

Grocery loyalty cards: Do they work?

A customer-centred investigation

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Orientation: Research into the effectiveness of loyalty programmes is fragmented and paradoxical. Some authors showed that loyalty programmes are effective, while others demonstrated the contrary.

Motivation for the study: This study draws on two previous studies and argues that theories compiled in developed economies are not applicable in emerging economies and that the success of loyalty programmes is a multidimensional topic.

Research purpose: This study aimed to investigate the effectiveness of grocery loyalty programmes within an emerging economy and investigate various areas to get a customer-centric perspective on this marketing tool.

Research design, approach and method: This study used a qualitative methodology with an abductive mindset and proposed several hunches that arose from the findings. Ten online interviews were conducted with customers of grocery loyalty programmes, and issues were probed such as the customers' purchase frequency, their price sensitivity, their advocacy of loyalty programmes and the quality and length of their relationship. The interview were transcribed and the content was analysed inductively.

Main findings: Findings suggest that the customers of grocery loyalty programmes are generally uncertain about the benefits of loyalty programmes and a sense of disengagement is observed.

Managerial/practical implications: Several suggestions are made to improve the practicality of loyalty programmes. These suggestions focus on ways to get the customers more engaged.

Contribution of study: This study contributes to the academic knowledge within an emerging economy and provides some practical managerial suggestions for effective implementation. This study proposes that the effectiveness of loyalty programmes is not a simple issue and requires input from several disciplines, such as psychology.

Keywords: grocery loyalty programmes; abductive hunches; emerging economy; integrated loyalty reviews; inductive content analysis.

Introduction

Marketing tools are used to engage customers in relationships. Retailers can utilise these tools to achieve greater sales, more positive word of mouth, lower transaction costs and better financial outcomes. One such marketing tool used by grocery retailers is loyalty programmes, whose ultimate goal is to manage and enrich the retailer–customer relationship. In their basic format, loyalty programmes are designed to retain customers and develop stronger customer–retailer bonds and, from a customer's perspective, can be defined as a marketing process that aims to generate rewards based on repetitive purchases (Kwiatek & Thanasi-Boçe 2019). Loyalty programmes should offer both monetary incentives and social and interactive benefits, but as Bruneau, Swaen and Zidda (2018) stated, there is a general lack of understanding of the effectiveness of loyalty programmes. Kwiatek and Thanasi-Boçe (2019) asserted that the perception of the value offered by loyalty programmes and the response to their different marketing promotions are contentious issues.

Research-based evidence on the effectiveness of loyalty programmes remains mixed and often paradoxical (Lin & Bowman 2022). Real-world benefits often disappoint, and despite the growing richness of loyalty programme literature, this research domain remains fragmented (Kim, Steinhoff & Palmatier 2021). There are several research results stating that loyalty programmes are effective and have a positive effect on customer loyalty (Berezan et al. 2015; Lo et al. 2017; McCall & McMahan 2019) and various studies that prove loyalty programmes are ineffective and do not

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influence customer loyalty (Khairawati 2019; Kim, Kang & Johnson 2012; Ma, Morgan & Hoffman 2018). Loyalty programmes have long been an important marketing tool within relationship marketing (Curatman, Suroso & Suliyanto 2021; Kim et al. 2021), attracting the attention of marketing researchers (Voorhees et al. 2015). Nevertheless, most extant research examines how loyalty programmes contribute to organisational financial performance and can nurture customer loyalty. This research is done on specific factors of loyalty programmes, such as financial benefits comparable to rewards and reward tiers and social benefits corresponding to friendship and personal recognition (Yang et al. 2019). The question that is not answered by research (Yang et al. 2019) is whether these factors actually lead to an effective loyalty programme (Curatman et al. 2021).

This study draws on two previous studies and argues that theories compiled in developed economies are not applicable in emerging economies, that the customer view of loyalty programmes is very basic and that the success of loyalty programmes is a multidimensional research topic. Firstly, the study draws on the seminal work by McCall and Voorhees (2010), which formulated a conceptual model of loyalty programme effectiveness. Drawbacks to this framework are that it was formulated in a developed economy (the United States of America), while the study took place in an emerging economy and is very general in its approach. Secondly, in 2020, Wait and Lekhuleni tested this model within the fuel retailers' economy in an emerging economy (South Africa) and formulated a revised model. The drawback of this model is that it only focused on the customers of fuel retailers' loyalty programmes and was very general in its approach. To further update this model, this study aims to investigate the effectiveness of grocery loyalty programmes within an emerging economy; thus, grocery loyalty card customers were probed and the following areas were investigated: their purchase frequency, their price sensitivity, their advocacy of loyalty programmes and the quality and length of their relationship.

This study contributes on two levels. Academically, it probed customers of loyalty programmes to determine their opinions on what constitutes effective loyalty programmes. It provides customer-centric content on an organisational marketing initiative. Practically, the researcher provides guidelines for the effective implementation of loyalty programmes in relation to customer relationship or engagement and therefore also a contribution to grocery stores.

The literature review follows, providing context for the study by referring to two previous studies on the topic. The investigative nature of the study called for a qualitative research approach with an abductive mindset, as explained in the research methodology section. Thereafter, the findings are presented and discussed, followed by the study's managerial implications, limitations and future research opportunities.

Literature review

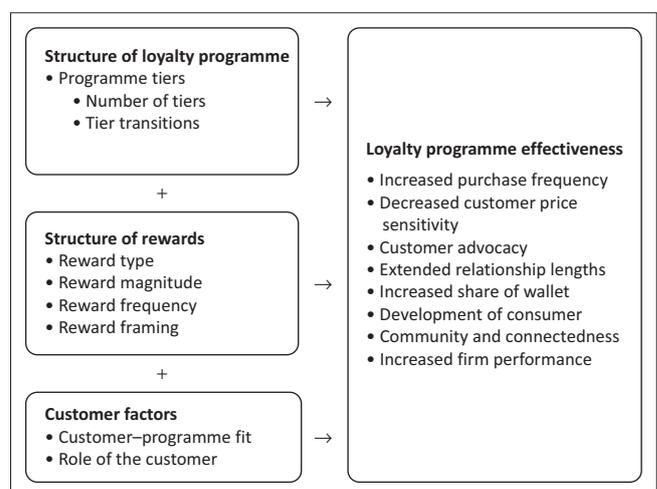
This section starts with a background of previous research that prompted this study. Two previous loyalty programme models and their drawbacks are highlighted. Subsequently, several academic views on what makes loyalty programmes effective are discussed.

McCall and Voorhees (2010) model

This model is based on three major themes that drive effective loyalty programmes: (1) the structure of the loyalty programmes, which encompasses two categories, namely various tiers and tier transition; (2) the reward structure, which includes the categories of reward type, reward magnitude and reward framing; and (3) the customer factors, which include the categories of customer-programme fit and the role of the customer in the loyalty programme. These three themes drive the overall effectiveness of the loyalty programme. Loyalty programme effectiveness is measured with increased purchase frequency, decreased customer price sensitivity, customer advocacy, extended relationship, increased share of wallet, customers and community connectedness and an increase in the organisation's performance. This model was constructed in a developed economy – the United States of America (USA) – and is a general model. Refer to the graphic representation in Figure 1 (McCall & Voorhees 2010).

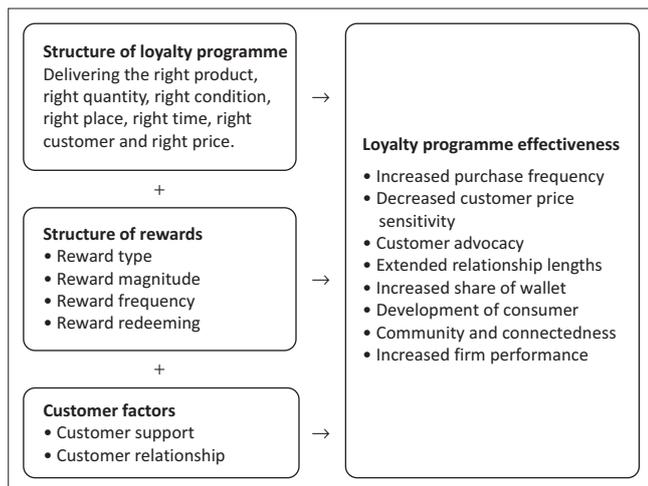
Wait and Lekhuleni (2020) model

Wait and Lekhuleni (2020) tested the McCall and Voorhees (2010) model in a fuel retailer environment. Their changes to the original model are reflected in Figure 2. On the theme of the structure of the loyalty programmes, the authors found that fuel loyalty programmes are mainly single-tiered. However, this did not bother customers, who were more concerned with getting their due rewards when buying fuel. The convenience of a simple system was found to be vital for customers. On the theme of the structure of the loyalty programmes, it was found that the fuel loyalty programme customers were not concerned



Source: McCall, M. & Voorhees, C., 2010, 'The drivers of loyalty program success: An organizing framework and research agenda', *Cornell Hospitality Quarterly* 51(1), 35–52. <https://doi.org/10.1177/1938965509355395>

FIGURE 1: Conceptual model of loyalty programme effectiveness.



Source: Wait, M. & Lekhuleni, N., 2020, 'Exploring factors that determine effective fuel loyalty programmes in South Africa, an emerging economy', *Cogent Business & Management* 7(1), 1793522. <https://doi.org/10.1080/23311975.2020.1793522>

FIGURE 2: A fuel loyalty programme in an emerging economy.

about how the rewards on loyalty programmes are framed. The customers lamented that the redeeming of rewards was more important, and they did not want to be restricted when 'cashing' in the reward points. Moreover, the customers affirmed that more options on how and where to use the points or monetary value were crucial to them. On the theme of customer factors, the participants stated that a loyalty programme must provide customer support, which they found on the relevant fuel retailer's website. A very interesting finding that emerged was the support provided by the ground staff. The customers viewed petrol attendants as their go-to people for loyalty card information, which increased their relationship with the fuel retailer (Wait & Lekhuleni 2020).

The difference in the two studies is confirmed by Chaabane and Pez (2020), who stated that loyalty programme practices vary greatly in terms of the themes that drive effective loyalty programmes. Several authors (e.g. Kimura 2022; McCall & McMahon 2019) are of the opinion that effective customer loyalty programmes are complex multidimensional compositions that involve, inter alia, customers' behavioural aspects, human attitudinal components and a certain degree of psychology. Kimura (2022) added that many loyalty programme models only provide a general framework for understanding customers' loyalty.

Customer loyalty and price sensitivity

According to Bruneau et al. (2018), loyalty programmes are described in terms of marketing promotions, relationship marketing, customer engagement and customer relationship management. Loyalty programmes are also known by various names, such as membership programmes, loyalty cards, reward programmes, cashback cards, customer support programmes and membership clubs, and they are designed to involve customers in long-lasting relationships. This relationship should be beneficial to both the customers and the organisation (Kwiatk & Thanasi-Boçe 2019).

Chang and Wong (2018) opined that customers of loyalty programmes can either be price sensitive or non-price

sensitive, and these two customer categories behave very differently. Price-sensitive customers have a higher tendency to buy at sale prices and/or to seek products that provide great value for money. Price-sensitive customers constantly search for better deals and are very aware of prices. These customers are less likely to stay loyal to a retailer and will swap allegiance when better deals surface. Price sensitivity plays a very important role in the customers' perceived advantage of the loyalty programme and the psychological resistance to the loyalty programme – that is, their degree of loyalty to the programme (Roy, Rabbane & Sharma 2016).

Customer advocacy of loyalty programmes

Customer advocacy is defined as a customer's support for a retailer and is measured through intention to consume the retailer's products and then tell others about their good experience with the product or good interaction with the retailer. Amoroso and Roman (2015) affirmed that only customers with a positive belief in the retailer's loyalty programme will have greater repurchase and long-term loyalty and advocacy behaviour. Advocacy is the highest level of loyalty. From a retailer's perspective, customer advocacy is a way to enhance retailers' reputation and customer confidence. Advocacies can be used effectively in numerous scenarios, including sharing favourable word of mouth, the intention to try a new product and resilience in the face of negative information.

The quality and length of the relationship

As per Yang, Yu and Bruwer (2018), many retailers allocate considerable resources to building relationships with their customers. Loyal customers are probably the most important asset for companies in today's competitive environment. Despite the popularity of loyalty programmes, the link between the loyalty programme and customer loyalty is mixed or controversial (Bruneau et al. 2018). The loyalty programme's incentives can be roughly grouped into two broad categories: economic benefit and relational (noneconomic) benefit. Although effective to stimulate repeat buying behaviour, economic benefits such as discounts, coupons and rebates or points may adversely affect the efficiency of noneconomic benefits such as the retailer–customer relationship (Melnyk & Bijmolt 2015). The reason for this is that customers are heterogeneous and seek different additional benefits beyond the values embedded in the products they purchase. Consequently, one reward structure of loyalty programmes that fits a group of customer may not be equally attractive to another and will affect the quality and length of the relationship.

Research methodology

Research design

An interpretivist research paradigm was followed as it best fits the study's main aim and areas of investigation. A research paradigm is a way of seeing the world that frames the research topic and influences how researchers think about

the topic (Kivunja & Kuyini 2017). An interpretivist research design investigates the meaning behind the understanding of human behaviour, interactions and society. This involves the researcher attempting to develop an in-depth subjective understanding of people's lives. Interpretivism of the social sciences – as with marketing in this study – requires the researcher to investigate a phenomenon and understand the interpretations that participants provide. In other words, in the social sciences, interpretivist research aims to explain human behaviour and social phenomenon. This research paradigm is associated with qualitative research (Pulla & Carter 2018).

Research approach

A qualitative research approach was followed. Kamal (2019) maintained that qualitative research is a method for exploring and understanding the meaning ascribed to a social or human challenge – in this case, the effectiveness of loyalty programmes. Qualitative research uses words as data with a variety of collection and analysis methods. Merriam and Tisdell (2016) affirmed that the aim of qualitative research is to unwrap the meaning of an occurrence for the people who are involved in it. In conducting a study qualitatively, researchers are concerned with identifying how people describe their experiences, how they construct their worlds and what meaning they attribute to their experiences.

Generating theory by abduction

An abductive theory creation process was followed. Walsh, Holton and Mourmant (2020) stated that abductive reasoning is a research process that suggests something 'may be' and 'is most probable'. Moreover, Mitchell (2018) claimed that this process addresses weaknesses associated with both deductive and inductive approaches. Abductive reasoning follows a rational angle, taking incomplete or 'messy' findings that may lead to the best prediction of the truth and perhaps even to a new theory. The abductive process starts with surprising facts, puzzles, insights, anomalies and hunches, followed by their explanation. Sætre and Van De Ven (2021) agreed, stating that these surprising facts, puzzles, insights, anomalies and hunches are the seeds of new theory creation. These anomalies can be noticed during fieldwork, literature review and/or data analysis. This study employed the four-step process of Sætre and Van de Ven (2021) to address the several hunches that emerged. The steps include the following: (1) observe the hunch, (2) confirm the hunch, (3) idea generation around the hunch and (4) idea evaluation towards theory creation. These new theories are presented in the findings.

Sampling and site selection

Ten participants were purposively selected to participate in this study, as they were the primary people responsible for buying groceries for their household and owned grocery loyalty cards. These loyalty cards were mainly from general grocery retailers such as Pick and Pay, SPAR, Checkers and Woolworths. Ames, Glenton and Lewin (2019) claimed that a large number of participants can threaten the quality of the

data, and researchers should opt for sampling strategies that decrease the number of participants to manageable numbers. The analysis of qualitative data requires a detailed engagement with text, and large volumes of data make this difficult. Furthermore, working through large data volumes can be difficult for interpretive analysis. Researchers should aim for depth and rich data, and the more data a researcher must synthesise, the less depth and richness are likely to be extracted. Qualitative analysis aims to understand the research phenomenon and how it plays out in a specific context, which requires gathering data from participants who can assist in the understanding of this phenomenon. Therefore, participants are purposefully selected for their experience and ability to contribute to the research topic. Campbell et al. (2020) opined that purposive sampling is the matching of the sample to the aims and objectives of the research. This will improve the rigour of the study and the trustworthiness of the data and results.

Data collection

Data were collected using 10 in-depth interviews, which were conducted via telephone and online platforms such as Zoom. The interview protocol was guided by Wait and Lekhuleni's (2020) model, as presented in Figure 2, the aim and areas of investigation of the study. The coronavirus disease 2019 (COVID-19) public health mandates and physical distancing measures in effect at the time the research was conducted restricted the researchers' ability to carry out investigations. The COVID-19 pandemic forced the transition from face-to-face data collection to other forms of data collection, such as telephonic or Internet-based. This transition was not problematic, as Lobe, Morgan and Hoffman (2020) suggested that with the ever-growing digital societies and considering this specific COVID-19 pandemic, people have become familiar with various online platforms and applications to transfer some of their daily interactions and communication online. Accordingly, it can be assumed that people's digital skills and competences have improved, making their participation in online research data collection easier.

Data analysis

Inductive content analysis was performed using the procedural model of Mayring (2014) as a guiding template, and the content was analysed manually. For the purpose of this study, the areas of investigation were operationalised into the following category definitions: the customer purchase frequency, their price sensitivity, their advocacy of loyalty programmes and the quality and length of their relationship. The category definition, which must be explicit, serves as a selection criterion to determine the relevant material extraction from the texts. The level of inductive abstraction defines how specific or general categories must be formulated, which is central to inductive category formation. To tap into the participants' experiences, *in vivo* coding was used to honour the participants' voices and to ground the data analysis from their perspective. In addition, *in vivo* coding is very effective for developing new theories (Saldaña 2009).

Initially, the findings were the list of categories. If categories must be found for several text passages, a frequency analysis of the categories' occurrence could be useful. The categories and the frequencies must be interpreted in the direction of the research aim. This reveals the findings of this study, which are presented in the section that follows.

Data trustworthiness

Lincoln and Guba's Four Dimensions Criteria (1985) were considered to evaluate trustworthiness through assessing credibility, transferability, conformability and dependability of the qualitative data. The coded data were checked by peers and subject experts, and their feedback was considered. Anney (2014) stated transferability is how the qualitative researcher demonstrates that the research study's findings are applicable to other contexts. In this case, 'other contexts' can mean similar situations, similar populations and similar phenomena. From a qualitative perspective, transferability is primarily the responsibility of the one doing the generalising. The most common related strategy to obtain transferability is the use of thick descriptions, but it is also supported with purposeful sampling to ensure a representative sample and data saturation. Another method to ensure trustworthiness is to do constant comparisons between participants' feedback.

Ethical considerations

Ethical approval to complete this study was obtained from the College of Business and Economics Research Ethics Committee School of Consumer Intelligence and Information Systems Research and Ethics Chair, University of Johannesburg (ref. no. 2021SCIIS027). Participants' informed consent was obtained before the interview started, and their privacy and anonymity were also guaranteed at the start of the interview process.

Findings and discussion

When asked if loyalty programmes lead to an increase in purchase frequency, many of the participants had to consider the question. Most of the participants were uncertain: 'I don't think so ... [it] could have ... it depends'. (P1)

Some of the participants indicated that they think they shop more, but only because of the associated benefits. However, the respondents still could not state a definite 'yes' or 'no', as seen in the following reply: 'Yeah, I think so ... something back for doing something – benefits'. (P2)

Other participants believed that the loyalty programme does not entice them to shop more, although this was also answered with uncertainty: 'I don't think so; I feel like I shop exactly the same. Like, I don't go out of my way to buy things that are advertised on special'. (P5)

Khairawati (2019) proposed that only satisfied customers will rebuy products. Customer satisfaction is an important aspect for retail business success, as it encourages the

customers to have a positive attitude towards the product. A positive attitude is imperative in rebuying the product in the future. The satisfied customers are more inclined to rebuy from the same shop, despite interesting offers from other retailers. Chaabane and Pez (2020) found that the nature of the benefits allocated to loyalty programmes does not affect the customer purchase frequency or choice of retailer.

Participants were asked if their grocery loyalty programme made them less price-sensitive, with the majority sharing that they are always price-sensitive and tend to keep an eye out for specials. The loyalty programme does not make customer less price-sensitive, and if a product is out of their price range, they will not buy it – with or without the card. Nevertheless, the respondents stated that they may buy a product if it is on special promotion to loyalty cardholders. The loyalty card discount is seen as an additional bonus, but does not dictate grocery purchases:

'I am already price-sensitive, so I try to look for the best deals.' (P1)

'If something is out of my price range, I'm not going to buy it, [I am] unaffected by the [card] benefits.' (P5)

'So it's not about the points ... if I want something, I'm going to buy it.' (P9)

According to Liu and Ansari (2020), retailers that are already focused on lower prices will not be successful in attracting loyalty programme customers by merely offering slightly lower prices on already lower-priced groceries. Price-sensitive customers are unable to appreciate the delayed benefits from the loyalty programme and focus mostly on immediate prices. Chang and Wong (2018) agreed, sharing that price-sensitive customers are able to evaluate the promotions or on-sale products more comprehensively than less price-sensitive customers. Therefore, price-sensitive customers can determine the programme's advantages better than those who are not as price conscious.

The next area of investigation concerned customer advocacy and loyalty of the grocery retailer and the accompanying loyalty programme. Participants had to ponder the question and were unsure of their actions. The respondents felt that they have not recommended the grocery retailer or the grocery loyalty card to anybody else before, because they are not 100% sure of the benefits associated with the loyalty programme. Interestingly, only one participant answered 'yes' to the question.

'Uhm, okay, so that's a tough one.' (P5)

'I haven't done it before.' (P8)

'Not really; I don't know what they are offering.' (P1)

Customer loyalty can be defined as 'a committed behaviour of a customer to repurchase a particular product or service repeatedly in the future despite external influences and marketing efforts to encourage customers to switch brand' (Haverila et al. 2022). The participants' views failed to comply

with the academic definition, as they were uncertain and generally not good advocates of the loyalty programme. The uncertainty of loyalty programme advocacy is not new and is well-documented in literature. Yang et al. (2019) claimed that the average person has several loyalty cards and cannot be loyal to all of them and that the redemption rate across the world is only 13.6%, and in South Africa it is 14.0%.

When participants were probed on the quality and length of their relationship with the grocery loyalty programme, the participants indicated that they get 'certain points' if they frequent the grocery retailer. The participants view the loyalty cards as a long-term investment:

'To a certain extent, it hasn't done much. It's a long-term thing [*loyalty cards*], so at the end of the day, maybe just waiting to accumulate certain amounts of points.' (P4)

'I think it [*loyalty cards*] is a constant revolving thing.' (P2)

Relationships demand interdependence between partners – in this case, the customer and the retailer – and to build dependence, retailers seek to enhance value for the customer. The customers must weigh the value in terms of benefits and costs and their expectations to decide whether to engage in a relationship and for how long and strong this relationship will be (Bruneau et al. 2018).

To probe the depth and quality of the relationship more, the customers were asked if they are loyal to the retailer of the loyalty programme. Some participants stated that the loyalty cards do not make them loyal, while others were uncertain. Some respondents have more than one loyalty card and frequent many grocery retailers. Interestingly, only one participant stated that the loyalty card makes them loyal to the retailer.

'No, the quality of the products is what keeps me going back.' (P1)

'Uhm, I mean, I'll be honest – I haven't really thought about it in depth.' (P6)

'I'll be visiting more stores because I have loyalty cards for them.' (P7)

The length and quality of the relationship is in direct proportion to the customers' perceived value of the loyalty programme. As per Curatman et al. (2021), customer loyalty to a loyalty programme is not the same as attitudinal loyalty towards a specific retailer, because customers can switch to a competing retailer that offers more attractive benefits. Kwiatek and Thanasi-Boçe (2019) opined that strong customer–retailer relationships may be the consequence of a loyalty programme, but the level of relationship strength differs according to the perception of additional value created by the loyalty programme. This perceived value – created by attractive benefits – of the loyalty programme is influenced by the way points can be collected and redeemed. In other words, the more points are collected and redeemed by a customer, the greater the perceived value of the loyalty programme, and the stronger the relationship between the customer and the retailer.

Other interesting findings brought forth from this study were that loyalty programmes are not seen as a money-saving mechanism. Participants felt that they must do a lot of shopping to benefit from the saving.

'I think the loyalty programme would benefit a family more if there is a lot of people in it, because you do a lot of shopping. I think the more shopping you do, the more you benefit from it.' (P6)

This finding is corroborated by the next finding, as participants felt that the benefits are only accumulated over a longer period, after more shopping has occurred.

'And that [*benefits*] build up over the past. I would say maybe 6 months.' (P5)

This longer period needed for benefits to kick in must be read in conjunction with a previous finding on the length and quality of the relationship. Danaher, Sajtos and Danaher (2016) and Lin and Bowman (2022) asserted that growing evidence suggests customers are becoming disillusioned with the rewards they receive for their efforts in earning loyalty points and the so-called economic rewards of the loyalty programme.

Another interesting finding is that the participants believe a major benefit of loyalty programmes is that it exposes the customer to a wider range of products. The participants stated that they have tried new products that were advertised via the loyalty programmes:

'I've tried so many, like, new things because of it.' (P2)

This finding ties in well with research by Lin and Bowman (2022), who found that, from a retailer's perspective, there may be an increase in product sales after a direct coupon promotion aimed at loyalty programme customers. Moreover, Alshurideh (2019) affirmed that loyalty programme customers are happy to try out new products offered to them and that loyalty programme customers are easier to persuade to buy a new product than non-loyalty programme customers.

Grocery loyalty cards are not seen as a method to develop a sense of community, and participants do not seek out other loyalty card customers. The only way that loyalty programme customers interact is on social media platforms.

'And the only type of communications will be on [*social media*] platforms.' (P3)

To explain this finding, one has to draw on the social identity theory of Tajfel and Turner (1979), which argues that people define themselves based on their membership of relevant groups. Social identities are closely related to people's need to belong and their sense of community. The membership of a loyalty programme often provides such communal benefits and promotes a shared identity among its members. However, this sense of community is prevalent in prestigious and status-driven loyalty programmes and not in 'lower-

ranking' grocery loyalty programmes (Chen, Mandler & Meyer-Waarden 2021).

To summarise the findings, it is evident that the participants, as customers of grocery loyalty programmes, are not fully engaged in the loyalty programme. They were uncertain concerning many of the probed areas, which resulted in numerous hunches that emerged from this study. These are discussed in the following.

A loyalty programme is not a simplistic concept and requires a multidimensional investigation. This hunch is supported by Kim et al. (2021) and Kimura (2022), who proposed an updated and integrative conceptual framework of loyalty programme effectiveness that includes four main elements: (1) operational elements, (2) design elements, (3) psychological elements and (4) customer loyalty elements. This theoretical model has 24 propositions that further describe the four elements and delve into the various disciplines and approaches of the issue of loyalty programme effectiveness from different subject domains.

Furthermore, loyalty programmes are culturally sensitive. The McCall and Voorhees model (2010) was developed in the USA, which has a 76% white population (Jones et al. 2021), while South Africa has a 76% black population (www.gov.za). Yang et al. (2019) stated that a glaring hole in the effectiveness of loyalty programmes is insights into the cross-cultural matters. Loyalty programme customers' cultural background controls the perceived effectiveness of the reward dimensions. Chen et al. (2021) concurred, revealing that cross-national customers are also different. Models and theories of different economies and countries will often not correlate.

It was also found that grocery loyalty programmes are an ineffective method to build customer relationships. These types of loyalty programmes are not seen as a prestigious club with understandable and worthwhile benefits but rather a type of 'low-ranking' loyalty programme. Piriypada (2020) found a positive correlation between prestigious loyalty programmes and their associated customer loyalty. Moreover, Chen et al. (2021) found that perceived prestige and status have positive consequences in terms of loyalty and share of wallet.

Managerial implications

Several managerial or practical suggestions arose from this study. These are outlined in the following, together with the proposed strategies to dealing with them.

The first implication was that the grocery loyalty cards are generalist in their approach and individual attention towards customers is missing. The first strategy for this implication involves personalising the customers' profiles. Retailers can keep in contact with the customers via mobile tools, such as SMS or WhatsApp technology, regarding their accumulated

points and resultant monetary value. The second strategy is that, once a personalised profile is formed, the customers can be informed of product specials befitting their past purchase history and personality. Retailers should acknowledge customers' birthdays with discount vouchers on the card. These strategies will provide up-to-date, relevant and tailored information to the customers, which should improve customer engagement.

The second implication is that the loyalty programme does not promote frequent purchases. A strategy for resolving this is that the retailers can get the customers back with future discount offerings. If customers pay the grocery bill, their future patronage can be encouraged by offering a discount on their next visit.

Thirdly, there is a lack of engagement, community sense and certainty of benefits regarding loyalty programmes. The customers' personal profile should be available on the retailer's website. This should provide an interactive system for customers to update their personal profile, view their history of past purchases and see up-to-date reward calculations. Special offers and coupons should also be recorded. This must provide a snapshot of the customers' engagement with the retail outlet.

The fourth limitation relates to the customers being unaware of their benefits. To resolve this, loyalty programme managers must pay more attention to collecting information about customers' buying habits and make an effort to understand their shopping preferences in order to design attractive reward redemptions and points-earning methods based on different customer segments that are distinct from other competitive loyalty programmes. Furthermore, as customers are very concerned about privacy, loyalty programme managers should disclose more information about the firms' security policies to their customers to confirm their commitment to customer security and develop customer confidence.

Limitations and future research

The current study focused on grocery retailers within an emerging economy. Therefore, the results should not be generalised outside of this arena. To provide more depth to this research topic, the abductive ideas listed in the findings warrant further research. These include a multidimensional investigation that comprises various subject domains, cultural differences in the effectiveness of loyalty programmes and the prestige factor connected to loyalty programmes. Within the South African emerging market context, research should also be conducted to determine if other types of loyalty programmes, such as eBucks and frequent flyer miles, present similar findings.

Conclusion

This study's aim was to investigate the effectiveness of grocery loyalty programmes within an emerging economy. An interpretive design was used to investigate several areas

that contribute towards an effective loyalty programme, as proposed by McCall and Voorhees (2010). The findings highlighted customers' non-commitment towards grocery loyalty programmes and a general sense of uncertainty. This study must be seen as a very important first step, and several new hunches come forth that can provide clarity on why this model did not work in an emerging economy. Nevertheless, this study's contribution is vital in a South African context.

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Competing interests

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Author's contributions

M.W. is the sole author of this article.

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Data availability

The data that support the findings of this study are available from the corresponding author, M.W., upon reasonable request.

Disclaimer

The views and opinions expressed in this article are those of the author and do not necessarily reflect the official policy or position of any affiliated agency of the author.

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