor

Add Question

• Please indicate your age

228

ANNEXURE E – MID-YEAR POPULATION ESTIMATES

Mid-year population estimates, 2017

Table 1: Mid-year population estimates for South Africa by population group and sex, 2017

Population group	Male		Female		Total	
	Number	% distribution of males	Number	% distribution of females	Number	% distribution of total
Black African	22 311 400	80,8	23 345 000	80,8	45 656 400	80,8
Coloured	2 403 400	8,7	2 559 500	8,9	4 962 900	8,8
Indian/Asian	719 300	2,6	689 800	2,4	1 409, 100	2,5
White	2 186 500	7,9	2 307 100	8,0	4 493 500	8,0
Total	27 620 600	100,0	28 901 400	100,0	56 521 900	100,0

ANNEXURE F – DESCRIPTIVE STATISTICS FOR THE ANOVAS

Table 4.60 - Descriptive Statistics for factor ATTITUDINAL -GENERAL by ANOVA Factors					
Factor	**Level**	**n**	**Perc.**	**Mean**	**Std.Dev.**
Total		706	100%	3,34	0,63
Age5	21-25	47	7%	3,35	0,56
	26-35	326	46%	3,33	0,62
	36-45	203	29%	3,40	0,62
	46-55	93	13%	3,25	0,69
	56+	37	5%	3,32	0,71
Race4	Asian	39	6%	3,40	0,72
	Black	301	43%	3,33	0,64
	Coloured	146	21%	3,33	0,62
	White	220	31%	3,36	0,61
Gender	Female	421	60%	3,37	0,62
	Male	285	40%	3,31	0,64
Household Size	One	100	14%	3,25	0,65
	Two	178	25%	3,41	0,63
	Three	134	19%	3,38	0,63
	Four	149	21%	3,31	0,56
	Five	102	14%	3,31	0,73
	Six +	43	6%	3,38	0,58
Monthly Household Income5	<R30 000	267	38%	3,28	0,60
	<R50 000	213	30%	3,38	0,66
	<R70 000	102	14%	3,37	0,57
	<R90 000	70	10%	3,47	0,67
	R90 000 +	54	8%	3,29	0,69
Highest Level of Education4	Not Diploma	99	14%	3,43	0,57
	Diploma	163	23%	3,28	0,67
	Degree	348	49%	3,36	0,62
	M+D	96	14%	3,28	0,66

Table 4.61 - Descriptive Statistics for factor Behavioural – General by ANOVA Factors					
Factor	**Level**	**n**	**Perc.**	**Mean**	**Std.Dev.**
Total		627	100%	3,22	0,69
Age5	21-25	39	6%	3,08	0,64
	26-35	289	46%	3,22	0,70
	36-45	181	29%	3,28	0,69
	46-55	84	13%	3,21	0,70
	56+	34	5%	3,14	0,70
Race4	Asian	36	6%	3,31	0,82
	Black	260	41%	3,26	0,70
	Coloured	132	21%	3,19	0,67
	White	199	32%	3,18	0,68
Gender	Female	371	59%	3,22	0,67
	Male	256	41%	3,23	0,72
Household Size	One	89	14%	3,18	0,69
	Two	159	25%	3,23	0,73
	Three	119	19%	3,27	0,71
	Four	135	22%	3,21	0,58
	Five	89	14%	3,17	0,76
	Six +	36	6%	3,28	0,74
Monthly Household Income5	<R30 000	233	37%	3,11	0,65
	<R50 000	185	30%	3,28	0,73
	<R70 000	95	15%	3,25	0,67
	<R90 000	65	10%	3,37	0,70
	R90 000 +	49	8%	3,30	0,72
Highest Level of Education4	Not Diploma	86	14%	3,20	0,73
	Diploma	143	23%	3,21	0,72
	Degree	314	50%	3,21	0,69
	M+D	84	13%	3,29	0,64

Table 4.62 - Descriptive Statistics for factor Attitudinal - Trust by ANOVA Factors					
Factor	**Level**	**n**	**Perc.**	**Mean**	**Std.Dev.**
Total		706	100%	2,74	0,68
Age5	21-25	47	7%	2,83	0,66
	26-35	326	46%	2,72	0,67
	36-45	203	29%	2,75	0,67
	46-55	93	13%	2,72	0,67
	56+	37	5%	2,81	0,79
Race4	Asian	39	6%	2,79	0,65
	Black	301	43%	2,79	0,71
	Coloured	146	21%	2,78	0,63
	White	220	31%	2,64	0,66
Gender	Female	421	60%	2,80	0,66
	Male	285	40%	2,66	0,69
Household Size	One	100	14%	2,72	0,67
	Two	178	25%	2,78	0,66
	Three	134	19%	2,74	0,71
	Four	149	21%	2,67	0,63
	Five	102	14%	2,79	0,76
	Six +	43	6%	2,75	0,62
Monthly Household Income5	<R30 000	267	38%	2,78	0,68
	<R50 000	213	30%	2,74	0,67
	<R70 000	102	14%	2,66	0,64
	<R90 000	70	10%	2,71	0,72
	R90 000 +	54	8%	2,73	0,73
Highest Level of Education4	Not Diploma	99	14%	2,87	0,68
	Diploma	163	23%	2,77	0,68
	Degree	348	49%	2,69	0,67
	M+D	96	14%	2,73	0,68

Table 4.63 - Descriptive Statistics for factor Behavioural - Trust by ANOVA Factors					
Factor	**Level**	**n**	**Perc.**	**Mean**	**Std.Dev.**
Total		627	100%	2,69	0,73
Age5	21-25	39	6%	2,74	0,61
	26-35	289	46%	2,70	0,72
	36-45	181	29%	2,67	0,73
	46-55	84	13%	2,67	0,70
	56+	34	5%	2,79	0,88
Race4	Asian	36	6%	2,78	0,76
	Black	260	41%	2,65	0,69
	Coloured	132	21%	2,73	0,69
	White	199	32%	2,71	0,78
Gender	Female	371	59%	2,73	0,73
	Male	256	41%	2,64	0,71
Household Size	One	89	14%	2,62	0,73
	Two	159	25%	2,69	0,70
	Three	119	19%	2,69	0,76
	Four	135	22%	2,79	0,68
	Five	89	14%	2,63	0,81
	Six +	36	6%	2,65	0,66
Monthly Household Income5	<R30 000	233	37%	2,76	0,71
	<R50 000	185	30%	2,67	0,73
	<R70 000	95	15%	2,62	0,72
	<R90 000	65	10%	2,71	0,69
	R90 000 +	49	8%	2,57	0,82
Highest Level of Education4	Not Diploma	86	14%	2,92	0,74
	Diploma	143	23%	2,81	0,61
	Degree	314	50%	2,58	0,73
	M+D	84	13%	2,67	0,79

Table 4.64 - Descriptive Statistics for factor Attitudinal - Communication by ANOVA Factors					
Factor	**Level**	**n**	**Perc.**	**Mean**	**Std.Dev.**
Total		706	100%	2,91	0,73
Age5	21-25	47	7%	3,01	0,77
	26-35	326	46%	2,88	0,73
	36-45	203	29%	2,95	0,70
	46-55	93	13%	2,91	0,73
	56+	37	5%	2,93	0,81
Race4	Asian	39	6%	3,15	0,63
	Black	301	43%	2,90	0,76
	Coloured	146	21%	2,98	0,69
	White	220	31%	2,84	0,71
Gender	Female	421	60%	2,94	0,72
	Male	285	40%	2,87	0,74
Household Size	One	100	14%	2,86	0,70
	Two	178	25%	2,90	0,76
	Three	134	19%	2,99	0,73
	Four	149	21%	2,84	0,69
	Five	102	14%	2,99	0,75
	Six +	43	6%	2,93	0,71
Monthly Household Income5	<R30 000	267	38%	2,95	0,71
	<R50 000	213	30%	2,86	0,77
	<R70 000	102	14%	2,89	0,68
	<R90 000	70	10%	2,95	0,76
	R90 000 +	54	8%	2,96	0,68
Highest Level of Education4	Not Diploma	99	14%	3,01	0,74
	Diploma	163	23%	2,92	0,68
	Degree	348	49%	2,88	0,75
	M+D	96	14%	2,93	0,70

Table 4.65 - Descriptive Statistics for factor Behavioural - Communication by ANOVA Factors					
Factor	**Level**	**n**	**Perc.**	**Mean**	**Std.Dev.**
Total		627	100%	2,65	0,74
Age5	21-25	39	6%	2,71	0,75
	26-35	289	46%	2,61	0,74
	36-45	181	29%	2,72	0,76
	46-55	84	13%	2,67	0,70
	56+	34	5%	2,51	0,71
Race4	Asian	36	6%	2,96	0,66
	Black	260	41%	2,66	0,78
	Coloured	132	21%	2,70	0,71
	White	199	32%	2,55	0,69
Gender	Female	371	59%	2,64	0,70
	Male	256	41%	2,66	0,79
Household Size	One	89	14%	2,63	0,74
	Two	159	25%	2,57	0,72
	Three	119	19%	2,70	0,74
	Four	135	22%	2,69	0,74
	Five	89	14%	2,69	0,76
	Six +	36	6%	2,65	0,74
Monthly Household Income5	<R30 000	233	37%	2,67	0,71
	<R50 000	185	30%	2,68	0,75
	<R70 000	95	15%	2,57	0,72
	<R90 000	65	10%	2,58	0,76
	R90 000 +	49	8%	2,66	0,81
Highest Level of Education4	Not Diploma	86	14%	2,75	0,76
	Diploma	143	23%	2,69	0,70
	Degree	314	50%	2,59	0,72
	M+D	84	13%	2,70	0,81

Table 4.66 - Descriptive Statistics for factor Behavioural - Personalisation by ANOVA Factors					
Factor	**Level**	**n**	**Perc.**	**Mean**	**Std.Dev.**
Total		627	100%	2,96	0,77
Age5	21-25	39	6%	2,99	0,71
	26-35	289	46%	2,93	0,79
	36-45	181	29%	2,99	0,76
	46-55	84	13%	2,98	0,78
	56+	34	5%	2,90	0,83
Race4	Asian	36	6%	3,18	0,88
	Black	260	41%	2,93	0,80
	Coloured	132	21%	3,00	0,70
	White	199	32%	2,92	0,76
Gender	Female	371	59%	2,98	0,78
	Male	256	41%	2,93	0,77
Household Size	One	89	14%	2,95	0,85
	Two	159	25%	2,85	0,80
	Three	119	19%	3,01	0,78
	Four	135	22%	2,95	0,71
	Five	89	14%	3,09	0,73
	Six +	36	6%	2,95	0,77
Monthly Household Income5	<R30 000	233	37%	2,92	0,77
	<R50 000	185	30%	2,98	0,75
	<R70 000	95	15%	2,80	0,74
	<R90 000	65	10%	3,11	0,81
	R90 000 +	49	8%	3,15	0,85
Highest Level of Education4	Not Diploma	86	14%	2,95	0,77
	Diploma	143	23%	2,96	0,71
	Degree	314	50%	2,94	0,79
	M+D	84	13%	3,02	0,85

Table 4.67 - Descriptive Statistics for factor Attitudinal – Flexibility by ANOVA Factors					
Factor	**Level**	**n**	**Perc.**	**Mean**	**Std.Dev.**
Total		706	100%	4,48	0,63
Age5	21-25	47	7%	4,49	0,63
	26-35	326	46%	4,47	0,64
	36-45	203	29%	4,48	0,65
	46-55	93	13%	4,47	0,63
	56+	37	5%	4,53	0,54
Race4	Asian	39	6%	4,54	0,45
	Black	301	43%	4,52	0,66
	Coloured	146	21%	4,38	0,66
	White	220	31%	4,47	0,61
Gender	Female	421	60%	4,48	0,62
	Male	285	40%	4,47	0,66
Household Size	One	100	14%	4,53	0,57
	Two	178	25%	4,54	0,55
	Three	134	19%	4,44	0,69
	Four	149	21%	4,38	0,69
	Five	102	14%	4,45	0,68
	Six +	43	6%	4,58	0,54
Monthly Household Income5	<R30 000	267	38%	4,45	0,65
	<R50 000	213	30%	4,52	0,63
	<R70 000	102	14%	4,49	0,63
	<R90 000	70	10%	4,49	0,64
	R90 000 +	54	8%	4,43	0,59
Highest Level of Education4	Not Diploma	99	14%	4,46	0,62
	Diploma	163	23%	4,48	0,69
	Degree	348	49%	4,48	0,62
	M+D	96	14%	4,49	0,59

Table 4.68 - Descriptive Statistics for factor Behavioural - Flexibility by ANOVA Factors					
Factor	**Level**	**n**	**Perc.**	**Mean**	**Std.Dev.**
Total		627	100%	3,04	0,81
Age5	21-25	39	6%	3,13	0,66
	26-35	289	46%	3,03	0,85
	36-45	181	29%	3,08	0,80
	46-55	84	13%	3,01	0,75
	56+	34	5%	2,84	0,83
Race4	Asian	36	6%	3,31	0,87
	Black	260	41%	2,96	0,85
	Coloured	132	21%	3,08	0,80
	White	199	32%	3,06	0,75
Gender	Female	371	59%	3,04	0,80
	Male	256	41%	3,03	0,83
Household Size	One	89	14%	3,01	0,85
	Two	159	25%	2,98	0,84
	Three	119	19%	3,12	0,79
	Four	135	22%	3,09	0,79
	Five	89	14%	2,96	0,79
	Six +	36	6%	3,10	0,77
Monthly Household Income5	<R30 000	233	37%	2,97	0,77
	<R50 000	185	30%	3,04	0,84
	<R70 000	95	15%	3,04	0,79
	<R90 000	65	10%	3,05	0,85
	R90 000 +	49	8%	3,32	0,85
Highest Level of Education4	Not Diploma	86	14%	3,06	0,76
	Diploma	143	23%	2,98	0,76
	Degree	314	50%	3,01	0,81
	M+D	84	13%	3,21	0,92

Table 4.69 - Descriptive Statistics for factor Behavioural - Rewards by ANOVA Factors					
Factor	**Level**	**n**	**Perc.**	**Mean**	**Std.Dev.**
Total		627	100%	3,60	0,62
Age5	21-25	39	6%	3,68	0,57
	26-35	289	46%	3,58	0,64
	36-45	181	29%	3,66	0,58
	46-55	84	13%	3,56	0,64
	56+	34	5%	3,49	0,64
Race4	Asian	36	6%	3,84	0,59
	Black	260	41%	3,64	0,65
	Coloured	132	21%	3,58	0,60
	White	199	32%	3,53	0,58
Gender	Female	371	59%	3,60	0,62
	Male	256	41%	3,60	0,62
Household Size	One	89	14%	3,62	0,66
	Two	159	25%	3,56	0,60
	Three	119	19%	3,59	0,65
	Four	135	22%	3,62	0,60
	Five	89	14%	3,65	0,61
	Six +	36	6%	3,60	0,64
Monthly Household Income5	<R30 000	233	37%	3,58	0,63
	<R50 000	185	30%	3,63	0,60
	<R70 000	95	15%	3,58	0,60
	<R90 000	65	10%	3,66	0,62
	R90 000 +	49	8%	3,61	0,71
Highest Level of Education4	Not Diploma	86	14%	3,66	0,53
	Diploma	143	23%	3,54	0,65
	Degree	314	50%	3,62	0,61
	M+D	84	13%	3,58	0,67

Table 4.70 - Descriptive Statistics for factor Attitudinal - Rewards Personal by ANOVA Factors					
Factor	**Level**	**n**	**Perc.**	**Mean**	**Std.Dev.**
Total		706	100%	2,43	0,73
Age5	21-25	47	7%	2,45	0,70
	26-35	326	46%	2,41	0,72
	36-45	203	29%	2,41	0,76
	46-55	93	13%	2,51	0,73
	56+	37	5%	2,52	0,77
Race4	Asian	39	6%	2,27	0,58
	Black	301	43%	2,32	0,75
	Coloured	146	21%	2,51	0,70
	White	220	31%	2,56	0,73
Gender	Female	421	60%	2,41	0,71
	Male	285	40%	2,46	0,77
Household Size	One	100	14%	2,47	0,83
	Two	178	25%	2,42	0,69
	Three	134	19%	2,47	0,75
	Four	149	21%	2,39	0,73
	Five	102	14%	2,45	0,76
	Six +	43	6%	2,37	0,58
Monthly Household Income5	<R30 000	267	38%	2,50	0,67
	<R50 000	213	30%	2,42	0,77
	<R70 000	102	14%	2,45	0,79
	<R90 000	70	10%	2,27	0,73
	R90 000 +	54	8%	2,30	0,73
Highest Level of Education4	Not Diploma	99	14%	2,44	0,75
	Diploma	163	23%	2,53	0,71
	Degree	348	49%	2,39	0,74
	M+D	96	14%	2,39	0,74

Table 4.71 - Descriptive Statistics for factor Attitudinal – Rewards Tangible by ANOVA Factors					
Factor	**Level**	**n**	**Perc.**	**Mean**	**Std.Dev.**
Total		706	100%	2,86	0,63
Age5	21-25	47	7%	2,71	0,59
	26-35	326	46%	2,88	0,62
	36-45	203	29%	2,87	0,66
	46-55	93	13%	2,88	0,60
	56+	37	5%	2,80	0,65
Race4	Asian	39	6%	2,83	0,62
	Black	301	43%	2,80	0,66
	Coloured	146	21%	2,86	0,62
	White	220	31%	2,96	0,59
Gender	Female	421	60%	2,81	0,60
	Male	285	40%	2,94	0,67
Household Size	One	100	14%	2,87	0,63
	Two	178	25%	2,91	0,61
	Three	134	19%	2,87	0,61
	Four	149	21%	2,80	0,66
	Five	102	14%	2,85	0,62
	Six +	43	6%	2,88	0,68
Monthly Household Income5	<R30 000	267	38%	2,80	0,58
	<R50 000	213	30%	2,83	0,65
	<R70 000	102	14%	3,00	0,61
	<R90 000	70	10%	2,97	0,69
	R90 000 +	54	8%	2,92	0,70
Highest Level of Education4	Not Diploma	99	14%	2,70	0,56
	Diploma	163	23%	2,87	0,59
	Degree	348	49%	2,91	0,66
	M+D	96	14%	2,83	0,63

Table 4.72 - Descriptive Statistics for factor Attitudinal – Rewards Monetary by ANOVA Factors					
Factor	**Level**	**n**	**Perc.**	**Mean**	**Std.Dev.**
Total		706	100%	3,78	0,68
Age5	21-25	47	7%	3,83	0,64
	26-35	326	46%	3,83	0,66
	36-45	203	29%	3,75	0,68
	46-55	93	13%	3,75	0,78
	56+	37	5%	3,59	0,73
Race4	Asian	39	6%	3,85	0,49
	Black	301	43%	3,80	0,70
	Coloured	146	21%	3,81	0,67
	White	220	31%	3,73	0,70
Gender	Female	421	60%	3,82	0,65
	Male	285	40%	3,72	0,73
Household Size	One	100	14%	3,75	0,74
	Two	178	25%	3,82	0,60
	Three	134	19%	3,77	0,77
	Four	149	21%	3,87	0,67
	Five	102	14%	3,68	0,67
	Six +	43	6%	3,68	0,66
Monthly Household Income5	<R30 000	267	38%	3,75	0,67
	<R50 000	213	30%	3,86	0,69
	<R70 000	102	14%	3,73	0,70
	<R90 000	70	10%	3,77	0,63
	R90 000 +	54	8%	3,76	0,75
Highest Level of Education4	Not Diploma	99	14%	3,86	0,59
	Diploma	163	23%	3,77	0,70
	Degree	348	49%	3,79	0,68
	M+D	96	14%	3,69	0,74

ANNEXURE G - TURNITIN REPORT