

An exploration of the relationship between retail reward programmes and brand loyalty

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Research for this article was conducted in the authors' capacity as Honours in Strategic Brand Communication students and supervisors at Vega School, a brand of The Independent Institute of Education.

Loyalty is still a big focus area for marketers in terms of business success. The retail industry has increasingly introduced various rewards programs, and in South Africa over the last couple of years we have seen an increase in reward and loyalty programmes. The question that came to mind for this study was whether customers use reward programs as a means to be loyal to a retailer. Thus, this research explored whether retail reward programs play a role in brand loyalty, from a customers' perspective.

BRAND LOYALTY

Shep Hyken (2015) a customer service expert once said, "There is a big difference between a satisfied customer and a loyal one". One of the ultimate goals of retailers has been to increase brand loyalty and a modern way of doing this is through reward programmes. Reward programs have been around since the 1980s and in recent years have sprung up in almost all retailers. South African retailers have increasingly started to catch up with this trend and now almost every retailer offers some sort of loyalty card which is rapidly filling up the space in our wallets.

Even with an increased popularity of reward programmes and their common goal to drive loyalty and long-term relationships with customers, doubts emerged as to whether retailers were actually achieving these goals. As reward programmes are supposed to benefit and add value to both the

retailer and the customer, this study wanted to know if customers see the value in these reward programs. And if so did this result in them being loyal towards the retailer running the program.

THE TWO APPROACHES TO BRAND LOYALTY

Aaker describes brand loyalty as "customers continuously purchasing a brand, over a long period of time." Literature notes that there are two main approaches to brand loyalty namely behavioural and attitudinal loyalty. Behavioural loyalty sees the continuous purchase of a certain brand as loyalty towards that brand. It can be defined as the habitual action of making repeat purchases. This poses a problem in research as there is a lack of measurements when it comes to behaviour and therefore it is difficult to know what really drives this type of loyalty. In contrast the attitudinal approach to loyalty argues that there is more to brand loyalty than behavioural patterns. It focuses on the psychological behaviour of consumers towards brands and the relationships they develop with said brands. This approach acknowledges the active brand evaluation and selection that consumers go through before they become psychologically bound to a certain brand that evokes emotions and feelings within them. Although these two approaches have different drivers it is said that there is some relation between the two and that attitudinal loyalty is the driver of behavioural



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loyalty. This research explored both behavioural and attitudinal loyalty of customers towards a brand. The study explored from a customers' perspective if loyalty is being driven purely by the brand itself (attitudinal) or if the loyalty is behavioural and relying on reward programs encouraging repeat purchases.

THE CHOICE OF RETAILER AND THE REWARDS PROGRAM

One South African retailer involved in offering a reward program is Woolworths with their reward card (WRewards), which in 2017 was the fifth most used loyalty card in South Africa. Woolworths has always been a pioneer amongst South African retailers, and many want to follow in their footsteps. The main reason to explore Woolworths' rewards program and if it increases brand loyalty in their customers was due to the fact that Woolworths is a South African retailer. And in the competitive environment in which the brand operates it is clear that it is a leader in the field, and frequently sets precedents for retailers in the South African market. Therefore, Woolworths was chosen as a suitable retailer for this research.

THE ROLE OF THE REWARDS PROGRAM

Traditionally reward programs were started as a way for companies to thank their loyal customers. However, with an increase in retailers offering similar programs with similar rewards a problem occurred in that there was a lack of research that showed whether consumers were still brand loyal due to these programs, or if there were other factors driving brand loyalty. This research aimed to determine why customers choose to be members of the Woolworths WRewards program, and to determine whether the program plays a role in their loyalty.

A qualitative research approach

was used for this study. In this regard, an in-person semi-structured questionnaire was conducted on Woolworths WRewards members. A small convenience sample of 10 members were analysed, indicating that the results are not representative. The results merely give insight in terms of these participants' feedback on the relationship between rewards programs and brand loyalty from a customers' perspective.

THE FINDINGS FROM THE STUDY

The results found that the majority of the participants included in this study considered themselves to be loyal to the Woolworths brand. From the analysis their considerations were based largely on two main themes, these being convenience and perceived added value. The findings further indicated that the majority of the participants considered themselves both behaviourally and attitudinally loyal towards Woolworths. **These findings were aligned with literature as these two approaches to brand loyalty have different drivers but it is said that there is a relationship between the two and that attitudinal loyalty is the driver of behavioural loyalty.** It would be interesting to investigate this relationship quantitatively in a future study. When turning the attention to the rewards programme the findings suggest that the majority of the participants joined the WRewards program for the discounts as well as the benefits they received for themselves and others. Lastly, the majority of the participants stated that being a part of the Woolworths WRewards program plays a role in their brand loyalty. It seems as though there is a relationship between these concepts. The main aim of this study was to explore the relationship between brand loyalty and retail reward programmes, the results seem to indicate that there

is a positive relationship. Thus, the results demonstrate the importance of this reward program as an aid for organisations to create brand loyalty from the customers' perspective.

MANAGERIAL INSIGHTS

This study provided insights to those in the retail environment interested in rewards programs and whether they play a role in brand loyalty. Furthermore, it seems the sentiment of members is positive towards the role rewards programs play in building their brand loyalty. The presence of both behavioural and attitudinal loyalty found in this study also makes sense, but should be investigated in greater detail and possibly from a quantitative perspective.

This study therefore illustrated that in our current South African retail environment there is still a role for rewards programs, and customers are using such programs to benefit but also to use as repeat purchases.

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