

Perceived benefits of Loyalty Programmes and Relationship Quality.

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ABSTRACT

Purpose – This paper investigates perceived loyalty programme benefits and their potential effect on relationship quality. Perceived benefits were identified as altruistic, egoistic and consumeristic and relationship quality as trust, satisfaction and loyalty.

Design / Methodology - Loyalty programme members were approached via a national database. The survey generated 479 usable responses. Hypotheses were individually tested by means of regression analysis.

Findings - All three forms of perceived benefits exhibited positive relationships with each of the relationship quality constructs. When regression analysis was applied to all three groups of benefits and relationship quality constructs, consumeristic benefits were strongest towards trust and satisfaction, and egoistic benefits towards commitment.

Research limitations

This research focused specifically on perceived benefits in loyalty programmes in the South African FMCG sector. It also focused on the perception of individual benefits rather than an entire offering. Non-internet users were not included due to the use of an electronic data collection instrument.

Practical implications

Retailers that are considering which benefits to include in a loyalty programme would find the results instructive. This research also adds to the international body of research in the field of relationship marketing, customer loyalty and retail loyalty programmes.

Originality / value

The context in which perceived benefits are identified differ from previous forms of research. Furthermore, this research was conducted in South Africa. This study reiterates the importance of loyalty programme design and the potential for attitudinal change towards the retailer.

Keywords Relationship quality, Customer loyalty; Loyalty programme; Altruistic; Egoistic; Consumeristic.

Paper Type Research paper

Acknowledgements

“This work is based on the research supported in part by the National Research Foundation of South Africa for the grant, Unique Grant No. 99287 and Unique Grant No: 98270. Any opinion, finding and conclusion or recommendation expressed in this material is that of the author(s) and the NRF does not accept any liability in this regard”.

1. Introduction

Loyal customers are a sought after asset in the retail marketplace. Customers that remain with a business usually spend more and are also prepared to pay more. One of the tools that is used by retailers to attract customers through an improved offering is the loyalty programme (LP). In recent years the number of retailers including an LP in their offering has increased exponentially (Eason, Bing and Smothers 2015: 72). This growth is mirrored in the South African fast moving consumer goods (FMCG) marketplace.

LPs are useful in highly competitive markets where customers make frequent purchases and retailers wish to differentiate their offering (Garcia-Gomez, Gutiérrez-Arranz and Gutiérrez-Cillán 2012: 547). FMCG retailers fit into this category, where the achievement of effective relationships is challenging and customers are seen to be polygamous (Omar, Wel, Aziz and Alam 2013: 33). The FMCG market is highly competitive, characterised by customers who choose to purchase from whichever retailer is seen to have the best offering at any given time (Meyer-Waarden and Benavent 2009: 347). Furthermore, customers become expectant through exposure to relationship marketing and other consumer centric offerings. The number of LPs on offer is a reflection of this transformed market environment characterised by stiff competition and knowledgeable customers (Liu and Yang 2009: 93; Demoulin and Zidda 2009: 391). The idea is that a well-designed LP will decrease switching, increasing the length of time that the customer remains with the business (Sowier-Kasprzyk 2014: 48; Omar *et al.* 2013: 33), as they reward members with different types of benefits in compensation for their patronage. Winters and Ha (2012: 372) explain that customisation has become a crucial tool in the LP offering, allowing customers to make a choice in response to their needs.

Although LPs are common marketing tools, there is still a debate over whether they really achieve their objectives, ranging from proclamations of great success through to others labelling them as a waste of money (Meyer-Waarden, Benavent and Castéran 2013; Winters and Ha 2012). It is therefore of great importance to gain a more thorough understanding of the benefits inherent in LPs and the resulting relationships that these might engender between programme members and the retailers that are involved in these programmes. Although the literature on offer is already substantial, there is still room for more, as a number of contradictions and unanswered questions are still evident. In order for LPs to achieve their objectives, more knowledge is needed as to whether various types of LPs, and the benefits they are perceived to provide, improve relationship quality (RQ) between the customer/ member of the relevant LP and the retailer concerned. This paper focuses specifically on the three elements that make up relationship quality, namely trust, commitment and satisfaction.

Furthermore, despite much research being carried out in first-world countries, less has occurred in South Africa. This research therefore aims to contribute towards the increasing amount of LP research with both theoretical and practical implications for the practice of LP marketing, primarily focused on the South African FMCG retail market.

2. Literature review and hypotheses development

One of the ways in which a retailer can differentiate itself is through an LP, with particular attention to the method in which the associated rewards are offered. The ability of a programme to stimulate repetitive purchasing depends on the nature of the rewards and the customers' perceptions towards them. If the customer does not see the offerings as beneficial to him or her, they will move on (So, Danaher and Gupta 2015: 197; Steyn, Pitt, Strasheim, Boschhoff and Abratt 2010: 356). Benefits that are perceived to be more compatible, beneficial and valuable, would theoretically assist in stimulating customer interest in the programme.

The importance of developing LPs that customers identify with at an emotional and attitudinal level and which result in more than just behavioural loyalty, cannot be over emphasised (Eason *et al.* 2015). Businesses would rather offer LPs that result in changes in the customer's psychological make-up, leading to repeat purchases, heightened switching barriers and a reduction in price sensitivity.

2.1 The perception of benefits inherent in loyalty programmes

Although a number of studies have described rewards associated with LPs in different ways, this study has grouped them according to the perception of the benefits that LPs in the FMCG market have been observed as providing. A number of previous studies have addressed this issue in different ways with various outcomes. For example, past studies identified a positive relationship between perceptions of utilitarian and hedonic benefits and satisfaction, trust and loyalty (Gómez, Arranz and Cillán 2006; Yi and Jeon 2009). Winters and Ha (2012: 374) tested the perceived benefits of cash

value and emotional value on satisfaction and customer loyalty. Other descriptions of perceived benefits were tangible (also described as utilitarian, cash or economic) or intangible (hedonic, aspirational or symbolic) and connected to one's emotional state (Winters and Ha 2012).

The three main groups identified in this study with relation to programmes offered in the South African FMCG environment are as follows:

- *Consumeristic benefits*

The term consumeristic was used to describe benefits where customers would perceive that they were benefiting directly in exchange for their patronage. Also identified as utilitarian, self-benefit, economic, or monetary, this type of benefit is offered in a tangible format where the customer receives cash, discounts or points (Garcia-Gómez *et al.* 2012; Mimouni-Chaabane and Volle 2010), often at the point of sale. These types of benefits are seen to be more useful in obtaining new customers, rather than the retention of customers for the sustainable future (Bridson, Evans and Hickman 2008; Henderson, Beck and Palmatier 2011). Programmes are often associated with sales promotion efforts that are short term by nature. Furthermore, they are easier to duplicate by competitors, potentially removing reasons for customers to remain loyal.

- *Egoistic benefits*

The term egoistic is used to describe rewards that might lead to the development of well-being and self-achievement. Also termed as self-benefit they subscribe to traits such as pleasure, power and achievement (Feiler, Tost and Grant 2012; White and Peloza 2009). This type of motivation could be driven by benefits that are tangible or intangible (Amos, Holmes and Allred 2015), benefiting the recipient in both a social or psychological manner. Mimouni-Chaabane and Volle (2010) described this type of reward as 'symbolic' leading towards "personal expression, social approval and self-esteem".

Past research has identified healthy food purchases as being connected with egoistic values, with the focus on personal health (Kareklas, Carlson and Muehling 2014). It is suggested that programmes that reward the cardholder for "good behaviour" such as healthy eating or environmentally friendly acts could build the member's ego.

- *Altruistic Rewards*

The term altruism is used to describe a contribution towards a greater good (Feiler *et al.* 2012). Altruistic rewards are those that are passed 'forward' to a charity or a cause. Termed as "other-benefit" by White and Peloza (2009), they are derived from the need and social norm to give back to those in need. There is no form of material benefit seen to be received for the individual who is a member of the LP that contributes towards altruistic rewards (Amos *et al.* 2015; Tapia-Fonllem, Corral-Verdugo, Fraijo-Sing and Durón-Ramos 2012).

How consumers respond to altruistic offerings has often arisen as a topic for investigation (Nguyen 2015). Some customers say that they are mistrustful of the motives of retailers' altruistic

efforts, as such efforts do not easily reconcile with profit maximisation philosophies. Consequently, it is suggested by Nguyen (2015) that customers might resist these efforts, especially when prices are perceived to be higher than usual because of these rewards.

In contrast, Eason *et al.* (2015) suggests that the offering of a reward that is linked to a charity could serve as a noteworthy differentiator from a customer's point of view. In addition, any altruistic benefits that appeal to the emotions could heighten customer attitudes in a positive manner. Eason *et al.* (2015) suggests that the offering of an altruistic option might even be the first choice for the customer, resulting in an increase of affinity towards the LP and creating better engagement with the retailer concerned. The perception of social responsibility on the retailer's part could result in customer loyalty from members who believe that they share common goals with the retailer. Furthermore, Kareklas *et al.* (2014) suggested that healthy food purchases could also create altruistic motives when customers perceive that they are contributing towards the protection of the environment.

2.2 Relationship Quality

In an FMCG retail environment customers are notoriously promiscuous and offerings difficult to differentiate. Exit barriers for customers are low and the cost of switching is negligible. Loyalty programmes have been categorised as a potential tool to improve relationships. It is noteworthy that the largest number of LPs emanate from the mainly transactional FMCG marketplace where the establishment of relationships is more difficult.

Relationship marketing is focused on identifying and retaining existing customers, attempting to create a situation of mutual benefit for both provider and customer (Agariya and Singh 2011). Once established, relationships are meant to serve to differentiate the business' offering from others (Nguyen, Leclerc and LeBlanc 2013). Customers that are receptive to building relationships with retailers are seen to be more trustful and committed, spending more money with the retailer concerned and behaving in a more consistent manner. This makes them attractive to the retailer (Kim, Kang and Johnson 2011: 376).

A number of dimensions are useful in the measurement of a relationship (Hennig-Thurau, Gwinner and Gremler 2002). Relationship quality (RQ) describes the strength of the relationship between the business and the customer and how the customer's needs are being satisfied (Ou *et al.* 2011: 195). The general understanding is that RQ is made up of three constructs namely trust, commitment and satisfaction. These are all deemed to have an effect on the customers' buying behaviour. (De Cannière, De Pelsmacker and Gueuns 2010).

- *Trust*

Trust is viewed as a significant contributor towards RQ (Wong and Sohal 2002). Trust in an exchange is defined as an individual's belief that his/her exchange partner is both reliable and honest in fulfilling expectations well into the future (Morgan and Hunt 1994; Aurier and de Lanauze 2012; Wu, Chen and Chen 2015). Trust is one of the elements that is paramount in the maintenance of a relationship in a business sense (Chen and Quester 2015; Liu, Guo and Lee. 2011; Sun and Lin 2010).

In order to answer the research question, with particular respect to perceived benefits and the element of trust in RQ, the following hypotheses were proposed:

- H1 Perceived consumeristic benefits from loyalty programmes have a positive relationship with customer trust.*
- H2 Perceived altruistic benefits from loyalty programmes have a positive relationship with customer trust.*
- H3 Perceived egoistic benefits from loyalty programmes have a positive relationship with customer trust.*

- *Satisfaction*

Satisfaction is also considered one of the elements that make up RQ as well as a precedent for customer loyalty (Liu *et al.* 2011). Satisfaction is related to the feelings that customers experience when comparing their expectations with their perceived outcomes from a transaction (Zakaria, Rahman, Othman, Azlina, Yunus, Dzulkippli and Osman 2014; Liu *et al.* 2011). Satisfied customers often become advocates for the business based on their experience of a transaction (Omar *et al.* 2013). A number of studies report on how satisfaction leads to retention (Rauyrueen and Miller 2007).

In order to achieve the aim of this study with respect to perceived benefits and the satisfaction variable of RQ, the following hypotheses were proposed:

- H4 Perceived consumeristic benefits from loyalty programmes have a positive relationship with customer satisfaction.*
- H5 Perceived altruistic benefits from loyalty programmes have a positive relationship with customer satisfaction.*
- H6 Perceived egoistic benefits from loyalty programmes have a positive relationship with customer satisfaction.*

- *Commitment*

Commitment plays a crucial role in the calculation of how strong a relationship is, and can contribute towards the understanding of whether customer loyalty can occur (Wong and Sohal 2002; de Wulf, Oderkerken-Schröder and Iacobucci. 2001). Seminal authors Morgan and Hunt (1994) define relationship commitment as: "an exchange partner believing that an ongoing relationship with another

is so important as to warrant maximum efforts at maintaining it". In other words, there is a determination to establish and maintain a relationship in order for both parties to benefit and be satisfied. Commitment in a relationship is viewed as crucial to both the success of the relationship and RQ (Gundlach, Achrol and Mentzer 1995). In addition, it would be reasonable to assume that customers who desire an ongoing relationship would probably be loyal to the business as well (Evanschitzky, Ramaseshan, Woisetschläger, Richelsen, Blut and Backhaus 2011). Commitment decreases transaction costs and preserves future relationships, with a knock on effect of diminishing price sensitivity (Wu *et al.* 2015).

Based on the literature on perceived benefits and commitment, and to answer the research question, the following hypotheses were proposed with respect to perceived benefits and the commitment factor that contributes towards RQ:

- H7 Perceived consumeristic benefits from loyalty programmes have a positive relationship with customer commitment.*
- H8 Perceived altruistic benefits from loyalty programmes have a positive relationship with customer commitment.*
- H9 Perceived egoistic benefits from loyalty programmes have a positive relationship with customer commitment.*

3. Research Methodology

The methodology for this study was quantitative and cross sectional. A survey questionnaire was emailed to a sample made up of members of a consumer database.

3.1 Survey design, questionnaire derivation and measurement

Based on previously tested and validated questions from the literature and primary qualitative research, a number of statements that described LP perceived benefits (namely consumeristic, altruistic and egoistic) were gathered and compiled for the quantitative questionnaire. These statements were based on past research conducted by Mimouni-Chabaane and Volle (2010), Omar *et al.* (2015), Kreis and Mafael (2014), White and Pelozza (2009: 113), Winters and Ha (2012), Feiler *et al.* (2012) and Amos *et al.* (2015). Most of the questions used had already passed previous reliability tests, with very few being included that had a Cronbach's alpha score of less than 0.7.

Statements that applied to the three elements of RQ, namely trust, satisfaction and commitment, were also based on previously tested and validated questions from past studies conducted by Mimouni-Chaabane and Volle (2010), Garcia-Gomez *et al.* (2012), Vesel and Zabkar (2010), Liu *et al.* (2011), Mägi (2003), Evanschitzky *et al.* (2011), Melancon, Noble and Noble (2010) and Bridson *et al.* (2008). Seven-point Likert scales were used to measure statements related to the perception of benefits and RQ constructs. A pilot test was run in order to establish if the questionnaire worked as

intended and to help prevent bias (Sekaran and Bougie 2010: 210). Cronbach’s alpha was run on the measures for the constructs that were used for this study (See Table I). All of the constructs measured more than 0.7 and were therefore deemed to be reliable (Wiid and Diggines 2013).

Table I: Reliability tests for Perceived Benefits and Relationship Quality constructs.

Constructs	Cronbach’s Alpha	N of items
Consumeristic	0.897	6
Altruistic	0.973	7
Egoistic	0.887	4
Trust	0.949	7
Satisfaction	0.969	8
Commitment	0.959	10

3.2 Sampling and questionnaire administration

The national database from which the sample was extracted, was made up of a population of economically active consumers in South Africa. Probability sampling was used where respondents were randomly selected and approached via email. They were invited to access a self-administered questionnaire via a link. Emails were dispatched to 5000 people per day over a period of eleven days. Total responses received were 1944 (approximately four percent). However, only 559 were completed and therefore usable.. The first question was used to exclude any respondents who did not hold any membership in an LP. Out of the useable responses, 479 respondents stated that they belonged to an LP, and were therefore identified as the final sample.

Once those who were eligible for answering the remainder of the questionnaire were arrived at (after the question screening for LP membership), details pertaining to their LP membership was gathered. Respondents were invited to select one of these programmes in order to answer the remainder of the questions. Respondents were asked to judge a number of statements based on the LP of their choice by means of a Likert scale ranging from a Strongly Disagree (1) through to Strongly Agree (7). Statements had reference to the three groups of perceived benefits and the three relationship quality constructs, and were mostly selected from previously validated items from the literature.

3.4 Analysis

Reliability analysis, factor analysis and regression were used to test the hypotheses. Each statement was individually analysed with a one-sample t-test with mean scores being tested against a neutral score of 4. Perceived benefit statements were then subjected to an Exploratory Factor Analysis (EFA) by means of Promax rotation, based on oblique rotation. In order to test the hypotheses independently of each other and achieve the objectives, regression analysis was then applied. Linear regression estimates the coefficients of a linear equation, involving the independent variables that are more likely to predict the dependent variable.

4. Results

The results of the t-test analyses indicated whether there was significant agreement (mean >4) or disagreement (mean <4) with the statement concerned. Indications were that respondents preferred perceived consumeristic benefits relative to perceived altruistic benefits which were found to be least attractive. In other words, LPs were more attractive to respondents as a means of ‘self-benefit’ rather than ‘other-benefit’. Significant statements are listed in Table II.

Table II: Agreement: Significant Perceived Benefit Statements.

Statement	N	Mean	Std. Deviation	t	df	Sig (2- tailed)
I am able to save money	479	5.08	1.807	13.020	478	.000
I can accumulate reward points	479	5.44	1.889	16.664	478	.000
I can redeem rewards	479	5.48	1.835	17.679	478	.000
I can get better prices than some customers	479	4.29	2.001	3.151	478	.002
I feel that I am getting good deals.	479	4.64	1.825	7.634	478	.000
I feel that I am getting good value	479	4.78	1.773	9.661	478	.000
I get cash back	479	4.60	2.310	5.696	478	.000
I get discounts or special deals that non-members don't get	479	4.78	2.018	8.513	478	.000
I can improve my own well-being	479	4.22	1.913	2.556	478	.011
It makes me feel good	479	4.23	1.936	2.620	478	.009
I get recognition for my purchase decision	479	4.20	2.012	2.134	478	.033
I get rewarded for my investment in this relationship	479	4.94	1.871	10.942	478	.000

4.1 Exploratory Factor Analysis – perceived benefits

The sample for the exploratory analysis was made up of the 479 respondents who stated that they belonged to a LP. Any statements that were seen to cross load onto more than one factor, were omitted. Similarly, statements that loaded ‘weakly’ onto a factor ($< .4$) or had low communalities were not considered for additional analysis. When there was no interference in this method, it was found that consumeristic and egoistic statements loaded onto one factor (according to the size of the eigenvalue > 1). However, when a division of three factors was operationalised, the factors divided according to original expectations.

Three factors

Under these conditions, the loading of the three factors constituted 77% of the variance, which is more than satisfactory. The first factor made up 51.99% of the variance, with the other two following in descending order. Kaiser-Meyer-Olkin (KMO) and Bartlett’s tests indicated that the sample was adequate with the KMO value seen as ‘superb’ at .949, making it sufficient for reliable factor extraction. Bartlett’s test also demonstrates items that do not correlate too ‘lowly’. The remaining statements that underlie the factors can be viewed in Table III. The loadings were between 0.581 and 0.952, showing the good contributions that each one made towards the selected factor.

Table III. Factor analysis of perceived benefits

	Factor 1	Factor 2	Factor 3
Consumeristic			
I am able to save money		.800	
I spend less		.596	
I can get better prices than some customers		.717	
I feel that I am getting good deals		.913	
I feel that I am getting good value		.811	
I get discounts or special deals that others don’t get		.775	
Altruistic			
I can help others	.940		
I can contribute to social good	.932		
I can give back to the community	.946		
I can help a good cause	.881		
I can be socially responsible	.836		
I can help those less fortunate	.952		
I can help make the community a better place for everyone	.888		
Egoistic			
I’m treated with more respect			.841
The retailer takes better care of me			.581

I feel more distinguished than other customers	.821
This loyalty programme makes me feel special	.664

Cronbach's alpha was run to test how reliable each measure was for the three constructs. Once again, any value that was greater than 0.7 was deemed to be reliable. All three constructs (consumeristic $\alpha = 0.9$; altruistic $\alpha = 0.97$ and egoistic $\alpha = 0.89$) were found to be reliable.

4.2 Exploratory Factor analysis - Relationship Quality

The three elements that make up RQ (namely trust, satisfaction and commitment) were also analysed. In the same manner as the perceived benefits were, RQ construct frequencies were tested against the neutral figure of 4. Factor analysis was then carried out. Table IV illustrates significant statements. More commitment statements than those attached to the other two elements attracted scores that indicated 'significant disagreement'. This led us to believe that commitment to a retailer was not an option for most consumers under most circumstances.

Exploratory factor analysis (EFA) was applied to the three elements of trust, satisfaction, and commitment, making use of Promax rotation. Statements that had factor loadings of less than 0.5 were removed. The remaining loadings ranged from .613 to .900 indicating that they contributed strongly to their relevant factors. Table IV illustrates the remaining statements from the EFA.

Table IV. Factor analysis of relationship quality constructs

	Factor 1	Factor 2	Factor 3
TRUST			
TR1 I trust this retailer			.770
TR2 I think that this retailer acts in my best interests			.781
TR3 This retailer is honest			.855
TR4 This retailer usually keeps its promises			.719
TR5 This retailer is just as concerned with my welfare as it is in making a profit			.649
TR6 Whenever the retailer advises me of any issue, I know that they are making use of their best judgement			.613
TR7 I have confidence in this retailer			.697
SATISFACTION			
SAT3 I am satisfied with the relationship I have with this retailer		.682	
SAT4 I am satisfied with my decision to purchase from this retailer		.845	
SAT5 I get exactly what I need from this retailer		.821	
SAT6 This retailer meets my expectations		.829	
SAT7 This retailer is close to my ideal		.616	
SAT8 Buying from this retailer has been one of the best decisions I have made		.592	

SAT9 I have truly enjoyed purchasing from this retailer	.770
SAT10 I enjoy my shopping experience at/with this retailer	.844

COMMITMENT

COM1 I am interested in the success of this retailer	.620
COM2 I feel committed to this retailer	.807
COM3 I am willing to put in extra effort to buy from this retailer	.821
COM4 I feel emotionally attached to this retailer	.900
COM5 I have a strong sense of identification with this retailer	.773
COM6 Regardless of competitors' offers, I will always shop at this retailer	.888
COM7 I would never consider switching to another retailer	.795
COM8 I always choose this retailer over others	.686
COM9 It would be very difficult for me to stop buying from this retailer right now, even if I wanted to	.798
COM10 I feel like part of the family with this retailer	.782

Extraction Method: Principal Axis Factoring. Rotation Method: Promax with Kaiser Normalization.
a. Rotation converged in 7 iterations.

KMO and Bartlett's tests indicated a 'superb' KMO value of .978 indicating that the sample size of 479 is adequate for reliable factor extraction and a Bartlett's test (p less than .0005) indicated that items do not correlate too 'lowly'.

It should be noted that when two factors are extracted, trust and satisfaction load as one. This finding concurs with those of other studies. For example, Balaji (2015: 21) also stated that trust and satisfaction stand out as the main contributors towards relationship marketing. Some claim that satisfaction comes before commitment in a relationship while others state that trust plays a role in satisfaction, without which loyalty cannot occur (Hennig-Thurau *et al.* 2002: 237 and Fullerton 2011: 94). Cronbach's alpha measurements for trust, satisfaction and commitment respectively were 0.949 (7 items), 0.69 (8 items) and 0.959 (10 items) respectively. All measurements scored over 0.7 and therefore are seen to be reliable.

5. Testing the Hypotheses

The hypotheses required the research to determine how perceived benefits inherent in various forms of LPs might relate to relationship quality between the cardholder and the retailer concerned. Independent variables were identified by the descriptive titles given to the three groups of perceived rewards, used in this study, namely consumeristic, altruistic and egoistic. The dependent variables would be trust, commitment and satisfaction, which have been identified as the three elements that make up the construct of RQ.

5.1 Perceived benefits and trust

Regression analysis was applied to each hypothesis - H1, 2 and 3. Perceived consumeristic, altruistic and egoistic benefits were found to have positive relationships with customer trust. Perceived consumeristic benefits were found to account for 42% of the variability. Altruistic and egoistic benefits were found to respectively account for 19% and 37% of the variability in trust. All results were significant with $p < .005$. When regression analysis was applied to all three groups of perceived benefits together, they accounted for 49% of the variance in trust, meaning that they were all significant predictors of trust. As outlined previously, perceived consumeristic benefits were found to be the strongest, followed by egoistic and then altruistic.

5.2 Perceived benefits and Satisfaction

When regression analysis was applied to hypotheses H4, 5 and 6, perceived consumeristic, altruistic and egoistic benefits were also found to exhibit positive relationships with customer satisfaction. Consumeristic benefits were found to account for 43% of the variability in satisfaction while altruistic and egoistic benefits accounted for 20% and 35% of the variability in satisfaction respectively. When all three were analysed together, they accounted for 50% of the variance in satisfaction, indicating that they were all significant predictors of satisfaction. Once again, the perception of consumeristic benefits outweighed the other two. Similarly, egoistic benefits followed with altruistic benefits in the weakest position.

5.3 Perceived benefits and Commitment

When regression analysis was applied to test perceived consumeristic, altruistic or egoistic benefits, with commitment, it was found that consumeristic benefits accounted for 33% of the variability in commitment, while altruistic and egoistic benefits accounted for 20% and 41% respectively. All were found to be significant at $p < 0.005$. When regression analysis was applied to all three groups of benefits together, they were found to account for 46% of the variance in commitment. However, in this instance, it was found that egoistic benefits were stronger than the other two and altruistic benefits were the weakest.

In summary, all nine hypotheses were accepted with all forms of perceived benefits exhibiting positive relationships with the respective relationship quality constructs. All relationships were found to be significant. (See Table V).

Table V. Summary of Hypotheses results - % contribution to variability in RQ constructs.

	Consumeristic		Altruistic		Egoistic	
	Hypothesis*	Contribution	Hypothesis*	Contribution	Hypothesis*	Contribution
Trust	1	42%	2	19%	3	37%
Satisfaction	4	43%	5	20%	6	35%
Commitment	7	33%	8	20%	9	41%

*Note: All hypotheses were accepted

6. Contribution of the Study

A number of significant findings emerged that contributed towards the growing body of knowledge on LPs. The relevance of these findings is supported by Eason *et al.* (2015: 71) who stated that LP design is critical in its contribution to members' attitudinal change, and not just behaviour. It is noted that all three forms of benefits (consumeristic, altruistic and egoistic) contribute towards the building of relationship quality. This information is crucial for retailers that are involved with a loyalty programme. Furthermore, results show the importance of consumeristic benefits, contributing the most towards both customer satisfaction and trust. It should be noted though, that this is dependent on the level of complexity of the programme, as well as the customer's perception of the transparency and equity of the LP.

7. Discussion and implications of the research

This research has resulted in some worthwhile implications for both retailers and customers. It has also contributed to the body of knowledge with respect to relationship marketing and LPs. A number of results were found to be both reliable and valid and have been noted. They apply to a number of different types of LP, the perceived benefits they provide (consumeristic, altruistic and egoistic) and the dependent construct of RQ (consisting of the elements of trust, satisfaction and commitment). All the results were obtained in South Africa – a developing country.

7.1 Implications for Academics

This research adds to past research on the topic of LPs and RQ, with specific focus on the FMCG retail marketplace and potential perceived benefits that customers might encounter when engaging with an LP. Three forms of perceived benefits were identified, namely altruistic, consumeristic and egoistic which differs from those in previous studies on this topic. These were tested for the influence that they might have on RQ (trust, satisfaction and commitment) between the customer and the retailer. Empirical evidence was tested for validity and reliability on all the variables and relationships.

A number of studies concurred with the finding that consumeristic benefits contributed strongly to satisfaction (Bridson *et al.* 2008; Mimouni-Chaabane and Volle 2010). Mimouni and Chaabane (2010) found that recognition and social benefits (which would fit under the description of egoistic benefits in this discussion) did not enjoy a significant impact on satisfaction with the LP. Although this paper focuses on satisfaction with the retailer that offers the programme, this observation is nevertheless noteworthy. The finding that consumeristic benefits did not support commitment as much as the other two RQ constructs was supported by Omar *et al.* (2015) who argued that utilitarian benefits were more strongly related to satisfaction towards the LP than loyalty (commitment being a part of the loyalty makeup). Bridson *et al.* (2008) supported this, finding that 'hard' benefits in LPs were not significant contributors towards commitment. An interesting finding

of this research is that tangible rewards are closely connected to trust. This was explained as being a case of ‘what you see is what you get’ (Corbishley 2017)

7.2 Implications for the Retail Industry

This research could be useful for retailers who either offer an LP, or those who are considering launching one. Bojei, Julian, Wel and Ahmed (2013: 177) states how important the management of relationships is for retailers. One can only benefit from relationships when all parties experience the benefits thereof.

The results from this study could assist in selecting the right benefits to offer customers, thereby avoiding offering rewards that might have no impact. Despite the proliferation of new and innovative rewards, consumeristic or tangible rewards continue to show a greater contribution than the other forms of rewards, especially when it came to satisfaction and trust. For this reason, it is recommended that the type of rewards that are viewed as consumeristic (mostly points and cash) should continue to play a major role in loyalty programme offerings. Altruistic benefits have also been established as appealing, creating both trust and satisfaction from the customer. This category of benefit seems to resonate particularly with older customers. Intangible offerings appear to resonate with customers in a more emotional sense, leading to commitment. A cautionary note is that retailers must be seen to be making their own charitable contributions as well, in order to accommodate trust issues.

An overall recommendation is that retailers should offer both consumeristic and altruistic benefits to customers, noting that offerings should be user friendly, and consumeristic benefits should be immediate and tangible, allowing the customer to make a link between his or her behaviour and the reward. Satisfaction and trust should then result, with commitment following thereafter. However, egoistic benefits should not be completely ignored, as they are often linked with consumeristic rewards with similar results as previously stated.

This study demonstrates that LPs are still of value to retailers and their customers. However, it notes that the customer is not naïve, and expects value from their rewards, which could be translated in various ways as outlined in this study. Furthermore, they require transparency and simplicity in order to achieve the essential requirements of satisfaction and trust which are paramount for the ultimate reward of loyalty to the retailer.

8. Limitations

Limitations that were noted and should be taken into consideration for this study are:

- *Differences in Loyalty Programme Design*

LP's offerings differ in many ways both between and within programmes. Benefits offered might be individual or combined. Interpretations of perceived benefits could therefore impact on the

applicability of the results. For this reason, this paper focused only on individual perceived benefits within the LPs.

- *Coverage Bias*

It could be argued that some sectors of the population were overlooked in the sample. The method of research excluded those who did not have easy access to the internet. Therefore, the sampling method did not represent the entire population of South Africa. However, most LPs in the FMCG marketplace in South Africa aim at middle to upper income levels, minimising this limitation. However, this does have implications for generalisation of this research

- *Interpretation of Perceived Benefits*

A number of different elements might play a role in the differentiation of the LP from others. This paper focused solely on perceived benefits.

For the purposes of this paper, the perception of egoistic benefits were connected with LPs that focused on “healthy eating” and “environmentally friendly” purchases. However, some might perceive these programmes as altruistic or even consumeristic because of the nature of the rewards attached to the behaviour. This should be borne in mind when weighing up the results of the study.

9. Conclusion

The results of this research can be summarised in the following way. Out of the three proposed forms of benefits, consumeristic benefits were found to have a positive and statistically significant influence on trust, satisfaction and commitment, with consumeristic benefits having the strongest effect on both trust and satisfaction. In contrast egoistic benefits were seen to have the strongest effect on commitment, but the weakest on trust and satisfaction.

It is suggested that egoistic benefits are often connected to ‘good behaviour’ in the FMCG marketplace. The feeling of high self-esteem and self-improvement that could be attached to these types of rewards is attitudinal (as is commitment) and could lead to customers having similar emotional feelings about the retailers that contribute towards these rewards.

This research supports all the stated hypotheses, which indicate that there are positive relationships between perceived consumeristic benefits and the relationship quality elements of satisfaction, trust and commitment. In addition, perceived altruistic and egoistic benefits also enjoy a positive relationship with satisfaction, trust and commitment. However, it should be noted that consumeristic benefits enjoyed the strongest relationship with both satisfaction and trust, while egoistic benefits were strongest when it came to commitment. The strongest relationship that emerged from this study was that between consumeristic benefits and trust.

10. Recommendations for Future Research

The first limitation that was outlined should give rise to additional research, where just one LP, or one offering becomes the focus of the research.

This research could also be repeated by including additional perceived benefits. Some have already been identified by previous researchers.

This study focused on the South African marketplace, but could be duplicated in other geographic locations. In a similar fashion, the study could be repeated using retailers that specialise in different product mixes such as clothing, books or pharmaceuticals..

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