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Rebates and Reward Programs: Conflicting Drivers
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Abstract

Rebate programs and customer reward programs have evolved almost side by side within the hospitality, tourism, services and retailing sectors. Interestingly, they both share a common theme of delaying rewards for consumers. In each case consumers are motivated to purchase a good or service contingent upon a reward that is delayed until a later time. At present there has been little research that examines how these programs function together and whether when implemented in tandem that they might actually be in conflict. An online survey was completed by 68 members of a shopping blog that asked about their participation and satisfaction with various rebate and reward programs. Data revealed a strong positive relationship between rebate proneness and various deal-seeking shopping behaviors, while a negative relationship was found between rebate usage and loyalty variables. We suggest that these parallel programs may actually be in conflict with each other and that practitioners must carefully manage these programs to avoid converting their loyal customers into deal seekers.

Keywords

Rebates, Loyalty programs