CUSTOMER LOYALTY PROGRAMMES IN SOUTH AFRICA: PAST, PRESENT AND FUTURE TRAJECTORIES

By

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DECLARATION

I declare that *Customer Loyalty Programmes In South Africa: Past, Present And Future Trajectories* is my own work, that it has not been submitted for any degree or examination in any other university, and that all the sources I have used or quoted have been indicated and acknowledged by complete references.

Nicole Bronwin Morrison   30 June 2022

Signed

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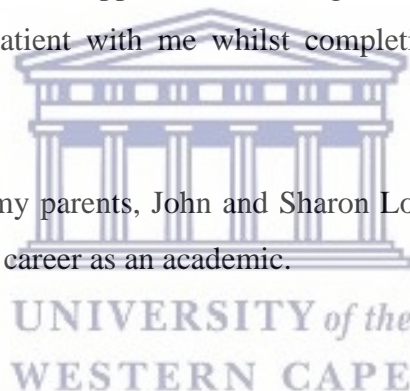
ABSTRACT

The thesis examines customer attitudes towards Fast Moving Consumer Goods (FMCG) retail outlets. Customer attitudes are examined based on customer engagement, loyalty programmes, customer satisfaction and customer loyalty towards customer repurchasing decisions. FMCGs include most household items such as food, toiletries, and cleaning items at supermarkets in South Africa. More specifically, this study investigates the past, present and future trajectories of loyalty programmes in South Africa. This thesis followed a descriptive research design and a quantitative research approach. A non-probability sampling method was implemented using quota sampling. The study included a sample of 272 FMCG members that participated in the study. An adapted questionnaire used in previous research was used as the data collection instrument in the study. This instrument contained 59 items on demography, behavioural, and attitudinal customer relationship management (CRM) based variables. The researcher collected the data through web-based questionnaires using Google Forms. Using SPSS 28 and AMOS 28, the data analysis included both descriptive and inferential analyses tools such as factor analysis, regression analysis, cluster analysis, mediation tests and structural equation modelling. Retailers must be aware of consumers' changing needs. As a result, marketing administrators have become more interested in offering loyalty programmes as a form of customer relationship marketing to retain its existing customers. Long-term client relationships result in repeat purchases, positive word of mouth (WOM) and cross-buying, that increase the sales of the retailer.

KEYWORDS *Customer engagement, Customer loyalty, Customer relationship marketing, Customer repurchasing decision, Customer satisfaction, Loyalty card, Loyalty programme.*

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ABBREVIATIONS AND ACRONYMS

COVID-19	Corona virus
CRM	Customer Relationship Management
FMCG	Fast-Moving Consumer Goods
SMS	Short message Service
VIC	Very Important Customer
WOM	Word-of-mouth

CHAPTER 1:
INTRODUCTION

1.1.   CHAPTER OVERVIEW

This chapter introduces the thesis by outlining the background to the study in terms of a brief literature review. The research gap was identified in the body of knowledge, and formulation of the research problem and question. Thereafter, the methodology used to answer the research question is discussed. Following this, the chapter presents a synopsis of the structure of the dissertation, and definitions of key concepts used throughout this research.

1.2.   INTRODUCTION

Retailers use relationship marketing instruments such as loyalty programmes as part of their marketing strategy to maximise customer satisfaction (Abror, Patrisia, Engriani, Evanita, Yasri, & Dastgir, 2019, p. 2). Loyalty programmes are integral customer relationship management (CRM) techniques useful for retaining and attracting new customers. As a result, marketers have become more interested in offering loyalty programmes such as ClicksClub, Checkers Xtra Savings, Pick n Pay Smartshopper Card, Dischem Rewards and Woolworths Rewards (Subburaj, Sangeeta & Brijesh, 2021, p. 252).

Loyalty programmes offer customers intangible value-added benefits such as privileged treatment and membership status, and tangible value-added benefits such as savings, prizes, and perks as a reward for their repeat purchases (Stathopoulou & Balabanis, 2016, pp. 4-5). For example, airlines reward customers that travel frequently and accumulate travel miles through the purchase of airline tickets. These travel miles can be redeemed by customers through offers such as free travelling flights, and hotels offer customers free nights' accommodation after a minimum night stay has been booked. Service providers and retailers offer incentives to attract and retain their existing customers – all to increase their market share and profit margins.

1.3.   MOTIVATION AND BACKGROUND

This study was motivated by the increased loss of competitive advantage facing South African FMCG retailers due to increased competition from major FMCG retailers (Hirt & Willmott,

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2014, p. 4). South Africa has many FMCG retailers such as Checkers, Pick n Pay, Spar, Woolworths, Clicks and Dis-Chem (Prajapati, 2020, p. 264). KPMG (2019, p. 4) concurs with Prajapati (2020, p. 264) and contends that FMCGs is one of the largest industries worldwide. FMCG retailer product offerings are often near identical that increases competition and for this reason retailers use marketing and other techniques to establish customer loyalty towards the retailer (KPMG, 2019, p. 8). Hirt and Willmott (2014, p. 4) advise that increased competition can be detrimental to the success of a retailer if not managed effectively. Mgiba and Madela (2020) supports Hirt and Willmott (2014) findings and indicates that increased competition leads to a decrease in market share, loss in sales, and reduction in profit. Yusoff, McLeay and Woodruffe-Burton (2015, p. 2) assures that easy access to products through the advancement of technology has put the marketing department of retailers under pressure to find more effective ways to attract and retain existing customers. To avoid this, retailers implement loyalty programmes to increase customer repurchasing decisions and to deter their customer base from defecting to their competitors (Zakaria, Rahman, Othman, Yunus, Dzulkipli, & Osman, 2014, p. 23). Therefore, retailers must be aware of consumers' attitudes towards the retailer and customers changing needs due to the change in the economic environment and its impact on customer purchasing decisions (Prajapati, 2020, p. 264). It is important that loyalty programmes benefits are sustainable and valuable to customers. This provides a competitive advantage to enhance customer repurchasing decisions.

This study focused on examining customer attitudes towards FMCG retailers to influence customer repurchasing decisions and to provide sustainable loyalty programme benefits to attract and retain customers. An extensive review of the literature also indicated a gap in the body of knowledge related to the paucity of studies that links customer engagement, loyalty programme benefits, customer satisfaction and customer loyalty towards customer repurchasing decisions at South African FMCG retailers.

1.4. LITERATURE REVIEW

1.4.1. Customer engagement

Customer engagement has emerged as an important construct in marketing research over the past decade and engagement of customers leads to a sustainable competitive advantage for retailers (Kumar & Pansari, 2016, p. 497; Van Tonder & Petzer, 2018, p. 2). Customer

engagement involves customer interaction with the retailer. Several strategies can be implemented to achieve customer engagement. Van Tonder and Petzer (2018) and Rather and Sharma (2016) point out that exchanging information such as specials, providing recommendations to improve the retailer's loyalty programme, participating in the retailer's activities and providing feedback regarding purchasing experiences with other loyalty card holders are all forms of customer engagement. Effective engagement influences customer interest to do business with the retailer (So, King, Sparks & Wang, 2016, p. 15). Hence, marketers must ensure that they communicate with customers and develop effective engagement strategies to create attention, desire, and interest in customers (Abror et al. 2019, p. 19).

Customers are successfully engaged when retailer marketing strategies grab their attention (So et al. p. 8). This results in customers having a favourable attitude to join the loyalty programme (Heimers, Rüger-Muck, & Theuvsen, 2019, p. 70). Subburaj et al. (2021) indicates the importance of investigating the influence of loyalty programmes towards customer repurchasing decisions, and to determine the viability of implementing a loyalty programme.

1.4.2. Loyalty programmes

A loyalty programme is a structured marketing activity that reward customer behaviour in the form of diverse incentives such as utilitarian value, hedonic value, and symbolic value (Wohl, 2018, p. 496; Kotler & Keller, 2016a). These rewards aim to increase customer purchases through cross-buying, influence customer retention through repeat purchases and increase the sales of the retailer through positive word-of-mouth (WOM) (Carelse, 2017). A loyalty programme is therefore a determinant of CRM.

With the benefit of CRM, retailers can identify customer needs and provide personalised services to customers. CRM aids to build relationships with customers by understanding their purchasing behaviour on a regular and systematic basis. By analysing this data, retailers can determine its target market, segmentation, and positioning strategies (Prajapati, 2020, p. 267). Maintaining customer relationships leads to customer loyalty and Prajapati (2020, p. 267) professes that satisfying a customer's need will lead towards the growth of the market base and influence customer repurchasing decisions, that will be discussed in the following sub-section.

1.4.3.   Customer satisfaction and customer loyalty

Customer satisfaction creates a competitive advantage for a business. Therefore, FMCG retailers must implement strategies to ensure customer satisfaction. Customer satisfaction is defined by Kotler and Keller (2016b, p. 199) as the overall assessment of customers towards the products and services' ability to meet prior expectations. A positive customer experience with loyalty programmes results in customer satisfaction. The attainment of customer satisfaction will result in positive WOM, and retailer recommendations made to family and friends. Customer satisfaction is also a determinant of customer loyalty, that results in customer retention (Bahri-Ammari & Bilgihan, 2019, p. 8).

Customer loyalty is defined as a constant and positive attitude towards an object, repeatedly purchasing from an organisation and intentionally recommending it to others through positive WOM (Du Toit, 2013). Furthermore, customers will be loyal towards a retailer if the loyalty programme benefits are beneficial to the customer. Carelse (2017) applauds Subburaj et al. (2021) and urges retailers to understand its potential and current customer needs and to satisfy its customers' needs. Prajapati (2020, p. 266) supports Abror et al. (2019, p. 19) and indicates that long term relationship marketing is necessary to maintain, retain, enhance, and develop relationships amongst retailers and customers. Trust and commitment hold important roles in building a strong relationship between customers and retailers, as it will create both social and economic benefits (Palto, Fraser, & Lebcir, 2018, p. 21). According to Wang, Qian and Zhao (2018, pp. 103-104) maintaining the relationship for extant customers will increase the profit of retailers.

1.4.4.   Customer repurchase decisions

Customer repurchase decisions is when a customer purchases from the same retailer on a regular basis (Milosavljević, 2020). Roberts-Lombard and Parumasur (2017, p. 8) advise that customers will only engage in repeat purchasing if they are satisfied with the retailer. Retailers strive to maintain a long-lasting, permanent relationship with customers. Long lasting customer relationships provides various benefits to retailers such as increased sales, profits, and market share (Herjanto & Amin, 2020, p. 5; Mero, 2018).

1.5. DEVELOPMENT OF THE RESEARCH PROBLEM AND CONCEPTUAL MODEL

As previously noted in the introduction, there are many South African retailers in the FMCG industry which has resulted in immense competition (Hirt & Willmott, 2014, p. 4). Considering this presence of competition from well-resourced and recognisable industry players, it is critical that retailers adopt measures to achieve a sustainable competitive advantage and to retain its existing customers. The utilisation of loyalty programmes and unique loyalty programmes benefits is regarded as one of the profound marketing strategies that can be adopted to enhance customer retention (Lin & Bennett, 2014, p. 942). Therefore, retailers must understand customer expectations when developing a loyalty programme and incorporate utilitarian, symbolic, and hedonic value in loyalty programmes. Furthermore, customer attitudes towards customer engagement, customer satisfaction, customer loyalty and customer repurchasing decision strategies must be continuously examined. Continuous improvements must be made as required, and this will in return increase the retailer's sales, profit, and market share.

Unattended customer needs and expectations of loyalty programmes threaten relationships with customers (Mgiba & Madela, 2020). This leads to customer dissatisfaction, negative behavioural intentions, and an attendant drop in revenue. Thus, investigating antecedent predictors to understand consumer repurchasing decisions is topical in the FMCG industry. Existing literature, however, focuses on a paucity that partially test the influence of customer engagement, loyalty programmes, customer satisfaction, and customer loyalty in isolation towards customer repurchasing decisions (Abror, et al. 2019; Kalinić, Marinkovic, Kalinić, & Liébana-Cabanillas, 2021; Nesset, Bergem, Nervik, Sørlie & Helgesen, 2021; Zakaria et al., 2014). However, this study considers the influence of all five variables simultaneously: customer engagement, loyalty programmes, customer satisfaction and customer loyalty towards customer repurchasing decisions.

1.5.1. The research gap

This study identifies a gap in the literature, in which there is a lack of research in developing countries regarding these five variables namely: customer engagement, loyalty programmes, customer satisfaction, customer loyalty and customer repurchasing decisions and its inclusive relationship is therefore lacking. As a result of increased competition, this study will examine

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customer attitudes towards these five variables at FMCG retailers. In so doing, the author posits that customer engagement, loyalty programme benefits, customer satisfaction and customer loyalty are powerful predictors and determinants of customer repurchasing decisions. The thinking behind this is that positive customer attitudes towards these variables will influence customer repurchasing decisions. To test these assertions, a conceptual model was developed and subsequently tested. The proposed conceptual model is discussed next.

1.5.2. Proposed conceptual model

The study signifies the relationship between customer engagement, a loyalty programme, customer satisfaction and customer loyalty towards customer repurchasing decisions. These variables namely customer engagement, a loyalty programme, customer satisfaction and customer loyalty have been identified as being influential in customer repurchasing decisions, but very few studies have contrasted their relative importance in one study within a FMCG retail context.

Most studies focus exclusively on one variable; this study goes further by considering all five variables simultaneously. This will likely provide better explanatory power of these variables, individually and severally. Such an approach presents to be of greater value to both theory and the practice of FMCG marketing.

To determine the relative importance of these variables, the study draws on a model adapted from Sulistiyani and Sudirjo (2020, p. 542) and Brashear-Alejandro, Kang and Groza (2016, p. 1192) depicted in Section 3.10. To fulfil the research gap, the conceptual model in Figure 1.1 is proposed.
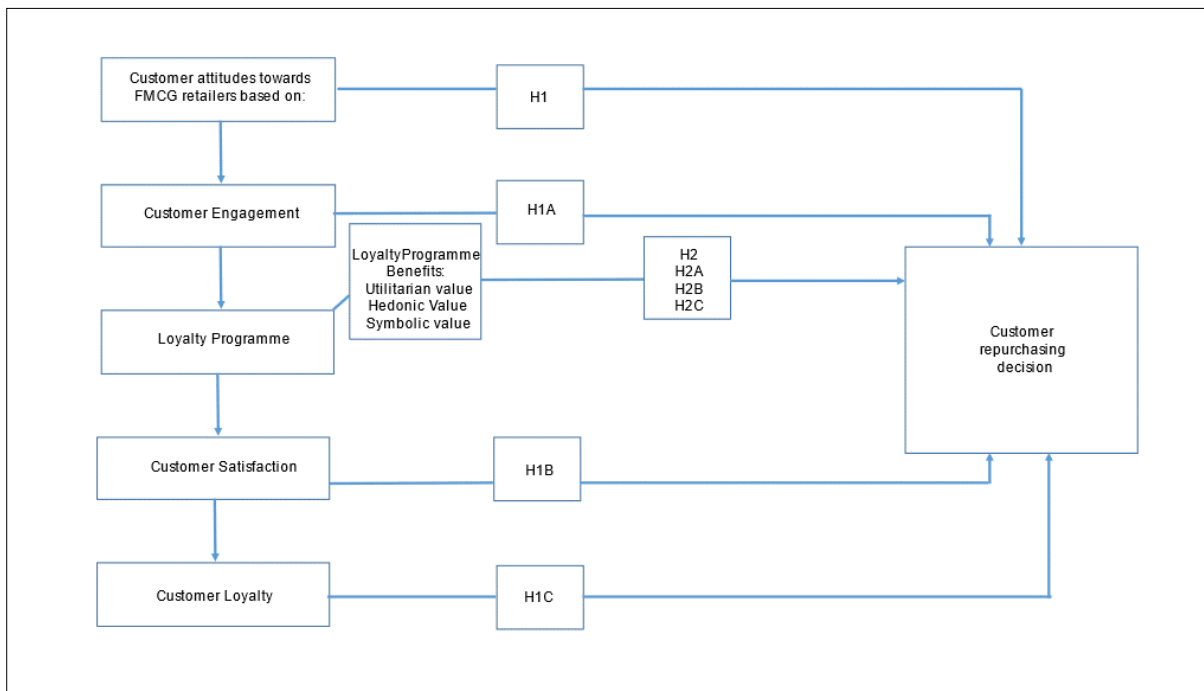
Figure:1.1: The Conceptual Framework

Source: Researcher's own construct

This study examines customer attitudes towards FMCG retailers based on customer engagement, a loyalty programme and its benefits, customer satisfaction and customer loyalty towards customer repurchasing decisions. It is expected that there is a positive significant relationship between the five variables namely: customer engagement, a loyalty programme, customer satisfaction and customer loyalty towards customer repurchasing decisions. It is further anticipated that a consumer interested in an offering from a FMCG retailer will engage with the FMCG retailer through social media, online advertisements and/or positively accept engagement from the FMCG retailer through emailed newsletters, short message service (SMS) marketing or feedback and interaction.

Upon positive engagement, the customer will be interested in joining the loyalty programme. If the customer perceives the benefits of the loyalty programme namely utilitarian, symbolic, and hedonic value to be valuable, this will lead to customer satisfaction. It is further anticipated that satisfied customers will recommend the retailer to friends and family, and they will engage in repeat purchasing. Satisfaction with the loyalty programme will in turn, result in customer loyalty towards the retailer, as indicated in the conceptual model and influence customer repurchasing decisions.

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1.5.3. Research question

For retailers to attract and retain customers, and to expand its market share, it is suggested that retailers must answer the following research question:

How do customer attitudes as well as loyalty programme benefits influence customer repurchase decisions at FMCG retailers in South Africa?

1.5.4. Research objectives

RO1: To examine customer attitudes towards FMCG retailers and its effect on customer repurchasing decisions.

RO2: To identify the benefits that customers expect in a loyalty programme and its effect on customer repurchasing decisions.

RO3: To measure the effect of loyalty programme benefits on customer repurchasing decisions.

1.5.5. Research hypotheses

The following hypotheses were formulated for this study:

H1: Customer attitudes have a significant effect on customer repurchasing decisions at FMCG retailers.

> **H1A:** Customer engagement has a significant effect on customer repurchasing decisions at FMCG retailers.
>
> **H1B:** Customer satisfaction has a significant effect on customer repurchasing decisions at FMCG retailers.
>
> **H1C:** Customer loyalty has a significant effect on customer repurchasing decisions at FMCG retailers.

H2: Loyalty programme benefits have a significant effect on customer repurchasing decisions.

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H2$_A$: Utilitarian value have a significant effect on customer repurchasing decision.

H2$_B$: Hedonic value have a significant effect on customer repurchasing decision.

H2$_C$: Symbolic value have a significant effect on customer repurchasing decision.

1.6. RESEARCH METHODOLOGY

1.6.1. Research design

This research utilised a descriptive research design (Malhotra, 2010, p. 76) that provided insights to customer attitudes as they related to FMCG retailers. Utilising the survey method, data was collected from FMCG consumers from South Africa. The study employed a quantitative research approach using variables that are already known and tested using validated and reliable scales obtained from literature (Blumberg, Cooper, & Schindler, 2011, p. 61).

1.6.2. Sampling

The population of the study were consumers that participate in a FMCG loyalty programme. This study followed a non-probability sampling method. A sample of (n=272) customers that participate in a FMCG loyalty programme took part in the survey. The sample size method utilised for this study was through blind guesses. Wiid and Diggines (2021) indicates that blind guess is used when the researcher uses judgement and intuition to determine the sample size. This method is arbitrary and does not consider the precision of the survey results or the cost of the survey. The sample was comprised of conveniently available online customers that participated in FMCG loyalty programmes. A quota sampling method was employed to fairly represent the different demographic profiles based on age, gender, education, and income (Saunders, Lewis & Thornhill, 2012, p. 61).

1.6.3. Questionnaire design

The questionnaire was adapted from Rather and Sharma (2016), Radder et al. (2015), Stathopoulou and Balabanis (2016) and Van Tonder and Petzer (2018) to suit the purpose of the present study. The adapted questionnaire contained 59 items that were grouped based on

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demographic variables, loyalty programme customer profile and attitudinal variables (see Appendix A).

1.6.4. Data collection

Before carrying out the research, a pilot study was carried out with ten experienced FMCG consumers to assess if questions were clear and understandable. Three higher education institutions assisted in the distribution of the questionnaire. This study used Google Forms to administer the web-based questionnaire to the sampled participants. The completed questionnaires were returned to the researcher's email address.

1.6.5. Data analysis

Data analyses were performed using SPSS 28 and AMOS 28. The following analyses were conducted (Field, 2009, p. 16; Diamantopoulos & Schlegelmich 2000, p. 212):

  i.   Cluster analysis, mediation tests and cross tabulation were conducted to identify patterns within the respondents' demographics and loyalty profiling.
  ii. Descriptive statistics were employed to describe the sample's loyalty programme profiling, demographics and to determine customer attitudes towards loyalty programmes at South African FMCG retailers.
  iii. Factor analysis was used to determine customer attitudes towards loyalty programmes at South African FMCG retailers (Research Objective 1, the Research Question and the associated Research Question 2 as reported in Chapter 6).
  iv. Through Cronbach's alpha and composite reliability, reliability analysis was carried out to measure the internal consistency of the measurement scales (Field, 2009, p. 16).
  v.   Structural Equation Modelling was used to measure the effect of loyalty programme benefits on customer repurchasing decisions (Research Objective 3, and the associated Research Question 3 as reported in Chapter 6).
  vi. Linear regression analysis was employed to test the hypotheses.

1.7. OUTLINE OF CHAPTERS

As recommended by Perry (1998a) and Shambare (2012), this study follows the structured six-chapter approach, which is the standard for doctoral theses in the marketing discipline. Accordingly, the literature review as it pertains to this research is broken down into two separate but related chapters – Chapters 2 and 3. In the former trends are the development of loyalty programmes at FMCG retail outlets globally and in South Africa and in the latter a synopsis is provided of loyalty programmes at FMCG retail outlets. The thesis chapters are structured as follows:

Chapter 1: Introduction – introduces the research and provides the scope of and background to the research. It includes a brief justification of the research, the research problem and question, methodology and framework of the research.

Chapter 2: Literature Review– (development of loyalty programmes at FMCG retail outlets globally and in South Africa) – the existing body of literature is analysed as it relates to the theory on the development and evolution of loyalty programmes. In addition, loyalty programmes at global level as well as in South Africa will be discussed.

Chapter 3: Literature Review– (loyalty programmes at FMCG retail outlets) – the extant literature on customer engagement, loyalty programmes, customer satisfaction, customer loyalty and customer repurchasing decisions at FMCG retail outlets are discussed, followed by the selection and justification of the appropriate conceptual theories and the conceptual framework.

Chapter 4: Research Methodology – consistent with the conceptual model developed in Chapter 3, this chapter contains a description of the suitable research methodology to address objectives. Justification of such is proffered by evaluating alternative research designs and methodologies, thus pronouncing the selected methodology as being most appropriate to answer the research question and problem. Also, ethical issues, reliability and validity are discussed in this chapter.

Chapter 5: Research Analysis and Results – in this chapter, the collected data is analysed. As the research utilises quantitative data, statistical analyses constitute the content of this chapter.

Chapter 6: Conclusions and Recommendations – the research concludes with a detailed discussion of the implications of the findings. Conclusions are presented within academic and practical contexts.

1.8.   DEFINITION AND TERMS

The key terms that are frequently used in this study are defined as follows:

Customer engagement	:	Customer engagement refers to emotional bonding with a brand that leads to more interaction with the object (Thakur, 2018, p. 48).
Customer satisfaction	:	Customer satisfaction is a person's feelings of pleasure or disappointment resulting from comparing his or her perception and expectation (Roberts-Lombard & Parumasur, 2017, p. 8).
Loyalty card	:	A loyalty card has a magnetic strip or bar code that identifies the registered customer when swiping the card at the till when paying for their goods to receive or redeem loyalty rewards (Purohit & Thakar, 2019, p. 270).
Customer loyalty	:	Consumers that are continuously satisfied with a differentiated service delivery are loyal to organisations. Along with exceptional service delivery, consumers become loyal to organisations that offer differentiated loyalty programmes that meet their needs (Axcell, Benedict, Pria, Kharsany, Meyer & Williams, 2015).
Loyalty programme	:	Loyalty programmes are defined by Cant and du Toit (2012, p. 1226) as integrated systems of marketing actions that are aimed at

developing long-term emotional attachments with member customers.		
Customer repurchasing decision	**:**	This is when a consumer engages in repetitive purchases from a retailer (Cant & du Toit, 2012).

1.9. RESEARCH CONTRIBUTIONS

It is anticipated that findings from this study will provide both theoretical and practical contributions, as indicated below:

1.9.1. Theoretical contribution

The study contributes to customer relationship marketing theory, particularly in the FMCG retailer industry, by providing insight into:

i.   Previous research that was conducted regarding each of the five variables namely customer engagement, a loyalty programme, customer satisfaction, and customer loyalty in isolation towards customer repurchasing decisions at FMCG retail outlets.

ii. Addressing the gap in the literature with regards to the relationship between customer engagement, a loyalty programme, customer satisfaction, and customer loyalty as single variables towards customer repurchasing decisions at FMCG retail outlets. This study elicits consumer attitudes towards these five variables at FMCG retail outlets within one study and provides recommendations how FMCG can implement these five variables effectively as a CRM strategy. Therefore, this provides a platform upon which future research in other industries, regions or globally could be based.

iii. Firstly, previous studies conducted by Herjanto and Amin (2020); Rather and Sharma (2016); Thakur (2018); Van Tonder and Petzer (2018) examined the

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influence of customer engagement at FMCG retail outlets and reported that customer engagement has an influence on customer repurchasing decisions. This study examined customer attitudes towards customer engagement at South African FMCG retail outlets and found that customers had a neutral or undecided attitude towards customer engagement at FMCG retailers.

iv.   In addition, Stathopoulou and Balabanis (2016) conducted a study in the United States of America and Radder et al. (2015) conducted a study at one FMCG retailer and in one province in South Africa to determine customer attitudes towards loyalty programme benefits. These studies reported that loyalty programme benefits influence customer repurchasing decisions. This study was conducted at all major FMCG retailers in South Africa and found that customers had a positive attitude towards loyalty programme benefits indicating that customer are satisfied with the loyalty programme benefits.

v.   Previous studies conducted by Herjanto and Amin (2020, p. 12) and Mgiba (2020) identified customer satisfaction to have a positive effect toward customer repurchasing decisions in the banking industry. This study found that customers had a positive attitude towards customer satisfaction at FMCG retail outlets in South Africa and will therefore engage in repeat purchases.

vi.   Finally, a study conducted by Zakaria et al. (2014, p. 28) found that customer loyalty has an impact on customer repurchasing decisions in Malaysia. This study found that customers had a positive attitude towards customer loyalty at FMCG retail outlets in South Africa and will therefore engage in repeat purchases.

1.9.2.   Practical contribution

In addition to making a theoretical contribution, this study is also likely to contribute to the following practical applications:

i.   To provide FMCG retailers with recommendations to base their CRM strategies on customer engagement, loyalty programmes, customer satisfaction and customer loyalty.

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ii.   To provide FMCG marketers with a set of controllable loyalty programme benefits namely utilitarian, symbolic, and hedonic value that can be manipulated to enhance build loyalty amongst existing customers for repurchasing at FMCG retail outlets.

To understand the basis which consumers make their purchasing decision when selecting retailers will assist marketing administrators to effectively attract, retain customers and grow its market position in industry.

1.10.   CONCLUSION

This Chapter introduced the study. It provided the background of the problem that instigated the research. Furthermore, it provided the problem statement, research objectives, the research question, the theoretical model, and hypotheses of the study. In addition, a brief overview of the research methodology that was used to operationalise the study is presented. The next Chapter reviews literature on the contextual foundations of loyalty programmes at FMCG retail outlets globally and in South Africa.

THE DEVELOPMENT OF LOYALTY PROGRAMMES AT FMCG RETAIL OUTLETS GLOBALLY AND IN SOUTH AFRICA

2.1. CHAPTER OVERVIEW

Chapter two discusses the literature regarding the marketing concept, the development and evolution of loyalty programmes globally and nationally. Finally, CRM, technology and the profitability of retailers will be expounded. Figure 2.1 below outlines the sequence of the chapter.

Figure 2.1: Literature review process

Source: Researcher's own construct

2.2. INTRODUCTION

Many retailers have adopted a consumer orientated approach to build customer relationships as a marketing activity (Corbishley, 2017, p. 30). As a result, loyalty programmes are becoming a common marketing strategy offered by several major retailers. Loyalty programmes have become an integral part of the marketing strategy for most retailers in the FMCG sector (Tsele, 2021, p. 11). This is to maintain a sustainable competitive advantage over its competitors and compete for customers' acknowledgement and patronage. FMCGs includes most household items such as groceries, toiletries, and cleaning items (Corbishley, 2017). These products are available at supermarkets, although several other retailers might sell categories of these products.

2.3.   DEFINITION OF A LOYALTY PROGRAMME

Loyalty programmes are defined by Cant and du Toit (2012, p. 1226) as an integrated marketing system aimed at developing a long-term emotional attachment with customers. A loyalty programme is accompanied with a tangible frequent shopper card with tiered benefits or co-branded credit card to accumulate some form of programme currency, which can be used at a later stage to redeem a free reward (Corbishley, 2017, p. 34). The loyalty programme often called a rewards programme is the core of this phenomenon (Raab, Berezan, Krishen & Tanford, 2016; Xie, Xiong, Chen & Hu, 2015).

2.4.   UNDERSTANDING THE DEVELOPMENT OF LOYALTY PROGRAMMES

Customers may have early or exclusive access to latest products, special promotions, or discounted items that all motivates non loyalty card holders to join the loyalty programme (Lee, Claudia, Zainol & Chan, 2019, p. 14).

For a customer to be part of the loyalty programme, they must register their personal information and will be provided with a unique identifier, like a member identity number or membership number. Customers will receive a membership card that they must swipe at the cash till or scan the loyalty programme with a mobile phone to redeem rewards when making a purchase. Technological advancements have made it possible for customers to download the loyalty programme application on their mobile device from the iOS and Samsung Galaxy app store. The loyalty programme application on the mobile phone can be scanned from the barcode at the cash till. This allows the customer to receive and redeem rewards even if they do not have the physical card present at the time of purchase.

A loyalty programme is a marketing strategy that follows a consumer orientated philosophy. The FMCG retail outlet centres the benefits of a loyalty programme around customer needs and expectations. The loyalty programme offering, and structure greatly affects the likelihood of customers joining the programme and their rate of attrition. According to Roberts-Lombard and Parumasur (2017, p. 8), the customer-oriented perspective is known as customer fit which assess if the loyalty programme fits the customer needs in terms of usefulness, convenience, and enjoyment (Wang, Krishnamurthi, & Malthouse, 2018). According to Baolong, Xiaofei and Lin (2018, p. 301) a well-planned loyalty programme leads to improved customer relationships.

A host of factors are incorporated into the loyalty programme and how it is structured influences customer fit, including:

2.4.1. The effort to join a loyalty programme

Customers will evaluate the likelihood of being able to obtain a reward. The complexity of signing up for the loyalty programme and redeeming loyalty points will determine if the consumer adopts the loyalty programme (University of the Witwatersrand, 2019, p. 13).

2.4.2. The timing of redeeming loyalty rewards

The timing of accumulating and redeeming loyalty programme rewards must be structured to determine whether the rewards accumulate for a fixed or unlimited duration of time (University of the Witwatersrand, 2019, p. 13).

2.4.3. The framing of a loyalty programme

This refers to how the marketing department chooses to frame their loyalty programme through its marketing communication efforts and influences how consumers perceive the value of the loyalty programme (University of the Witwatersrand, 2019, p. 13).

2.4.4. The cost of joining a loyalty programme

The two cost factors that should be considered as indicated by the University of the Witwatersrand (2019, p. 13) includes the cost of participation for a customer, i.e., is it free to sign up or do customers pay a fee, and the cost of managing a programme, i.e., such as investing in human capital and technological infrastructure to effectively manage and execute the loyalty programme.

Loyalty programme offerings that do not provide sufficient value will result in the customer searching for better alternatives from competing retailers. Corbishley (2017, p. 34) applauds Wang et al. (2018) and the University of the Witwatersrand (2019) and reported several reasons

why loyalty programmes could fail. The reasons include being too complicated to operate, insufficient return on investment, and poor perceived benefits for the customer that results in a lack of customer retention. A poorly designed loyalty programme can be detrimental to a retailer, and negatively impact customer repurchasing decisions (Sharma & Verma, 2014, p. 924).

However, properly designed loyalty programmes can be of great value to the organisation and result in greater income, loyalty, and market share. Corbishley (2017, p. 38) emphasises that customers prefer simple and user-friendly programmes. Customers further expect recent and relevant communication from retailers and rewards that can be redeemed immediately at the point-of-sale. The main aim of a loyalty programme is to influence customer repurchasing decisions (Tsele, 2021, p.12). Lee et al. (2019, p. 14) contends that a customer exhibits customer loyalty when they consistently use a retailer's service over an extended period. Corbishley (2017, p. 7) exhorts that loyalty programmes reward customers for their purchases and help retailers to understand their customers better. Customers want to receive exclusive benefits for joining loyalty programmes through loyalty programme tiers achieved through frequent purchasing (Mimouni & Pez, 2020, p. 65).

The use of tiers in a loyalty programme may stimulate behaviour among members. According to Chang (2020, pp. 2989- 2990), there are two approaches to tiers. The first approach to tiers is based on spending. This approach is "the more you spend the faster you earn". It motivates spending but does not necessarily motivate saving. The second approach to tiers is based on balance. This approach is "the more you save the more it is worth". It motivates spending and saving. It creates a cost of defection which grows at an accelerated rate as the member's balance grows (Chang, 2020, pp. 2989- 2990).

Clicks has two tiers to its loyalty programme (Clicks, 2020). When a customer signs up, they receive a Blue Clicks ClubCard which signifies the entry level loyalty stage. Once customers meet the maximum number of points allocated through swiping the loyalty card at every purchase, the customer moves to the next and final stage of the loyalty programme. Customers are awarded a Gold Clicks ClubCard (Clicks, 2020). To date, Clicks and Woolworths are the only FMCG retailers that applies the tier strategy to its loyalty programme.

2.5. THE PAST AND PRESENT OF LOYALTY PROGRAMMES

The concept of a loyalty programme can be traced in the 1700's when retailers gave customers wooden coins in return for their support (McCall & McMahon, 2019). In the late 18th century, a loyalty programme started as "*premium marketing*" (Lee et al., 2019, p. 19).

Green Shield stamps was one of the first retail loyalty programmes and awarded stamps to customers at every purchase. The stamps could later be redeemed for products and the aim was to encourage increased purchasing at participating stores (Lee et al., 2019, pp. 14-15). According to McCall and McMahon (2019), in 1896, The Robinson and Ballou Grocery chain of Troy in New York issued customers brass tokens while the Grand Union Tea Company issued cardboard checks in 1872. In 1987, the next large-scale programme involved providing customers with trading stamps when Sperry and Hutchinson launched its Green Stamp programme (McCall & McMahon, 2019). Under this programme, Sperry and Hutchinson sold "green stamps" to retailers that were provided to customers as a reward for their patronage.

Customers could paste their stamps into books and redeem those filled books for a variety of products in the Sperry and Hutchinson Green Stamp catalogue. The green stamp phenomenon provided a clear demonstration of the potential of loyalty programmes, as it created an advantage for retailers that offered the stamps and created a risk for retailers that did not offer loyalty programmes. The strategy of using stamps as a loyalty programme continued until the early 20th century when retailers began to introduce new ways to attract and retain customers. In 1929, Betty Crocker introduced the box top loyalty programme where customers collect box top clippings that could be accumulated and exchanged for items (Lee et al., 2019, p. 20).

The airline industry also engaged in loyalty programmes (Vilkaite-Vaitone & Papšienė, 2016; Lee et al. 2019, p. 19). US Government Accountability Office (2006) indicated that the Congress passed the Airline Deregulation Act of 1978, phasing out federal control of domestic air service and marking the beginning of the era in which market forces determine fares and levels of service. Duffy (1998) further reports that airlines struggled to sustain a competitive advantage and in many cases ticket prices, seat selection, and services for the most airlines were equal. In 1981, American Airlines introduced its frequent flyer programme named Advantage. This offered free travel in exchange for a level of loyalty points. United Airlines followed

shortly with its Mileage Plus programme and soon every organisation in the travel industry created or participated in one or more loyalty programme (Duffy, 1998, p. 437).

During the last decade, customers have proved with their actions that they are requesting more valuable loyalty programmes (Stathopoulou & Balabanis, 2016, pp. 4-5). Present customers are more various, divergent, demanding and expect more value from FMCG retailers (Prajapati, 2020, p. 267; Bertini & Gourville, 2012). According to Dorotic (2019, p. 25), on average two-thirds of Europeans belong to at least one loyalty programme. In the United Kingdom and Finland, loyalty programme penetration reached 90 percent and 94 percent respectively. According to a global study conducted by Nielsen (2016), the United States census by Colloquy reported that 3.8 billion loyalty programme memberships had the strongest penetration in the FMCG retail industry to which more than 1.6 billion customers belong. Beyond reinforcing customer loyalty and customer retention, loyalty programmes can assist a FMCG retailer to increase customer wallet share, to cross-sell and up-sell additional products to customers. Thus, considering customer expectations, FMCG retailers have started to create various loyalty programmes seeking to attract new customers and retain existing customers (Kalinić, Marinkovic, Kalinić, & Liébana-Cabanillas, 2021).

With the advent in database technology and information technology, FMCG retailers have the means to gain a 360-degree view of their customers (Purohit & Thakar, 2019, p. 270). Loyalty cards bear a magnetic strip or bar code that identifies customers through which retailers can gather data and later use that information for loyalty programme management. By using technology, retailers can track customer purchases, the frequency of purchases, spending habits through database management software and offer customised rewards and advertisements (Purohit & Thakar, 2019, pp. 260-262; Yi & Yeon, 2003, p. 229).

For example, Checkers collects three types of customer information in its Xtra Savings database: demographics, personal interests, and purchase behaviour to issue personalised and relevant rewards to customers. This may range from a coupon or promotion (to influence specific purchase behaviour) or a free newsletter relevant to the area of interest of the customer to demonstrate care and concern (aimed at cultivating attitudinal loyalty). Pick n Pay, Spar, Dis-Chem, Checkers, Clicks and Woolworths follow the same strategy and sends their customers instant text messages to inform them of specials on products that they regularly purchase.

Today, not only do FMCG retailers use the latest technology to enable its marketing strategies but also create partnerships with other retailers to offer their customers enhanced value (Mgiba, 2020, p. 6; Dorotic, 2019, pp. 28-30). Single vendor loyalty programmes have dominated historically, and partnerships are becoming more prominent and are likely to increase as discussed in Chapter 6 (Vilkaite-Vaitone & Papsiene, 2016, p. 110). The goals of a loyalty programme are to establish and foster customer loyalty and provide benefits to customers by rewarding their loyalty and retaining customers (Nobar & Rostamzadeh, 2018, p. 420).

2.6.   GLOBAL TRENDS OF LOYALTY PROGRAMMES

Loyalty programmes are an essential part of the marketing plan and strategy of retail organisations to survival, to growth and to ensure profits. Cant and du Toit (2012, p. 1223) indicated that the United States has two billion loyalty programme memberships including hotel, supermarket, airline and financial services. Liu, Wang and Zhao (2020, p. 736) advise that a loyalty programme structure may differ from region to region. Customer loyalty programmes differences per region are described next:

2.6.1.   Loyalty programme trends in Asia

The Asian FMCG industry is highly competitive owing to the presence of many large and small players in the market (Businesswire, 2021; Nielsen, 2016). The Asian market has adopted strategies like product innovation, partnerships, mergers, acquisitions, and loyalty programmes to stay ahead of the competition (PRNewswire, 2019). The loyalty management market was valued at USD 945.9 million (R15 billion[1]) in 2020 is expected to grow to USD 3642.77 million (R5 trillion) in 2026, registering a CAGR of 25.1 percent, during the period of 2021-2026 (Businesswire, 2021). FMCG retailers in the Asian market have indicated that loyalty programmes play a substantial role in influencing consumer choices. These retailers further report that the implementation of loyalty programmes have increased customer retention and profit margins. These FMCG retailers regard loyalty programmes as an investment as customer retention strategies are less expensive when compared to attracting new customers (Businesswire, 2021).

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[1] USD-ZAR Exchange rate as at 15 June 2022.

Attracting new customers are more expensive for retailers compared to retaining current customers (Ranabhat, 2018, p. 2). Thus, by having a loyalty programme leads to the biggest revenue generator for a company and lower the user acquisition costs. According to a recent industry survey, in Southeast Asia, about 92 percent of respondents were more enticed to shop where a loyalty programme is part of the retailer's marketing strategy (Businesswire, 2021). In addition, loyalty programmes build sustainable relationships with customers and retain existing customers. However, the study findings revealed that lack of awareness of loyalty programme benefits remain a challenge to the growth of the loyalty management market. Therefore, retailers must create awareness of their loyalty programmes through social media and e-commerce to entice customers (Yeng & Mat, 2013).

A comparative study was conducted by Liu et al. (2020) to understand how CRM differs in Asia and Europe. Liu et al. (2020) emphasise the utilisation of technologies to develop CRM strategies in the Eastern area. These include social media, data mining, mobile phone applications and integrating the loyalty programme on the retailer's website when customers make online purchases (Prajapati 2020, p. 265).

Furthermore, a study conducted by Mohamadi, Alavi and Pourmourdini (2019, p. 260) in Asia reported that virtual interaction with customers must be developed to identify and meet customer needs. The authors further indicated that customer loyalty can be established by offering both soft and hard benefits in loyalty programmes. Soft benefits consist of greetings, postcards, loyalty booklets and hard benefits consist of discounts, samples, free gifts, and rewards in proportion to the volume of purchases.

China is the world's second-largest economy and the most advanced e-commerce country in the world (Wang, 2022). The aim of loyalty programmes in China is to attract new customers while driving their growth in the country. Loyalty programmes are based on customer experiences and to drive loyalty. The loyalty programmes market in China is expected to grow by 13.5 percent on annual basis to reach US$ 17821.7 million (equivalent to approximately R27 billion) in 2022 (Wood, 2022).[2]As the trend in online shopping continued to gain momentum during the last decade, the adoption of loyalty and loyalty programmes also gained widespread popularity in the country (Wang, 2022). The FMCG retail outlets in China have incorporated

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[2] USD-ZAR Exchange rate as at 15 June 2022.

loyalty programmes into online purchasing (Wood, 2022). This trend is expected to continue as global and local brands continue to seek loyalty programmes as a differentiation factor in their strategy further (Wood, 2022 & Wang, 2022). Hasim, Mahmud, Shamsudin, Hussain and Salem (2015, p. 17) conducted a study in China and revealed that loyalty programmes perform a significant linkage to customer satisfaction. However, customers expect a seamless experience when redeeming loyalty programme benefits online. Therefore, the operational side of the loyalty programme is important to customers including the ease of registering, and redeeming rewards University of the Witwatersrand (2019, p. 13) as discussed in Section 2.4.

2.6.2. Loyalty programme trends in America

Loyalty programmes are a vital part of retaining customers in the American FMCG industry while maintaining customer satisfaction (Azpiral, 2022). The average American household has enrolled in more than eighteen customer loyalty programmes. As a result, FMCG retailers must structure their loyalty programmes accordingly to outperform competitors (MaCorr, 2022).

The loyalty programmes in America are based on a tier structure as discussed in Section 2.4. A study conducted by Hasim et al. (2015, p. 16), reported that retailers focus on segmenting their consumers according to behavioural factors such as loyalty programme usage and value of purchasers. The tiers feature exclusive rewards that include birthday gifts. This rewards system thrives on the special and unique benefits it has offer to customers. By separating customers into a hierarchical structure, it incentivises consumers to reach goals within the tiers by purchasing products (Azpiral, 2022).

FMCG retailers in America have incorporated technology such as artificial intelligence and machine learning into their loyalty programmes (Azpiral, 2022). These technologies predict human behaviour and purchasing patterns through different analytics. It then offers FMCG retailers intelligence insights that enhance customer conversation, experience, and overall sales. Customer personal data is also protected and secured through security services of the technology. This strengthens customer trust in the brand. FMCG retailers have also introduced personalisation features in its loyalty programmes.

The interaction with consumers ranges from emails regarding their next redeemable offer, a post-purchase chance to redeem or offers surrounding joining the loyalty programme (Azpiral,

2022). MaCorr (2022) concurs that unless retailers engage with these customers, follow through with them and make them feel special, retailers will only retain a percentage of these customers. Every communication or advertisement from the retailer to the customer is tailored based on the customer's product interest. This structure of loyalty programme thrives because it presents suitable offers based on customer's purchases. These features attract customer attention and enhances their experience. Customers show interest in personalised recommendations, coupons, and promotions to gain benefits from the brand. This results in increased sales and profit that drives the loyalty programme (Lee, Aveyard, Jebb & Piernas, 2021, p. 6).

Finally, the FMCG loyalty programmes are based on discount on delivery with cash back on purchases later. This allows customers to earn 1 per cent back on any purchases made online or in-store that can be redeemed on their next purchase at the retailer (Liu et al., 2020, p. 738). By implementing these loyalty programme structures, American FMCG retailers focus on the effects of CRM programmes on outcomes such as customer retention and growth of market share to improve trust between retailers and customers (Liu et al., 2020, p. 738).

2.6.3. Loyalty programme trends in Europe

The FMCG industry in Europe introduced loyalty programmes in the 1900s as a competitive advantage (Brinkhoff, 2020). FMCG retailers are implementing loyalty programmes aggressively as part of the marketing strategies to encourage customers to stick to the brand, prevent them from switching to another brand and is focused on price-conscious consumers (Baolong et al., 2018, p. 301). This is expected to drive the growth of the market. Loyalty programmes envisage rewarding customers in the form of cashback, rewards points, gift cards, and discounts, and others for their purchases. They help FMCG retailers to retain customers and subsequently play a vital role in strengthening the customer base and augmenting sales (Brinkhoff, 2020).

In addition, Hasim et al. (2015, p. 16) conducted a study in Europe and reported that commitment, trust, and customer satisfaction lead to future sales by incorporating the loyalty programme. The social benefits and special treatment from participating retailers provide significant value to the loyalty programme. This led to an increase in cross selling and up-selling opportunities for retailers (Hasim et al., 2015, p. 16).

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2.6.4. Loyalty programme trends in India

India's retailing industry is very informal and takes place through small independent shops and open-air bazaars (Pradhan, Parekh, & Shah, 2019, p. 119). India is one of the world's largest and fast-growing retail markets (Ranganathan, 2019, p. 11). According to Pradhan et al. (2019, p. 120), economists have estimated that Indian retailers expanded by $400 billion[3] (equivalent to approximately R70 trillion). Retail accounts is two thirds of India's market share and travel and financial services account for a third of the market share (Pradhan et al., 2019, p. 122).

To secure the growth, retailers are adopting new methods of attracting customers and acquiring marketing in competitive times with the use of loyalty programmes (Radder et al., 2015, p. 92). India has implemented loyalty programmes to induce repeat purchases and to acquire and retain customers. The objective of the loyalty programme is to connect with customers emotionally through a relational basis and to achieve genuine customer loyalty (Pradhan et al., 2019, p. 124). In India, loyalty programmes are not only based on its characteristics, but based on the customers' needs and competitor loyalty programme offerings (Pradhan et al., 2019, p. 120). Retailers must focus on loyalty programme design and the management thereof.

The loyalty programme design focuses on three key features namely: participation requirements, point structure and rewards (Surana, 2020). Participation requirements indicate if membership is voluntary versus automatic enrolment and free versus fee-based membership. In addition, the conveniency of joining the loyalty programme is imperative. The reward structure involves how points or benefits are issued and it influences customer repurchasing decisions.

FMCG loyalty programmes in India are based on a paid programme (Surana, 2022). Customers pay a monthly or annual fee to join, be a part and avail of benefits of the VIP Member club. Through the points structure, customers receive points for every purchase. Customers accrue points that they can redeem to get free products or services. It operates on the practice: spend more to earn more (Corbishley, 2017, p. 34). Each time a purchase is made by a customer gets him/ her a certain number of points based on the size of his/her purchase (Surana, 2022). Tiered structures are incorporated, as it creates a point pressure effect on purchases for both price

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[3] USD-ZAR Exchange rate as at 15 June 2022.

sensitive and service orientated consumers, whereby frequency rewards only appeal to price sensitive consumers (Corbishley, 2017, p. 34). After collecting a certain number of points, the customer is upgraded to the next tier and he will receive benefits of that tier. The more loyal customers stay to your brand they earn the greater the rewarding opportunity (Surana, 2022).

The loyalty programmes are based on value-based programmes linked to a corporate social responsibility (Surana, 2022). By creating something creative and unique rather than just mere points can make the customer remember their brand. The value-based programme is suitable for the e-commerce industry. If a loyalty programme is structured around customer's values, then there is a high possibility of them becoming the retailer's brand loyalist (Corbishley, 2017, p. 67). In addition, the loyalty programmes follow the coalition programme (Surana, 2022). Since loyalty programmes are gaining importance; customers are looking for suppleness in rewards. Customer loyalty programmes can be created by partnering up with other businesses. This will let you build new relationships as well as it will give more prospects to customers.

Finally, the loyalty programmes contain a cash back programme. These loyalty programmes are easy to create, maintain and easy to understand. The customer gets a certain number of points against the value spent. These programmes are used to increase the transaction amounts and to reduce their churn rates (Surana, 2022).

2.6.5. Loyalty programme trends in Africa

Consumers in Africa belong to eight loyalty programmes (Bizcommunity, 2021). This has encouraged FMCG retailers to provide sustainable loyalty programme benefits as a competitive advantage. FMCG retail outlets have introduced loyalty programmes to acquire new customers, retain customers, increase customer purchasing and improve brand awareness (Kumar & Pansari, 2016, p. 497; Van Tonder & Petzer, 2018, p. 2).

The aim of FMCG loyalty programmes in Africa is to reward customers who repeatedly interact with a brand (Stathopoulou & Balabanis, 2016, p. 5). It is a customer retention strategy that encourages customers to continue buying from the retailer, rather than its competitors. The more a customer buys or engages with the brand, the more rewards they earn (Brinkhoff, 2020).

Therefore, loyalty programme in the FMCG industry in Africa is structured around customer rewards such as points structure, cash back, participation, personalisation, tiered-based, and value-based programmes which is very similar to Asia, Europe, America, and India (Lee et al. 2019, p. 14). One major difference is that there is no membership fee for consumers to join the FMCG loyalty programmes.

A study conducted by Mgiba and Madela (2020) reported that customers prefer soft and hard rewards. Due to the tough economic conditions, cashback remains the number one loyalty benefit of choice, followed by discount vouchers. Cash-strapped South Africans have used their loyalty programme benefits to survive (Bizcommunity, 2021). The perception of the rewards offered by loyalty programmes have direct effect on customer repurchasing decisions. Furthermore, it is interesting that African consumers prefer loyalty programmes that are simple and easy to use (BrandMapp, 2020, p. 13). This informs FMCG retailers to design and execute user friendly loyalty programmes. By understanding these global differences, marketing managers can gain insight into the focus of CRM research from different regions. This is a result of the cultural heterogeneity and diverse national conditions.

2.7. THE SOUTH AFRICAN CUSTOMER LOYALTY PROGRAMMES

FMCGs marketplace operates in a highly competitive market (Corbishley, 2017, p. 34). Olivier and Burnstone (2014) state that loyalty programmes have grown exponentially and reported that the average consumer in South Africa belongs to at least three programmes. Therefore, it is important that FMCG retailers examine customer attitudes towards their loyalty programme. The favoured loyalty programmes were those attached to FMCG retail outlets as a major one in South Africa with food sales contributing more than 50 percent towards retail sales (Corbishley, 2017, p. 36).

There are various sectors within the retail industries such as FMCGs, apparel, homeware, banking and fuel (Cant & du Toit, 2012, p. 1223). The South African supermarket sector is dominated by five major supermarket chains, namely Shoprite, Pick n Pay, Spar, Checkers and Woolworths (Corbishley, 2017, p. 11). Grocery retailing leads the field in the South African retail market with food sales accounting for about 54 percent of retail sales in 2011. In 2021, the food prices increased exponentially at 6.6 percent (BusinessTech, 2021). The grocery marketplace is an intensely competitive environment where supermarkets are competing to

satisfy the changing requirements of consumers (Corbishley, 2017, p. 11). These sectors have multiple competitors that compete for the support of the same customer. Tough economic conditions have resulted in low levels of loyalty amongst price sensitive customers (Bizcommunity, 2021). Therefore, FMCG retailers must implement innovative ways to delight customers, retain and grow its customer base, and meet strategic business objectives. Corbishley (2017, p. 34) advises that FMCG retailers should enhance customer repurchasing decisions through loyalty programmes.

The South African FMCG marketplace has followed in the rest of the world's footsteps, where loyalty programmes are a common promotional tool. The largest loyalty programmes in the South African retail market space are Clicks, Pick n Pay and Woolworths (Bizcommunity, 2021). The University of the Witwatersrand (2019, p. 3) reveals that effective loyalty programmes boost customer loyalty by rewarding repeat business, increase sales and brand equity.

Pick n Pay, a major South African supermarket along with its Smart Shopper programme is recently recognised as the most popular loyalty programme and has partnered with BP service station (see Figure 2.2) and makes use of a rewards point system. Points that have been earned mount up as the customer swipes or scans their loyalty card which correlates with the purchasing value. The customer can redeem their points to pay a reduced price for fuel or towards purchases at Pick n Pay.
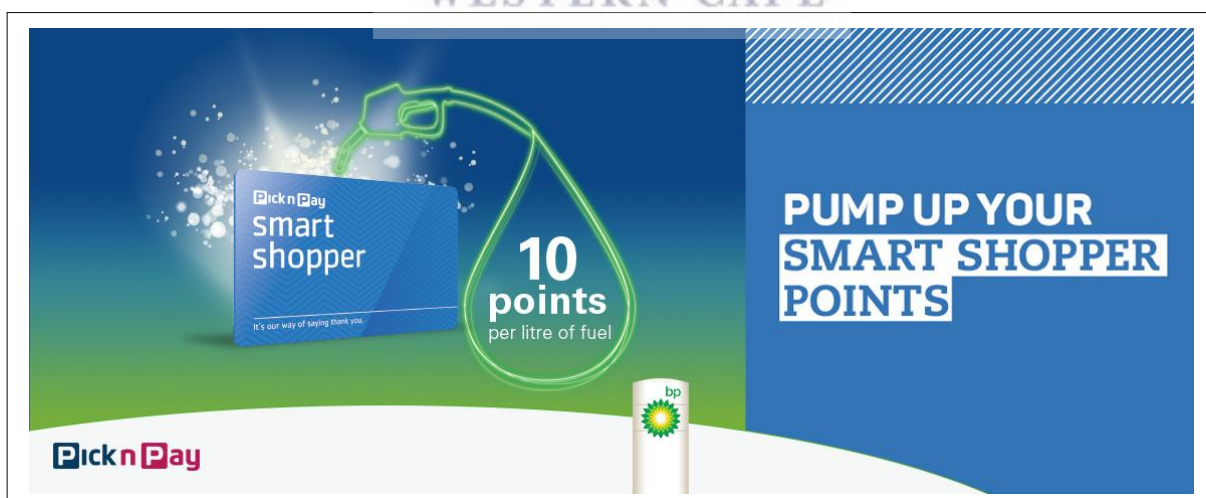
Figure 2.2: Pick n Pay Smart Shopper.

Source: Pick n Pay (2021)

Woolworths is one of the largest South African FMCG loyalty programmes (Bizcommunity 2021). Woolworths loyalty programme is named W Rewards and offers customers discount on perishable and non-perishable products, as well as clothing items as indicated by Thomas (2013). The W Rewards loyalty programme is depicted in Figure 2.3.

Figure 2.3: Woolworths VIP wRewards.

Source: (Woolworths, 2021)

Woolworths encourage customer purchasing through loyalty programme tiers. Customers are allocated a VIP status, "the more you buy, the more rewards you earn'. Woolworths has requested customers to update their personal details in return of a reward (see Figure 2.4) to ensure that the retailer is able to engage with the customer through communication.

Figure 2.4: Woolworths wRewards.

Source: Woolworths (2021)

Woolworths has established The MySchool – MyVillage – MyPlanet fundraising programmes. It is one of South Africa's biggest community programmes (See Figure 2.5). The purpose of this corporate social responsibility programme is to raise funds for schools, charities, and

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environmental organisations. This is implemented through the loyalty programmes that allows supporters to raise funds for their beneficiary (school or charity) every time they shop at Woolworths and at its partner stores. Partners contribute, on behalf of the supporter/cardholder, towards the beneficiary they have selected (Sea Rescue South Africa, 2021).

Figure 2.5: My School Woolworths wRewards.

Source: Woolworths (2021)

Clicks issue points in the form of cash rewards when customers swipe their card at the till (see Figure 2.6). Customers receive a blue card when they join the loyalty programme. At every purchase the customer swipes their card at the cash till and accumulate points. When the number of points reaches a certain value, the customer moves to a higher tier and receives a gold card. Clicks follows the same approach as Woolworths by encouraging purchases. Consumers can also gain rewards through swiping their Clicks Clubcard at partner stores such as Engen and Spec Savers (Mgiba & Madela, 2020).

https://etd.uwc.ac.za/

Figure 2.6: Clicks ClubCard.

Source: Clicks (2020, 2021)

A new loyalty programme in the FMCG market is Checkers Xtra Savings (see Figure 2.7). When customer swipe their loyalty programme at the cash till, they receive cash discounts when purchasing qualifying products. Most of the loyalty programmes now offer the customer the opportunity to donate their earnings to a charity of their choice.

Figure 2.7: Checkers Xtra Savings.

Source: Checkers (2021)

Table 2.1 effects a comparison of some of the main benefits on offer between the FMCG retailers discussed:

Table 2.1 South African loyalty programmes in the FMCG sector

FMCG Loyalty Programme	Accepted at	Reward for	Reward type
Spar Rewards	Spar	Purchases	Instant discounts
Dis-Chem Benefit	Dis-Chem	Purchases	Instant discounts
Woolworths W Rewards	Woolworths, My School / Planet / Village	Purchases Environmentally friendly choices	Instant discounts, donation to selected cause linked to customer's card
Pick n Pay Smart Shopper	Pick n Pay, BP, Net florist, Lift Airline, Europcar, Intercape, Planet Fitness, Spur, Ster Kinekor, TymeBank	Purchases and bookings	Points and instant discounts; donations to a selected charity; movie tickets; travel, magazine
Clicks Club Card	Clicks, Engen, ARC, Best Med, City Lodge Hotel, Discovery Vitality, eBucks, Europcar, Health Print, Momentum Multiply, Net florist, Spec-Savers, Exec specs, Sorbet, The Body Shop.	Purchases and bookings	Points, cash back, instant discounts, magazine
Checkers	Checkers	Purchases	Instant discounts, birthday rewards.

Source: Adapted from Corbishley (2017, p. 67).

As seen in Table 2.1, FMCG retailers such as Spar, Dischem, Woolworths, Pick n Pay, Clicks and Checkers reward customers when swiping their loyalty card when making purchasers. Pick n Pay and Checkers have partnered with additional service providers to add more value to customers. It is clear to see that all the FMCG retailers offer instant discounts. Woolworths and Pick n Pay give customers a choice to donate the value of their points to a charity of their choice. In addition to instant discounts, Clicks is the only FMCG retailer that offers cash back and customers can redeem it towards their purchase. Furthermore, Clicks and Checkers offer further

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incentives such as birthday gifts in the form of a free coffee and monthly magazines respectively. It is important to note that loyalty programme structures globally are similar to the loyalty programme structures in South Africa. The similarities include customers seeking both soft and hard benefits, technology aiding the loyalty programme, and customers being segmented based on buying behaviour.

2.7.1. The various types of retailers

A retailer may be defined as a distribution channel where manufacturers make products accessible to consumers (Kotler & Keller, 2016a). According to Bhasin (2018), there are eight types of retailers in South Africa that will be discussed next:

2.7.1.1. Convenience stores

This is a retailer in a consumer's locality that provides the most basic products to satisfy consumers basic needs, twenty-four hours a day, seven days a week (Bhasin, 2018). These convenience retailers are normally located next to a petrol service station such as an Engen, Sasol, and BP Quick shop. However, these retailers can be located independently such as an OK Foods. Convenience retailers are small and do not offer a variety of products. Therefore, the service delivery is very fast, offers a focused approach and the products are expensive in comparison to a supermarket.

2.7.1.2. Department

A department retailer is generally located within a shopping mall. These retailers have many products available and are categorised in sections that makes it easier for consumers to search for products (Bhasin, 2018). Examples of department retailers are Edgars, Jet, Ackermans and PEP amongst others where the men wear, women wear, teenager clothing (male and female) are placed in different sections. More categories include baby clothing, cosmetics, perfume, and homeware.

2.7.1.3.   E-Commerce

These are brick and mortar stores where consumers can search for products, compare prices, order, and pay online for products (Bogaards, Boshoff, Dlodlo, Noel, & Wait, 2020, p. 9). After a few days, the products are delivered by a courier. Online products are normally cheaper compared to products in-store, as suppliers save money on distribution costs (Bhasin, 2018). Examples of e-commerce stores are Takealot, Superbalist and Netflorist.

2.7.1.4.   Hyper markets

Hypermarkets are known as superstores that are huge in size and have many different categories under their belt (Bhasin, 2018). These hypermarkets are located separately such as Makro and Giant Hyper. These retailers sell products in bulk and at a lower cost due to the volume of sales.

2.7.1.5.   Pharmacy

These are drug stores that specialises in health care and sell medicine. The medication is available in different brands and sizes. Today, pharmacies have extended its product line and sell health bars, basic snacks, small medical equipment as well as personal and healthcare products (Bhasin, 2018).

2.7.1.6.   Specialty

A specialty retailer focuses on one or two specific categories, thus having a narrow product line. Consumers can easily find many products that are related to the specialty which might not be available on the open market (Bhasin, 2018). Examples include Sportsman Warehouse that sells fitness clothing and training equipment, and @Home, that only sells homeware, inclusive of crockery, and décor products.

2.7.1.7.   Used goods

These are retailers that sell many used products that are in a good condition and sold at a lower price such as Cash Converters. These may include products that had a small minor defect when

manufacturing and are sold at cost price. In certain instances, these retailers also sell new products. Examples of used goods retailers include Lifestyle Fabrics and Colibri Towels Factory (Bhasin, 2018).

2.7.1.8.   FMCG retail outlets

FMCG retail outlets have a wide variety of FMCGs that come in a variety of products and brands. Supermarket products include groceries, toiletries, and cleaning products. Therefore, consumers will re-stock their pantries by visiting a supermarket and purchasing a variety of groceries in less time (Bhasin, 2018). Examples of FMCG retail outlets are Checkers, Pick n Pay, Spar, Clicks, Dis-Chem and Woolworths. In certain supermarkets, medication is also available in a different section. Examples are Medirite in Checkers and Pick n Pay. This study focuses on FMCG supermarkets as the retailers of interest.

2.8.   CUSTOMER SEGMENTATION AND LOYALTY PROGRAMMES

Retailers segment the market into different segments of consumers that share similar homogenous variables. Homogenous variables are categorised into demographic and psychographic segmentation. Roberts-Lombard and Parumasur (2017, pp. 53-56) reveal those demographic variables are used to explain the characteristics of the market segment. Based on this study, an understanding is required regarding the demographic profile of a loyalty card holder, investigating the behaviour of these customers, and determining customer attitudes towards FMCG retailers. By understanding the target market's profile, retailers can customise their marketing efforts to suite their market's needs.

2.8.1.   Previous research regarding demographic factors as a basis for customer segmentation

Consumers who earned more than R30 000 per month were significantly more likely to join and use loyalty programmes, with the highest users in the R50 000 to R100 000 thousand bracket per month as reported by Cromhout, Reid and Netto (2016a, p. 16) . Goncalves and Sampaio (2012, p. 1521) also studied customer satisfaction and loyalty with respect to card users along with the moderating variables of gender, income and age and customer

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involvement. The authors found that gender, age, and income appeared to be significant with respect to repurchase intentions and belong to loyalty programmes.

Depending on the nature and offering of FMCG loyalty programmes, females are more loyal towards FMCG retailers in comparison to males. Females predominately do weekly or monthly grocery shopping for the household (Nuseir, 2020, pp. 5-6). The age of loyal customers varies between 25 and 55 years, with an income group of earning at least R10 000 per month and more. The higher the income, the greater the probability of a consumer belonging to a loyalty programme insists Nuseir (2020, pp. 5-6). Based on the educational profile, loyal customers hold a tertiary qualification, are full-time employed, and reside in urban areas. A typical loyal customer will own a mobile phone and have access to the Internet which makes it possible for the FMCG retailer to engage with the customer. Cromhout, Reid and Netto (2016, p. 28) concurred with these findings and indicated that respondents younger than 25 years were less likely to belong to a loyalty programme compared with consumers that are older.

Repurchase behaviour has been found to be related to income. Larger and/or wealthier households benefit more from loyalty programmes due to their increased expenditure (Corbishley, 2017, p. 72). The author found that gender, age, and income appeared to be significant with respect to repurchase intentions. Furthermore, Sharma and Bhardwaj (2015, p. 31) concur that age and income have a significant impact on loyalty programme membership while gender does not exhibit such impact. With regards to age, consumers that purchase FMCG are the purchasers and buyers in the family life cycle. The purchasers and buyers in the household are the consumers that earn an income. However, the total monthly income of consumers will determine if they join a loyalty programme and will impact customer repurchasing decisions (Meyer-Waarden, 2015, p. 22).

Marketing Managers can target specific group of customers based on their demographics. Therefore, FMCG retailers can use loyalty programmes to understand and manage their customer database (Tănase, 2021). The database will determine customer purchase history and improving the loyalty programme accordingly. Segmentation is therefore important to particularly understand the various customer groups in terms of motivation and (Corbishley, 2017, p. 73). Loyalty programmes make it possible for FMCG retailers to establish who their

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customers are, determine the viability of the target audience and provide customised incentives and rewards (Sharma & Bhardwaj, 2015, p. 24).

2.9. SERVICES AND PROFITABILITY

The relevance of the concept of services and profitability is regarded as a great outcome of this study. Implementing effective and relevant loyalty programmes, will lead to customer satisfaction and customer loyalty that will increase customer repurchasing decisions and the profitability of the FMCG retailer.

2.9.1. The services-profit chain model

Profitability and productivity are the indices of an organisation's success as professed by Axcell et al. (2015, p. 34). Meeting the demands of the marketplace, the demand for efficient distribution of resources within the organisation and between members of the society has a significant impact on the profitability and productivity of an organisation. The mechanism to employ the role of employees, customers and the relationship between service and the profitability of the service organisation is the service-profit chain (Axcell et al. 2015, p. 34) as depicted in Figure 2.8:
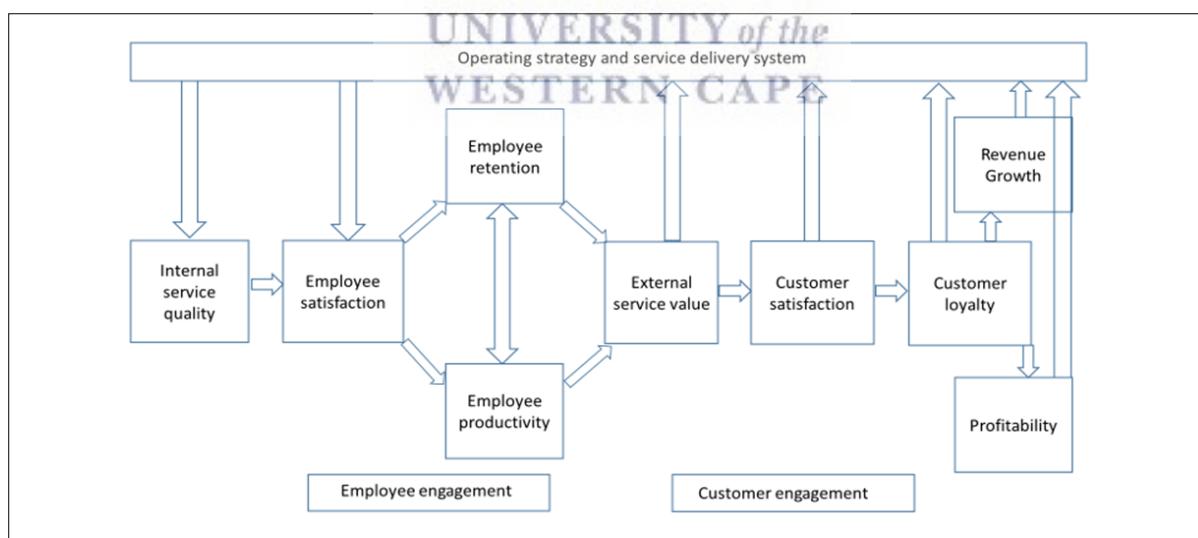
Figure 2.8: The services-profit chain.

Source: Adapted from Axcell et al. (2015, p. 35)

The service-profit chain is designed to reflect the close interrelationships between internal service quality, employee satisfaction, employee retention and productivity, and the value of the services provided to the customer. It further reflects how the model of interdependence relates to customer variables of satisfaction and loyalty, and the ultimate impact on revenue growth and the profitability of FMCG retailers. Axcell et al. (2015, p. 35) discusses each element of the services-profit chain:

2.9.1.1 Internal service quality

In service marketing, employees play a significant role as this is where the service delivery starts. The frontline employees work directly with the customers and is therefore necessary for the organisation to select, train and motivate staff to provide the best service possible (Hye-Young, Young, Lee, Dooyoung, Juanjuan, Kim, & Kim, 2013). Frontline employee attitude and conduct during the service encounter with customers have a direct impact on the quality of the service that will be provided (Rather & Sharma, 2016). Therefore, it is important that frontline staff first believe in and live out the culture and values of the organisation through their daily work practices. In the FMCG retailer context, store managers and employees may introduce customers to the loyalty programme and inform customers regarding specials when scanning items at the cash till. For example, customer savings for purchasing two 18 toilet roll packs instead of 1 18 toilet roll packs (Clicks, 2022).

2.9.1.2. Employee satisfaction

Employees that are satisfied with their jobs will deliver exceptional service (Hye-Young et al., 2013). Employees are satisfied if they are treated well, remunerated accordingly, trained to improve, and learn new skills and if there are career growth opportunities within the organisation. Employee satisfaction feeds into employee retention and employee productivity that responds positively to customers. Engaged customers enjoy sharing their purchasing experiences and will provide feedback about their purchasing experiences at FMCG retailers. Therefore, employee satisfaction is important as it will influence customer experiences (Rather & Sharma, 2016).

2.9.1.3.   Employee loyalty and retention

Employees that are treated well, remunerated accordingly, and regularly trained will provide the best service when dealing with customers. Therefore, this high level of employee satisfaction translates into employee loyalty towards the organisation and loyal customers perceives that the retailer takes better care of them (Stathopoulou & Balabanis, 2016, p. 5).

2.9.1.4.   Employee productivity

Satisfied employees will remain loyal to the organisation, and this will increase the productivity of the organisation (Hye-Young et al. 2013). This is a result of employees that know how to perform their job tasks and understand the business system. Lower staff turnover and the continuity it brings adds to the bottom line of the organisation and thus increases profitability (Mero, 2018).

2.9.1.5.   External service value

Employee loyalty productivity feed into external service value (Hye-Young et al. 2013). As employees remain loyal towards the organisation, the organisation has an opportunity to build a base of employees with extensive experience that translates into improved customer service. This will result in repeat purchasing at FMCG retailers (Herjanto & Amin, 2020, p. 4).

2.9.1.6.   Customer satisfaction

Consumers expect a minimum level of service and when employees meet this expectation, customers are satisfied (Kotler & Keller, 2016a, p. 199). An organisation must highlight all its activities in the process that leads to customer satisfaction and enables management of the service organisation to achieve a high level of customer satisfaction. In a FMCG context, satisfied customers will positively recommend the FMCG retailer to other consumers (Abror et al., 2019, p. 2).

2.9.1.7.   Customer loyalty

Consumers that are continuously satisfied with differentiated service delivery are loyal to organisations (Hendrawan & Anggraeni, 2020, p. 647). Along with exceptional service delivery, consumers become loyal to organisations that offer differentiated loyalty programmes that meet their needs (Radder et al., 2015, p. 93).

2.9.1.8.   Revenue growth and profitability

All the elements of the employee and customer engagement sections are interrelated and significantly impact customer satisfaction and customer retention. Satisfied and loyal customers are likely to engage in repeat purchasing and recommend the retailer to friends and family members (Hirt & Willmott, 2014). The referrals from satisfied customers and repeat business secures future sales for the organisation, that it would not have gained were it not for the fact that all its correct actions along the service-profit chain led to customer satisfaction and loyalty. This increases the FMCG retailer's revenue, growth, and profitability (Mero, 2018).

2.10.   PREVIOUS RESEARCH OF LOYALTY PROGRAMMES IN SOUTH AFRICA
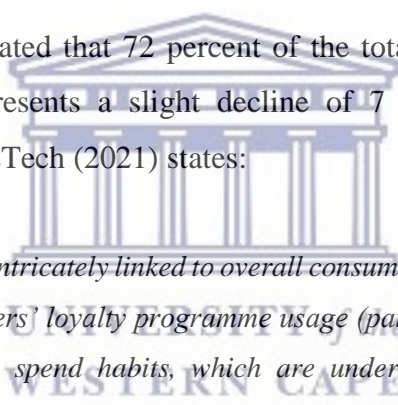
A research study was conducted by Truth & BrandMapp Loyalty Whitepaper 2021 (2021) and included more than 33 000 respondents. The findings revealed that South Africans prefer the Pick n Pay Smart Shopper and Clicks ClubCard loyalty programme (Thukwana, 2021). However, respondents may have used these loyalty cards most often, but reported that they generally do not find it valuable. This provides an opportunity to the marketing department of Pick n Pay and Clicks to provide sustainable benefits that are valuable to customers.

The research findings indicated that 80 percent of the respondents mostly used the Pick n Pay's Smart Shopper card. The study shows an increase of sales by 22 percent since 2019 of which was the most significant jump across all FMCG retailers in the survey and was over-taken by Clicks ClubCard for the first time in three years (Thukwana, 2021). The study also found that the average middle-class adult in South Africa belongs to approximately nine loyalty

programmes across various industries. 79 percent of respondents owned a Clicks ClubCard, 62 percent of respondents owned a Dis-Chem benefit, 60 percent of respondents owned a Checkers Xtra Saving and 54 percent of respondents owned a Woolworths Rewards card (Thukwana, 2021).

The same study was conducted by Truth & BrandMapp Loyalty Landscape in 2020 and sampled 26 100 respondents (Bizcommunity, 2020) that earned an income of at least R10 000 per month. Corbishley (2017, pp. 13-14) reported that income is one of the most influential factors in customers joining loyalty programmes. The findings of the study indicated that Clicks ClubCard remained the most used loyalty programme in South Africa for the third year consecutively. 71 percent of South African respondents indicated that they use Clicks ClubCard the most (Bizcommunity, 2020). Further results of the study indicated that Pick n Pay Smart Shopper and Dis-Chem Benefit remain unchanged in holding their positions at 2nd and 3rd place, respectively.

The findings of the study indicated that 72 percent of the total number of respondents uses loyalty programmes. This represents a slight decline of 7 percent since the 2018/2019. Bizcommunity (2020); BusinessTech (2021) states:

> "*we conclude that this is intricately linked to overall consumer spend and economic confidence in South Africa. Consumers' loyalty programme usage (particular in the retail environment) is directly correlated to spend habits, which are under threat due to a more unstable environment.*"

Due to the economic crisis in South Africa caused by COVID-19, many consumers are retrenched, and the unemployment rate increased by 1 percent to a total of 34.9 percent (Business Tech, 2020). This resulted in consumers searching for monetary value and thus the utilisation of loyalty programmes to redeem loyalty points towards purchasing. This is evident in the results of a study conducted by the Truth & BrandMapp Loyalty Whitepaper 2021 (2021) that consumers still prefer cashback (representing 66 percent) and instant discounts (representing 45 percent) over any form of very important person (VIP treatment), such as priority queues or exclusive experiences (Bizcommunity, 2020). This global crisis has also resulted in consumers only buying basics shopping products as many consumers lost their jobs or had their incomes cut. Customers will need to manage on reduced funds and therefore loyalty

programmes will have an important role to play (Growth from Knowledge, 2022). Retailers will rely on it to attract and maintain their customer base and customers in turn will want to maximize their benefits and points to make their money go further.

Furthermore, the research findings indicate that a significant number of respondents, representing 73 percent are still resistant towards technology and prefer the physical cards. Only 27 percent of respondents prefer using a cell phone to scan the loyalty programme application and is still not as favoured as swiping a physical card (Bizcommunity, 2020). Software developers have developed a mobile application where consumers can manage all their loyalty cards in one e-wallet, making it easier for the consumers to gain or redeem points when making purchases. Consumers must have the physical card or scan the loyalty programme application at the point of sale to receive rewards for their purchase. By swiping or scanning the loyalty card at the till, the FMCG retailer gains data regarding the customer's purchases, their purchasing habits, what they regularly purchase, and may offer personalised offers through this data. Pick n Pay introduced the Smart Shopper card and Checkers introduced the Xtra Savings card.

Both FMCG retailers send personalised emails and text messages to the customers with price reduction and vouchers on products that the customer frequently purchase (Shoprite Holdings, 2020). Also, Checkers sends a birthday wish to their loyal customers along with a voucher to redeem a free cappuccino as a birthday gift. This alludes to customer relationship building. Finally, Bizcommunity (2020) reported that 67 percent of respondents indicated that loyalty programmes influence where they shop, and 38 percent of respondents said loyalty programmes influence what they purchased. A similar study was conducted by Truth & BrandMapp Loyalty Landscape in 2018/2019 with a total of 25 369 respondents (Cromhout & Netto, 2018) to assess the loyalty landscape within South Africa. The study's findings indicated that 75 percent of South Africans make use of loyalty programmes, which indicates high levels of consumer willingness to adopt such mechanisms.

The South African consumer is becoming far more astute and empowered when it comes to selecting and using loyalty programmes (Cromhout & Netto, 2018). For example, the loyalty market is reaching a level of maturity with regards to how consumers are using loyalty programmes (Bizcommunity, 2020). The findings of the study further indicate that cash back incentives are the most popular benefit enjoyed by South Africans, representing 73 percent of

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respondents (Bizcommunity, 2020). This is followed by instant discounts, representing 53 percent of respondents. The findings further indicated that respondents preferred redeemable vouchers, representing 41 percent, free gifts, representing 39 percent and lifestyle rewards, representing 30 percent (Bizcommunity, 2020).

FMCG retailers must understand the underlying factors that drive customer loyalty towards the organisation to stimulate, support and maintain customer relationships (Cant & du Toit, 2012, p. 1224). Cant and du Toit (2012) revealed that customer loyalty strives further than price discounts and vouchers. Loyal customers expect merchandise to be available and is dependent on customer service variables. Cant and du Toit (2012, p. 1224), describe a loyal customer as someone that purchases continuously from a FMCG retailer and that recommends the retailer to friends and family through positive WOM. Through the advancements of technology, customers can easily share positive WOM through electronic sources such as social media platforms such as Facebook, Instagram, and Twitter (Thakur, 2018, p. 59). This ensures that retailers constantly exceed customer expectation of service and loyalty programme rewards.

A study was conducted by Mgiba and Madela (2020) to determine customer perceptions and satisfaction, and their impact on customer loyalty and repurchase intention. The outcome of the study extols the findings of Duffy (1998, p. 439) and indicated that customer perceptions of loyalty programme rewards have a direct positive effect on customer satisfaction, which positively influence their loyalty towards the retailer. Customer loyalty towards the retailer positively influences their intention to repurchase from the same retailer. To facilitate the studying of loyalty programmes, as those alluded to in this study, marketers developed models to explain and predict repeat buyer behaviour. The literature is rich with such theories, which undoubtedly are useful in this thesis. For that reason, the attention in the thesis now turns to these conceptual theories, which become the point of departure of the second half of the literature review, in the following chapter.

2.11   THE NEED FOR FURTHER RESEARCH

As the case in South Africa, there is much too little, if any, information regarding customer attitudes towards FMCG retailers based on customer engagement, loyalty programme benefits, customer satisfaction, customer loyalty and customer repurchasing decisions. The current study

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therefore attempts to address the paucity of research in the area by providing empirical data not only to examine customer attitudes but also on South African FMCG consumers loyalty programme benefits expectations and its impact towards customer repurchasing decisions.

2.12   CONCLUSION

This chapter began by focusing on the elements that comprises of a loyalty programme. It initially outlined the development and evolution of loyalty programmes, globally and in South Africa. The chapter ended with a description of the past, present, and future of loyalty programmes. Following on from this, the next Chapter describes the variables that comprises of the conceptual model.

CHAPTER 3:

UNDERSTANDING OF LOYALTY PROGRAMMES AT FMCG RETAIL OUTLETS

3.1   CHAPTER OVERVIEW

This Chapter presents literature on these variables namely: customer engagement, a loyalty programme, customer satisfaction and customer loyalty towards customer repurchasing decisions, followed by the selection and justification of the appropriate conceptual theories and the conceptual framework upon which this study is based. The flow of literature is as follow as seen in Figure 3.1:
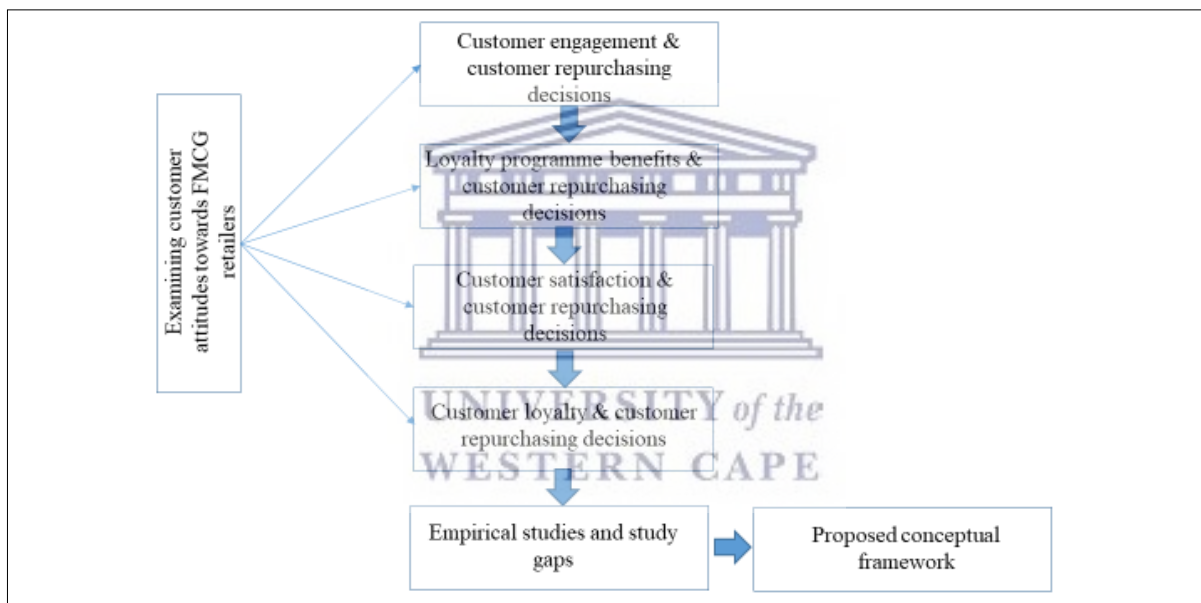
Figure 3.1: Flow of literature review.
Source: Researcher's own construct

3.2   INTRODUCTION

The average middle-class adult in South Africa belongs to approximately nine loyalty programmes across various industries such as the FMCG sector, banking and financial sectors, clothing and textiles and the restaurants and hospitality sector (Thukwana, 2021). South African

FMCG retailers must develop a strategy to safeguard the success of its loyalty programme by offering sustainable benefits. In addition, FMCG retailers aim to retain its existing customers. This will be successful if South African FMCG retailers understand customer attitudes towards loyalty programmes. Secondly, South African FMCG retailers must understand the role of customer engagement, loyalty programme benefits, customer satisfaction and customer loyalty and its effect on customer repurchasing decisions.

3.3   EXAMINING CUSTOMER ATTITUDES TOWARDS FMCG RETAILERS

An attitude reflects an individual's feelings, approaches, views and evaluations regarding an object or idea (Roberts-Lombard & Parumasur, 2017, p. 195). For example, consumers can be enthusiastic, positive, indifferent, negative, or hostile about a FMCG retailer's loyalty programme.

The sub-constructs for measuring customer attitudes are illustrated in Figure 3.2:
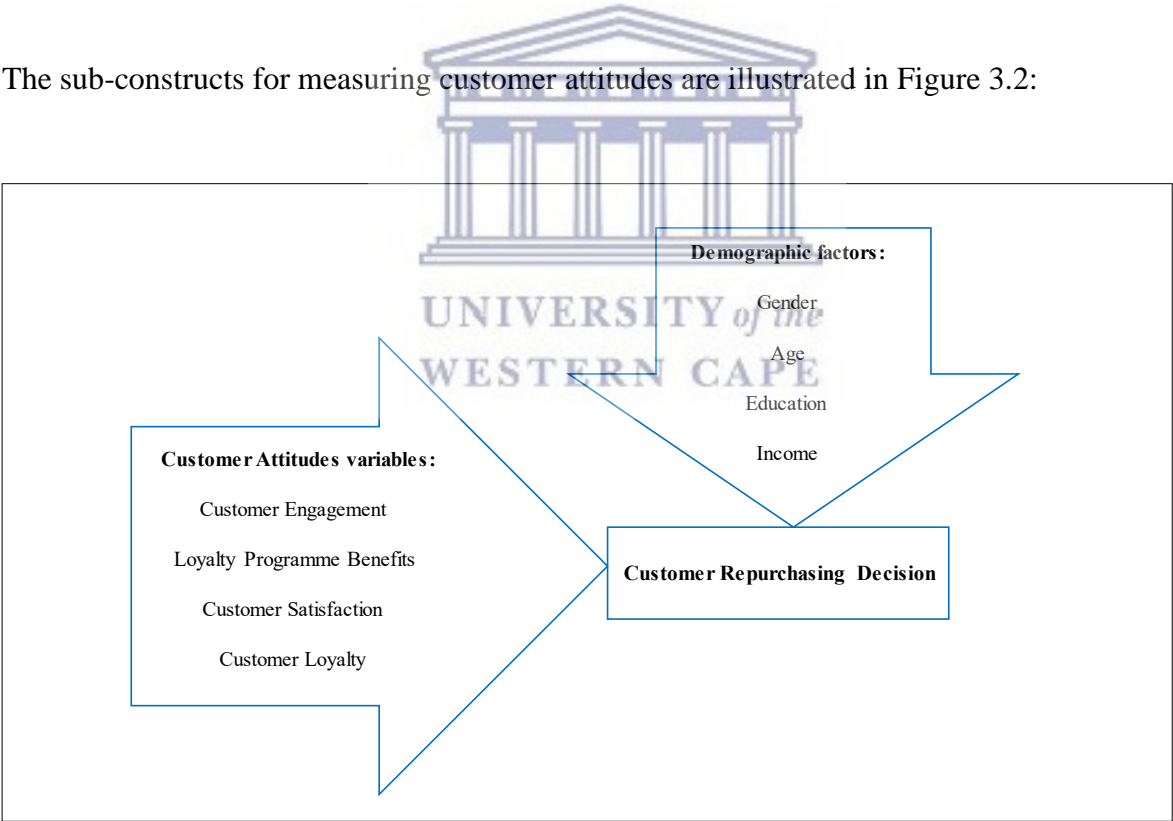
Figure 3.2: Attitudes Construct Adopted in Theoretical Model.

Source: Adapted from Roberts-Lombard & Parumasur (2017)

3.3.1 Demographics' Constructs

Demographics are a sub-component of attitudes and holds a critical position in the study of consumer behaviour. This current study seeks to understand the impact of loyalty programmes on customer repurchasing decisions by examining customer attitudes towards customer engagement, loyalty programme benefits, customer satisfaction and customer loyalty at FMCG retailers. Hence, a complete elaboration of demographics is of significance. According to Robbins, Judge, Odendaal and Roodt (2016, p. 202), demographics is a study of population (customers) based on factors such as gender, age, education, and income. Demographics is described by Kotler and Keller (2012, p. 238) as a construct that enables marketers to segment markets based on age, family life cycle, occupation, education, religion, generation, nationality, and social class. Demographic factors are further explored in the next subsections:

3.3.1.1.   Gender and its moderating effect

Gender is an important concept used for the segmentation of markets (Lal, Vij & Jain, 2015, p. 75; Rukuni, 2018, p. 58). Gender segments are easily identifiable and profitable enough to consider in the segmentation of markets. Nuseir (2022, pp. 5-6) found that females predominately do the grocery shopping in a household. However, this is changing in recent times as socio-cultural contexts are changing.

3.3.1.2.   Age and its moderating effect

Age is an important determinant of consumers' behaviour hence an important variable in this study. Rukuni (2018, p. 58) state that age can be classified into different categories of a life cycle, for example baby, toddler, kid, teenager, young adult, adult, middle aged and senior citizen. Cromhout, Reid and Netto (2016, p. 28) indicated that young consumers were less likely to belong to a loyalty programme compared with those that were older.

3.3.1.3.   Education and its moderating effect

Education levels include primary school, high school, diploma, degree, and postgraduate degree qualifications (Dewan & Mahajan 2014, p. 29). Education is an important factor in determining

consumer behaviour. According to Nuseir (2020, pp. 5-6), loyal customers will hold a tertiary qualification, be full-time employed, and reside in urban areas. A consumer's occupation is dependent on their education level. The consumer's occupation is directly linked to their income. A consumer's education level, occupation and income will determine a consumer's social class status and where consumers reside – all which will influence customer purchases and customer retailer choice (Roberts-Lombard & Parumasur, 2017, pp. 54-58).

3.3.1.4. Income and its moderating effect

Income serves as a simple indicator of a consumer's purchasing power (Rukuni, 2018, p. 58). According to Sasikala (2013, p. 102), income is an important variable used in the determination of consumer behaviour. Goncalves and Sampaio (2012, p. 1521) indicated that consumers from higher income brackets belong to loyalty programmes and engage in repurchasing decisions. It is important to note that a consumer's attitude is a great influencer of repurchase intention (Roberts-Lombard & Parumasur, 2017, p. 187).

3.4. CUSTOMER ENGAGEMENT

The relevance of the concept of customer engagement is regarded as great significance in this study. Customer engagement is a strategy that can be adopted by FMCG retailers to gain competitive advantage and has a positive effect on customer repurchasing decisions.

3.4.1. Definition of customer engagement

Customer engagement refers to emotional bonding with a brand that leads to more interaction with the object (Thakur, 2018). Interaction intensity or frequency refers to the number of interactions per unit of time between buyers and sellers (Herjanto & Amin, 2020, p. 6). Harmeling, Moffett, Arnold and Carlson (2017, p. 312) define customer engagement as an organisation's deliberate effort to motivate, empower, and measure customer contributions to marketing functions which marks a shift in marketing research and business practice.

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3.4.2. The effectiveness of customer engagement

The effectiveness of customer engagement depends on the retailer's ability to identify and leverage customer owned resources as indicated by Harmeling et al. (2017, p. 312). For example, when a customer is interested in a product or service offering, they will interact with the service provider. Likewise, a retailer must engage with their target audience. Customer engagement involves customers actively participating in discussions (Van Tonder & Petzer, 2018; Rather & Sharma, 2016). Such activities include exchanging information such as specials with other consumers who are also loyalty card holders and providing recommendations to improve the retailer's loyalty programme. Further examples include participating in activities of the FMCG retailer and sharing their purchasing experience at the retailer by providing feedback. Therefore, customer engagement enhances information flow through networked communication among the customer, other customers, and the retailer.

Interaction intensity fosters trust by providing buyers with information that will benefit them to foresee the retailer's future outcome (Herjanto & Amin, 2020). In addition, Thakur (2018, p. 50) explains that interaction intensity describes the effort by a retailer to retain communication frequency with a customer and thus commitment to sustaining the relationship. Moreover, Ankitha and Basri (2019) suggest that maintaining high-level contact services require extensive interaction between customers and retailers to achieve successful outcomes based on high customer intimacy, high communication duration and rich information exchange. The authors indicate that frequent interactions play an important role in developing a better understanding and communication between the buyer and the retailer (Ankitha & Basri, 2019, p. 1505). A high level of customer interaction indicates a robust link between customers and the retailer (Islam & Rahman, 2016, p. 47).

3.4.3. The benefits of customer engagement

Customer engagement reduces acquisition costs, promote customer-centric product innovations, enhance post-purchase service quality, customer satisfaction, loyalty, and, enhancing a retailer's performance (Harmeling, et al. 2017). Customer engagement establishes an important relationship between customers and retailers, and consequently will increase the

https://etd.uwc.ac.za/

possibility of customers joining the loyalty programme. Boateng (2019) clarifies that interactivity between a customer and a retailer creates positive emotional responses that help build strong customer relationships. In addition, the range of customer service activities provided by a FMCG retailer directly contributes to the enhancement of positive WOM and market share (Balaji, 2015). In customer engagement marketing, Harmeling et al. (2017, p. 318) noted that it marks a shift in organisational directed learning. This is a result of the retailer training customers to provide feedback about the product offering, their purchasing experience and loyalty programme benefits. In customer engagement marketing, customers influence the content and outcomes of many marketing functions that potentially influence the broader customer population.

3.4.4. The different forms of customer engagement

Harmeling et al. (2017, p. 319) identified two forms of customer engagement strategies namely: task-based and experiential based. Task-based engagement initiatives are a retailer's initiatives when customers voluntary make contributions to marketing functions such as writing a review, referring a customer, and providing support to other customers (Dorotic 2019, p. 30). Experiential based initiatives are a retailer's initiatives by using events to bring consumers together in a physical or virtual space. This will make customers feel special, as if they are part of something larger than themselves. It also creates a sense of purpose and desire to contribute to the retailer's marketing functions (Brashear-Alejandro et al. 2016).

Customer participation in task-based and experiential engagement initiatives increase revenue and lower costs. However, engagement initiatives that extrinsically motivate customers with economic incentives tend to be short lived, not cost effective, unsustainable, and prone to opportunism, which can make the retailer vulnerable to customer abuse (Harmeling et al., 2017, p. 321). Abror et al. (2019, p. 6) asserts that customer engagement with the product offering or brand has a positive effect on customer engagement. Prior studies support this notion of Abror et al. (2019, p. 6) and have asserted that customer satisfaction has a significant relationship with customer engagement (Thakur, 2018; Gopalakrishna, Malthouse & Lawrence, 2017; Carlson, Rahman, Taylor & Voola, 2017; Simon & Tossan, 2018). The next section discusses the benefits of loyalty programmes.

3.5 THE BENEFITS OF A LOYALTY PROGRAMME

Retailers will implement and invest in a marketing strategy that will provide long term benefits. Retailers use loyalty programmes to stimulate customer loyalty. Consumers presumably join these programmes to obtain several benefits or rewards arising from their membership (Radder, 2015). Customers will adopt a loyalty programme that provides valuable benefits to them. The University of the Witwatersrand (2019, p. 9) indicates if a loyalty programme is implemented correctly, it should result in a favourable set of outcomes for customers and retailers as presented below:

3.5.1. Benefits of loyalty programmes for customers

There are three categories of loyalty programme benefits namely: utilitarian value, hedonic value, and symbolic value. Utilitarian value refers to the monetary savings offered to consumers (Stathopoulou & Balabanis, 2016, p. 5). Hedonic value represents the entertainment and exploration benefits that a loyalty programme provides to consumers through the pleasure of redeeming and collecting points, and symbolic value refers to the recognition and social benefits that a loyalty programme provides to consumers, such as social status (Heimers et al., 2019, pp. 69-70).

Utilitarian value are primarily cognitive and represent "hard" dimensions of rewards such as coupons and discounts due to being economic in nature. Previous research has indicated that customers that purchase commodities prefer utilitarian value due to the tangible nature and monetary savings (Brashear-Alejandro et al., 2016). Hedonic and symbolic value represent psychological benefits and reflect the "soft" dimensions of rewards such as special events, privileged treatment, entertainment, and upgrades because of their nonmonetary nature. Brashear-Alejandro et al. (2016) highlights that these types of benefits are important in building long-term relationships with customers and can make customers feel appreciated and valued. Therefore, retailers must ensure that its loyalty programmes comprise of utilitarian, hedonic and symbolic value to create and maintain a sustainable competitive advantage.

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Furthermore, Brashear-Alejandro et al. (2016, p. 1190) classified these three-loyalty programme benefits into financial rewards (utilitarian value) and non-financial rewards (hedonic and symbolic value). The authors argued that financial benefits are used to attract customers to join the programme, while non-financial benefits provide the customer a basis for developing a deeper relationship to enhance the way in which customers identify with the retailer based on psychological, and an emotional mind set.

The University of the Witwatersrand (2019, p. 9) outlines examples of both financial and non-financial rewards for customers:

3.5.1.1. Financial rewards

Financial rewards include redeemable points that customers can convert into free services or to obtain free products. Customers can also receive rebates, discounts, cash back and vouchers as monetary rewards on their purchases redeemable at point of sales. Furthermore, product rewards include free products from the organisation and luxury goods can also be obtained (Stathopoulou & Balabanis, 2016, p. 5).

3.5.1.2. Non-financial rewards

Non-financial rewards include service rewards such upgrades, specialised communications, preferential treatment, free after sales service, trial of new products, information of new trends, events participation, promotional offers, and unique experiences. In addition, non-financial rewards involve contributions to local charities, social status, sense of belongingness, special treatment, social approval, and recognition by the firm as status rewards for customers (Stathopoulou & Balabanis, 2016, p. 5).

3.6 CUSTOMER SATISFACTION

The relevance of the concept of customer satisfaction is regarded as significant in this study. Customer satisfaction is a strategy that can be adopted by FMCG retailers to gain competitive advantage and has a positive effect on customer repurchasing decisions.

3.6.1. The definition of customer satisfaction

Satisfaction is an individual's feelings of pleasure or disappointment resulting from comparing his or her perception and expectation (Roberts-Lombard & Parumasur, 2017, p. 8). According to El-Adly and Eid (2015), customer satisfaction is a vital behavioural outcome that FMCG retailers strive to achieve. In a competitive market, retailers must ensure that they offer differentiated products to ensure customers satisfaction and loyalty. Retailers must deliver superior value derived from the entire experience that the customer undergoes to generate customer satisfaction (El-Adly & Eid, 2015, p. 323).

Customers want to receive rewards because they do not want to lose what they feel they have earned. It can be noted that customer satisfaction measures the overall satisfaction with the organisation because of the aggregate judgement of all interactions and touch points offered. According to Stathopoulou and Balabanis (2016) and Smith and Potter (2010), customer satisfaction involves the customer having an overall positive evaluation of the loyalty programme. Customer satisfaction further entails being overall satisfied with the loyalty programme, and that the customer feels that they made a good choice when they joined the loyalty programme. This results in the customer purchasing more often at the same retailer which increases its market share and profit margin (Kotler & Keller, 2016b, p. 199).

3.6.2. The elements of customer satisfaction

Numerous elements exist describing customer satisfaction. According to Shala and Balaj (2016, p. 11) and Carter (2010, p. 20), known elements of customer satisfaction include the Expectancy Disconfirmation Paradigm (EDP), the Value-Precept element, the Attribution element, the Equity element, the Comparison Level element, the Evaluation Congruity element, the Person-Situation Fit Model, the Performance-Importance model, the Cognitive Dissonance element, and the Contrast element. Further explanation is given of three elements of customer satisfaction that are closely related to this study, being cognitive dissonance, the contrast element, and the expectancy disconfirmation element.

3.6.2.1.   The cognitive dissonance element

The cognitive dissonance element suggests that a customer who expects valuable loyalty programme benefits and receives low in value loyalty programme benefits would experience cognitive dissonance (Wilkins, Muhammad & Heffernan, 2018, p. 2). According to Rukuni (2018, p. 38), cognitive dissonance is a state of having inconsistent thoughts, beliefs, or attitudes. Acharya, Blackwell and Sen (2018, p. 3) and Carter (2010, p. 20), argue that inconsistencies between the expected and the perceived loyalty programme offering will result in cognitive dissonance. The concept of cognitive dissonance closely relates to loyalty programmes. Pandey, Barik and Soni (2015, p. 53) maintain that customers who experience cognitive dissonance after joining a loyalty programme will result in the customer seeking out other immediate satisfactory factors that will help to reduce the dissonance such as boycotting future purchasers from the FMCG retailer.

3.6.2.2.   The contrast element

The contrast element states that a customer who receives a less valuable loyalty programme benefit than expected will magnify the difference between the loyalty programme benefits received and the loyalty programme benefits expected (Kőszegi, 2014, p. 1075). The element of contract predicts that loyalty programme benefits below expectations will be rated lower than it is and will negatively influence customer repurchasing decisions (Rukuni, 2018, p. 38).

3.6.2.3.   The expectancy disconfirmation paradigm

The expectancy disconfirmation paradigm argues that customers join a loyalty programme with a pre-conception of anticipated performance (Rahman, Khan and Haque, 2012, p. 201). It is the expectation level which is regarded as the standard against which the loyalty programme is judged, and as soon as a customer uses the loyalty programme its outcome is compared against its expectations. Rukuni (2018, p. 39) specify that customers became either satisfied or dissatisfied because of positive or negative differences between expectations and perceptions. The expectancy disconfirmation paradigm is regarded as the most promising theoretical framework for the assessment of customer satisfaction as indicated by Jiradilok, Malisuwan, Madan and Sivaraks (2014, p. 5), hence it is appropriate for this study.

3.6.3 The impact of customer satisfaction towards customer repurchasing decisions

Customer satisfaction influences customer repurchasing decisions at FMCG retailers and FMCG competitiveness. Competitive advantage is experienced through positive WOM, customer retention and financial performance (Prajapati, 2020; Prashar, Vijay & Parsad, 2016, p. 27; Sharma & Bhardwaj, 2015, p. 468; Sharma & Lijuan, 2015). Several benefits of customer satisfaction are explained below:

3.6.3.1. Customer satisfaction influences WOM

Customer satisfaction leads to positive WOM. Studies also confirmed that customer satisfaction has a positive impact on WOM intentions. Rukuni (2018, p. 39) further confirms that satisfied customers share their experience with other customers, and this will entice prospective customers to make a purchase. Satisfied customers will trust the retailer and will participate in its loyalty programme. This results in a relationship being developed between the customer and the retailer.

Customer satisfaction is important for loyalty to develop. It enables customers to share positive feedback about the loyalty programme. Ultimately, it goes a long way in building the reputation of the FMCG retailer. Carter (2010, p. 21) reports that customer dissatisfaction leads to a negative WOM. In addition, Carter (2010, p. 21) reported that dissatisfied customers spread bad purchasing experiences faster than satisfied customers share positive purchasing experiences. It is therefore important to ensure that factors that leads to customer satisfaction within the FMCG retailers are given preferential treatment.

3.6.3.2. Customer satisfaction influences customer repurchasing decisions

Customer satisfaction influences customer repurchase decisions. Chiguvi (2020, p. 4) reported that customer satisfaction is an important aspect in customers' decision-making process. Shokouhyar, Shokoohyar and Safari (2020) acknowledges that customer satisfaction determines customer repurchasing decisions. It is therefore important for management of

FMCG retailers to invest efforts in understanding loyalty programme benefits that lead customer satisfaction.

3.6.3.3. Customer satisfaction leads to service differentiation

An understanding of factors that lead to customer satisfaction result in the creation of sustainable loyalty programmes. An understanding of the needs and wants of customers result in customer satisfaction (Camilleri, 2018, p. 1). Rukuni (2018, p. 43) argue that customer satisfaction is critical in creating a sustainable competitive advantage amongst retailers.

3.6.3.4. Customer satisfaction promotes continuous improvement

Assessment of customer satisfaction leads to continuous improvement. According to Adim and Mezeh (2021) understanding customers attitudes towards loyalty programme benefits are critical in developing strategies for continuous improvement. Adim and Mezeh (2021, p. 11), specify that customer satisfaction is a critical aspect for measuring continuous improvement to evaluate its current offering and need for improvement. It is therefore important to assess factors that are important in determining customer satisfaction. Striving towards customer satisfaction ensures that the FMCG retailer provides creative and innovative loyalty programme benefits (Adim & Mezeh, 2021, p. 11)

3.6.3.5. Customer satisfaction increases the financial performance of a FMCG retailer

Customer satisfaction is linked to the financial performance of a FMCG retailer. According to Rukuni (2018, p. 44), an attainment of customer satisfaction is critical in influencing repeat purchase and increase in the sales level of the FMCG retailer. Wang, Fan and Gong (2018, p. 10) support the importance of customer satisfaction in influencing the financial performance of the FMCG retailer.

Based on this section, it is important to ensure that customer satisfaction is achieved. The section has portrayed the several benefits of customer satisfaction to FMCG retailers. These benefits include positive customer behavioural intentions such as positive WOM, repeated

purchase, loyalty programme differentiation as well as higher financial performance that influences customer repurchasing decisions and achieve retailer competitive advantage (El-Adly, 2019, p. 323 & Abror et al. 2019, p. 21).

3.7. CUSTOMER LOYALTY

The relevance of the concept of customer loyalty is regarded as of great significance in this study. Customer loyalty towards a FMCG retailer is an antecedent of customer satisfaction and has a positive effect on customer repurchasing decisions.

3.7.1. The definition of customer loyalty

Potgieter and Mandlasi (2018) define loyalty as one's solidarity, faithfulness, or allegiance to a specific group or individual. The University of the Witwatersrand (2019, p. 5) describes customer loyalty as a preference for a particular future, characterised by repurchase intentions. In other words, customer loyalty is when a customer is committed to a retailer and engages in repeat purchasing every opportunity that arises due to being satisfied with the retailer. In a business-to-business context, consumers are loyal to retail outlets that provide value to its customers. When customers are satisfied with retailers' products and services their expectations are met. By satisfying customer needs, a business can generate customer loyalty through committed customers (Milosavljević, 2020). Radder (2015, p. 94) concur with the authors and define customer loyalty as a constant and positive attitude towards an object, brand, or retailer whereby a deeply commitment to repurchase an offering consistently in future.

3.7.2. Loyalty programmes and customer loyalty

Customer loyalty can be encouraged by implementing an effective loyalty programme. Nesset et al. (2021, p. 3) reported that when customers evolve in loyalty programmes, the perceived benefits they receive will lead to loyalty towards the retailer. Loyalty programmes thus aim to impact two types of loyalty namely: behavioural loyalty which is the repeated and increased use of the retailer's products and attitudinal loyalty which is the relationship with the retailer (Radder et al., 2015, p. 93).

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Consumers' emotional bonds with the retailer can explain the reasons for their patronage (Hendrawan & Anggraeni, 2020, p. 647). Therefore, retailers prefer consumers that poses behavioural and attitudinal loyalty towards the retailer. For this reason, the benefits of a loyalty programme namely: utilitarian value, hedonic value and symbolic value can further be classified as hard and soft benefits. The hard benefits are the monetary benefits in the form of rebates, special discounts and coupons known as utilitarian value, while the soft benefits are the non-monetary benefits, known as hedonic value and symbolic value (Stathopoulou & Balabanis, 2016, p. 4). These incentives or rewards are aimed at strengthening the customer's relationship with the retailer. Therefore, the more a consumer benefit from using a loyalty card, the more likely they are to continue to purchase at that retailer and create a relationship with the retailer (Zakaria et al., 2014, p. 24). Zakaria et al. (2014, p. 28) confirm that there is a significant relationship between loyalty programme benefits and customer repurchasing decisions. The University of the Witwatersrand (2019, p. 9) indicated that customer loyalty is the ultimate potential goal of each loyalty programme. Customer loyalty leads to customer retention. Retaining customers is an asset to the retailer, as it is more cost effective to retain an existing customer then it is to attract new customers (Lamb, Hair, & McDaniel, 2017, p. 16).

The independent variables for this study are the different benefits of loyalty programmes. Consumers seek utilitarian value (i.e. discounts, coupons), hedonic value (i.e. entertainment), and symbolic value (i.e. special treatment) to assess the effects on relational outcomes such customer repurchasing decisions (Stathopoulou & Balabanis, 2016, p. 4). According to Slack and Singh (2020, p. 544), customers do not shop at a particular retailer because they have a loyalty card; rather, they obtain that loyalty card after positive engagement with the retailer. However, loyalty programmes are still effective, as valuable information is gathered. In addition, consumers benefit from discount and incentive programmes. With many retailers implementing loyalty programmes as part of its marketing activities, it is important that retailers remain competitive with the benefits offered to customers.

3.7.3. The characteristics of loyal customers

The University of the Witwatersrand (2019, p. 9) emphasise that loyal customers are less price-sensitive and retailer's marketing expenditures are reduced for attracting new customers and thus increase profitability. Kalinić et al. (2021) and Abror et al. (2019, p. 2) adds that loyal

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customers serve as a fantastic marketing force by ultimately feeling good about the brand, feel they have a say in the delivery of the brand experience and become advocates for the brand by providing recommendations and spreading positive WOM. Duffy (1998, p. 439) applauds the authors and presents the loyalty hierarchy as seen in Figure 3.3:
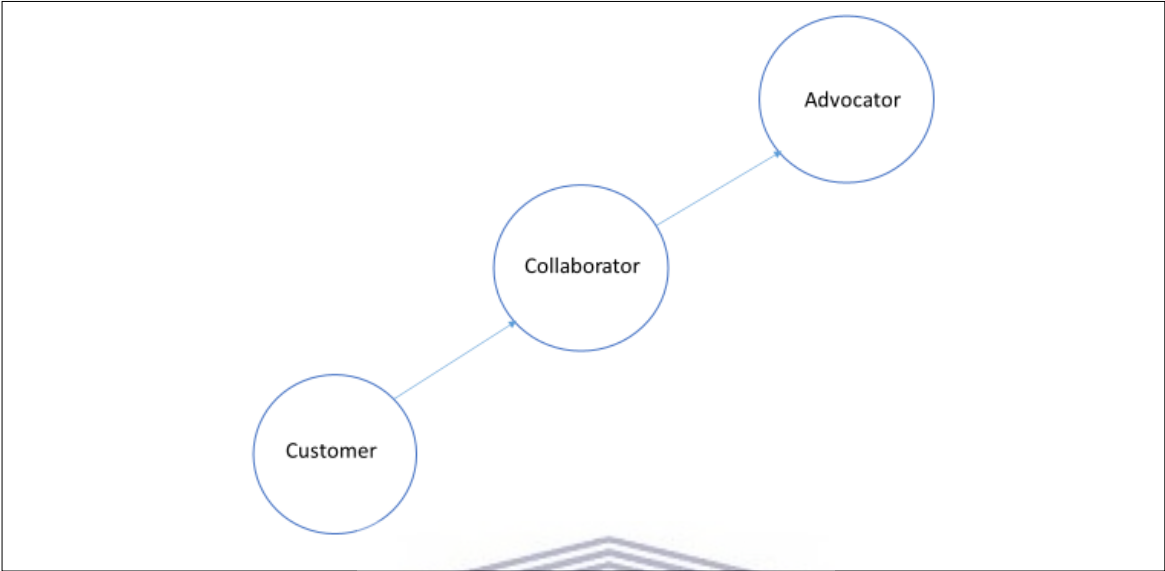
Figure 3.3: The loyalty hierarchy.

Source: Duffy (1998, p. 439)

According to Duffy (1998, p. 439), customers engage in adhoc purchasing. Once satisfied with the product offering, customers become collaborators and provide retailers feedback regarding the product offering and experience of the loyalty programme. Retailers can use this feedback to improve the loyalty programme if needed. The final stage of the loyal hierarchy is the advocator stage where loyal customers share their positive experiences and recommended the loyalty programme to family and friends. A loyal customer shares an emotional connection with a FMCG retailer.

3.7.4. The benefits of loyal customers to FMCG retailers

According to Radder et al. (2015, p. 92), loyal customers benefit FMCG retailers in many ways:

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i. Loyal customers will engage in repeat purchases and will opt to become a member by signing up for a loyalty programme and receive exclusive benefits by becoming a collaborator (Sulistiyani & Sudirjo, 2020, p. 542).

ii. Loyal customers will share these positive experiences with family and friends by advocating the brand and influencing family and friends to also join the loyalty programme of the FMCG retail outlet (Jalilvand & Samiei, 2012).

iii. Loyal customers are less price sensitive than non-members as loyal customers understand the value of the product and service offering (Martos-Partal & González-Benito, 2013, p. 355).

iv. It contributes to lower costs incurred by the retailer. Firstly, retailers save cost through higher level of customer tolerance such as service breakdowns. Secondly, attracting new customers results in high acquisition costs in the form of advertising, promotion, and consumer education. As a result, it is more profitable to retain loyal customers than to attract new ones.

v. Loyal customers spending accelerate over time as they become more familiar with the retailer's offering and enhances cross selling opportunities. Mutual trust and long-term relationships are developed between customers and the retailer which allows improved communication and brand equity (Kalinić et al. 2021).

Therefore, it is important that FMCG retail outlets understand which loyalty programme benefits customers to retain existing customers. The next section discusses the concept of customer repurchasing decisions.

3.8. CUSTOMER REPURCHASING DECISIONS AT FMCG RETAILERS

The relevance of the concept of customer repurchasing decision is regarded as of great significance in this study. Customer repurchasing decisions at FMCG retailer is the measured outcome and a result of customer engagement, loyalty programme benefits, customer satisfaction and customer loyalty.

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3.8.1. The definition of customer repurchasing decisions

In the FMCG context, customer repurchase intention reflects the desire to repurchase from the retailer or to try new products that the retailer has available (Herjanto & Amin, 2020, p. 4). In this study, customer repurchase intention refers to a customer's positive decision to maintain their current purchasing habits and to purchase groceries, toiletries, and cleaning products at a specific retailer. Amin (2016) believe that repurchase intention is based on satisfaction with the overall loyalty programme and is also an expression of loyalty towards the retailer.

3.8.2 Loyalty programmes and customer repurchasing decisions

Satisfaction with a loyalty programme refers to a customer's positive emotional and cognitive perceptions of their overall interaction experiences with the FMCG retail outlet (Herjanto & Amin, 2020, p. 4).

During customer and retailer interaction, a customer evaluates their overall experience with the loyalty programme and decides whether the experience meet their expectation. The more a FMCG retailer confirms a customer's expectation, the more the customer is satisfied (Papaionanou, Assimakopoulos, Sarmaniotis, & Georgiadis, 2013). Herjanto and Amin (2020, p. 5) suggest that positive emotional reaction is a combination of economic and non-economic satisfaction. In the FMCG retailer context, economic satisfaction reflects direct and tangible financial rewards. For example, redeeming a voucher when swiping the loyalty card at the cash till or redeeming points at the cash till to receive a discount. On the other hand, non-economic satisfaction is broader, intangible, and multifaceted. It promotes a quality buyer–seller relationship, commitment, positive brand attitude and ultimately higher repurchase intention (Herjanto & Amin, 2020, p. 6).

Miller (2021) concurs with the authors and indicated that loyalty card frequency-of-use depends on the rewards offered by the card. If the card offers immediate awards, customers seem more likely to use their cards than if they are to offer rewards later (i.e. a savings coupon after a certain amount of money is spent). With the increase of online purchasing, consumers may enter their loyalty programme card number when processing the online payment to receive loyalty points or may redeem the loyalty points as a payment method.

3.8.3 The benefits of customer repurchasing decisions to retailers

According to Mero (2018), customer repurchase intention provides various benefits to FMCG retailers including the following:

i. A competitive advantage as FMCG retailers can sustain its customer base, market share, and increase its revenue. This lowers customer maintenance costs and maintains retailer profitability.

ii. FMCG have a positive brand reputation due to the positive word-of-mouth shared by loyal customers, retain its market share and increase its revenue. This lowers customer maintenance costs and maintains retailer profitability.

3.9   CONCEPTUAL THEORIES IN EMPIRICAL STUDIES

Numerous studies and development of conceptual theories related to loyalty programmes were carried out in the past.

3.9.1.   Customer engagement theories

A study was conducted by Zhang, Guo, Hu and Liu (2017) to determine the impact of customer engagement and customer value creation towards organisational social network stickiness.

Based on the empirical results, Zhang et al. (2017) developed a customer engagement theory to determine the relationship between customer engagement: participation, enthusiasm, social interaction, and customer value creation – based on functional value, hedonic value and social value as seen in Figure 3.4:
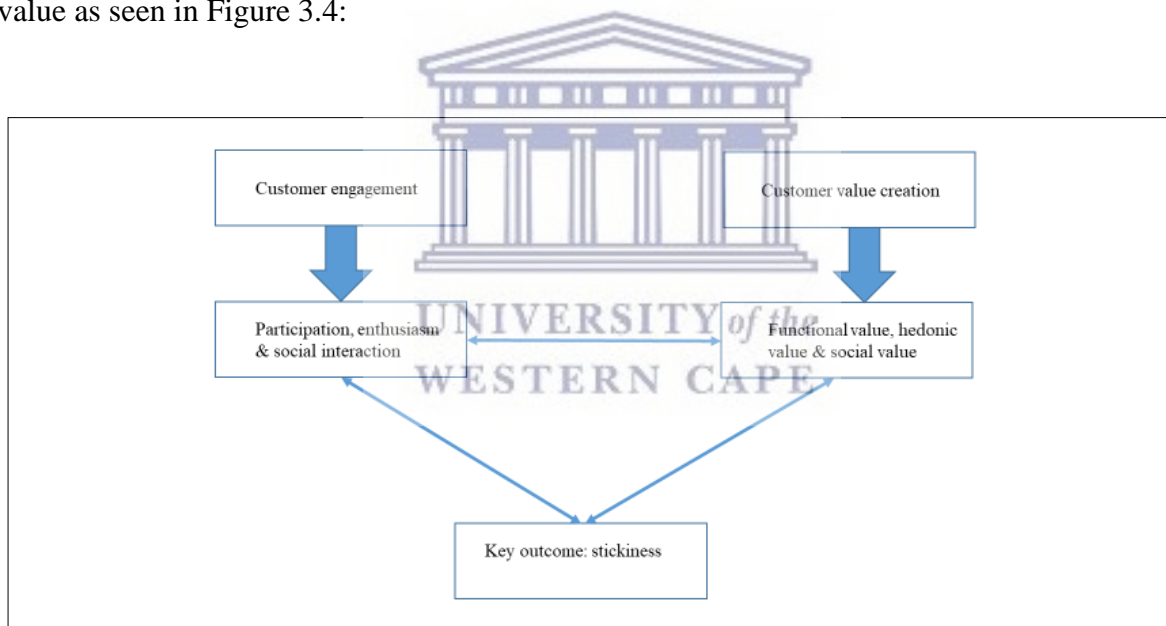
Figure 3.4: The relationship between customer engagement and customer value creation towards organisational social networks stickiness.

Source: Adapted from Zhang et al. (2017, p. 6)

Kang, Tang and Fiore (2014, p. 146) concurs with Zhang et al. (2017, p. 6) and reported that customer engagement has a direct and positive influence on customer value creation.

Participation, enthusiasm, and social interaction can promote the generation of functional, hedonic, and social values co-created by customers (Zhang et al. 2017, p. 7). Customers participate in activities with an intention and some cognition. The findings further indicate that enthusiastic respondents are willing to take risks, get rid of anxiety and sense of uncertainty, thus enhancing customer trust. The interaction built upon this trust can directly improve customer perception of the value created.

Secondly, El-Adly and Eid (2015, p. 76) reported that customer value creation mediates the relation between customer engagement and stickiness. When customers consciously participate in company social network, functional and hedonic values completely mediate the relationship between the cognition-based engagement and stickiness (Zhang et al. 2017, p. 8). When customers are engaging with enthusiasm, functional and hedonic values partially mediate the relationship between the emotion-based engagement and stickiness (Kang et al. 2014, p. 146). When customers interact with other members, hedonic value completely mediates with the behaviour-based engagement and stickiness. Therefore, the mediating effect of customer value creation has been verified (Wu & Li, 2018, p. 77).

Engagement between customers about retailers have a significant impact on repurchasing decisions, which leads to positive WOM. Due to the advancements of technology, the world has become "smaller" as consumers have instant access to more information (Bogaards, Boshoff, Dlodlo, Noel, & Wait, 2020, p. 29). This leads to customers forming their own opinions of FMCG retailers. Social media plays a vital role to FMCG retail outlets if utilised correctly. Social media channels include Facebook, Twitter, Instagram, and LinkedIn (Kang et al. 2014, p. 147). FMCG retail outlets can share information instantly with customers across geographical boundaries, and at a lower cost by advertising on the retailer's social media channels and website (Sulistiyani & Sudirjo, 2020, p. 542). Customers can contact FMCG retailers instantly and conveniently as possible. Customers can share their experiences with other customers using technology. It is therefore important that FMCG retail outlets respond effectively to customer enquiries as soon as possible, to ensure customer satisfaction, leading to positive WOM and positive repurchasing decisions (Nobar & Rostamzadeh, 2018, p. 420).

3.9.2. The relationship between loyalty programme benefits, customer satisfaction, customer loyalty and customer repurchasing decisions

There are five value-added benefits of loyalty programmes namely: special price, gift redemption, access to store competitions, personalised offers, and vouchers that can be classified as independent variables.

These value-added benefits are used to investigate the impact of loyalty programmes on customer satisfaction, customer loyalty and customer purchasing decisions at FMCG retailer outlets (Cant & du Toit, 2012) as seen in Figure 3.5:
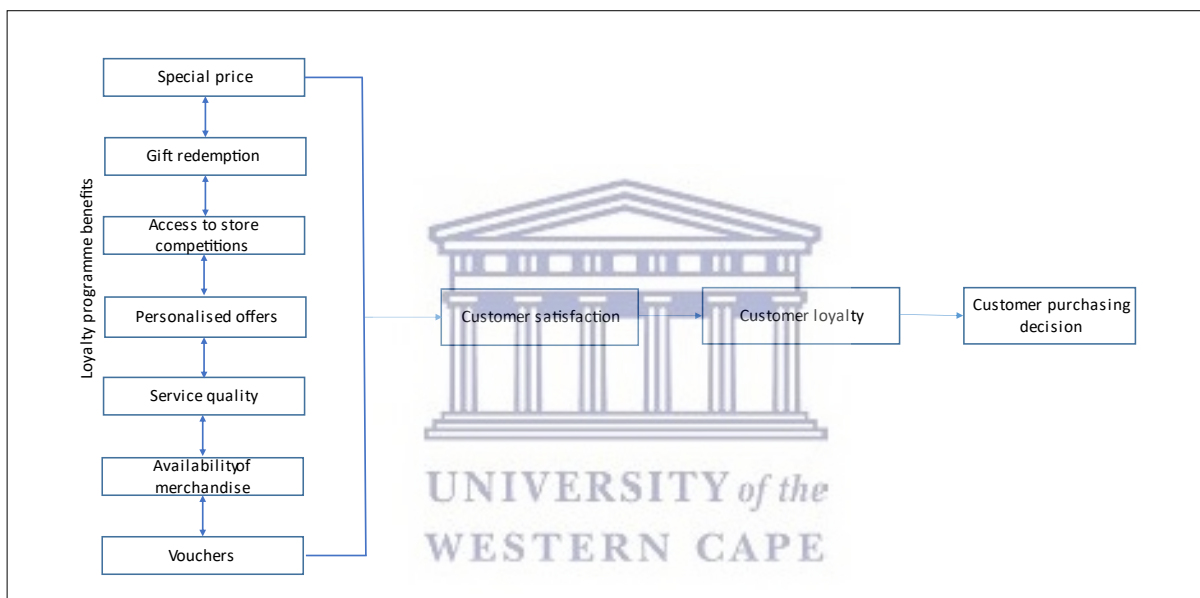
Figure 3.5: The relationship between loyalty programme benefits, customer satisfaction, customer loyalty and customer purchasing decision.

Source: Brashear-Alejandro et al. (2016, p. 1192)

The redemption must be used to drive incremental sales, improve retention, and increase market share. Brashear-Alejandro et al. (2016) state that a gift certificate may displace paid sales, as the customer would have shopped anyway but with some careful analysis regarding average time between purchases. The retailer can set an expiration date on a redemption gift certificate which will help ensure that the sales are incremental. By attaching an expiry date, mechanisms

are built into loyalty programmes to ensure that it builds business (University of the Witwatersrand, 2019, p. 13).

According to Rabbani, Qadri and Ishfaq (2016) customer retention and customer loyalty is based on customer satisfaction and includes exceptional service quality as a determinant of customer loyalty and repurchasing decisions. Service quality becomes important as new entrants enter the marketplace and increases competition (Axcell et al. 2015, p. 35). Service cannot only be evaluated from employee's assistance through incorrect pricing but stretches across loyalty programmes such as signing up for it, explaining the "how to" of the loyalty programme and after sales support once the customer is registered (University of the Witwatersrand, 2019, p. 13) as discussed in Section 2.4.

All these aspects determine the influence of customer satisfaction and customer loyalty on repurchasing decisions. Any lack in the services or in the quality may cause dissatisfaction among customers and may lead to switch over to the competitors.

3.10 DEVELOPMENT OF RESEARCH GAPS AND PRESENTING THE CONCEPTUAL MODEL

Numerous studies related to loyalty programmes have been conducted in the past years. These studies (Rather & Sharma, 2016; Radder et al., 2015; Stathopoulou & Balabanis, 2016; Van Tonder & Petzer, 2018; Abror et al. 2019; Nesset et al. 2021; Kalinić et al. 2021 & Zakaria et al. 2014) produced various interesting findings on loyalty programmes. However, determining the relationship between the five variables posed several gaps from these studies and necessitated the need for this current study.

Customer engagement was found to be an important influence in customer repurchasing decisions. A study carried out by Abror et al. (2019, p. 19) tested the concept of customer engagement and established that it is the most influencing factor of customer repurchasing decisions. This finding is supported by Thakur (2018) and Herjanto and Amin (2020, p. 6) that contended that customer engagement is the main reason for customer repurchasing decisions. Echoing the same finding is Harmeling et al. (2017, p. 312) and Van Tonder and Petzer (2018, p. 29) who also confirmed customer engagement as a significant construct for customer

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repurchasing decisions at FMCG retailers. It was therefore important to conduct this current study in the context of South Africa FMCG retailers and determine customers' attitudes on customer engagement and its influence in customer repurchasing decisions.

A study conducted by Stathopoulou and Balabanis (2016) in the United States of America found that consumers from different countries differ in cultural values, needs and perception, and may prefer different types of loyalty programme benefits. Secondly, Radder et al. (2015) conducted a study at one FMCG retailer, in one province in South Africa. It was therefore important to conduct this current study in the context of South Africa as South Africans may prefer different and unique benefits of loyalty programmes. Furthermore, this current study was conducted nationally and assessed the attitudes of customers towards customer engagement, loyalty programme benefits, customer satisfaction, customer loyalty and customer repurchasing decisions at various FMCG retailers. Krithika and Ganesh (2013) state that loyalty programme success depends on whether the customers feel that they are both financially and psychologically rewarded. FMCG retailers must avoid 'mee-too-ism' loyalty programmes (Lin & Bennett, 2014, p. 942). Allaway, D'Souza, Berkowitz and Kim (2014, p. 19) reported that marketers require a greater understanding of customers attitudes towards loyalty programmes.

A study carried out in New Zealand by Herjanto and Amin (2020, p. 12) established that customer satisfaction has a significant influence toward customer repurchasing decisions within the banking industry. This finding is similar to a study conducted by Mgiba and Madela (2020) that identified customer satisfaction to have a positive effect toward customer repurchasing decisions. It was therefore important to carry out this study to find out if customer satisfaction had an impact towards customer repurchasing decisions at FMCG retail outlets in South Africa. Zakaria et al. (2014, p. 28) conducted a study in the FMCG retail industry in Malaysia and found that customer loyalty has an impact on customer repurchasing decisions. It was therefore important to carry out this study to find out if customer loyalty had an impact toward customer repurchasing decisions at FMCG in South Africa as customer characteristics differ across geographical boundaries.

To fulfil the research gap the following conceptual model is proposed as see in Figure 3.6:
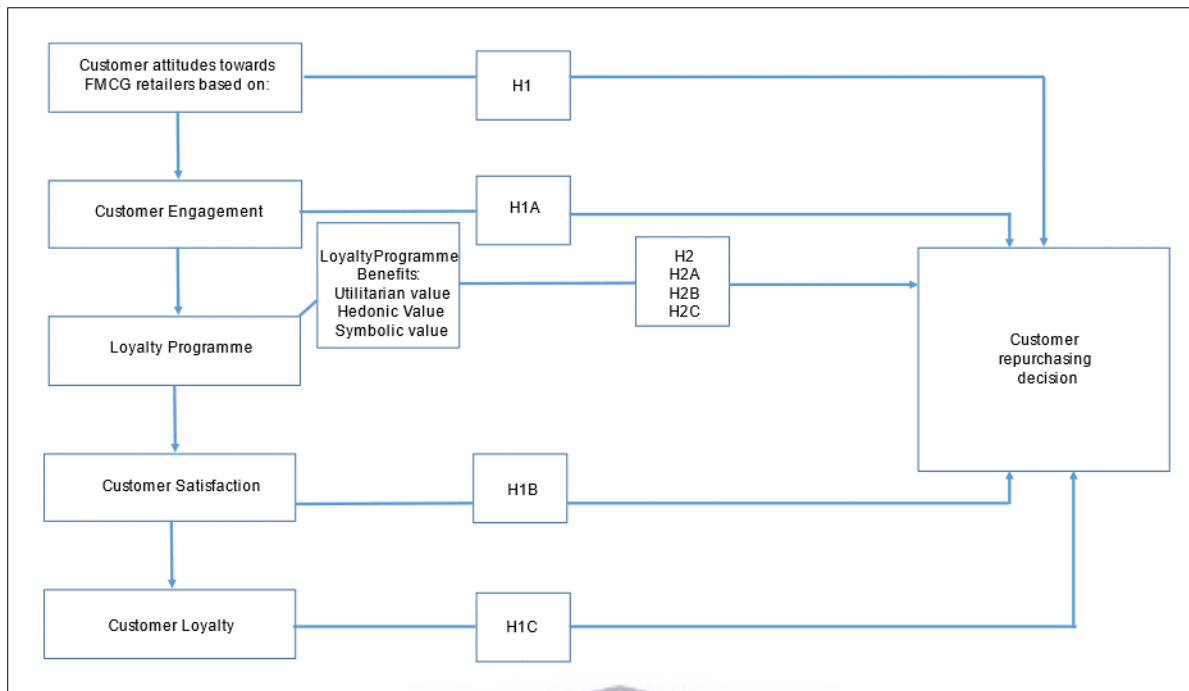
Figure 3.6: The conceptual framework.

Source: Researcher's own construct

3.11 CONCLUSION

This chapter began by focusing on the theoretical foundation of customer loyalty programmes at FMCG retail outlets. It outlined the conceptual framework indicating the gaps in literature and the need for further research. The Chapter presented empirical evidence related to customer engagement, loyalty programme benefits, customer satisfaction and customer loyalty on customer repurchasing decisions. The section assisted in bringing out the gaps that existed and justified the necessity to carry out this current study. Chapter four will provide the methodology that guides the study.

CHAPTER 4:

RESEARCH DESIGN AND METHODOLOGY

4.1 CHAPTER OVERVIEW

The purpose of this chapter is to describe the methodology used to resolve the research problem. The chapter begins with the justification of the selected paradigm and methodology as they relate to the research problem. Thereafter, sampling techniques and units of analysis will be discussed. The limitations of the methodology scope and ethical issues concerning this research will also be discussed.

4.2 INTRODUCTION

This Chapter explains and justifies the research paradigm and methodology that was employed by the researcher. The critical realism paradigm was adopted. Furthermore, a quantitative research approach and a descriptive research design was employed to collect data with the use of a self-completion Google Forms questionnaire.

4.3 RESEARCH PARADIGM

Researchers must follow guidelines of a particular paradigm that guides the research design, methodology, and research methods. This includes the appropriate collection of data, analysis, and interpretation to conduct a successful study (Rashid, Rashid, Warraich, Sabir & Waseem, 2019, p. 3). There are five research philosophies from which research can be undertaken namely: positivism, interpretivism, critical realism, postmodernism, and pragmatism (Saunders, Lewis, & Thornhill, 2016; Wiid & Diggines, 2021).

The nature of research within the positivist philosophy tends to follow an objective point of view (Wiid & Diggines, 2021, p. 398). As such, positivists aim to explore casual relationships among variables. To achieve this, researchers following the positivism paradigm often collect data from samples with the view to generalise their findings to the population. Therefore, positivist research tends to rely on quantitative methodologies using large samples.

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4.3.1. Selection and justification of the research paradigm

In keeping with the latter recommendations, the research was undertaken using the positivism research philosophy. The positivism perspective was considered as it views the world as an objective external entity (Wiid & Diggines, 2021, p. 398). This philosophy is consistent with establishing the causality of the marketing phenomena by examining customer attitudes towards FMCG retailers and its effect on customer repurchasing decisions. Furthermore, positivists prefer scientific based quantitative methods which was applied in this study.

4.4   THE RESEARCH DESIGN AND JUSTIFICATION

A research design may be defined as the blueprint in the administration of a research project (Rahi, 2017, p. 2). In addition, the research design describes the methods and how the data is to be collected. In agreement, Wiid and Diggines (2013, p. 55) define a research design as a project framework to help guide the collection of data and its analysis. The latter authors identify three types of research designs namely: exploratory research, causal and descriptive research.

Exploratory research are intended to explore a relatively unknown area and is necessary when more insight or information is required regarding a problem, opportunity or phenomenon. Causal research aims to show causality between variables by revealing cause and effect between independent and dependant variables (Wiid & Diggines, 2021, p. 73). A descriptive study can be referred to as a statistical method to identify trends in the given situation. Descriptive research identifies opportunities, threats, and seeks to answer the 'Who?', 'What?', 'When?', 'Where?' and 'Why?' questions (Wiid & Diggines, 2013, p. 57). As a corollary, descriptive research is more suitable in situations where the researcher strives for describing phenomena as well as its characteristics (Wedel & Pieters, 2017, p. 6).

This study followed a descriptive research design to guide the procedure of acquisition and analysis of the data. The purpose of this research was to understand CRM by examining the impact of loyalty programmes to attract new customers, to retain existing customers, and to build loyalty amongst existing customers at FMCGs in South Africa. This study utilised a cross-sectional design to answer the research question as presented in Chapter 1. The choice for the cross-sectional design was also informed by the fact that the research sought to discover

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marketing strategies for FMCG retailers with respect to customer loyalty programmes (Rahi, 2017, p. 2).

4.5 THE RESEARCH METHODOLOGY AND JUSTIFICATION

There are three research approaches namely: qualitative, quantitative and a mixed method approach (Dźwigoł, 2020, p. 130). Berndt and Petzer (2011, pp. 45-47) explain that qualitative research is exploratory in nature by generating new theory and assist the researcher to improve their understanding of the research problem. Quantitative research focus on quantifying the research problem by determining causal relationships between variables (Mohajan, 2017, p. 60). Khaldi (2017, p. 19) indicates that quantitative research methodology employs statistics (numbers) to collect, analyse and interpret data. Quantitative research techniques range from simple descriptive to more complex inferential analysis. Mixed methods involve a combination of qualitative and quantitative research. Wiid and Diggines (2021, p. 47) and Dzwigol (2020) agree that the most common research executed with a quantitative approach is descriptive research. The authors further concured that quantitative research is primarily derived from statistical, mathematical or computational techniques, whereby qualitative research involved the identification of issues and the understanding of reasoning and motivation (Wiid & Diggines, 2013, p. 59; Dzwigol, 2020, p. 132).

For this study, the researcher applied a quantitative research approach as it was necessary to use it to answer the research objectives and was also utilised due to its ability to explain the relationship that exist between the measured constructs. The research was implemented by means of a web-based questionnaire mediated via Google Forms. It provided essential interpretation of the results and improved the value of the research findings (Bansal, Smith & Vaara, 2018, p. 1189; Passley, 2021).

4.6 THE QUESTIONNAIRE

In line with the positivism paradigm, this study utilised a quantitative methodology in which a structured questionnaire was used to collect primary data (Wiid & Diggines, 2021, p. 132; Krosnick, 2018, p. 266).

4.6.1. The questionnaire design

In designing the questionnaire, four steps were conducted as indicated in Figure 4.1:
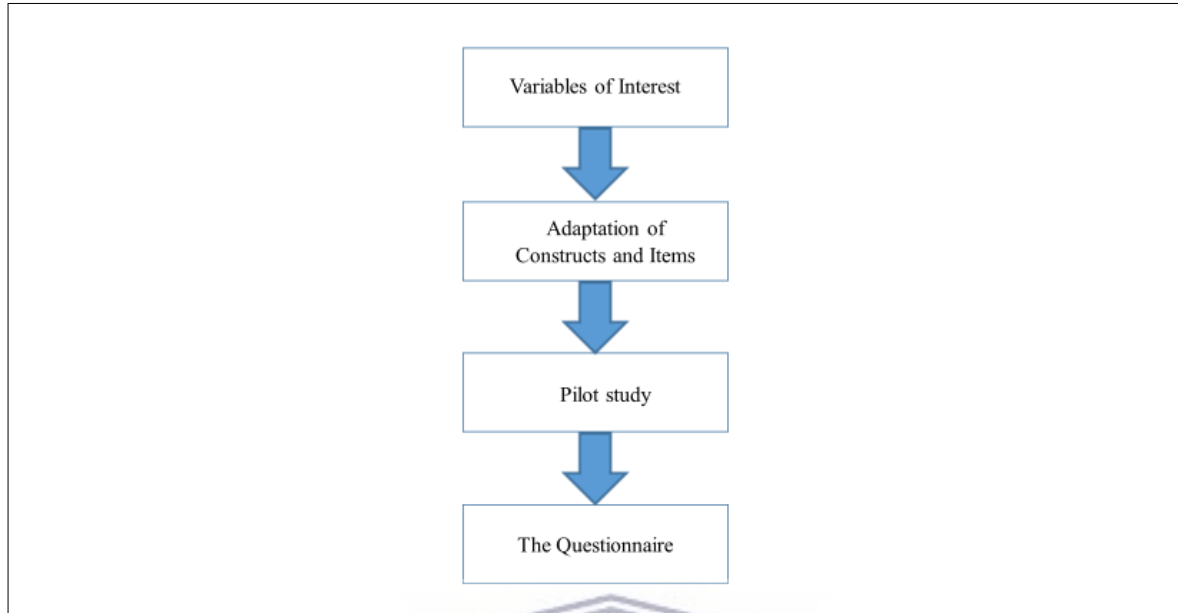
Figure 4.1: The questionnaire design.

Source: Researcher's own construct

4.6.1.1.   The variables of interest

The variables of interest that was included in this study were customer engagement, loyalty programme benefits, customer satisfaction and customer loyalty towards customer repurchasing decisions at FMCG retail outlets.

4.6.1.2.   Adaption of constructs and items

Relevant constructs developed by Radder et al. (2015, p. 58), Rather and Sharma (2016), Stathopoulou and Balabanis (2016) and Van Tonder and Petzer (2018) was adapted to FMCG retail outlets making it relevant to this study. The wording of the questions were kept simple and unambiguous to avoid response error by the respondents. Words used in the questionnaire matched the vocabulary level of the respondents and assisted the researcher to fulfil the

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objectives of the study. The questionnaires were conducted in English, as this is the national universal language.

4.6.1.3.   The pilot study

The researcher approached ten experienced FMCG consumers to complete the pilot questionnaire. The pilot study results are indicated in Table 4.1. The layout of the questionnaire included seven sections as presented in Table 4.1:

Table 4.1 Questionnaire format and pilot study

Section	Section Summary	Scale Development	Adaptations after pilot study	Rationale
1	**Descriptive constructs:** • customer loyalty programme profile (loyalty programme membership, • source of loyalty programme awareness, • monthly spend, • loyalty programme selection and frequency of use).	Roberts-Lombard & Parumasur (2017), Thukwana (2021), Cromhout & Netto (2018), Sulistiyani &Sudirjo (2020) & Corbishley (2017).	Reworded the questions.	To determine respondents' loyalty programme profile patterns.
2 - 5	**Independent constructs:** • customer engagement, • loyalty programme benefits • customer satisfaction and • customer loyalty.	Maringe (2006), Rather & Sharma (2016), Stathopoulou & Balabanis (2016) and Van Tonder & Petzer (2018).	Reworded the questions.	To determine respondents' attitude regarding customer engagement, loyalty programme benefits, customer satisfaction and customer loyalty towards FMCG retailers.
6	**Dependent variable:** • Customer repurchasing decision.	Radder et al. (2015).	Reworded the questions.	To determine customers' repurchasing decisions at FMCG retailers.
7	**Moderator constructs:** • customer's demographic profile (gender, age, education and monthly income).	Roberts-Lombard & Parumasur (2017), Thukwana (2021), Cromhout & Netto (2018), Sulistiyani &Sudirjo (2020) & Corbishley (2017).	No changes.	To determine respondents' demographic profile patterns.

Source: Researcher's own construct

4.6.1.4.   The questionnaire

The researcher used existing questionnaires developed by Rather and Sharma (2016), Radder et al. (2015), Stathopoulou and Balabanis (2016) and Van Tonder and Petzer (2018) and adapted it to suite the purpose of the study and to test the assumptions that a loyalty programme is a positive investment by FMCG retailers. The adapted questionnaire contained 59 items that were grouped based on demographic variables, loyalty programme customer profile and attitudinal variables (see Appendix A) to suit the purpose of the study.

The questionnaire included a screening question to ensure that respondents fit the inclusion criteria and simultaneously confirming the validity of the study. The screening question for qualifying respondents was phrased as follows:

Question 1: *Do you participate in a FMCG loyalty programme?*

Multiple indicators were used to ensure the validity and the reliability of the study as seen in Appendix A, to determine the relationship between customer engagement, loyalty programme, customer satisfaction and customer loyalty towards customer repurchasing decisions. Multiple indicators measuring one variable were grouped together to avoid confusion for the respondents and to improve the validity of the findings. The multiple indicators of customer engagement were developed by Van Tonder and Petzer (2018), and the multiple indicators of loyalty programme benefits, and customer satisfaction indicators were developed by Stathopoulou and Balabanis (2016). Customer loyalty indicators were developed by Rather and Sharma (2016), and customer repurchasing indicators were developed by Radder et al. (2015). Relevant indicators suitable to the purpose of this study were included in the questionnaire.

4.7   THE DATA COLLECTION METHOD

Due to COVID-19 restrictions, the researcher designed and collected the data by using Google Forms, an online survey tool on the Google platform. As such, respondents completed the questionnaire by using personal computers or mobile devices. The researcher approached three higher education institutions to invite employees to participate in the study and requested assistance to distribute the questionnaire to their employees via their Information

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Communication Technology (ICT) records. The questionnaire was distributed via email. In the questionnaire invitation, respondents were requested to click on the URL link, which directed them to the web page to complete the online questionnaire on Google Forms (refer to Appendix A).

A cut-off date for the submission of response was included in the email that was sent to the respondents. Responses could be submitted between 01 December 2021 and 31 December 2021. The researcher used a computer-aided self-administered questionnaire to capture the responses. The respondents were required to have internet access and a computer or mobile device to navigate to a particular website where the statements were displayed.

4.8   THE POPULATION OF INTEREST

Rahi (2017, p. 3) define a population as the total collection of elements which the researcher wants to make inferences. Mohajan (2017) stresses that the respondents must specifically be defined and unambiguously and represent the population. For the study, the research population consisted of all consumers that participate in a FMCG loyalty programme in South Africa.

4.9   THE SAMPLING PROCEDURE

4.9.1. Sampling

This study utilised a non-probability sampling method. The sampled respondents were selected using the quota sampling method. Quota sampling is a combination of convenience sampling and judgment sampling and is viewed as a 'two-stage restricted judgmental sampling' (Rahi, 2017, p. 3). Firstly, this is due to the inclusion criteria variables of the sample and convenience sampling is when a sample is drawn from a selection of the population that is readily accessible or available to the researcher (Rahi, 2017, p. 3). The relevant control characteristics in the study included participating in a FMCG loyalty programme. Quota sampling may yield valid and reliable results if carefully executed (Etikan & Bala, 2017, p. 215). Bryman, Bell, Hirschsohn, Dos Santos, Du Toit, Masenge, Van Aardt and Wagner (2014) advise that quota sampling is an inexpensive data capturing technique and obtains representative samples.

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4.9.2. Sample size

The appropriate sample size range in most quantitative research is between 30-500 respondents (Rahi, 2017, p. 3). According to Charan and Biswas (2013, p. 135) a minimum of 100 respondents are required in quantitative studies for meaningful reliability test and factor analysis to be carried out. Other researchers such as Hong and Park (2012, p. 119) and Gunawan, Marzilli and Aungsuroch (2021, p. 351) recommend that the ratio of number of items (questions) to respondents in the questionnaire range from 3:1 to 20:1. That is to say, at the upper extreme, for every question (or item) there should be at least 20 or 3 respondents (Gunawan et al. 2021, p. 351). Despite a great deal of contestation as to what constituted a minimum acceptable sample, as a rule of thumb, the 4:1 criterion was applied in this study. The questionnaire (see Appendix A) contained 55 items to be factor analysed; this translated to a minimum sample size of (55 x 4) = 220 respondents from the entire study. However, the actual sample size was 272, which surpassed the recommended 220 participants (Charan & Biswas, 2013, p. 125).

4.10   VALIDITY AND RELIABILITY

To improve the quality of the study, researchers make use of validity and reliability. The importance of validity and reliability in measuring the robustness of the study is highlighted in literature (Shambare, 2012, p. 132). Van Gensen (2005, p. 73) encourages the application of quality control measures to ensure the credibility of a research study. Mohajan (2017, p. 63) concurs with Van Gensen (2005) indicating that the two main mechanisms of quality control are validity and reliability of data.

Validity is described as the degree to which the researcher has measured what he has set out to measure (Babbie & Mouton, 2009, p. 74). Wiid and Diggines (2015) add that validity determines whether the research measured what it is required to measure and performed as it is designed to perform. Babbie and Mouton (2009, p. 74) describes face and content validity as a logical link between the research questions and the objectives of the study, ensuring that the research questions cover the marketing problem under investigation. According to this definition, face and content validity is proven in this study as all the statements were aimed to

measure the impact of customer engagement, loyalty programme benefits, customer satisfaction, and customer loyalty towards customer repurchasing decisions.

4.10.1. Construct validity

Construct validity requires that correct operational measures and conceptual model should be developed for the phenomena under study. It is therefore required that the developed measurement instrument should be closely linked to known theory and related concepts (Shambare, 2012, p. 132). In this study, the questionnaire was grounded to the theoretical aspects based on the conceptual models developed by Sulistiyani and Sudirjo (2020, p. 542) and Brashear-Alejandro et al. (2016, p. 1192). Consequently, this was intended to ensure that the questionnaire measures appropriate constructs.

4.10.2. Content validity

The extent to which a measure covers the meaning of the concepts included in the study is content validity (Rukuni, 2018, p. 89). Newman, Lim and Pineda (2013, p. 245) argue that content validity occurs when the questionnaire is created from a thorough literature review of the previous related studies. In addition, both the proposal and questionnaire were peer reviewed by the University of the Western Cape's Ethics Committee and expert FMCG loyalty card holders.
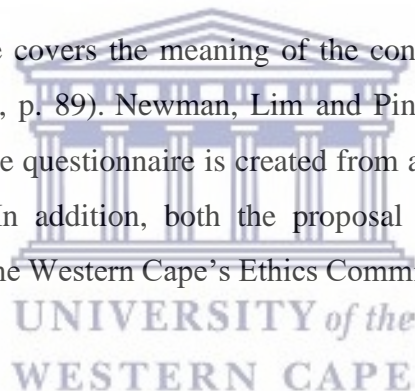
4.10.3. Face validity

Face validity is established when a measure is accepted among different researchers as addressing concepts. Umanath and Coane (2020, p. 2) point out that face validity refers to the ability of a measure to conform to common agreements on a particular concept. Face validity determines the success of a measuring instrument as respondents' willingness to participate is based on their perception on what the instrument seeks to measure. The absence of face validity leads to the participant resistance in a study which adversely affect the results. The researcher included the purpose of the research to the respondents in the introduction of the questionnaire and participation was made voluntary.

4.10.4. Internal validity

Internal validity is primarily concerned with the relationship of constructs within the study. In other words, to what extent do hypothesised relationships represent real-life phenomena. Arising from this is the idea of statistical inference (Rukuni, 2018, p. 90). To address internal validity, a conceptual model was developed and used as the basis for literature review, data collection and data analysis to answer the research objectives, research question and research hypotheses.

4.10.5. External validity

External validity is associated with the generalisability of findings (Rukuni, 2018, p. 91). For the purpose of this study, the use of replication logic was employed. Replication was achieved by using existing measurement indicators and adapting it to this study. The findings from this study can therefore be generalisable in similar situations.

4.10.6. Convergent validity

Convergent validity is an indication that the instruments used for a particular construct are "at least moderately correlated among themselves". Factor loadings were used to determine convergent validity by measuring how each indicator is attributable to the construct variable. Item to total correlation values and factor loadings above 0.5 are indicative of high validity.

4.10.7. Discriminant validity

Discriminant validity shows that two measures that are not supposed to be related are unrelated. To evaluate discriminant, the average variance extracted (AVE) estimates for each construct was calculated and must be greater than 0.4, to be acceptable (Fraering & Minor 2006, p. 284). The formula is illustrated below:

$$V\eta = \Sigma\lambda yi2 / (\Sigma\lambda yi2 + \Sigma\epsilon i)$$

AVE = summation of the squared of factor loadings / {(summation of the squared of factor loadings) + (summation of error variances)}

4.10.8. Reliability

The objective of reliability is to (i) minimise errors and biases in studies, (ii) facilitate in-theory falsification, and (iii) provide rigorous test for theory. This was achieved by testing the internal consistency of items in the questionnaire, which is normally calculated by means of Cronbach's alpha coefficient for reliability (Shambare, 2012, p. 151).

A minimum threshold of 0.7 should be achieved for the measuring constructs to be regarded of high consistency. Cronbach's alpha coefficient values of 0.7 and higher are indicative of high consistency (Shambare, 2012, p. 151). Malhotra (2010, p. 167) argues that even though values of $0.5 \leq \alpha < 0.6$ are poor, they are acceptable. The standard practice of setting the minimum Cronbach's alpha threshold of 0.7 was applied to this study (Field, 2009, p. 97) with the absolute minimums of $0.5 \leq \alpha < 0.6$ (Malhotra 2010, p. 67 & Field 2009, p. 69).

In addition, composite reliability was used as a robust measure for internal reliability by considering the contribution of each latent factor to each indicator. According to Nunnally and Bernstein (1994, p. 38) "a correlation value more than 0.70 is recommended in the empirical literature to confirm the existence of composite reliability". The formula is illustrated below:

$$CR\eta = (\Sigma\lambda yi)^2 / [(\Sigma\lambda yi)^2 + (\Sigma\varepsilon i)]$$

Where:

$CR\eta$ = Composite reliability

$(\Sigma\lambda yi)^2$ = Square the sum of the factor loadings $(\Sigma\varepsilon i)$ = Sum of error variances.

4.11   DATA ANALYSIS

Data analyses were performed using SPSS 28 and AMOS 28. The following analyses were conducted (Field, 2009, p. 16; Diamantopoulos & Schlegelmich 2000, p. 212):

i.   Cluster analysis, mediation tests and cross tabulation were conducted to identify patterns within the respondents' demographics and loyalty profiling. The variables included the profile of respondents that consisted of six fields namely: loyalty programme membership, frequency of use, age, gender, education and monthly spend on groceries, toiletries, and cleaning products. In this study, cluster analysis was used to group respondents in homogenous groups that shared similar characteristics and provided interesting groupings that marketers at retailers can use as a basis for their marketing strategies (Aggarwal, 2018, p. 591).

ii.   Descriptive statistics were employed to describe the sample's loyalty programme profiling (based on loyalty programme membership, source of loyalty programme awareness, monthly spend, loyalty programme selected, frequency of loyalty programme usage), demographics (based on age, gender, education, income), and to determine customer attitudes towards loyalty programmes at South African FMCG retailers (based on customer engagement, loyalty programme benefits, customer satisfaction, and customer loyalty towards customer repurchasing decisions). In this study, descriptive statistics was used to provide a holistic summary of the sample's demographic and loyalty programme profile as well as providing FMCG retailers with the perception of customer attitudes towards loyalty programme benefits to thus incorporate sustainable loyalty programme benefits, to ensure customer satisfaction and to retain existing customers. In addition, mediation tests were employed to explain correlations between variables.

iii.   Factor analysis was used to determine customer attitudes towards loyalty programmes at South African FMCG retailers (Research Objective 1 and the Research Question and the associated Research Question 2 as reported in Chapter 6). In this study, an exploratory factor analysis was conducted to explore the underlying relationships between the items included in the measures of customer engagement, loyalty

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programme benefits, customer satisfaction, customer loyalty and customer repurchasing decision variables. These findings verified the levels of construct validity of the independent variables scale.

iv.   Through Cronbach's alpha and composite reliability, reliability analysis was carried out to measure the internal consistency of the measurement scales (Field, 2009, p. 16). In this study, the reliability analysis was conducted on all fifty-five items as seen in Appendix A to ensure high levels of reliability, minimise bias and to confirm the internal consistency of the scales.

v.   Structural Equation Modelling was used to measure the effect of loyalty programme benefits on customer repurchasing decisions (Research Objective 3, and the associated Research Question 3 as reported in Chapter 6). The factor analysis relationships between constructs were tested using structural equation modelling namely: Community, Points and Savings that is a prediction of loyalty programme benefits that customers value in a loyalty programme and (2): Positive WOM and Customer Relationships are a prediction of customer loyalty. Both models achieved a good fit.

vi.   Linear regression analysis was employed to test the hypotheses as indicated in Section 1.5.5. based on the Coefficient and ANOVA statistics.

4.12   ETHICAL CONSIDERATIONS

Javalgi and Russell (2018, p. 705) describe ethics as an inquiry into the nature and grounds of morality where the term morality is taken to mean moral judgments, standards and rules of conduct. To protect research participants from any negative impact, this dissertation adhered to the ethics regulations and guidelines stipulated by the University of the Western Cape Research Ethics Committee. In order to uphold high ethical standards, this study adhered to the following ethical guidelines:

4.12.1. Ethical clearance

The data collection instrument was submitted to the University of the Western Cape Research Ethics Committee (HSSREC Reference: HS21/5/15) to ensure that it conformed to all the university's regulations (see Appendix B).

4.12.2. Full disclosure

The purpose of the study was revealed in the introductory section of the questionnaire to entice them to particpate in the study. The study fulfilled the ethical considerations of respondents as no physical or emotional harm was brought upon respondents. The contact details of the researcher were given to the participants on the electronic sign-off sheet of the study to enable them to initiate contact if they had any questions regarding the research.

4.12.3. Informed consent

The researcher informed all the respondents that participating in the study was voluntary. In addition, respondents were able to withdraw at any time whilst completing the questionnaire. The respondents could complete the questionnaire in their own time and the introduction of the study informed the respondents that their participation in the study is completely voluntary.

4.12.4. Anonymity and confidentiality

The questionnaires were anonymous as the respondents were not required to disclose any personal information such as their name, surname and email addresses. All the responses received is treated with confidentiality and will not be shared with third parties. The data that was obtained during the research process will be stored and retained for a minimum of five years (Rukuni, 2018, p. 83). The data will be stored at the University of the Western Cape and with the researcher.

https://etd.uwc.ac.za/

4.13 CONCLUSION

This chapter focused on the methodology that the researcher used to determine the impact of customer engagement, loyalty programmes, customer satisfaction and customer loyalty on customer repurchasing decisions. Chapter 4 explains the use of a quantitative research methodology that was aimed at answering the research question and objectives. Justification of the research methodology is also provided. Further explanation on the use of descriptive and inferential data analysis mechanisms is provided fully.

CHAPTER 5:

DATA ANALYSIS AND RESULTS

5.1   CHAPTER OVERVIEW

In this Chapter, an explanation of data analysis employed in the study is provided. Chapter five provides both descriptive and inferential analysis on the sample of data utilised for this research. Firstly, the Chapter will provide the analysis of the loyalty programme customer profile, and demographic variables. Secondly, customer attitudes towards loyalty programmes at South African FMCG retailers will be presented using mean, standard deviation, factor analysis, regression analysis, cluster analysis, cross tabulation, mediation tests, ANOVA tests and structural equation modelling to test the proposed research objectives, research question and hypotheses in the study. Thirdly, Cronbach's Alpha and composite reliability was employed to test the reliability and validity of the employed data.

5.2   INTRODUCTION

In line with the quantitative data collected, as described in Chapter 4, various statistical analyses were conducted. SPSS 28 and AMOS 28 was employed to perform the following analyses (Rukuni, 2018):

   i.   Frequency tables were employed to clearly describe the loyalty programme profiling and demographics of the respondents.

   ii.   Skewness and Kurtosis measured the sample data's adequate for descriptive analysis.

   iii. Cluster analysis, mediation tests, cross tabulation and chi-square tests was used to identify patterns between the respondents and their loyalty programme profile.

iv.   Mean values and standard deviation measured the attitude of customers toward loyalty programmes at South African FMCG retailers and to determine that benefits that those customers expect in a loyalty programme.

v.   Validity test was conducted through factor analysis to reduce variables into smaller groups of latent variables. Factor analysis was performed to identify communalities of customer attitudes toward loyalty programmes.

vi.   KMO and Bartlett's test of sphericity tested if data was suitable for reliability and factors analysis.

vii.   Reliability analysis was conducted through Cronbach's alpha and composite reliability to ensure internal consistency of the data.

viii.   Structural equation modelling was used to test the significant effect of loyalty programme benefits on customer repurchasing decisions.

ix.   Regression analysis was used to test the proposed hypotheses.
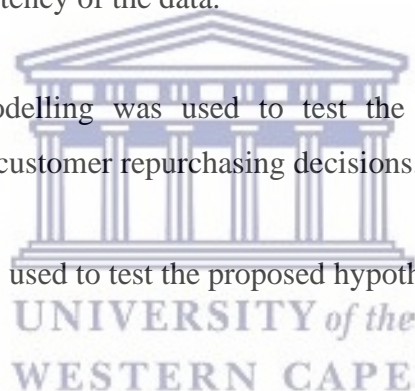
5.3   DEMOGRAPHICAL DISTRIBUTION OF THE SAMPLE

This section aims to elicit the demographic profile of the respondents and will be discussed in the sub sections that follow:

Table 5.1 Demographics of the respondents

Demographic variable		Percentage
Gender	Female	71
	Male	29
Age	18–- 29 years	24
	30–- 39 years	39
	40–- 49 years	17
	50–- 59 years	12
	60 years and older	7
	Declined to respond	1
Education	Primary School	1
	Secondary School	12
	Higher Certificate/N6 Certificate	13
	National Diploma/Diploma	10
	Bachelor's degree/Advanced Diploma/B Tech	23
	Honours Degree/Post Graduate Diploma	20
	Master's Degree	14
	Doctoral Degree	7
Monthly Gross Income	Less than R10 000	16
	R10 0001 - R20 000	15
	R20 001 - R30 000	15
	R30 001 - R40 000	12
	R40 001 - R50 000	7
	R50 001 - R60 000	9
	More than R60 001	10
	Declined to respond	16

Source: Researcher's own construct

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5.3.1 Gender of the respondents

As presented in Table 5.1, 71 percent of respondents were female while 29 percent of respondents were male. This signifies that females are significantly active loyalty programme members at South African FMCG retailers. As such and noted by Nuseir (2020, pp. 5-6) females predominately do the grocery shopping in a household and therefore actively participate in loyalty programmes.

5.3.2 Age of the respondents

Crossing over to age, age is regarded as one of the most important aspects for marketers to consider customer repurchasing decisions. In this study, age classification was based on five categories as presented in Table 5.1, (18 - 29 years, 30 - 39 years, 40 - 49 years, 50 - 59 years and 60 years and older). The findings as seen in Figure 5.2 and Table 5.2 indicated that 24 percent were in the age group 18 - 29 years, 39 percent were 30 - 39 years, 17 percent were in 40 - 49 years, 12 percent were in the age group 50 - 59 years and 7 percent were aged 60 years and older.
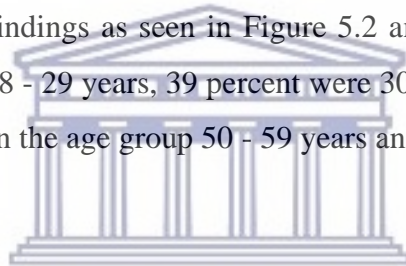
Clearly the majority of respondents were in the age group 30 - 39 years old, followed by 18 - 29 years, and 40 years and more. The findings show that all generational groups were fairly represented, that is from generation Z (born 1996 and onwards), Y (born 1977 to 1995), X (born 1965 to 1976) and baby boomers (born 1946 to 1964) (Baldevbhai, 2015, p. 212) . It is also an indication that members of FMCG loyalty programmes are fairly distributed across different generational groups. Furthermore, Cromhout et al. (2016, p. 28) concurred with these findings, stating that respondents under the age of 25 were less likely to belong to a loyalty programme compared with those that were older. Older consumers are more loyal to retailers to obtain loyalty programme discounts, whereby younger consumers seek convenience and will shop at any retailer that is close in their proximity.

5.3.3   Education of the respondents

On education as presented in Table 5.1, 1 percent of respondents completed primary school, and 12 percent of respondents completed secondary school. In total, 46 percent of the respondents completed a post-school qualification that comprised of 13 percent for Higher/N6 Certificate, 10 percent for National Diploma and 23 percent for a B Tech/Advanced Diploma or bachelor's degree. In total, 41 percent of the respondents completed postgraduate studies and comprised of 20 percent for Honours/Postgraduate Diploma, 14 percent for master's degree and 7 percent for doctoral degree. Majority of respondents hold undergraduate and postgraduate qualifications. According to Nuseir (2020, pp. 5-6), loyal customers hold a tertiary qualification, be full-time employed, and reside in urban areas. Consumers that are employed have the financial means to travel to specific FMCG retailers to purchase groceries and toiletries.

5.3.4   Gross monthly income of the respondents

In terms of gross monthly income as presented in Table 5.1, it was found that 16 percent of respondents were earning an income less than R10 000, 15 percent of respondents were earning both an income from R10 001 - R20 000 and R20 001 - R30 000. 12 percent of respondents were earning an income between R30 001 and R40 000, 10 percent of respondents earned more than R 60 001, 9 percent of respondents earned an income between R50 001 - R60 000 and 7 percent of respondents were earning an income between R40 001 - R50 000. Therefore, the findings indicated that respondents from higher income brackets belong to loyalty programmes and engage in repurchasing decisions (Goncalves & Sampaio, 2012, p. 1521). Consumers that are registered loyalty card holders have the financial means to purchase groceries from a FMCG retailer, whereby consumers in the lower income group will purchase necessities and groceries from spaza stores that do not have loyalty programmes.

5.4 LOYALTY PROGRAMME PROFILE DISTRIBUTION OF THE SAMPLE

For this study, a discussion regarding the sample's loyalty programme profile was of utmost importance. Data was collected to identify the FMCG loyalty programmes which the respondents belong to, to understand who introduced the respondents to the loyalty programme, the amount of money the respondents spend monthly on groceries, cleaning products and toiletries, and how often the sample utilises their loyalty card at their selected FMCG retailer. The loyalty profile distribution of the sample is presented in Table 5.2 and discussed:

Table 5.2 Customer loyalty programme profile

Loyalty Programme Profile		Percentage
Loyalty Programme Membership	Clicks ClubCard	20.4
	Checkers Xtra Savings	20.3
	Pick n Pay Smart Shopper	18.9
	Woolworths rewards	13.7
	Dis-Chem loyalty programme	13.6
	Spar rewards	10.1
	Other	3%
Source of Loyalty Programme Awareness	An employee of the retailer	40.5
	Your family	25.7
	Your friends	18.5
	Other	8.2
	Your colleagues	4.6
	The store manager	2.5
Monthly Spend	Less than R2000	15
	R2001 – R 3000	28
	R3001 – R4000	21
	R4001 – R5000	13
	R5001 – R6000	10
	More than R6001	13
Loyalty Programme Selected	Checkers Xtra Savings	38.4
	Pick n Pay Smart Shopper	22.4
	Clicks ClubCard	15.4
	Woolworths rewards	14.3
	Dis-Chem loyalty programme	5.5
	Spar rewards	3.3
	Other	0.7
Frequency of Loyalty Programme Usage	Never	0.4
	Daily	14
	Weekly	63.1
	Monthly	21
	Other	1.5

Source: Researcher's own construct

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5.4.1   Loyalty Programme Membership

As seen in Table 5.2, the majority of the respondents representing 20.4 percent are members of the Clicks ClubCard loyalty programme, followed by Checkers Xtra Savings, Pick n Pay Smart Shopper and Woolworths rewards representing 20.3 percent, 18.9 percent and 13.7 percent of respondents respectively. This finding supports the study conducted by Thukwana (2021) which indicated that Clicks ClubCard is the most popular FMCG retailer. 13.6 percent of the respondents were a member of Dis-Chem Loyalty and 10.1 percent of Spar Rewards. 3.1 percent of the respondents selected that they belong to another FMCG loyalty programme that was not part of the options provided. This finding supports the study conducted by Cromhout and Netto (2018) which indicate that the largest FMCG loyalty programmes are the six retailers listed. This finding supports the motivation of this study for retailers to create a sustainable competitive advantage due to the numerous competing retailers in the FMCG industry.

5.4.2   Source of Loyalty Programme Awareness

The majority of respondents representing 40.5 percent indicated that an employee of the retailer introduced them to the loyalty programme as seen in Table 5.2. This verifies that employees are ambassadors of their workplace and that employees should be aware of the organisation's marketing strategies such as specials, discounts, and loyalty programmes as reported by Axcell et al. (2015). 25.7 percent of the respondents indicated that family members introduced them to the loyalty programme and 18.5 percent of the respondents indicated that friends introduced them to the loyalty programme. This concurs with the findings of Sulistiyani and Sudirjo (2020) and indicates that customers trust their family and friends' opinions and recommendations more than marketers. It is therefore important that FMCG retailers satisfy their customers. 8.2 percent of the respondents indicated that they were introduced to the loyalty programme through other sources not listed, 4.6 percent of the respondents indicated that their colleagues introduced them to the loyalty programme and 2.5 percent of the respondents indicated that the store manager introduced them to the loyalty programme.

5.4.3 Respondents Monthly Spend

The responses from the sample regarding monthly spend as indicated in Table 5.2 were significantly similar. 28.7 percent of the respondents indicated that they spend monthly between R2001 - R3000 on groceries, cleaning products and toiletries. It is important to note that although this figure sounds low, the study did not require the respondent to indicate the number of members in the household. 22.4 percent of the respondents indicated that they spend R3001 - R4000 per month, 14 percent of respondents indicated that they spend less than R2000 per month, 12.5 percent of respondents indicated that they spend both between R4001 - R5000 and 12.1 percent of respondents indicated that they spend more than R6001 per month. 10.3 percent of the respondents indicated that they spend between R5001 - R6000 per month. It is, however, important that FMCG retailers provide sustainable loyalty programmes to retain these customers as customers lifetime value impacts the profitability of a retailer (Corbishley, 2017).

5.4.4 Loyalty Programme Selected

As seen in Table 5.2, the majority of respondents representing 38.4 percent based their responses to this questionnaire on Checkers Xtra Savings, followed by Pick n Pay Smart Shopper representing 22.4 percent of respondents. 15.4 percent of respondents selected Clicks ClubCard, 14.3 percent selected Woolworths Rewards, 5.5 percent selected Dis-Chem loyalty programme, 3.3 percent selected Spar Rewards and 0.7 percent selected other. This result concurs with literature indicating the six major supermarket chains which includes Checkers, Pick n Pay, Woolworths, Clicks, Dis-Chem and Spar (Corbishley, 2017). Furthermore, the sample could have selected Checkers as it is the new and upcoming loyalty programme in the FMCG retailer sphere.

5.4.5 Frequency of Use

As indicated in Table 5.2, a significant number of respondents representing 63.2 percent indicated that they utilise their loyalty card on a weekly basis. 21 percent of respondents indicated that they utilise their loyalty card monthly, and 14 percent of respondents indicated

that they utilise their loyalty card daily. This indicates that customers find value in utilising their loyalty card when making purchases. This is also an indication of possible customer loyalty towards a retailer if the customer is satisfied with the retailer's offering and service. 1.5 percent of the respondents selected other as an option. This indicates that the responses are valid and indeed participate in a loyalty programme.

The relationship between the respondents' demographic characteristics and loyalty programme was analysed using cross tabulation and chi-square tests. The patterns and results are summarised in Tables 5.3 – 5.9 following:

Table 5.3 Loyalty programme membership and Gender

Loyalty programme membership	Gender		Total Count
	Male Count	**Female Count**	
Clicks ClubCard	49	167	216
Checkers Xtra Savings	57	158	215
Pick n Pay	50	150	200
Woolworths rewards	30	115	145
Dischem Loyalty programme	25	119	144
Spar Rewards	20	87	107
Other	8	25	33
Total count	81	191	272

Source: Researcher's own construct

Table 5.3 shows that females belong to significantly more FMCG loyalty programmes than males with a total of 167 to 49 across the sample of respondents respectively. According to the Pearson Chi-Square (χ^2 = .419; p = .517), there is no statistically significant relationship between the two variables: loyalty programme membership and gender. This contradicts the findings of Corbishley (2017, p. 72) and Meyer-Waarden (2015, p. 22) that gender has a significant impact on loyalty programme membership. This could be due to the change in social trends regarding gender-based marketing that more males are doing household shopping than was traditionally the case (Roberts-Lombard & Parumasur, 2017, p. 71). Furthermore, after completing their tertiary education qualifications, males purchase their own apartments and enter the bachelorhood phase. This could be a possible explanation of males doing grocery shopping.

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Table 5.4 Loyalty programme membership and Age

Loyalty programme membership	Age						Total Count
	18–29 years	30–39 years	40-49 years	50-59 years	60 years and older	Declined to respond	
Clicks ClubCard	51	93	37	19	12	4	216
Checkers Xtra Savings	54	88	38	25	10	0	215
Pick n Pay	50	78	37	23	11	1	200
Woolworths rewards	30	63	28	14	8	2	145
Dischem Loyalty programme	36	57	26	12	10	3	144
Spar Rewards	17	43	26	12	8	1	107
Other	11	13	4	2	3	0	33
Total count	65	108	46	33	16	4	272

Source: Researcher's own construct

Table 5.4 show that the younger generation aged 18 - 29 years and 30 - 39 years belong to significantly more FMCG loyalty programmes than the older generation of 50 years and older. This indicates that working-class consumers are loyalty card holders and contribute to the revenue of FMCG retailers. According to the Pearson Chi-Square ($\chi^2 = 2.990$; p = .702), there is no statistically significant relationship between the two variables: loyalty programme membership and age. This contradicts the findings of Cromhout et al. (2016, p. 16) and Goncalves and Sampaio (2012, p. 1521) that age has a significant impact on loyalty programme membership. This could be due to nature of products sold by FMCG retailers. Groceries, toiletries, and cleaning products are commodities and customers will purchase these products as it satisfies their physiological needs.

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Table 5.5 Source of loyalty programme awareness and Gender

Source	Gender		Total
	Male	**Female**	**Count**
An employee of the retailer	50	128	178
Your family	25	88	113
Your friends	16	65	81
Others	10	26	36
Your colleagues	3	17	20
Store manager	2	9	11
Total count	81	191	272

Source: Researcher's own construct

Table 5.5 show that an employee of the FMCG retailer introduced the loyalty programme to female respondents. It is interesting to note that the store managers are least influential in creating awareness of the loyalty programmes and correlates with the finding in Table 5.2. This finding supports the theory of that store managers are not classified as frontline employees (Jung, Yoo, & Arnold, 2021). According to the Pearson Chi-Square (χ^2 = .481; p = .488), the data suggests there is no statistically significant relationship between sources of loyalty programme awareness and gender. This contradicts the finding in Table 5.2 that females are the majority loyalty card members and in Table 5.6 that employees are ambassadors of their workplace and should be aware of the organization's marketing strategies such as loyalty programmes (Axcell et al., 2015, p. 35). This finding supports Roberts-Lombard and Parumasur (2017, p. 71) theory that due to the change in social trends regarding gender-based marketing that more males are doing household shopping than was traditionally the case.

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Table 5.6 Source of loyalty programme awareness and Age

Creating awareness	Age						Total Count
	18–- 29 years	30–- 39 years	40–- 49 years	50 -59 years	60 years and older	Declined to respond	
An employee of the retailer	49	70	27	20	9	3	178
Your family	33	50	14	8	6	2	113
Your friends	25	30	11	6	8	1	81
Your colleagues	2	11	5	0	2	0	20
Others	5	12	11	6	2	0	36
Store manager	2	3	3	1	1	1	11
Total count	65	108	46	33	16	4	272

Source: Researcher's own construct

Table 5.6 shows that an employee of the retailer has introduced the loyalty programme to respondents aged 18 - 29 years, 30 - 39 years and 40 - 49 years. This confirms the finding in Table 5.1 that these respective age groups are the target audience of FMCG retailers. It is also important to note that family members have introduced respondents to the loyalty programme and confirm to the influence of positive WOM on customer purchasing decisions (Thakur, 2018). According to the Pearson Chi-Square ($\chi^2 = 5.483$; $p = .360$), the data suggests that there is no statistically significant relationship between the variables: sources of loyalty programme awareness and age. Consumers could have been aware of the loyalty programmes through television, radio, and social media advertisements as the members of the loyalty programmes are classified as the working class (Kotler & Keller, 2016a, p. 582).

Table 5.7 Monthly spend and Age

Monthly spend	Age						Total Count
	18–29 years	30–39 years	40 -49 years	50 -59 years	60 years and older	Declined to respond	
Less than R2000	18	12	5	2	0	1	38
R2001– R3000	13	33	11	12	7	2	78
R3001– R4000	20	26	7	4	3	1	61
R4001– R5000	7	16	6	2	3	0	34
R5001– R6000	4	11	9	4	0	0	28
More than R6001	3	10	8	9	3	0	33
Total count	65	108	46	33	16	4	272

Source: Researchers Own Construct

Table 5.7 show that the majority of age group of 30 - 39 years spend monthly between R 2001 - R 3000 followed between R 3001 – R 4000 on groceries, cleaning products and toiletries. It is clear to see that the age group 18 - 29 years also spend between R 3001 - R 4000 per month on groceries, cleaning products and toiletries. Table 5.7 show that the age group 50 years and old spend significantly less than the other age groups. According to the Pearson Chi-Square (χ^2 = 45.364; p = .008), the data suggests that there is a statistically significant relationship between respondents' monthly grocery spend and age. This concurs with the finding that monthly spend and age impacts customer purchasing decisions (Meyer-Waarden, 2015, p. 22; Corbishley, 2017, p. 70).

Table 5.8 Loyalty programme selection and Education level

Loyalty programme selected	Education level									Total Count
	Primary School	Secondary School	Higher Certificate/N 6 Certificate	National Diploma /Diploma	Bachelor's degree/ Advanced Diploma/B Tech	Honours Degree/Post Graduate Diploma	Master's Degree	Doctoral Degree	Declined to respond	
Checkers Xtra Savings	2	14	18	11	29	11	11	6	2	104
Pick n Pay	2	6	6	3	15	14	7	8	0	61
Clicks ClubCard	0	3	4	5	7	10	7	1	5	42
Woolworths rewards	1	1	1	4	8	11	7	5	1	39
Dischem Loyalty programme	1	1	4	0	4	3	1	0	1	15
Spar Rewards	0	3	0	1	1	1	3	0	0	9
Other	0	1	0	0	0	0	1	0	0	2
Total count	6	29	33	24	64	50	37	20	9	272

Source: Researcher's own construct

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As seen in Table 5.8, the majority of the respondents selected Checkers Xtra Savings, followed by Pick n Pay to base their responses to the questionnaire on, and these respondents hold an Honours Degree and higher. Roberts-Lombard and Parumasur (2017, pp. 53-56) reported that education level is important when retailers select a target audience. According to the Pearson Chi-Square (χ^2 = 65.494; p = .047), the data suggests that there is a statistically significant relationship between loyalty programme selection and education level. This confirms the theory of Roberts-Lombard and Parumasur (2017, pp. 54-55) which states that education is linked to occupation, which is linked to income and social status - which determine customer retailer choice and influence their purchasing decisions.

Table 5.9 Frequency of use and Gross Income

Frequency of use	Monthly Gross Income								Total Count
	Less than R10 000	R10 0001-R20 000	R20 001-R30 000	R30 001-R40 000	R40 001-R50 000	R50 001-R60 000	More than R60 001	Declined to respond	
Never	0	1	0	0	0	0	0	0	1
Daily	5	7	7	10	4	1	1	3	38
Weekly	24	25	30	17	11	18	23	24	172
Monthly	11	7	8	5	2	4	4	16	57
Other	2	0	0	0	0	1	0	1	4
Total count	42	40	45	32	17	24	28	44	272

Source: Researcher's own construct

As seen in Table 5.9, the majority of respondents selected earned monthly an income between R 20 001 - R 30 000 and utilised their loyalty card on a weekly basis. It is interesting to note that the minority of respondents earned between R 40 001 - R50 000 and utilised their loyalty card on a weekly basis. According to the Pearson Chi-Square (χ^2 = 37.995; p = .098), the data suggests that there is no statistically significant relationship between the two variables: monthly gross income and frequency of loyalty cards. The impact of COVID-19 could have influenced this finding and many consumers were retrenched or got a reduction in salary (Business Tech, 2020).

5.5   CLUSTER ANALYSIS AND MEDIATION TESTS OF RESPONDENTS

Cluster analysis is a statistical method for classifying objects and represent similarity data (Punj & Stewart, 1983, p. 135). The goal of performing a cluster analysis is to sort different objects or data points into groups in a manner that the degree of association between two objects is high if they belong to the same group, and low if they belong to different groups. In this study, cluster analysis was used to group respondents in homogenous groups that shared similar characteristics and provided interesting groupings that marketers at retailers can use as a basis for their marketing strategies (Aggarwal, 2018, p. 591).

In this test the F-ratio and p value statistics were used as bases for interpreting the results. When the F ratio is close to 1 and p - value more than 0.05, it signified that there is no significance of similarity and differences among the customers in the different clusters (Zarei, 2010, p. 6).

5.5.1   Cluster analysis based on customer profile

The first cluster of consumers analysed in this study were based on the profile of the respondents. The profile of respondents consisted of six fields namely: loyalty programme membership, frequency of use, age, gender, education and monthly spend on groceries, toiletries, and cleaning products.

Table 5.10 Cluster analysis based on customer profile

Description	Cluster 1	Cluster 2
Size of the cluster	80%	20%
Gender	Females	Males
Age	40 – 49 years	60 years and older
Monthly spend	R2001 – R3000	More than R6001
Education	Bachelor's degree / Advanced Diploma / B Tech representing	National Diploma / Diploma
FMCG retailers	Woolworths	Woolworths
	Checkers	Checkers
	Pick n Pay	Pick n Pay
	Clicks	Clicks
	Dis-Chem loyalty	Dis-Chem
	Spar	Spar R
	Other	Other

Source: Researcher's own construct

As seen in Table 5.10, two clusters were formed based on the six fields selected namely: loyalty programme membership, frequency of use, age, gender, education and monthly spend on groceries, toiletries, and cleaning products. The cluster quality chart range indicates that the overall model quality is good at an average silhouette of 0.7, indicating a high cluster quality. Based on the cluster view, distinct differences can be seen in these two clusters:

5.5.1.1. Cluster 1

Customers in cluster 1 tend to be females, aged 40 - 49 years with a monthly spend between R2001 - R3000, holds a Bachelor's Degree/Advanced Diploma/B-Tech qualification. Cluster 1 consists of affluent consumers and are members of all the FMCG loyalty programmes included in this study.

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5.5.1.2. Cluster 2

Customers in cluster 2 tend to be males, aged 60 years and older with a monthly spend more than R6001. Cluster 2 consists of consumers that have a large budget for groceries, toiletries, and cleaning products. Cluster 2 consists of affluent customers. These consumers hold a National Diploma/Diploma and are members of all the FMCG loyalty programmes included in this study.

This information provides FMCG retailers with the demographics and behaviour of the target audience to formulate a suitable marketing strategy.

5.5.2 Cluster analysis based on customer loyalty programme profile

The loyalty programme profile of respondents will be presented in Table 5.11 and Table 5.12. Table 5.11 consisted of three fields namely: gender, loyalty programme selection and frequency of use.
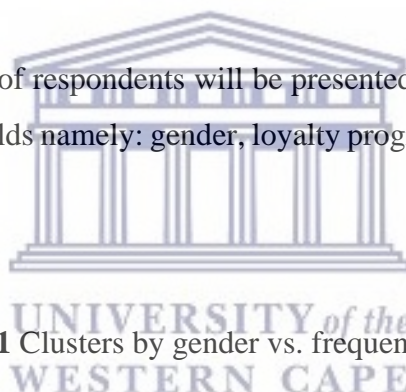
Table 5.11 Clusters by gender vs. frequency of use

Description	Cluster 1	Cluster 2	Cluster 3
Size of the cluster	29.8%	43.4%	26.8%
Gender	Male	Female	Female
Frequency of use	Weekly	Weekly	Monthly
FMCG retailers	Checkers	Checkers	Clicks

Source: Researcher's own construct

As seen in Table 5.11, three clusters were formed based on the three fields selected namely: gender, frequency of use and the FMCG retailer selected. The cluster quality chart range indicates that the overall model quality is fair, at an average silhouette of 0.5, indicating cluster quality. Based on the cluster view, distinct differences can be seen in these three clusters:

5.5.2.1.   Cluster 1

Customers in cluster 1 are males who selected Checkers Xtra Savings as the loyalty programme which they based their responses to the questionnaire on. These customers purchase groceries, toiletries, and cleaning products weekly from Checkers.

5.5.2.2.   Cluster 2

Customers in cluster 2 are females who selected Checkers Xtra Savings as the loyalty programme which they based their responses to the questionnaire on. These customers purchase groceries, toiletries, and cleaning products weekly from Checkers.

5.5.2.3.   Cluster 3

Customers in cluster 3 are females who selected Clicks ClubCard as the loyalty programme which they based they responses to the questionnaire on. These customers purchase groceries, toiletries, and cleaning products monthly from Clicks.

This information provides FMCG retailers with the demographics and behaviour of the target audience to formulate a suitable marketing strategy, pertaining product types, product prices, store promotions and product distribution.
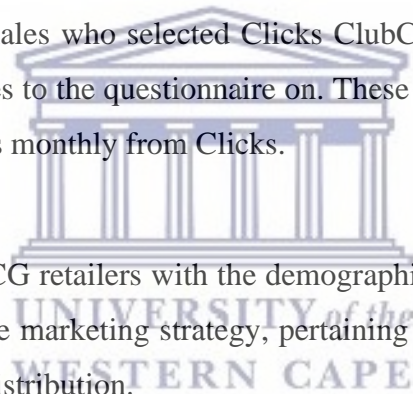
Table 5.12 Clusters by demographics vs. loyalty programme benefits

Description	Cluster 1	Cluster 2
Size of the cluster	52.9%	47.1%
Gender	Female	Female
Age	30 – 39 years	30 – 39 years
Education	Bachelor's degree / Advanced Diploma / B Tech	Honours Degree / Post Graduate Diploma
Frequency of use	Weekly	Weekly
FMCG retailers	Checkers	Checkers
Loyalty programme benefits	Utilitarian value (mean=3.21)	Utilitarian value (mean=4.16)
	Hedonic value (mean=2.91)	Hedonic value (mean=4.24)
	Symbolic value (mean=2.54)	Symbolic value (mean=3.87)

Source: Researcher's own construct

As seen in Table 5.12, two clusters were formed based on the five fields selected, namely: gender, age, loyalty programme selection and benefits of loyalty programme. The cluster quality chart range indicates that the overall model quality is fair, at an average silhouette of 0.5, indicating cluster quality. Based on the cluster view, distinct similarities in terms of loyalty programme benefits can be seen in these two clusters:
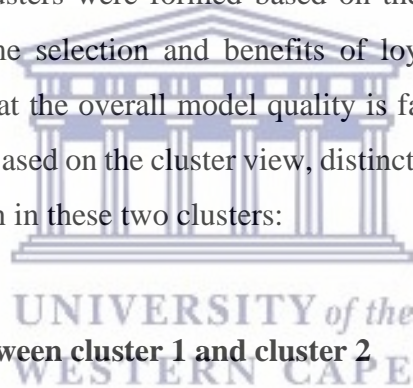
5.5.2.4.   Similarities between cluster 1 and cluster 2

In both Cluster 1 and Cluster 2 the customers are females and selected Checkers Xtra Savings as the loyalty programme which they based their responses to the questionnaire on and purchases weekly from Checkers.

5.5.2.5.   Differences between cluster 1 and cluster 2

Based on the cluster view, distinct differences in terms of loyalty programme benefits can be seen in these two clusters. The customers in cluster 1 holds a Bachelor's Degree/Advanced Diploma/B-Tech and the customers in cluster 2 holds a Honours Degree/Postgraduate Diploma. As seen in Table 5.12, the customers in cluster 2 have a significant positive attitude towards utilitarian, symbolic and hedonic value as loyalty programme benefits at Checkers. Compared

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to customers in cluster 1. These results support the findings that will be addressed in Section 5.6.2 that customers value utilitarian value (savings), hedonic value (points) and symbolic value (sense of belonging to a community).

This information provides FMCG retailers with the perception of customer attitudes towards loyalty programme benefits and incorporating sustainable benefits to the loyalty programme to ensure customer satisfaction and to retain its existing customers.

5.5.3   Mediation tests of demographics

Mediation tests were created to identify and explain the mechanism or process that underlies an observed relationship between an independent variable and a dependent variable via the inclusion of a hypothetical variable, known as a mediator variable.

In this study, it was of interest to determine the influence of customer's demographic profile towards customer repurchasing decisions.

5.5.3.1.   Mediation test regarding age

As seen in Table 5.13, the total effect between loyalty programme benefits (Predictor X) and customer repurchasing decisions (Outcome Y) coefficient is statistically significant at p <.001.

Table 5.13 Mediation test regarding age

Calculation type	Variable	Unstandardized coefficients B	Unstandardized coefficients Std. error	P Value	Point effect
Total effect between X and Y	Loyalty programme benefit (X) and customer repurchasing decisions (Y)	.614	.48	<.001	
Estimate the direct effect of X and M on Y	Path A	.621	.48	<.005	
	Path B	.68	.30	<.005	
	Path C	.615	.48	<.005	
Indirect effect of X and Y					-.0071

Source: Researcher's own construct

Secondly, the direct effect of loyalty programme benefits (X) and age as the Mediating variable (M) was calculated to find the Beta coefficient and Standard Error for path A as seen in Table 5.13 and is an essential requirement for calculating the indirect effect. As seen in Table 5.13, the direct effect between the predictor variable loyalty programme benefits and outcome variable age is significant (p< .001). Next, it can be observed that the effect between predictors loyalty programme benefits and age towards the outcome customer repurchasing decisions is significant (p<.005).

The estimation for the direct effect between X and Y, and M and Y was computed to find the Unstandardized Beta and Standard Error coefficients for paths B and C. The coefficients in Table 5.13 estimated the indirect effect for the mediation analysis.

Figure 5.1 depicts the summary of regression coefficients for mediation analysis.
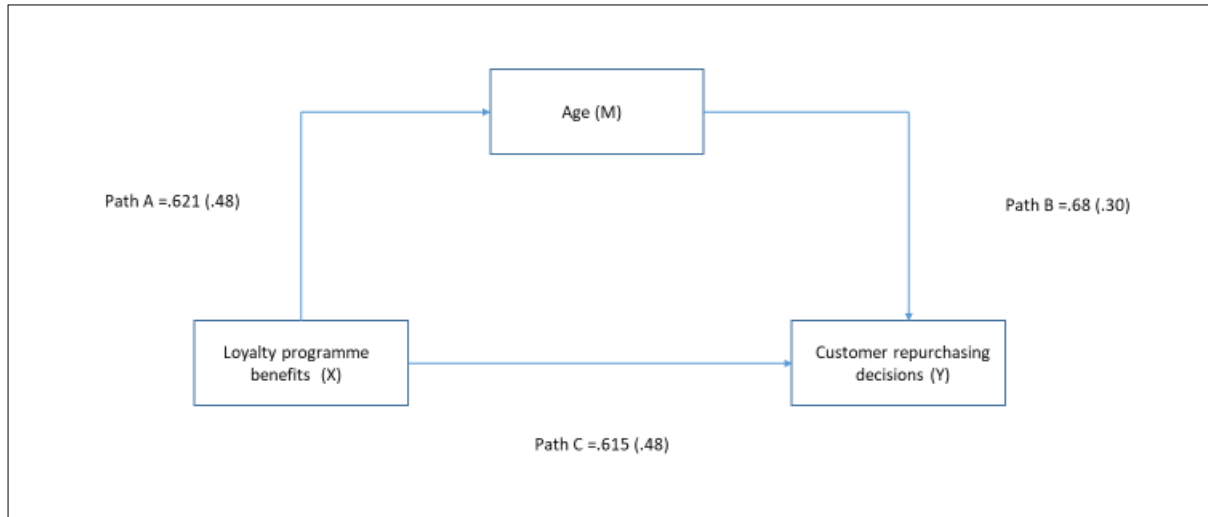
Figure 5.1: Summary of regression coefficients regarding age

Source: Researcher's own construct

The final step included calculating the mediation analysis using the software SPSS Process macro. The indirect effect of X on Y via mediator variable M with a point effect calculated at -.0071. These results indicate that age does influence loyalty programme benefits. Older consumers prefer utilitarian value, whereby younger consumers prefer hedonic and symbolic value. These benefits in turn influence customer repurchasing decisions (Cromhout et al. 2016, p. 28).

5.5.3.2. Mediation regarding income

A mediation tests was conducted to determine the influence of income on customer loyalty and customer repurchasing decisions.

As seen in Table 5.14, the total effect between customer loyalty (Predictor X) and customer repurchasing decisions (Outcome Y) coefficient is statistically significant at p <.001.

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Table 5.14 Mediation test regarding income

Calculation type	Variable	Unstandardized coefficients B	Unstandardized coefficients Std. error	P Value	Point effect
Total effect between X and Y	Customer loyalty (X) and customer repurchasing decisions (Y)	.602	.042	<.001	
Estimate the direct effect of X and M on Y	Path A	.251	.178	<.001	
	Path B	.021	.011	<.001	
	Path C	.729	.033	<.001	
Indirect effect of X and Y					.0056

Source: Researcher's own construct

The direct effect of customer loyalty (X) and income as the Mediating variable (M) was calculated to find the Beta coefficient and Standard Error for path A. As seen in Table 5.14, the direct effect between the predictor variable customer loyalty and outcome variable income is significant (p <.001). As seen in Table 5.14, the effect between predictors customer loyalty and income towards the outcome customer repurchasing decisions is significant (p <.001).
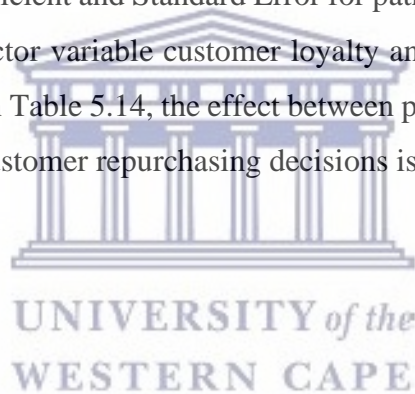
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The estimation for the direct effect between X and Y, and M and Y was computed to find the Unstandardized Beta and Standard Error coefficients for paths B and C. The coefficients in Table 5.14 estimated the indirect effect for the mediation analysis. Figure 5.2 depicts the summary of regression coefficients for mediation analysis.
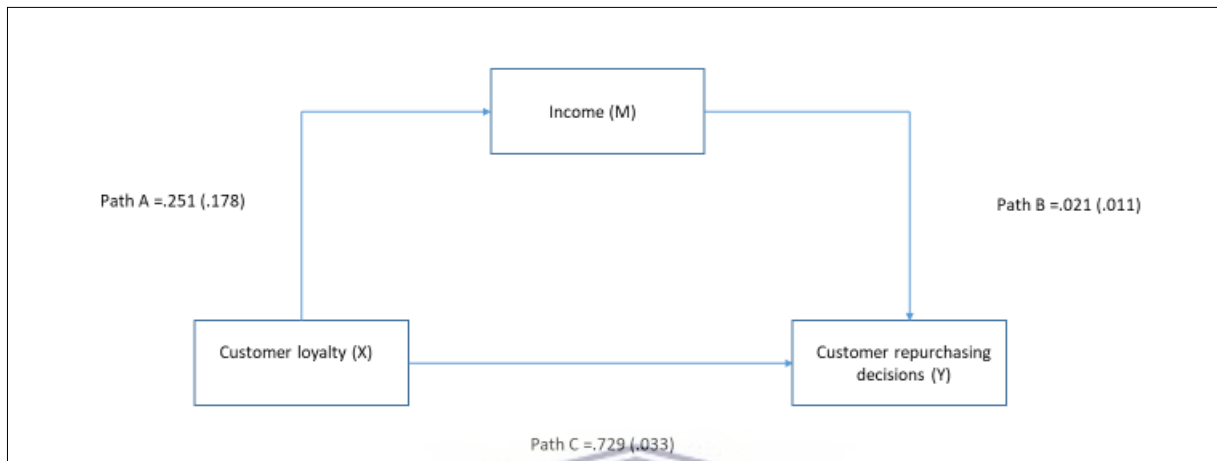
Figure 5.2: Summary of regression coefficients regarding income

Source: Researcher's own construct

The indirect effect of X on Y via mediator variable M with a point effect calculated at .0056. These results indicate that income does influence customer loyalty. Consumers who have the financial means will be loyal to a particular retailer as they will not be affected by distance of the retailer as well as the prices of products (Nuseir, 2020, pp. 5-6; Goncalves & Sampaio, 2012, p. 1521).

5.6   CUSTOMER ATTITUDES TOWARDS LOYALTY PROGRAMMES

The first objective of this study sought to examine customer attitudes towards South African FMCG retailers. This section presents the attitudes of customers regarding customer engagement, loyalty programme benefits, customer satisfaction, and customer loyalty towards customer repurchasing decisions.

Customer engagement, loyalty programme benefits, customer satisfaction, customer loyalty and customer repurchasing decisions were measured through descriptive analysis that include mean values and standard deviation. Customer attitudes towards FMCG retailers were measured on each of the five (5) variables comprising of fifty-five (55) items by means of a five-point Likert scale with 1 = '*strongly disagree*' and 5 = '*strongly agree*'. Customer attitudes on each of the fifty-five items were calculated as a summated average of the items classified under the constructs.

Furthermore, to ensure that the data utilised for descriptive analysis (mean values and standard deviation) was normally distributed, kurtosis and skewness were conducted. It is important to note that in this study the scale represents 0.1 - 2.9 (negative attitude), 3.0 - 3.4 (neutral attitude), 3.5 - 5.0 (positive attitude). Research Objective 1_{A-G} and the associated Research Question 1_{A-E} as presented in Chapter 6 was analysed using descriptive analysis, factor analysis and Cronbach's alpha which will be addressed in sections 5.6.1 and 5.6.2.

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5.6.1 Descriptive Analysis

Table 5.15 Customer engagement

	Descriptors	Mean	Std. Deviation	Skewness	Kurtosis
CE1	I like to actively participate in discussions with other consumers who are also loyalty card holders.	2.78	1.373	0.93	-1.224
CE2	I thoroughly enjoy exchanging information such as specials with other consumers who are also loyalty card holders.	3.36	1.454	-.355	-1.266
CE3	I would like to provide recommendations to improve the retailer's loyalty programme.	3.14	1.280	-.119	-.919
CE4	I often participate in activities of this FMCG retailer.	3.11	1.311	-.198	-1.031
CE5	Anything related to the retailer grabs my attention.	3.54	1.155	-.425	-.624
CE6	I love talking about my purchasing experience at the retailer	3.11	1.314	-.129	-1.084
CE7	I discuss the benefits that I get from this loyalty programme with others.	3.48	1.380	-.505	-1.004
CE8	I will provide feedback about my purchasing experiences with the retailer.	3.04	1.366	-.111	-1.190

Source: Researcher's own construct

As seen in Table 5.15, customer attitude regarding customer engagement was calculated as a summated average of all the items (CE1 – CE8) employed under the construct. The test for data normality was achieved through kurtosis and skewness tests. The data distribution is skewed to the left extending towards more negative values to the items CE2 – CE8. Furthermore, the mean value of all the items (CE1 – CE8) was 3.19 indicating a neutral attitude towards customer engagement at FMCG retailers.

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Item CE1 has a positive skewness value indicting that the sample positively responded to this statement. This informs FMCG retailers that the sample "*likes to actively participate in discussions with other consumers who are also loyalty card holders*". This result concurs with Abror et al. (2019) and indicated that satisfied customers will engage positively with the FMCG retailer and other loyalty card holders. Furthermore, the result for kurtosis is less than 1 indicating the distribution being platykurtic and indicated that customers negatively responded to the above items.

Table 5.16 Loyalty programme benefits: utilitarian value

	Descriptors	Mean	Std. Deviation	Skewness
LPB1	I spend more wisely.	3.95	1.026	-.888
LPB2	I save money.	3.99	.979	-.840
LPB3	I get cash back.	3.33	1.435	-.370
LPB4	I get discount when swiping my loyalty programme at the cash till point.	4.35	.917	-1.559
LPB5	I receive vouchers.	2.65	1.470	.333

Source: Researcher's own construct

As seen in Table 5.16, customer attitudes towards loyalty programme benefits specifically utilitarian value were calculated as a summated average of all the items (LPB1 – LPB5) employed under the construct. The data distribution is skewed to the left extending towards more negative values to the items LPB1 – LPB4. Furthermore, the mean value of all the items (LPB1 – LPB5) was 3.65 indicating a positive attitude towards utilitarian value loyalty programme benefits at FMCG retailers.

Item LPB5 has a positive skewness data distribution value indicting that the sample positively responded to this statement "*I receive vouchers*".

Table 5.17 Loyalty programme benefits: hedonic value

	Descriptors	Mean	Std. Deviation	Skewness
LPB6	I get rewarded for my investment in this relationship.	3.26	1.343	-.300
LPB7	I get prizes.	1.99	1.196	1.096
LPB8	I get gifts.	1.85	1.140	1.346
LPB9	I get access to store competitions that non-members don't get.	2.64	1.464	.316
LPB10	I can accumulate reward points.	3.57	1.513	-.647
LPB11	Collecting points is entertaining.	3.26	1.383	-.251
LPB12	I can redeem rewards.	3.56	1.462	-.624
LPB13	When I redeem my points, I feel good about myself	3.56	1.371	-.596
LPB14	I try new products I wouldn't have discovered otherwise.	3.15	1.352	-.148
LPB15	I have access to products on special.	4.22	.962	-1.307

Source: Researcher's own construct

As seen in Table 5.17, customer attitudes towards loyalty programme benefits specifically hedonic value were calculated as a summated average of all the items (LPB6 – LPB15) employed under the construct. The data distribution is skewed to the left extending towards more negative values to the items LPB6 and LPB10 – LPB15. Furthermore, the mean value of all the items (LPB6 – LPB15) was 3.10 indicating a neutral attitude towards hedonic value loyalty programme benefits at FMCG retailers.

Items LPB7 – LBP9 have a positive skewness distribution value indicting that the sample positively responded to these statements respectively "*I get prizes", "I get gifts" and "I get access to store competitions that non-members don't get.*

Table 5.18 Loyalty programme benefits: symbolic value

	Descriptors	**Mean**	**Std. Deviation**	**Skewness**
LPB16	I get recognition for my purchase decision.	2.98	1.410	.025
LPB17	I get better prices than non-members.	3.74	1.301	-.803
LPB18	I feel that I am getting good value.	4.02	.981	-.911
LPB19	I get discounts that non-members don't get.	3.79	1.273	-.909
LPB20	I get specials that non-members don't get.	3.79	1.240	-.879
LPB21	The retailer takes better care of me.	2.77	1.303	.198
LPB22	As a loyalty card holder, I am treated better than other non-members.	2.38	1.271	.627
LPB23	As a loyalty card holder, I feel I am more distinguished than other customers.	2.33	1.266	.624
LPB24	I belong to a community of people who share the same values.	2.88	1.254	.032
LPB25	I feel close to the brand.	2.96	1.262	-.050
LPB26	I can help a good cause by giving back to the community.	3.28	1.255	-.315

Source: Researcher's own construct

As seen in Table 5.18, customer attitudes towards loyalty programme benefits specifically symbolic value were calculated as a summated average of all the items (LPB16 – LPB26) employed under the construct. The data distribution is skewed to the left extending towards more negative values to the items LPB17 – LPB20, and LPB25 – LPB26. Furthermore, the mean value of all the items (LPB16 – LPB26) was 3.16 indicating a neutral attitude towards symbolic value loyalty programme benefits at FMCG retailers.

Items LPB16 and LPB21 – LPB24 has a positive skewness distribution value indicting that the sample positively responded to the statements respectively, "*I get recognition for my purchase decision", "The retailer takes better care of me", "As a loyalty card holder, I am treated better than other non-members", "As a loyalty card holder", I feel I am more distinguished than other customers and "I belong to a community of people who share the same values*".

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Table 5.19 Customer satisfaction

	Descriptors	Mean	Std. Deviation	Skewness	Kurtosis
CS1	The benefits I receive from being a member of this loyalty programme meet my expectations.	3.62	1.028	-.536	-.038
CS2	I made a good choice when I decided to participate in this loyalty programme.	4.01	.927	-.833	.462
CS3	My overall evaluation of this programme is positive.	4.03	.869	-.778	.576
CS4	All in all, I am satisfied with this loyalty programme.	3.98	.931	-.765	.312
CS5	Owning a loyalty card makes me purchase more often at this retailer.	3.89	1.199	-.957	-.001
CS6	Owning a loyalty card makes me spend more money at this retailer.	3.65	1.245	-.631	-.625

Source: Researcher's own construct

As seen in Table 5.19, customer attitude towards customer satisfaction were calculated as a summated average of all the items (CS1 – CS6) employed under the constructs. The data distribution is skewed to the left extending towards more negative values to the items CS1 – CS6. Furthermore, the mean value of all the items (CS1 – CS6) was 3.36 indicating a neutral attitude towards customer satisfaction at FMCG retailers. Furthermore, the result for kurtosis is less than 1 in all items in Table 5.19, indicating the distribution being platykurtic and that customers negatively responded to the above items. These results indicate that the majority of the sample are not satisfied with their selected loyalty programme.

Table 5.20 Customer loyalty

	Descriptors	Mean	Std. Deviation	Skewness	Kurtosis
CL1	Encourage relatives to sign up for this loyalty programme.	3.74	1.261	-.780	-.435
CL2	Positively recommend the FMCG retailer to other consumers.	3.82	1.132	-.923	.161
CL3	Encourage friends to do business with this FMCG retailer.	3.65	1.223	-.642	-.556
CL4	Maintain my relationship with this retailer.	3.90	`1.041	-.856	.288
CL5	Feel loyal to this retailer.	3.79	1.104	-.761	-.064
CL6	Buy more from this FMCG retailer than from other FMCG retailers.	3.91	1.055	-.885	.247
CL7	Shopping at this retailer for a long time, that is more than a year.	4.49	.801	-1.795	3.369
CL8	Believe that loyal-card programmes provide benefit to customers.	4.18	.904	-1.050	.827
CL9	Believe that use of loyalty cards positively influences customer shopping behaviour.	4.14	.924	-1.024	.800

Source: Researcher's own construct

As seen in Table 5.20, customer attitude towards customer loyalty were calculated as a summated average of all the items (CL1 – CL9) employed under the constructs. The data distribution is skewed to the left extending towards more negative values to the items CL1 – CL9. Furthermore, the mean value of all the items (CL1 – CL9) was 3.95 indicating a positive attitude towards customer loyalty towards FMCG retailers.

Furthermore, the result for kurtosis is less than 1 in all items in Table 5.20, indicating the distribution being platykurtic and that customers negatively responded to the above items, except for item CL7 "*shopping at this retailer for a long time, that is more than a year*" indicates that customers are loyal towards the retailer selected. This result concurs with the findings of Radder et al. (2015, p. 94) which states that loyal customers repeatedly purchase from the same FMCG retailer if they are satisfied with the offering and service.

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Table 5.21 Customer repurchasing decision

		Descriptors	Mean	Std. Deviation	Skewness	Kurtosis
CRD1		I trust this brand.	4.20	.859	-1.106	1.308
CRD2		I always purchase my groceries/toiletries/cleaning products at this FMCG retailer.	4.04	.956	-1.095	1.068
CRD3		I maintain my relationship with this retailer.	4.00	.921	-.884	.748
CRD4		I prefer this loyalty card more than other loyalty programmes proposed by other FMCG retailers.	3.83	`1.044	-.604	-.332
CRD5		My purchases at this retailer make me content.	3.90	1.005	-.841	.497
CRD6		I will always buy from this retailer in the future.	4.20	.870	-.972	.622

Source: Researcher's own construct

As seen in Table 5.21, customer attitude towards customer repurchasing decision were calculated as a summated average of all the items (CRD1 – CRD6) employed under the construct. The data distribution is skewed to the left extending towards more negative values to the items CRD1 – CRD6. Furthermore, the mean value of all the items (CRD1 – CRD6) was 4.02 indicating a positive attitude towards customer repurchasing decisions at FMCG retailers.

Furthermore, the result for kurtosis is less than 1 in items CRD3, CRD4, CRD5, CRD6, indicating the distribution being platykurtic and that customers negatively responded to the above items, except for items CRD1 "*I trust this brand*" and item CRD2 "*I always purchase my groceries/toiletries/cleaning products at this FMCG retailer.*" This indicates that customers are loyal towards the retailer selected. This result concurs with the findings of Radder et al. (2015, p. 94) which states that loyal customers repeatedly purchase from the same retailer.

5.6.2 Factor Analysis

Factor analysis was conducted to reduce constructs into smaller groups of latent constructs and test validity of the instrument employed using SPSS 28 (Rukuni, 2018, p. 13). To establish high

levels of construct validity of the scale, factor analysis was employed to determine the validity of the independent variables. For this study, an exploratory factor analysis was conducted to explore the underlying relationships between the items included in the measures of the customer engagement, loyalty programme benefits, customer satisfaction, customer loyalty and customer repurchasing decision construct. Requirements to proceed with exploratory factor analysis were determined via the sample size; ratio of cases to items, Kaiser-Meyer Olkin (KMO) measure of sampling adequacy and the Bartlett's test of sphericity (Shambare, 2012, p. 153). The minimum cut-off loading for items within factors was set at 0.4 (Field, 2009, p. 68).

Cronbach's Alpha was used to measure the reliability of the multi-item scales of the questionnaire (Shambare, 2012, p. 135). Ensuring high levels of reliability was critical to minimise bias and to provide a rigorous test for theory (in-theory falsification) (Rukuni, 2018, p. 139). Five variables were observed to have very high measures of reliability, exceeding 0.7 as summarised in Table 5.22 – Table 5.26. All fifty-five questions, the scales exceeded 0.5 for reliability testing, which according to Malhotra (2010, p. 173), Field (2009, p. 68) and Shambare (2012, p. 151) should be considered as an absolute minimum. Also, inter-item correlations of the items surpassed, thereby suggesting a satisfactory measure of internal consistency (Pallant, 2010, p. 161). The positive nature of these inter-item correlation matrices indicates that the items are measuring the same underlying characteristics and confirming the internal consistency of the scales.
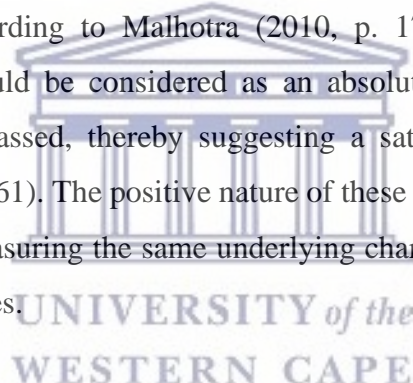
Table 5.22 Factor analysis of the customer engagement construct

	Factor loadings	**Eigenvalues % of variance**
CE7	.834	63.658
CE2	.827	10.535
CE1	.806	9.090
CE8	.796	7.275
CE6	.785	5.890
CE3	.735	3.552
Extraction Method: Principal Component Analysis. 2 components extracted.		
KMO = .847; χ^2 = 842.024; df = 15; p = .001; Cronbach's alpha = .896; AVE = .63;		
Composite reliability = .91		
Cumulative Total variance = 63.66%		

Source: Researcher's own construct

Table 5.22 presents the factor analysis results regarding the customer engagement construct that consist of six questions. The findings showed that, for the customer engagement construct, the KMO measure of sampling adequacy is .847 indicating that the sample size is sufficient. The Chi-square (χ^2 = 842.024; df = 15; p = .001), indicating that there is a statistically significant relationship between the variables for factor analysis, with a cumulative total variance score of 63.66 percent (Bartlett, 1954 & Kaiser, 1974). It can be observed from Table 5.22 that, for the customer engagement construct, two factors (CE4 and CE5) were extracted as the communality score was 4.61 and 4.93 respectively. In addition, the AVE estimate for each variance is .63 with a composite reliability of .91.

Table 5.23 Factor analysis of the loyalty programme construct

	Factor loadings			Eigenvalues % of variance
	1	**2**	**3**	
LPB23	.779			38.112
LPB22	.751			12.418
LPB7	.746			10.158
LPB21	.740			6.575
LPB8	.733			6.251
LPB25	.667			4.832
LPB24	.600			3.625
LPB12		.786		3.072
LPB10		.750		2.637
LPB3		.723		2.403
LPB13		.649		2.145
LPB11		.623		1.997
LPB20			.752	1.616
LPB19			.730	1.542
LPB4			.728	.978
LPB2			.665	.995
LPB1			.601	.682
Extraction Method: Principal Component Analysis.				
Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 6 iterations.				
KMO = .847; $\chi2$ = 2692.388; df = 136; p = .000; Cronbach's alpha = .930; AVE = .50;				
Composite reliability = .94				
Cumulative Total variance = 60.69%				

Source: Researcher's own construct

Table 5.23 presents the factor analysis results regarding the loyalty programme construct that consists of seventeen items. The findings showed that, for the loyalty programme construct, the KMO measure of sampling adequacy is .847, indicating that the sample size is sufficient. The Chi-square (χ^2 = 2692.388; df = 136; p = .000), indicating that there is a statistically significant relationship between the variables for factor analysis with a cumulative total variance score of 60.69 percent (Bartlett, 1954 & Kaiser, 1974). In addition, the AVE estimate for each variance is .50 with a composite reliability of .94.

Based on the Rotated Component Matrix, three themes were identified: Factor 1 was labelled 'Community' because of the high loadings by the following items: *As a loyalty card holder, I feel I am more distinguished than other customers; as a loyalty card holder, I am treated better than other non-members; I get prizes; I get gifts; I feel close to the brand, and I belong to a community of people who share the same values*. This first factor explained 24.70 percent of the variance after rotation.

Factor 2 was labelled 'Points' because of the high loadings by the following items: *I can redeem rewards; I can accumulate reward points; I get cash back; when I redeem my points, I feel good about myself and collecting points is entertaining*. This second factor explained 18.58 percent of the variance after rotation.

Factor 3 was labelled 'Savings' because of the high loadings by the following items: *I get specials that non-members don't get; I get discounts that non-members don't get; I get discount when swiping my loyalty programme at the cash till point; I save money and* I spend more wisely. This third factor explained 17.38 percent of the variance after rotation. Furthermore, it can be observed from Table 5.23 that, for the loyalty programme construct, nine factors (LPB 5, 6, 9, 14, 15, 16, 17, 18 and 26) were extracted, as the communality score for these items were less than 0.5.

Table 5.24 Factor analysis of the customer satisfaction construct

	Factor loadings	**Eigenvalues % of variance**
CS4	.915	73.090
CS3	.904	11.310
CS2	.874	6.645
CS1	.846	5.808
CS5	.721	3.147
Extraction Method: Principal Component Analysis. 1 component extracted. KMO = .875; χ2 = 929.478; df = 10; p = .001; Cronbach's alpha = .891; AVE = .85; Composite reliability = .93 Cumulative Total variance = 73.10%		

Source: Researcher's own construct

Table 5.24 presents the factor analysis results regarding the customer satisfaction construct that consist of five questions. The findings showed that, for the customer satisfaction construct, the KMO measure of sampling adequacy is .875, indicating that there is an adequate number of correlations between the variables for factor analysis. The Chi-square (χ^2 = 929.478; df = 10; p = .001), indicating that there is a statistically significant relationship between the variables for factor analysis, with a cumulative total variance score of 73.10 percent (Bartlett, 1954 & Kaiser, 1974). It can be observed from Table 5.24 that, for the customer satisfaction construct, one factor (CS6) was extracted as the communality score for this item was .453. Furthermore, it can be observed that the AVE estimate for each variance is .85 with a composite reliability of .93.

Table 5.25 Factor analysis of the customer loyalty construct

Factor loadings			
	1	**2**	**Eigenvalues % of variance**
CL3	.919		63.053
CL2	.906		12.286
CL1	.850		6.151
CL4		.448	5.945
CL5		.485	4.072
CL7		.824	2.604
CL8		.773	2.539
CL9		.707	2.223
CL6		.667	1.127
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 3 iterations.			
KMO = .901; χ2 = 1925.789; df = 36; p = .000; Cronbach's alpha = .925; AVE = .73;			
Composite reliability = .91			
Cumulative Total variance = 75.39%			

Source: Researcher's own construct

Table 5.25 presents the factor analysis results regarding the customer loyalty construct and consists of nine questions. The findings showed that, for the customer loyalty construct, the KMO measure of sampling adequacy is .901, indicating that there is an adequate number of correlations between the variables for factor analysis. The Chi-square (χ^2 = 1925.789; df = 36; p = .000), indicating that there is a statistically significant relationship between the variables for factor analysis, with a cumulative total variance score of 75.39 percent (Bartlett, 1954 & Kaiser, 1974). Furthermore, it can be observed that the AVE estimate for each variance is .73 with a composite reliability of .91.

Based on the Rotated Component Matrix, two themes were identified: Factor 1 was labelled 'Positive Word-of-Mouth' because of the high loadings by the following items: *Encourage friends to do business with this FMCG retailer; positively recommend the FMCG retailer to other consumers and* encourage relatives to sign up for this loyalty programme. This first factor explained 44.04 percent of the variance after rotation.

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Factor 2 was labelled 'Customer Relationships' because of the high loadings by the following items: *Maintain my relationship with this retailer; feel loyal to this retailer; shopping at this retailer for a long time, that is more than a year; believe that loyal-card programmes provide benefit to customers, believe that use of loyalty cards positively influences customer shopping behaviour and* buy more from this FMCG retailer than from other FMCG retailers. This second factor explained 31.29 percent of the variance after rotation.

Table 5.26 Factor analysis of the customer repurchasing decision construct

	Factor loadings	Eigenvalues % of variance
	1	
CRD6	.847	66.248
CRD3	.834	8.823
CRD5	.829	8.339
CRD4	.805	6.486
CRD1	.788	5.569
CRD2	.778	4.536
Extraction Method: Principal Component Analysis.		
KMO = .892; χ2 = 882.284; df = 15; p = .001; Cronbach's alpha = .896; AVE = .81;		
Composite reliability = .92		
Cumulative Total variance = 66.29%		

Source: Researcher's own construct

Table 5.26 presents the factor analysis results regarding the customer repurchasing decision construct and consists of six questions. The findings showed that, for the customer repurchasing decisions construct, the KMO measure of sampling adequacy is .892, indicating that there is an adequate number of correlations between the variables for factor analysis. The Chi-square (χ^2 = 882.284; df = 15; p = .001), indicating that there is a statistically significant relationship between the variables for factor analysis, with a cumulative total variance score of 66.29 percent (Bartlett, 1954 & Kaiser, 1974). Furthermore, it can be observed that the AVE estimate for each variance is .81 with a composite reliability of .92.

5.7   UNDERSTANDING THE BENEFITS THAT CUSTOMERS EXPECT IN A LOYALTY PROGRAMME

The second objective of this study sought to identify the benefits that customers expect in a loyalty programme and its and its effect on customer repurchasing decisions. This section presents the loyalty programme benefits namely utilitarian value, hedonic value and symbolic value and its impact on customer repurchasing decisions. Loyalty programme benefits were measured through descriptive analysis that include mean values. Customer attitudes towards each of the loyalty programme benefit items were calculated as a summated average. It is important to note that in this study a scale of 1.0 to 2.0 indicated a negative attitude, 3.0 to 3.9 was undecided and 4.0 to 5.0 indicated a positive attitude.

Research Objective 2 and the Research Question were analysed using descriptive analysis using mean values and will be addressed in the next section.

5.7.1   Utilitarian Value

Table 5.27 Utilitarian value

Utilitarian value	Mean value	Kurtosis
LPB1	3.95	.359
LPB2	3.99	.369
LPB3	3.33	-1.192
LPB4	4.35	2.293
LPB5	2.65	-1.293
Total	**3.65**	

Source: Researcher's own construct

The samples attitude for the mean of the four items namely LPB1, "*I spend more wisely*", LPB2, "*I save money*", LPB3, "*I get cash back*" and LPB5, "*I receive vouchers*" for utilitarian value was undecided. The highest positive attitude was significantly on item LPB4, "*I get discount when swiping my loyalty programme at the cash till point*". The mean for the five items resulted in a score of 3.65 and it can be deducted that the sample has an overall favourable attitude

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towards the utilitarian value of the loyalty programme. The findings in this study are similar to that of Stathopoulou and Balabanis (2016, p. 5) who found that customers prefer receiving rebates, discounts, cash back and vouchers as monetary rewards on their purchases redeemable at point of sales.

To add on, the result for kurtosis is less than 1 in items LPB1 – LPB3 and LPB5 indicating the distribution being platykurtic and indicated that customers negatively responded to the above items. It is interesting to note that item LPB4 has a positive kurtosis of 2.29 indicating that the distribution is leptokurtic and that customers have a positive attitude regarding this item *"I get discount when swiping my loyalty programme at the cash till point"*. These results indicate that customers expect monetary savings when joining a loyalty programme and concurs with the finding of Brashear-Alejandro et al. (2016).

5.7.2 Hedonic value

Table 5.28 Hedonic value

Hedonic value	Mean value	Kurtosis
LPB6	3.26	-1.040
LPB7	1.99	.209
LPB8	1.85	.997
LPB9	2.64	-1.306
LPB10	3.57	-1.083
LPB11	3.26	-1.116
LPB12	3.56	-.983
LPB13	3.56	-.792
LPB14	3.15	-1.138
LPB15	4.22	1.453
Total	**3.11**	

Source: Researcher's own construct

The samples attitude for the mean of the ten items for hedonic value was a combination of positive, undecided, and negative. The highest positive attitude was significantly on item LPB15 "*I have access to products on special*". The sample was indecisive for the majority of the items namely: LPB10, "*I can accumulate reward points*", LPB12, "*I can redeem rewards*",

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LPB13, "*When I redeem my points, I feel good about myself*", LPB6, "*I get rewarded for my investment in this relationship*" LPB11, "*Collecting points is entertaining*" and LPB14, "I try new products I wouldn't have discovered otherwise". To add on, the sample responded negatively to items LPB9, LPB7 and LPB8 respectively, "*I get access to store competitions that non-members don't get*", "*I get prizes*", and "*I get gifts*".

The mean for the ten items resulted in a score of 3.11 and it can be deducted that the sample has an indecisive attitude towards the hedonic value of the loyalty programme. The findings in this study contradicts the results of a study conducted by Stathopoulou and Balabanis (2016, p. 5) who found that incentives or rewards derived from hedonic value are important to loyalty card holders. In this study, the respondents expect utilitarian rewards that make a difference in their budgets when doing grocery shopping.

In addition, the result for kurtosis is less than 1 in items LPB6 – LPB14 indicating the distribution being platykurtic and indicated that customers negatively responded to the above items. It is interesting to note that item LPB15 has a positive kurtosis of 1.45 indicating that the distribution is leptokurtic and that customers have a positive attitude regarding this item *"I have access to products on special"*. These results indicate that customers expect non-financial rewards as well that provide the customer a basis for developing a deeper relationship with FMCG retailers (Brashear-Alejandro et al. 2016).

5.7.3 Symbolic Value

Table 5.29 Symbolic value

Symbolic Value	Mean value	Kurtosis
LPB16	2.98	-1.225
LPB17	3.74	-.460
LPB18	4.02	.489
LPB19	3.79	-.211
LPB20	3.79	-.218
LPN21	2.77	-.999
LPB22	2.38	-.570
LPB23	2.33	-.636
LPB24	2.88	-.937
LPB25	2.96	-.976
LPB26	3.28	-.804
Total	3.16	

Source: Researcher's own construct

The samples attitude for the mean of the eleven items for symbolic value was a combination of positive, undecided, and negative. The highest positive attitude was significantly on item LPB18 "*I feel that I am getting good value*". The sample was indecisive for the majority of the items namely: LPB20, "*I get specials that non-members don't get*", LPB19, "*I get discounts that non-members don't get*", LPB17, "*I get better prices than non-members*", and LPB26, "*I can help a good cause by giving back to the community*". Furthermore, the sample responded negatively to items LPB25, LPB16, LPB24, LPB21, LPB22 and LPB23 respectively, "*I feel close to the brand*", "*I get recognition for my purchase decision*", *"*I belong to a community of people who share the same values", "The retailer takes better care of me", "As a loyalty card holder", "I am treated better than other non-members*" *and* "*as a loyalty card holder, I feel I am more distinguished than other customers*".

The mean for the eleven items resulted in a score of 3.16 and it can be deducted that the sample has an indecisive attitude towards the symbolic value of the loyalty programme. The findings in this study contradicts the results of a study conducted by Stathopoulou and Balabanis (2016, p. 5) who found that incentives or rewards derived from symbolic value are important to a

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loyalty card holder. Furthermore, the result for kurtosis is less than 1 in all items in Table 5.29, indicating the distribution being platykurtic and that customers negatively responded to the above items. These results indicate that the majority of the sample do not find value solely in symbolic value.

5.8 THE EFFECT OF LOYALTY PROGRAMME BENEFITS ON CUSTOMER REPURCHASING DECISIONS

AMOS 28 through structural equation modelling was utilised to answer Research Objective 3 and the associated Research Question 3 as reported in Chapter 6. The model fit was assessed using Chi-square, Degree of Freedom and the p value, coupled with other model fit indices such as Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), Root Mean Square Error of Approximation (RMSEA) and Standardized Root Mean Squared Residual (SRMR). The recommended cut off value for the goodness of fit indices was based on Hu and Bentler (1999, p. 433) and Shiu, Hair, Bush and Ortinau (2009, p. 678) recommendations. Following common practice acceptable model fit is indicated by value greater than .90 for CFI and TLI, and a value of less than 0.08 for RMSEA. However, a cut-off value close to .90 for TLI, CFI; and a cut-off value close to .06 for RMSEA are needed to support that there is a relatively good fit between the hypothesised model and the observed data (Hu & Bentler, 1999, p. 134). To measure validity, convergent validity and discriminant validity was used. To ensure convergent validity, the item to total correlation values and factor loadings must be greater than 0.5 and to measure discriminant validity, the AVE estimates for each construct must be greater than 0.4. The hypothesised relationships between constructs were tested using structural equation modelling as seen in Figure 5.3 and Figure 5.4.

5.8.1 Structural Equation Model: Loyalty Programme Benefits

As discussed in Section 5.6.2, the factor analysis for loyalty programme benefits were presented in Table 5.23, and categorised into three themes namely: Community (COMM1), Points (POINTS1) and Savings (SAVINGS1) as seen in Figure 5.3:
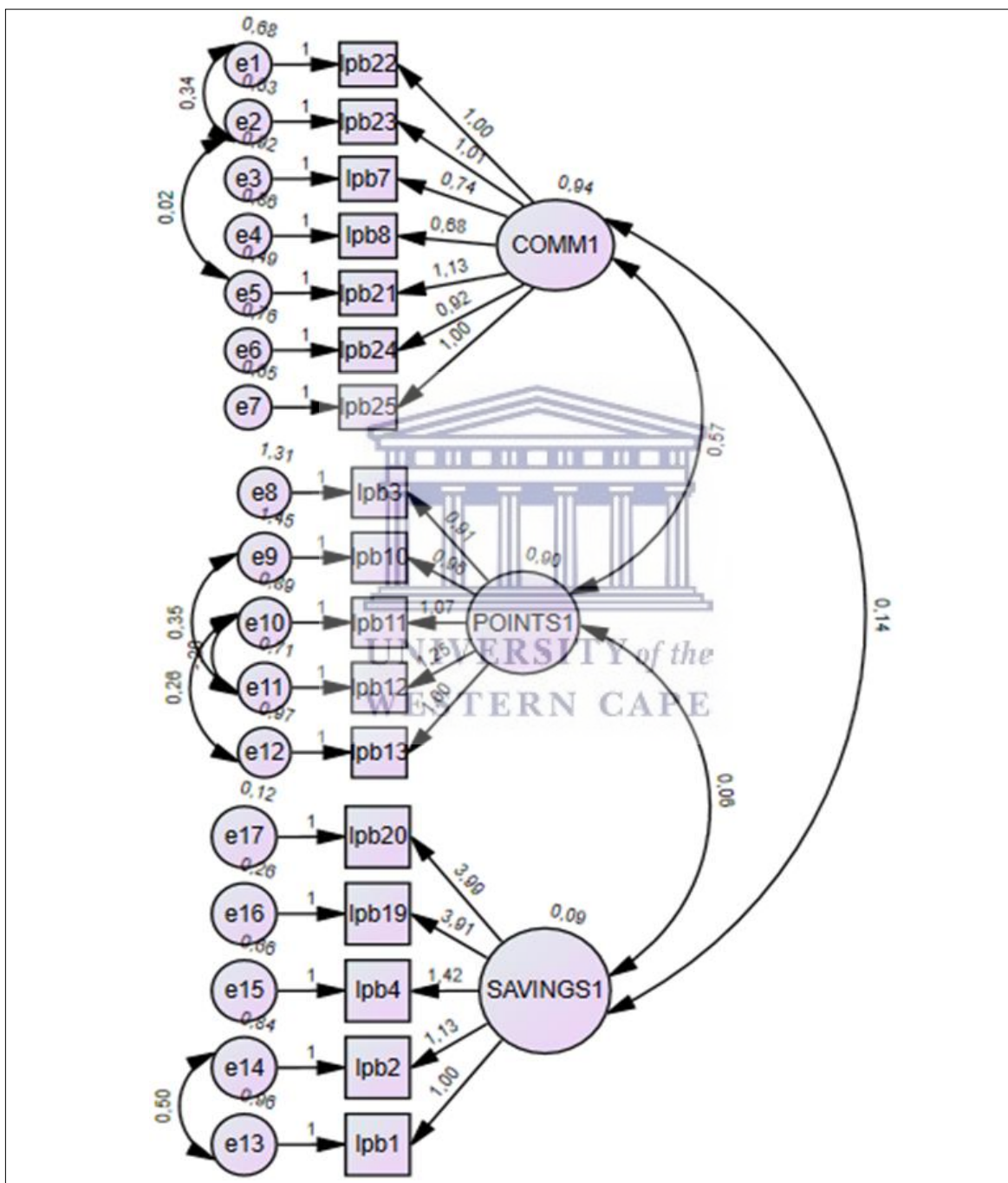
Figure 5.3: Structural Equation Model: Loyalty Programme Benefits.

Source: Researcher's own construct

To achieve model fitness, the following four steps to the model were carried out as follows:

Step 1: Creation of a path direction from Community to LPB 22, LPB23, LPB7, LPB8, LPB21, LPB24 and LPB25.

Step 2: Creation of a path direction from Points to LPB 3, LPB10, LPB11, LPB12 and LPB13.

Step 3: Creation of a path direction from Savings to LPB20, LPB19, LPB4, LPB2 and LPB1.

Step 4: Creation of a covariance relationship between Community, Points and Savings.

The four-step design led to a structural model depicted in Figure 5.3. Community, Points and Savings is a prediction of loyalty programme benefits that customers value in a loyalty programme. The model achieved a good fit. The resultant goodness of fit indices showed a good fit (PCMIN/DF = 4.383; CFI = .945; TLI = .927; RMSEA = .070; SRMR = .054; χ^2 =482.179, df = 110, p = 000). The results support the conclusion that the latent factors are reflections of the associated observed variables.

The resultant for Community, Points and Savings is valid and reliable. The results for the three latent factors are indicated respectively as, (Community AVE =.61); (Points AVE =.82) and (Savings AVE =.86).

5.8.2 Structural Equation Model: Customer Loyalty

As discussed in Section 5.6.2, the factor analysis for customer loyalty were presented in Table 5.25, and classified into two themes namely: Positive Word-of-Mouth (PWOM) and Customer Relationships (CR) as seen in Figure 5.4:
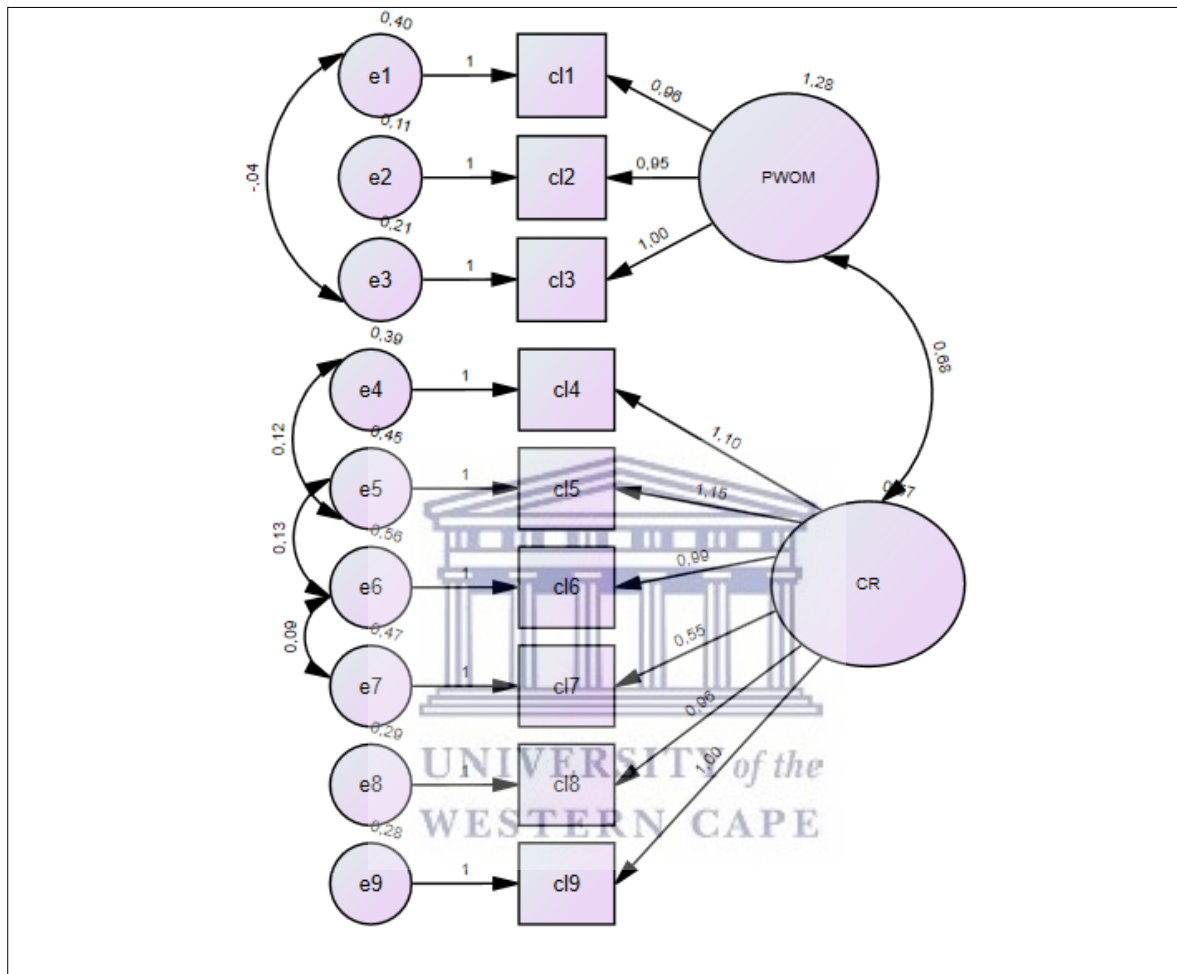
Figure 5.4: Structural Equation Model: Customer Loyalty.

Source: Researcher's own construct

The four-step design led to a structural model depicted in Figure 5.4. Positive WOM and Customer Relationships are a prediction of customer loyalty. The model achieved a good fit. The resultant goodness of fit indices showed a good fit (PCMIN/DF = 6.008; CFI = .943; TLI = 0.906; RMSEA = .136; SRMR = .000; $\chi 2$ =132.185, df = 22, p = .000). The results support the conclusion that the latent factors are reflections of the associated observed variables.

The resultant for Positive WOM and Customer Relationships is valid and reliable. The results for the two latent factors are indicated respectively as, (Positive WOM AVE =.98), and (Customer Relationships AVE =.97).

5.9 HYPOTHESIS TESTING

Linear regression analysis was employed to test the alternative hypotheses based on the Coefficient and ANOVA statistics. In this test the F-ratio and p value statistics were used as bases for interpreting the results in Table 5.30.

In this test the coefficient ratio and p value statistics were used as bases for interpreting the results. A positive coefficient indicates that as the value of the independent variable increases, the mean of the dependent variable also tends to increase. When the p - value is less than 0.05 ($P < 0.05$) it signified that the predictor variables are statistically significant (Frost, 2022).
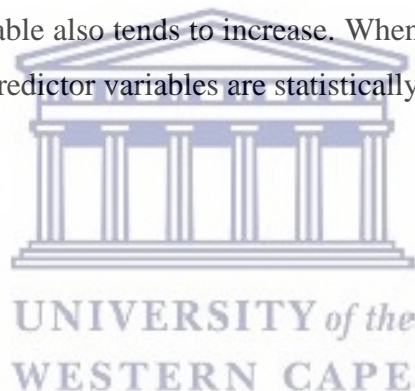
Table 5.30 Summary of hypothesis testing

Hypothesis	Independent variable	Dependent variable	Coefficient	Constant	P Value	F-Ratio	Result
H1$_A$	Customer engagement	Customer repurchasing decision	2.626	.440	p<0.05	137.610	Accept
H1$_B$	Customer satisfaction	Customer repurchasing decision	1.460	.665	p<0.05	302.574	Accept
H1$_C$	Customer loyalty	Customer repurchasing decision	1.125	.734	p<0.05	484.471	Accept
H2$_A$	Utilitarian value	Customer repurchasing decision	2.098	.528	p<0.05	111.368	Accept
H2$_B$	Hedonic value	Customer repurchasing decision	2.552	.476	p<0.05	109.821	Accept
H2$_C$	Symbolic value	Customer repurchasing decision	2.559	.463	p<0.05	116.596	Accept

Source: Researcher's own construct

5.9.1 Hypothesis H1

This alternative hypothesis aims to examine customer attitudes regarding the independent variables towards customer repurchasing decisions at FMCG retailers. This hypothesis is categorised into three sub-hypotheses:

5.9.1.1. Hypothesis H1$_A$

Hypothesis H1$_A$ which states that customer engagement has a significant effect on customer repurchasing decisions at FMCG retailers, is accepted (coef. = 2.626; constant = .440; F = 137.610; p = .001) as indicated in Table 5.30. For the sampled data, customer engagement showed a positive statistically significant effect. This finding is similar to the study carried out

by Boateng (2019) that customer engagement has a significant influence on customer repurchasing decisions. Thakur (2018) also alluded that customer engagement has a significant impact on customer repurchasing decisions, as communication or interaction between a customer and a FMCG retailer form the basis of building a relationship between the two parties.

5.9.1.2.   Hypothesis H1$_B$

Hypothesis H1$_B$ which states that customer satisfaction has a significant effect on customer repurchasing decisions at FMCG retailers, is accepted (coef. = 1.460; constant = .665; F = 302.574; p = .001) as indicated in Table 5.30. For the sampled data, customer satisfaction showed a positive statistically significant effect. This finding is similar to the study carried out by Mgiba and Madela (2020) and El-Adly (2019, p. 323) that found customer satisfaction to have a significant influence on customer repurchasing decisions as satisfied customers positively influences their loyalty towards retailers.

5.9.1.3.   Hypothesis H1$_C$

Hypothesis H1$_C$ which states that customer loyalty has a significant effect on customer repurchasing decisions at FMCG retailers, is accepted (coef. = 1.125; constant = .734; F = 484.471; p = .001) as indicated in Table 5.30. For the sampled data, customer loyalty showed a positive statistically significant effect. This finding is similar to the study carried out by the University of the Witwatersrand (2019, p. 3), Vilkaite-Vaitone and Papsiene (2016, p. 114) and Radder et al. (2015, p. 94) who found that customer loyalty has a significant influence on customer repurchasing decision.

5.9.2   Hypothesis H2

This alternative hypothesis aims to determine the impact of loyalty programme benefits on customer repurchasing decisions at FMCG retailers. This hypothesis is categorised into three sub-hypotheses:

5.9.2.1. Hypothesis H2A

Hypothesis H2A which states that utilitarian value has a significant effect on customer repurchasing decisions at FMCG retailers, is accepted (coef. = 2.098; constant = .528; F=111.368; p = .001) as indicated in Table 5.30. For the sampled data, utilitarian value showed a positive statistically significant effect. This finding is similar to the study carried out by Zakaria et al. (2014, p. 28) and Stathopoulou and Balabanis (2016, p. 4) that found utilitarian value to have a significant influence on customer repurchasing decisions, as satisfied customers will engage in repurchasing at FMCG retailers.

5.9.2.2. Hypothesis H2B

Hypothesis H2B which states that hedonic value has a significant effect on customer repurchasing decision, is accepted (coef. = 2.552; constant = .476; F= 109.821; p = .001) as indicated in Table 5.30. For the sampled data, hedonic value showed a positive statistically significant effect. This finding is similar to the study carried out by Thakur (2018) and Stathopoulou and Balabanis (2016, p. 4) that found hedonic value to have a significant influence on customer repurchasing decisions as satisfied customers will engage in repurchasing at FMCG retailers.

5.9.2.3. Hypothesis H2C

Hypothesis H2C which states that symbolic value has a significant effect on customer repurchasing decision, is accepted (coef. = 2.559; constant = .463; F = 116.596; p = .001) as indicated in Table 5.30. For the sampled data, symbolic value showed a positive statistically significant effect. This finding is similar to the study carried out by Brashear - Alejandro et al. (2016) and the University of the Witwatersrand (2019, p. 9) that found symbolic value to have a significant influence on customer repurchasing decisions, as satisfied customers value psychological benefits as it makes them feel valued and appreciated. This builds long-term relationships with customers.

5.10   CONCLUSION

This Chapter presented several descriptive and inferential statistical analyses that were carried out to answer the research questions. Descriptive analysis took the form of frequency tables, kurtosis, skewness, mean values, and standard deviation. Inferential analysis included reliability and validity analysis through Cronbach's alpha, composite reliability, and factor analysis respectively. Cluster analysis, mediation tests, cross tabulation and chi-square tests was used to identify patterns between the respondents and their loyalty programme profile. Structural equation modelling was used to test the significant effect of loyalty programme benefits on customer repurchasing decisions. The sub-constructs namely: customer engagement, loyalty programme benefits, customer satisfaction, customer loyalty and customer repurchasing decision were tested for reliability and validity. Finally, the hypothesised relationships between constructs were tested using linear regression analysis.

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CHAPTER 6:

CONCLUSIONS AND RECOMMENDATIONS

6.1   CHAPTER OVERVIEW

Conclusions and recommendations of this study are provided in this Chapter. In this concluding chapter, the research objectives, research questions and research hypotheses set out in Chapter 1 will be evaluated. Recommendations are provided to assist South African FMCG retailers to rework its loyalty programme strategy and achieve a competitive advantage.

6.2   INTRODUCTION

The implications of findings on the body of knowledge are communicated with a view to not only guiding theory, but also setting out practical implications for FMCG retailers. This study focused on examining customer attitudes towards FMCG retailers to influence customer repurchasing decisions and to provide sustainable loyalty programme benefits to attract and retain customers. An extensive review of the literature also indicated a gap in the body of knowledge related to the paucity of studies that link customer engagement, loyalty programme benefits, customer satisfaction and customer loyalty towards customer repurchasing decisions at South African FMCG retailers. This study addressed this gap in the literature.

The purpose of this study was to address the primary research objectives, which were:

RO1: To examine customer attitudes towards FMCG retailers and its effect on customer repurchasing decisions.

RO2: To identify the benefits that customers expect in a loyalty programme and its effect on customer repurchasing decisions.

RO3: To measure the effect of loyalty programme benefits on customer repurchasing decisions.

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The research question that was developed from the research objectives, asks:

How do customer attitudes as well as loyalty programme benefits influence customer repurchase decisions at FMCG retailers in South Africa?

The following hypotheses were formulated for this study:

H1: Customer attitudes have a significant effect on customer repurchasing decisions at FMCG retailers.

> **H1$_A$:** Customer engagement has a significant effect on customer repurchasing decisions at FMCG retailers.
>
> **H1$_B$:** Customer satisfaction has a significant effect on customer repurchasing decisions at FMCG retailers.
>
> **H1$_C$:** Customer loyalty has a significant effect on customer repurchasing decisions at FMCG retailers.

H2: Loyalty programme benefits have a significant effect on customer repurchasing decisions.

> **H2$_A$:** Utilitarian value have a significant effect on customer repurchasing decision.
>
> **H2$_B$:** Hedonic value have a significant effect on customer repurchasing decision.
>
> **H2$_C$:** Symbolic value have a significant effect on customer repurchasing decision.
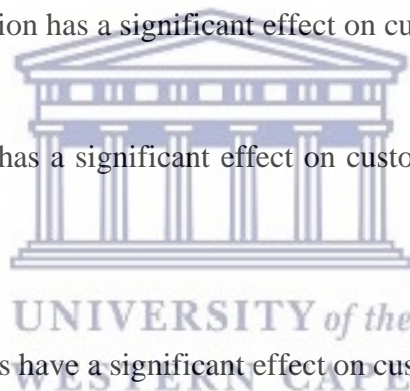
6.3 SUMMARY OF THE FINDINGS

This study produced the following findings listed as follow:

i. Customers had an undecided/neutral attitude towards customer engagement at FMCG retailers.

ii. Customers had a positive attitude towards loyalty programme benefits, customer satisfaction, customer loyalty and customer repurchasing decisions at FMCG retailers.

iii. Customer engagement has a significant effect on customer repurchasing decisions at FMCG retailers.

iv. Customer satisfaction has a significant effect on customer repurchasing decisions at FMCG retailers.

v. Customer loyalty has a significant effect on customer repurchasing decisions at FMCG retailers.

vi. Utilitarian value has a significant effect on customer repurchasing decisions at FMCG retailers.

vii. Hedonic value has a significant effect on customer repurchasing decisions at FMCG retailers.

viii. Symbolic value has a significant effect on customer repurchasing decisions at FMCG retailers.

The summary of hypotheses and major findings are provided in Table 6.1.

Table 6.1 A summary of the hypotheses and major results

	Hypotheses	Results
H1	Customer attitudes have a significant effect on customer repurchasing decisions at FMCG retailers.	Accepted
H1$_A$	Customer engagement has a significant effect on customer repurchasing decisions at FMCG retailers.	Accepted
H1$_B$	Customer satisfaction has a significant effect on customer repurchasing decisions at FMCG retailers.	Accepted
H1$_C$	Customer loyalty has a significant effect on customer repurchasing decisions at FMCG retailers.	Accepted
H2	Loyalty programme benefits have a significant effect on customer repurchasing decisions.	Accepted
H2$_A$	Utilitarian value have a significant effect on customer repurchasing decision.	Accepted
H2$_B$	Hedonic value have a significant effect on customer repurchasing decision.	Accepted
H2$_C$	Symbolic value have a significant effect on customer repurchasing decision.	Accepted

Source: Researcher's own construct

6.4 CONCLUSIONS ON RESEARCH OBJECTIVES

Following the data analysis, several conclusions were drawn that answered the research objectives, research question and hypotheses. The conclusions on the research objectives are as follows:

6.4.1 Conclusion on Research Objective 1

Research Objective 1 has associated Research Objectives RO1$_{A-G}$ sought to examine customer attitudes towards South African FMCG retailers, and its effect on customer repurchasing decisions. Based on the findings from descriptive analysis that included mean within the range of 0.1 – 2.9 (negative attitude), 3.0 – 3.4 (neutral attitude), 3.5 – 5.0 (positive attitude) standard deviation, skewness data distribution and factor analysis, the following is concluded:

6.4.1.1. RO1$_A$: To examine customer attitudes regarding customer engagement at South African FMCG Retailers

Customers had an undecided/neutral attitude toward customer engagement at FMCG retailers. The undecided/neutral attitude towards customer engagement at FMCG retailers was evidenced by the mean values within the range of 3.0 to 3.4 and negative skewness data distribution of seven items.

The eight items had an average mean value of 3.19 and skewness data distribution is negative. Based on the mean values within the range 3.0 – 3.4, it was concluded that customers had an undecided/neutral attitude towards items that represented customer engagement.

Furthermore, the factor analysis results p-value for the Bartlett's Test of Sphericity is significant at p = .001, with a cumulative total variance score of 63.66 percent.

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6.4.1.2. RO1ᴮ: To examine customer attitudes regarding utilitarian loyalty programme benefits at South African FMCG retailers

Customers had a positive attitude toward utilitarian value at FMCG retailers. The positive attitude of utilitarian value at FMCG retailers was evidenced by the mean values within the range of 3.5 to 5.0 and negative skewness data distribution of four items. The five items had an average mean value of 3.65 and skewness data distribution is negative. Based on the mean values within the range 3.5 – 5.0, it was concluded that customers had a positive attitude towards items that represented utilitarian value as a loyalty programme benefit.

Furthermore, the factor analysis results p-value for the Bartlett's Test of Sphericity is significant at p = .000, with a cumulative total variance score of 60.69 percent.

6.4.1.3. RO1ᶜ: To examine customer attitudes regarding hedonic loyalty programme benefits at South African FMCG retailers

Customers had an undecided/neutral attitude toward hedonic value at FMCG retailers. The undecided/neutral attitude of hedonic value at FMCG retailers was evidenced by the mean values within the range of 3.0 to 3.4 and negative skewness data distribution of seven items. The ten items had an average mean value of 3.11 and skewness data distribution is negative. Based on the mean values within the range 3.0 – 3.4, it was concluded that customers had an undecided/neutral attitude towards items that represented hedonic value as a loyalty programme benefit.

Additionally, the factor analysis results p-value for the Bartlett's Test of Sphericity is significant at p = .000, with a cumulative total variance score of 60.69 percent.

6.4.1.4. RO1ᴰ: To examine customer attitudes regarding symbolic loyalty programme benefits at South African FMCG retailers

Customers had undecided/neutral attitude toward symbolic value at FMCG retailers. The undecided/neutral attitude of symbolic value at FMCG retailers was evidenced by the mean values within the range of 3.0 to 3.4 and negative skewness data distribution of six items. The

eleven items had an average mean value of 3.16 and skewness data distribution is negative. Based on the mean values within the range 3.0 – 3.4, it was concluded that customers had an undecided/neutral attitude towards items that represented symbolic value as a loyalty programme benefit.

In addition, the factor analysis results p-value for the Bartlett's Test of Sphericity is significant at p = .000, with a cumulative total variance score of 60.69 percent.

6.4.1.5. RO1ᴇ: To examine customer attitudes regarding customer satisfaction at South African FMCG retailers

Customers had an undecided/neutral attitude toward customer satisfaction at FMCG retailers. The undecided/neutral attitude towards customer satisfaction at FMCG retailers was evidenced by the mean values within the range of 3.0 to 3.4 and negative skewness data distribution of six items. The six items had an average mean value of 3.36 and skewness data distribution is negative. Based on the mean values within the range 3.0 – 3.4, it was concluded that customers had undecided/neutral attitude towards items that represented customer satisfaction.

To add on, the factor analysis results p-value for the Bartlett's Test of Sphericity is significant at p = .001, with a cumulative total variance score of 73.10 percent.

6.4.1.6. RO1ꜰ: To examine customer attitudes towards customer loyalty at South African FMCG retailers

Customers had a positive attitude toward customer loyalty at FMCG retailers. The positive attitude towards customer loyalty at FMCG retailers was evidenced by the mean values within the range of 3.5 to 5.0 and negative skewness data distribution of nine items. The nine items had an average mean value of 3.95 and skewness data distribution is negative. Based on the mean values within the range 3.5 – 5.0, it was concluded that customers had a positive attitude towards items that represented customer loyalty.

Furthermore, the factor analysis results p-value for the Bartlett's Test of Sphericity is significant at p = .000, with a cumulative total variance score of 75.39 percent.

6.4.1.7. RO1$_G$: To examine customer attitudes towards customer repurchasing decisions at FMCG retailers

Customers had a positive attitude toward customer repurchasing decisions at FMCG retailers. The positive attitude towards customer repurchasing at FMCG retailers was evidenced by the mean values within the range of 3.5 to 5.0 and negative skewness data distribution of six items. The six items had an average mean value of 4.02 and skewness data distribution is negative. Based on the mean values within the range 3.5 – 5.0, it was concluded that customers had a positive attitude towards items that represented customer repurchasing decisions.

Furthermore, the factor analysis results p-value for the Bartlett's Test of Sphericity is significant at p = .001, with a cumulative total variance score of 66.25 percent.

In summary, the assessment through descriptive analysis for this study concludes that customers had neutral/undecided attitudes towards customer engagement and customer satisfaction at FMCG retailers and towards the hedonic and symbolic value as loyalty programme benefits. It is important to note that customers had a positive attitude towards utilitarian value as a loyalty programme benefit, and a positive attitude towards customer loyalty and customer repurchasing decisions at FMCG retailers. These findings support previous studies conducted by Thakur (2018), Herjanto and Amin (2020, p. 6), Van Tonder and Petzer (2018) and Rather and Sharma (2016), Zakaria et al. (2014, p. 28) and Mgiba and Madela (2020).

6.4.2 Conclusion on Research Objective 2

Research Objective 2 (*to identify the benefits that customers expect in a loyalty programme and its effect on customer repurchasing decisions*) and the associative Research Question 2 (*what are the benefits that customers expect in a loyalty programme?*) sought to identify the benefits that customers expect in a loyalty programme. Based on the findings from descriptive analysis that included mean values, it is concluded that FMCG customers expect utilitarian value, hedonic value, and symbolic value as loyalty programme benefits and that FMCG retailers must incorporate these value benefits in its loyalty programme development. The findings are summarised as follow:

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i.   The mean value for the five items of utilitarian value resulted in a score of 3.65 and it can be deducted that the sample expects utilitarian value as a loyalty programme benefit.

ii. The mean value for the ten items of hedonic value resulted in a score of 3.11 and it can be deducted that the sample expects hedonic value as a loyalty programme benefit.

iii. The mean value for the twelve items of symbolic resulted in a score of 3.16 and it can be deducted that the sample expects symbolic value as a loyalty programme benefit.

In summary, the assessment through descriptive analysis for this study concludes that FMCG customers expect utilitarian value, hedonic and symbolic value as loyalty programme benefits. These findings support previous studies conducted by Stathopoulou and Balabanis (2016, p. 5) and Radder et al. (2015, p. 102).

6.4.3   Conclusion on Research Objective 3

Research Objective 3 sought to measure the effect of loyalty programme benefits on customer repurchasing decisions. It can be concluded that loyalty programme benefits had a significant positive effect on customer repurchasing decisions. This conclusion is made based on the results of the structural equation model that categorised loyalty programme benefits into three themes namely: Community, Points and Savings ($\chi2$ = 482.179, df = 110; p = 0.001, KMO = .847; PCMIN/DF = 4.383; CFI = .945; TLI = .927; RMSEA = .070; SRMR = .054) had a significant positive effect on customer repurchasing decisions.

6.5   IMPLICATIONS FOR THEORY

This study has three theoretical implications for theory and will be discussed in the sub sections following:

6.5.1.   The relationship between customer engagement, a loyalty programme, customer satisfaction, customer loyalty and customer repurchasing decisions

The study implies that there is a significant relationship between customer engagement, a loyalty programme and its benefits, customer satisfaction, and customer loyalty towards customer repurchasing decisions. This outcome confirms various previous studies including Abror et al. (2019, p. 19), Stathopoulou and Balabanis (2016, p. 5), Herjanto and Amin (2020, p. 12), and Zakaria et al. (2014, p. 28) that assert that customer engagement, a loyalty programme, customer satisfaction and customer loyalty respectively have a positive effect on customer repurchasing decisions.

6.5.2.   The identification of loyalty programme benefits

At the same time, the study implies that customers expect utilitarian value (discounts, cash back, vouchers) hedonic value (prizes, gifts, exclusive access to store competitions and product specials, accumulating and redeeming reward points) and symbolic value (exclusive specials, discounts, prices, priority queuing and donating points to charities) as loyalty programme benefits. This outcome confirms various previous studies including Stathopoulou and Balabanis (2016, p. 5) and Radder et al. (2015, p. 102) who contended that utilitarian value, hedonic value, and symbolic value are benefits that customers expect in a loyalty programme.

6.5.3.   The effect of loyalty programme benefits towards customer repurchasing decisions

This study findings confirm that there is a significant effect of loyalty programme benefits towards customer repurchasing decisions. This finding confirms the contributions from

Krithika and Ganesh (2013) and Lin and Bennett (2014, p. 942) that show that loyalty programme benefits is an important determinant of customer repurchasing decisions.

6.6 IMPLICATIONS FOR PRACTICE

This study provided not only new connections to theory but also numerous insights on how to improve loyalty programme practice at FMCG retailers in South Africa. There must be continuous improvement of loyalty programme practices at FMCG retailers to retain its competitiveness. Following this reasoning, the recommendations are made for FMCG retailers as follow:

6.6.1 Improve staff involvement in creating awareness of the loyalty programme

FMCG retailers must involve store managers to increase awareness of the loyalty programme. Store managers must be more visible in-store and not only when there is a complaint from a customer. Store managers can inform customers in-store about the loyalty programmes, assist customers to register for it or to provide additional in-store support such as determining loyalty points value or redeeming loyalty points. Furthermore, store managers can inform customers in-store about specials via an intercom whilst customers are busy doing their shopping. This ensures teamwork and makes it easier for the retailer to achieve its objectives.

6.6.2 Increase FMCG retailer interaction with customers

It is of paramount importance that FMCG retailers increase their interaction with customers. In has been found that customers attitudes towards retailer engagement is undecided/neutral. To improve interaction between customers and retailers, the following is suggested:

FMCG must engage in market research and send online questionnaires via SMS and email to all loyalty programme members so that customers can provide feedback of their purchasing experience and provide recommendations to improve the FMCG retailer's loyalty programme. FMCG must inform loyalty programme members via SMS and email regarding specials and competitions to increase customer participation in the retailer's activities.

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6.6.3 FMCG retailers must provide sustainable loyalty programme benefits

Customers will adopt a loyalty programme that provides valuable benefits to them. It has been reported that customers belong to six FMCG loyalty programmes and that customers have a neutral/undecided attitude towards hedonic value and symbolic value. It is of paramount importance that loyalty programmes offer retailers a sustainable competitive advantage by combining utilitarian value, hedonic value, and symbolic value to retain attract and retain customers. To improve loyalty programme benefits at FMCG retailers, the following is suggested:

Regarding hedonic value, participation in competitions should be exclusively for loyalty card members. This will also encourage non loyalty programme members to sign up and register for the loyalty programme. Secondly, FMCG retailers can retrieve loyalty programme members purchasing history from the database to apply specials to other products that these customers do not purchase which is exclusively to loyalty programme members. This will encourage product trials and increase the sales of the retailer.

Regarding symbolic value, retailers should introduce priority queuing for loyalty programme members. FMCG retailers should communicate customised specials and discounts based on loyalty programme members purchase history, communicate early access to specials and promotions exclusively to loyalty programme members via SMS and email. Introducing customised specials will increase the frequency of loyalty card usage and increase the sales of the FMCG retailer. Retailers can introduce an in-store customer care department to assist customers to sign up and register for the loyalty programme and to assist members with determining the Rand value of their accumulated points and redeeming points. Furthermore, FMCG retailers should link its loyalty programme with its corporate social responsibility portfolio allowing customers to donate their rewards or points to selected charities affiliated with the FMCG retailer. This will result in loyalty programme members feeling that they belong to a community of people who share the same values.

Furthermore, FMCG can increase the scope of loyalty programme rewards through customer engagement based on past transactions and for their activities on social media. Retailers can accredit points for WOM referrals and sharing customer reviews. In return, customers may enjoy rewards through the FMCG retailer acknowledging their purchases. This enhances customer experiences.

6.6.4. Implementing technological strategies for FMCG to remain competitive

Loyalty programmes have evolved, and a new generation of innovative award options have emerged as consumers want to be rewarded for repetitive buying. Therefore, technology and sophisticated analytics play a vital role in shaping future loyalty programmes and is required to retain its customers. It is recommended that FMCG retailers implement the following strategies to enhance its loyalty programme:

i. Think beyond plastic cards: The future of loyalty programmes is linked to leveraging opportunities that mobile devices offer in increasing the convenience and communication with loyalty programmes members. In future, the integration of loyalty programmes with digital payment systems like mobile wallets and facial recognition seem particularly promising. Such integrations would allow customers to seamlessly earn and redeem rewards when they are using a mobile wallet. The savvy FMCG retailer must integrate its loyalty programme and digital payment system in real-time through contactless payments with a mobile wallet.

ii. Increase incentives: Instead of traditional payment incentives such as cash back, FMCG retails can reward loyalty card holders with gift cards that can be redeemed at partner stores.

iii. Expand beyond traditional payment systems: FMCG retailers can accept technological payment systems such as PayPal, Samsung/Apple Pay, and Crypto currency options.

iv. Form partnerships with other service providers: FMCG retailers must form partnerships with other service providers that enable customers to collect and redeem points at partner stores. This result of networking will enhance the value of loyalty programmes, both for customers and participating retailers.

The recommendations have been provided in this section add to the enhancement of customer engagement, loyalty programme benefits, customer satisfaction, customer loyalty and customer repurchasing decisions. These recommendations require an enabling environment. An enabling environment is created by every player in the FMCG retailer. Thus teamwork, effective delegation, communication, motivation, and fair compensation of employees are necessary conditions that should be in place for effective and efficient loyalty programmes to thrive.

6.7   LIMITATIONS OF THE STUDY

Like in many other academic studies, this study was accompanied by several limitations. Specifically, four limitations were found to be dominant in this study. These limitations were as follows, i) sample, ii) the research duration, iii) the research methodology and iv) the geographic scope were employed. These limitations are explained further in the next sub-sections.

The first limitation was associated with the sample utilised for this study. The sample population comprised of customers at selected institutions in South Africa. Not all FMCG consumer groups were included to obtain the respondents of this study. The findings of this study cannot be generalised to every FMCG consumer segment in South Africa.

The duration of this research was three years. The researcher did not continuously capture the attitudes of customers towards FMCG retailers beyond the period of research. An extended time could have reflected the change in customer attitudes that occurs over time.

This research made use of a quantitative research approach. Hence, the benefits that comes with qualitative research methodology were forgone. Thus, the respondents could not get a chance to respond to the measurement items in their own words. The researcher therefore missed an opportunity to fully gather the perceptions of customers without a boundary set by a structured questionnaire.

The geographic coverage of this study was limited. The study was restricted to South Africa; hence results should not be generalised other geographical settings (i.e. other countries and continents).

The above-mentioned limitations apply to this research and were taken into consideration in discussing the findings.

6.8   DIRECTIONS FOR FUTURE RESEARCH

In this section, four directions for future research are specified. Future research can take one of the following forms, i) increase industry scope, ii) a duration longer than three years, ii) a study in a qualitative form and iv) extend the geographic scope. Direction for future research is explained further in the next sub-sections.

6.8.1   Increase industry scope

Future researcher can also consider carrying out a comparison study. The comparison study could aim at comparing the customer attitudes towards FMCG retailers in different countries. It will be interesting to carry out a study comparing loyalty programmes in different industries, i.e. the tourism industry focusing on hotels vs versus the travel industry focusing on airlines.

6.8.2   Extend the duration of the study

This study was carried out within three years, a future study could be carried out in a prolonged period thus for more than three years. This could assist in understanding possible changes in customer attitudes towards FMCG retailers. Thus, longitudinal study could serve the purpose.

6.8.3   Conduct qualitative research

A qualitative study is also another route that can be pursued in future research. Thus, data collection can be done through use of interviews. Interviews will permit respondents to discuss freely how they feel about loyalty programmes at FMCG retailers. Through a qualitative study a different data analysis technique can be employed.

6.8.4 Extend the geographical scope

The sample population comprised of only South African FMCG customers. Further research can be conducted to include other countries that compare South African FMCG customer attitudes with FMCG customers from other countries. Customers' needs, attitudes, values and beliefs differ, and this will be an interesting study to pursue.

6.9   CONCLUSION

The purpose of this dissertation was to examine customer attitudes towards FMCG retailers regarding customer engagement, a loyalty programme and its benefits, customer satisfaction and customer loyalty towards customer repurchasing decisions. A review of the literature indicated a gap within the body of knowledge with regards to examining customer attitudes towards FMCG retailers and its impact towards customer repurchasing decisions. In line with this gap, the research question and several hypotheses were formulated and presented in Chapter 1 and justified in Chapter 3. In Chapter 4 the methodology used to answer the research question and to test hypotheses was discussed. Chapter 5 provided an outline of the data analysis procedures. Implications and recommendations including suggestions for future research were the highlights of Chapter 6.
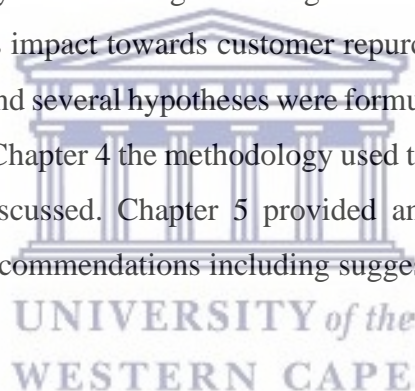
Evidence collected suggested some interesting findings. Firstly, customers have a neutral/undecided attitude toward customer engagement, customer satisfaction and hedonic and symbolic value as loyalty programme benefits. Customers have a positive attitude towards utilitarian value as a loyalty programme benefit, customer loyalty and customer repurchasing decisions at FMCG retailers. Secondly, it was also found that customer engagement, utilitarian value, hedonic value, symbolic value, customer satisfaction and customer loyalty each had a statistically significant effect towards customer repurchasing decisions at FMCG retailers.

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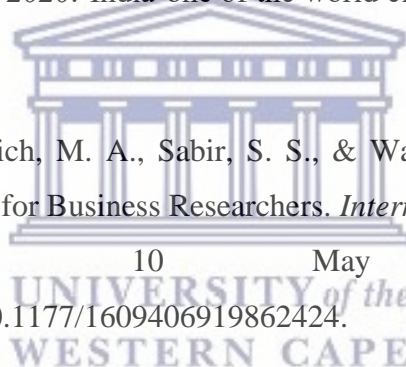
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APPENDICES

APPENDIX A: INFORMED CONSENT AND QUESTIONNAIRE

Dear Respondent,

You are invited to participate in an academic research study conducted by Nicole Morrison, Doctoral student from the University of the Western Cape.

The purpose of the study is to understand customer relationship marketing by examining customer attitudes towards Fast Moving Consumer Goods (FMCG) retail outlets based on customer engagement, loyalty programmes, customer satisfaction and customer loyalty towards customer repurchasing decisions. FMCGs include most household items such as food, toiletries, and cleaning items at supermarkets in South Africa.

The online questionnaire will not take longer than 15 minutes to complete. Please click on the following link to complete the questionnaire:

https://forms.gle/i2cBLfmDCQdj6icy9

You may forward the link to your family and friends that participate in a FMCG loyalty programme.

This study has received approval from the Research Ethics Committee of UWC.

Please feel free to contact me at 3416431@myuwc.ac.za should you have any questions regarding the research.

Thank you so much in advance,

Nicole Morrison

(3416431)

Questionnaire:

You are invited to participate in an academic research study conducted by Nicole Morrison, Doctoral student from the University of the Western Cape.

The purpose of the study is to understand customer relationship marketing by examining customer attitudes towards Fast Moving Consumer Goods (FMCG) retail outlets based on customer engagement, loyalty programmes, customer satisfaction and customer loyalty towards customer repurchasing decisions. FMCGs include most household items such as food, toiletries, and cleaning items at supermarkets in South Africa.

Your voluntary participation is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences. This should not take more than 15 minutes of your time.

The study involves an anonymous survey. Your name will not appear on the questionnaire and the answers you give will be treated as strictly confidential. You cannot be identified based on the answers you have provided. (*Kindly note that consent cannot be withdrawn once the questionnaire is submitted as there is no way to trace the particular questionnaire that has been completed*.)

The results of the study will be used for academic purposes and may be published in an academic journal or other lay articles. We will provide you with a summary of our findings on request. I am studying under my supervisor, Professor Richardson Shambare, who can be contacted on rshambare@uwc.ac.za.

By participating in this electronic survey, you agree that:

· You have read and understand the information provided above.

· You give your consent to participate in the study on a voluntary basis.

There are seven sections that aim to understand consumer purchasing decisions when selecting a FMCG retailer. Please answer all the questions to the best of your ability. Please complete this survey by 31 December 2021.

SECTION ONE: LOYALTY PROGRAMME CUSTOMER PROFILE

Mark your selection in the form of a circle (o).

1. Please select the FMCG loyalty programmes in which you are a member, from the list below (*mark all that apply*):

1	Woolworths rewards	5	Dis-Chem loyalty programme
2	Checkers Xtra Savings	6	Spar Rewards
3	Pick n Pay Smart Shopper	7	Other
4	Clicks ClubCard	8	I do not participate in any loyalty programme.

https://etd.uwc.ac.za/

If you selected: **I do not participate in any loyalty programme,** you need not participate in the study.

2. Who introduced you to the loyalty programme? (*mark all that apply*)

1	The store manager	4	Your friends
2	An employee of the retailer	5	Your colleagues
3	Your family	6	Other

3. How much money do you spend **per month** on groceries, toiletries, and cleaning products at FMCG retailers?

1	Less than R2000	4	R4001 – R5000
2	R2001 – R 3000	5	R5001 – R6000
3	R3001 – R4000	6	More than R6001

4. From the list below please select **ONE** particular retail loyalty programme that you belong to, on which you wish to base your responses to the rest of this questionnaire.

1	Woolworths rewards	5	Dis-Chem loyalty programme
2	Checkers Xtra Savings	6	Spar Rewards
3	Pick n Pay Smart Shopper	7	Other
4	Clicks ClubCard		

5. How often do you use your loyalty card at your selected FMCG retailer?

1	Never	4	Monthly
2	Daily	5	Other
3	Weekly		

SECTION TWO: CUSTOMER ATTITUDES REGARDING CUSTOMER ENGAGEMENT AT FMCG RETAILERS

Please indicate the extent to which you agree with the following statements. Mark your answer by placing a circle (o) around the appropriate number, 1= Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, 5=Strongly Agree.

| Customer engagement		(1) Strongly Disagree	(2) Disagree	(3) Undecided	(4) Agree	(5) Strongly Agree
CE1	I like to actively participate in discussions with other consumers who are also loyalty card holders.	1	2	3	4	5
CE2	I thoroughly enjoy exchanging information such as specials with other consumers who are also loyalty card holders.	1	2	3	4	5
CE3	I would like to provide recommendations to improve the retailer's loyalty programme.	1	2	3	4	5
CE4	I often participate in activities of this FMCG retailer.	1	2	3	4	5
CE5	Anything related to the retailer grabs my attention.	1	2	3	4	5
CE6	I love talking about my purchasing experience at the retailer.	1	2	3	4	5
CE7	I discuss the benefits that I get from this loyalty programme with others.	1	2	3	4	5
CE8	I will provide feedback about my purchasing experiences with the retailer.	1	2	3	4	5

SECTION THREE: CUSTOMER ATTITUDES TOWARDS LOYALTY PROGRAMME BENEFITS AT FMCG RETAILERS

Please indicate the extent to which you agree with the following statements. Mark your answer by placing a circle (o) around the appropriate number, 1= Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, 5=Strongly Agree.

Because I participate in this loyalty programme:

Loyalty programme benefits that includes utilitarian value, hedonic value and symbolic value.		(1) Strongly Disagree	(2) Disagree	(3) Undecided	(4) Agree	(5) Strongly Agree
LPB1	I spend more wisely.	1	2	3	4	5
LPB2	I save money.	1	2	3	4	5
LPB3	I get cash back.	1	2	3	4	5
LPB4	I get discount when swiping my loyalty programme at the cash till point.	1	2	3	4	5
LPB5	I receive vouchers.	1	2	3	4	5
LPB6	I get rewarded for my investment in this relationship.	1	2	3	4	5
LPB7	I get prizes.	1	2	3	4	5
LPB8	I get gifts.	1	2	3	4	5
LPB9	I get access to store competitions that non-members don't get.	1	2	3	4	5
LPB10	I can accumulate reward points.	1	2	3	4	5
LPB11	Collecting points is entertaining.	1	2	3	4	5
LPB12	I can redeem rewards.	1	2	3	4	5
LPB13	When I redeem my points, I feel good about myself.	1	2	3	4	5
LPB14	I try new products I wouldn't have discovered otherwise.	1	2	3	4	5
LPB15	I have access to products on special.	1	2	3	4	5
LPB16	I get recognition for my purchase decision.	1	2	3	4	5

		(1) Strongly Disagree	(2) Disagree	(3) Undecided	(4) Agree	(5) Strongly Agree
LPB17	I get better prices than non-members.	1	2	3	4	5
LPB18	I feel that I am getting good value.	1	2	3	4	5
LPB19	I get discounts that non-members don't get.	1	2	3	4	5
LPB20	I get specials that non-members don't get.	1	2	3	4	5
LPB21	The retailer takes better care of me.	1	2	3	4	5
LPB22	As a loyalty card holder, I am treated better than other non-members.	1	2	3	4	5
LPB23	As a loyalty card holder, I feel I am more distinguished than other customers.	1	2	3	4	5
LPB24	I belong to a community of people who share the same values.	1	2	3	4	5
LPB25	I feel close to the brand.	1	2	3	4	5
LPB26	I can help a good cause by giving back to the community.	1	2	3	4	5
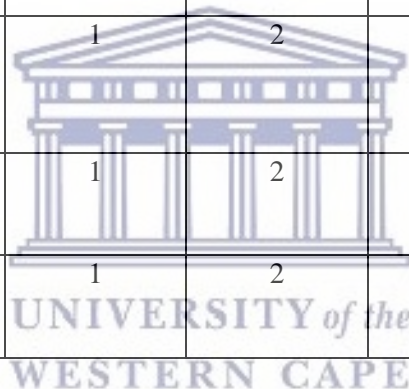
SECTION FOUR: CUSTOMER ATTITUDES TOWARDS CUSTOMER SATISFACTION AT FMCG RETAILERS

Please indicate the extent to which you agree with the following statements. Mark your answer by placing a circle (o) around the appropriate number, 1= Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, 5=Strongly Agree.

Customer satisfaction		(1) Strongly Disagree	(2) Disagree	(3) Undecided	(4) Agree	(5) Strongly Agree
CS1	The benefits I receive from being a member of this loyalty programme meet my expectations.	1	2	3	4	5
CS2	I made a good choice when I decided to participate in this loyalty programme.	1	2	3	4	5

		1	2	3	4	5
CS3	My overall evaluation of this programme is positive.	1	2	3	4	5
CS4	All in all, I am satisfied with this loyalty programme.	1	2	3	4	5
CS5	Owning a loyalty card makes me purchase more often at this retailer.	1	2	3	4	5
CS6	Owning a loyalty card makes me spend more money at this retailer.	1	2	3	4	5

SECTION FIVE: CUSTOMER ATTITUDES TOWARDS CUSTOMER LOYALTY AT FMCG RETAILERS

Please indicate the extent to which you agree with the following statements. Mark your answer by placing a circle (o) around the appropriate number, 1= Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, 5=Strongly Agree.

How likely are you to:

Customer loyalty		**(1) Strongly Disagree**	**(2) Disagree**	**(3) Undecided**	**(4) Agree**	**(5) Strongly Agree**
CL1	Encourage relatives to sign up for this loyalty programme.	1	2	3	4	5
CL2	Positively recommend the FMCG retailer to other consumers.	1	2	3	4	5
CL3	Encourage friends to do business with this FMCG retailer.	1	2	3	4	5
CL4	Maintain my relationship with this retailer.	1	2	3	4	5
CL5	Feel loyal to this retailer.	1	2	3	4	5
CL6	Buy more from this FMCG retailer than from other FMCG retailers.	1	2	3	4	5
CL7	Shopping at this retailer for a long time, that is more than a year.	1	2	3	4	5
CL8	Believe that loyal-card programmes provide benefit to customers.	1	2	3	4	5
CL9	Believe that use of loyalty cards positively influences customer shopping behaviour.	1	2	3	4	5

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SECTION SIX: CUSTOMER ATTITUDES TOWARDS CUSTOMER REPURCHASING DECISION AT FMCG RETAILERS

Please indicate the extent to which you agree with the following statements. Mark your answer by placing a circle (o) around the appropriate number, 1= Strongly Disagree, 2=Disagree, 3=Undecided, 4=Agree, 5=Strongly Agree.

In terms of this retailer:

Customer repurchasing decision		(1) Strongly Disagree	(2) Disagree	(3) Undecided	(4) Agree	(5) Strongly Agree
CRD1	I trust this brand.	1	2	3	4	5
CRD2	I always purchase my groceries/toiletries/cleaning products at this FMCG retailer.	1	2	3	4	5
CRD3	I maintain my relationship with this retailer.	1	2	3	4	5
CRD4	I prefer this loyalty card more than other loyalty programmes proposed by other FMCG retailers.	1	2	3	4	5
CRD5	My purchases at this retailer make me content.	1	2	3	4	5
CRD6	I will always buy from this retailer in the future.	1	2	3	4	5

SECTION SEVEN: DEMOGRAPHIC VARIABLES

Mark your selection in the form of a circles (o).

4. What is your gender?

1	MALE	2	FEMALE

5. What is your age?

1	18 – 29 years	4	50 – 59 years
2	30 – 39 years	5	60 years and older
3	40 – 49 years	6	Declined to respond

6. Indicate your education level:

1	Primary school	6	Honours Degree / Post Graduate Diploma
2	Secondary School	7	Master's Degree

3	Higher Certificate/N6 Certificate	8	Doctoral Degree
4	National Diploma / Diploma	9	Declined to respond
5	Bachelor's degree / Advanced Diploma / B Tech		

7. Indicate your gross income **per month**:

1	Less than R 10 000	5	R 40 001 – R 50 000
2	R 10 001 – R 20 000	6	R 50 001 – R 60 000
3	R 20 001 – R 30 000	7	More than R60 001
4	R 30 001 – R40 000	8	Declined to respond

Thank you for participating in this research!

UNIVERSITY *of the*
WESTERN CAPE

APPENDIX B: ETHICAL CLEARANCE

UNIVERSITY *of the* WESTERN CAPE

YEARS *of hope, action & knowledge*

13 July 2021

Ms NB Lombard
School of Business and Finance
Faculty of Economic and Management Sciences

HSSREC Reference Number: HS21/5/15

Project Title: Customer loyalty programmes in South Africa: past, present and future trajectories.

Approval Period: 24 June 2021 – 24 June 2024

I hereby certify that the Humanities and Social Science Research Ethics Committee of the University of the Western Cape approved the methodology and ethics of the above mentioned research project.

Any amendments, extension or other modifications to the protocol must be submitted to the Ethics Committee for approval.

Please remember to submit a progress report by 30 November each year for the duration of the project.

The permission to conduct the study must be submitted to HSSREC for record keeping purposes.

The Committee must be informed of any serious adverse events and/or termination of the study.

Ms Patricia Josias
Research Ethics Committee Officer
University of the Western Cape

Director: Research Development
University of the Western Cape
Private Bag X 17
Bellville 7535
Republic of South Africa
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Email: research-ethics@uwc.ac.za

NHREC Registration Number: HSSREC-130416-049

FROM HOPE TO ACTION THROUGH KNOWLEDGE.

APPENDIX C: CONFIRMATION OF LANGUAGE EDITING

<div align="right">

Joyleen Gogodo
13 Flowers Street
Capital Park
0084
2022/06/16

</div>

Dear Mrs Nicole Bronwin Morrison

3416431@myuwc.ac.za

+27 82 092 3246

CONFIRMATION OF PROOFREADING

This letter serves to confirm that I have proofread the thesis by Mrs Nicole Bronwin Morrison entitled:

CUSTOMER LOYALTY PROGRAMMES IN SOUTH AFRICA: PAST, PRESENT AND FUTURE TRAJECTORIES

Should you have any questions, please contact me on jtg@topido.co.za

Kind Regards

Joyleen Gogodo

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