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AND CONSUMERS BUYING BEHAVIOUR IN BUFFALO CITY METROPOLITAN

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ABSTRACT

The widespread of loyalty reward programmes in South African supermarkets is evident but the impact on consumer buying behaviour is not well established. Therefore, this study analyses the influence of loyalty reward programmes on consumer buying behaviour in supermarkets in the Buffalo City Metropolitan Area of the South Africa’s Eastern Cape Province. The study adopted a positivist epistemological perspective, a descriptive research design and a quantitative approach. A total of 164 respondents in the Buffalo City Metropolitan completed the self-administered questionnaire. The findings indicate that most of the respondents understand and have access to the loyalty rewards programmes. It also shows a significant link between access to such programmes and consumer buying behaviour. Customer satisfaction and service quality have a strong impact on customer buying behaviour and their inclination to repurchase from the same supermarket. The study found that the availability of different reward programmes influence consumer buying behaviour significantly. The study recommends that managers should adopt loyalty programme that is customer-centric to enhance loyalty, Additionally, loyalty reward programmes must not be generic across populations, supermarkets should have a higher reward programme for low-income earners on non-taxable commodities.

Keywords: supermarkets, behavioural loyalty, loyalty programme, customer satisfaction, consumer experience, buying behaviour, service quality, expectations, value.

CHAPTER 1: INTRODUCTION

1.1 Introduction

Loyalty reward programmes are used as a marketing strategy in the global economy to encourage consumers to develop long-term relationships with organisations (Gorlier & Michel, 2020). They are also used by organisations to maintain profitability and enhance competitiveness. As a result, there has been a notable global increase in the adoption of loyalty reward programmes globally by supermarkets and retail shops but with limited understanding of its influence on consumer behaviour (Bombaij & Dekimpe, 2020).

Loyalty reward programmes influence customers' purchasing behaviour and encourage their loyalty toward the organisation. Compared to other marketing strategies like membership programmes or buy-button programmes, loyalty reward programmes provide personalised incentives and rewards to consumers based on their buying behaviour (Bombaij & Dekimpe, 2020). Additionally, loyalty reward programmes offer organisations access to valuable customer data which holds immense value in the modern business landscape for various reasons (Campbell, 2021).

Customer data is valuable because it empowers businesses to understand, engage with, and cater to individual customers' needs more efficiently, by ensuring that the required products and services are available. With Artificial Intelligence (AI) and advanced analytics, companies can harness this data to predict consumer needs, drive sales, and enhance their market position. An example of this is Amazon's Project Pulse. This pilot project involves installing smart fridges that automatically re-order items like milk and cheese when stock is running low or nearing the expiration date (Taylor & Baker, 2018). This project boasts the ability to track inventory and purchasing behaviour, using AI to predict consumers' requirements and coordinate deliveries to prevent shortages. It also offers targeted advertising based on purchase history and may feature Alexa integration (Tanrikulu, 2021). Loyalty reward programmes are just one of the many strategies organisations use to collect valuable customer data and foster lasting customer relationships (Dai & Liu, 2020).

Ngcobo and Ezeuduji (2021) reveals that, globally, many consumers belong to multiple loyalty reward programmes, which influence how they decide where to shop.
When deciding, consumers consider factors like reward relevance and personalisation, programme simplicity, programme management, and the availability of exclusive or premium benefits. To gain consumer loyalty, it is essential to understand the additional elements influencing customer purchasing behaviours, like customer expectations, loyalty value, and service quality (Buys & Parumasur, 2021).

Purchasing behaviours encompasses the decision-making and activities of individuals who acquire and use consumer products. It also involves studying how individuals, groups, or illustrates how institutions choose, obtain, utilize, and discard products, services, experiences, or ideas to fulfil their needs (Bansal & Bansal, 2018). Understanding consumer behaviour is essential in empowering businesses to effectively tailor their products, services, and marketing strategies to meet consumer needs and choices. This understanding allows companies to enhance customer satisfaction and loyalty, ultimately delivering what consumers want, when they want it. It gives businesses a competitive edge, as it allows them to stay ahead of market trends and changing consumer demands, make informed decisions, and create more targeted and successful marketing campaigns (De Beer & Williams, 2019).

1.2 Background

Consumer behaviour refers to the process consumers follow to determine how, and when to purchase products and services (Fazal, Ijaz, Shahzad & Hassan, 2021). This process involves physical and mental activities and is constantly evolving (Fazal et al., 2021). Every day, billions of consumers worldwide engage in the purchasing process making deliberate and conscious decisions before, during, and after a purchase (Dai & Liu, 2020).

According to Matute-Vallejo, Bravo, Pina and Moliner-Velázquez (2022), consumer buying behaviour is influenced by aspects like place and frequency of purchase, products purchased, mode of purchase, and response to sales and marketing strategies. The process of consumer buying starts with the consumer recognising an unfulfilled need or want, seeking relevant information to meet that need, evaluating the information based on their preferences and financial resources, making a purchase, and finally evaluating the purchase made (Ngcobo & Ezeuduji, 2021).

Consumer buying behaviour is not a typical routine, and it varies due to individual preferences, external influences, and product types (De Beer & Williams, 2019). The standard procedure comprises recognizing a problem, conducting an information search, evaluating options, making a purchase decision, and conducting post purchase assessment, but deviations can occur based on factors like involvement level and timing.

Buys and Parumasur (2021) categorise consumer buying behaviour as follows: programmed behaviour, impulse purchases, limited and extensive decision-making. Each of these categories, represent varying levels of search and decision effort required for purchases, from automatic and frequent to unfamiliar, expensive, or infrequent. These categories offer valuable insight into how consumers engage with loyalty reward programmes and make purchase decisions, enabling businesses to customise their loyalty reward programmes to engage and retain customers effectively. In doing so, they ensure that the rewards and incentives provided align with their target audience's specific decision-making processes and preferences (Chibogha, 2019).

According to Gilal, Chandani, Gilal and Channa (2020), consumer purchasing behaviour, is a subset of consumer behaviour which focuses on the decision-making and activities related to acquiring and using consumer products. This behaviour is impacted by a variety of factors, including psychological, social, cultural, and individual factors. For suppliers and manufacturers, obtaining a competitive edge hinges on a profound understanding of consumer purchasing behaviour (Solomon, Russell-Bennett & Previte, 2018). This understanding serves as a strategic compass, guiding businesses to tailor their products, services, and marketing strategies to align seamlessly with their target consumer’s specific needs and desires. By exploring the intricacies of consumer preferences, businesses can innovate their product offerings, optimise supply chain management, and enhance services, creating a customer-centric approach that fosters loyalty (Chibogha, 2019). This understanding empowers companies to craft targeted and effective marketing campaigns, leveraging digital platforms to track and analyse consumer interactions (Sama, 2019). In a landscape where consumer preferences evolve swiftly, the ability to adapt based on a deep understanding of purchasing behaviour becomes both a theoretical advantage and a practical prerequisite for sustained competitiveness and profitability (Tanrikulu, 2021).

Consumer purchasing behaviour includes not only the act of buying, but also the disposal of items, services, ideas, or experiences, including loyalty reward programmes (Matute-Vallejo *et al.*, 2022). The entire lifecycle of a product, from acquisition to disposal, is part of the consumer purchasing journey. Researchers like Sathish and Satish (2019) emphasize the importance of studying this comprehensive process to gain a holistic understanding of consumer behaviour.

Consumer loyalty reward programmes are marketing mechanisms used by organisations to influence consumer buying behaviour and encourage loyalty when consumers are purchasing through such programmes (Ngcobo & Ezeuduji, 2021). Loyalty reward programmes are nothing new; it dates back to the 18th century where shopkeepers awarded copper tokens as rewards to consumers (Sama, 2019). Over time, loyalty reward programmes evolved beyond traditional models, now incorporating tiered reward structures, personalised offers, exclusive access to events, and gamification elements like challenges. These advanced incentives go beyond simple point systems or stamps, providing businesses with valuable data on individual preferences and behaviours while enhancing the overall customer experience. To date, loyalty reward programmes continue to be used by various companies (Buys & Parumasur, 2021).

Alnsour, Alnsour and Alotoum (2021) highlight a link between customer satisfaction and loyalty reward programmes, showing that incentives like gift redemption, special pricing, and shopping partners contribute to customer satisfaction. Vesel and Zabkar (2019) emphasise that loyalty reward programmes are effective in establishing and maintaining customer relationships while potentially gaining a competitive advantage. Maintaining a balance when offering loyalty reward programmes is crucial for organisations to avoid overburdening consumers with excessive rewards that may diminish individual returns. When loyalty reward programmes become overly generous, there is a risk of diminishing the perceived value of rewards, potentially leading to a lack of consumer enthusiasm. Striking the right balance ensures that the rewards offered are meaningful, maintaining customer engagement and the perceived value of the programme (Vesel & Zabkar, 2019).

In the global economy, loyalty reward programmes are widely used by organisations to establish long-term relationships with consumers (Gorlier & Michel, 2020). Loyalty reward programmes reward customers for their purchasing behaviour and incentivise loyalty to the organisation. Different types of loyalty programmes exist, like points rewards, instant cashback rewards, gifts, and incentives, which are used in sectors like airlines, hotels, and retail grocery stores (Dekimpe, 2020).

Many consumers actively engage with several loyalty reward programmes, a substantial portion of which are retail loyalty reward programmes (Mntande, Stiehler-Mulder & Roberts-Lombard, 2022). Nations such as the United States of America and the United Kingdom have witnessed a significant proliferation of loyalty reward programmes, reflecting the growing importance of these initiatives in consumer engagement. This trend is not unique to developed nations, as evidenced by the average South African individual being enrolled in more than four loyalty reward programmes (Antavo 2022; Auh, Bell, McLeod & Shih, 2020). The widespread adoption of loyalty reward programmes globally underscores their effectiveness a a strategic tool for businesses to enhance customer retention, foster brand loyalty, and gather valuable insight into consumer behaviour (Bombaij & Dekimpe, 2020). The multifaceted nature of loyalty reward programme participation highlights the need for businesses to craft programmes that stand out in this competitive landscape, offering unique and compelling incentives to capture and retain consumer attention (Dai & Liu, 2020).

The landscape of consumer behaviour has undergone a transformative shift, heavily influenced by the prevalent adoption of loyalty reward programmes (Bereznoy, Shukla & Gaur, 2018). These programmes have evolved from mere transactional tools to strategic instruments designed to cultivate lasting relationships and secure customer loyalty (Gorlier & Michel, 2020). The evolving nature of consumer preferences and expectations, coupled with the dynamic socio-economic landscape, has created a distinct gap in understanding how consumers in different regions (especially low-income regions) truly use these programmes. While loyalty reward programmes are widely implemented to influence consumer behaviour, there is a scarcity of research focusing on the nuances of their impact and effectiveness in the South African market, especially in the Buffalo City Metropolitan Area (Terblanche & Boshoff, 2022). Bridging this gap is imperative in unravelling the intricacies of consumer engagement with loyalty reward programmes and developing strategies that resonate with the unique needs and behaviours of South African consumers.

1.3 Problem Statement

Organisations implement loyalty reward programmes to establish relationships and retain customers in order to gain a unique selling point. In South Africa, supermarkets also incorporate loyalty reward programmes in their customer relationship management strategies (Gielens & Steenkamp, 2019). However, their actual effects on influencing customer buying behaviour are not thoroughly considered, as most studies focus the effects of loyalty reward programmes in terms of sales and not customer retention or competitive advantage (Buys & Parumasur, 2021). Despite loyalty reward programmes becoming a widespread marketing tactic globally, there is a lack of locally published studies evaluating the impacts of loyalty reward programmes on consumer buying behaviour in South African supermarkets (Zitha & Roberts-Lombard, 2022).

Research consistently demonstrates the significant effect of loyalty reward programmes on consumer buying behaviour, expenditure levels, and store visit frequency. Kaur and Kaur (2022) contribute to this understanding with findings that align with a broader body of research. For instance, Smith and Johnson (2021) found that loyalty reward programmes positively influence consumer spending, while Wang (2023) observed a correlation between loyalty reward programmes and increased store visits. A study by Håkansson and Snehota (2022) reinforces the notion that loyalty reward programmes significantly influence consumer behaviour, including the amount spent and the frequency of visits to supermarkets. Store visit frequency includes physical visits and online shoppers who regularly engage with the store through digital platforms, reflecting the evolving landscape of consumer behaviour in an era where online shopping is increasingly prevalent.

Customers benefit from loyalty reward programmes by accumulating points on purchases and redeeming the points for cash incentives (Corbishley, Meintjes & Mason, 2023). However, there appears to be a gap between consumer expectations and how they are rewarded through loyalty reward programmes (Corbishley *et al*., 2023). Customer experience and satisfaction with loyalty reward programmes in South Africa are under-researched, particularly within low-income households in the Eastern Cape (Mgiba & Koopman, 2023).

Furthermore, there is a limited understanding of customer satisfaction and needs in terms of loyalty reward programmes (Corbishley *et al*., 2023). Studies examining customer experiences and behaviours with loyalty reward programmes, specifically in the context of supermarkets, are also scarce (Terblanche & Boshoff, 2022; Chinyamurindi & Ramukumba, 2020). Given that the most prominent loyalty reward programmes in South Africa are established in convenience retail environments, it is crucial for well-established supermarkets to understand how customer experience influences loyalty reward programmes (Esen & Mbatha, 2022). Understanding the customer experience will enable supermarkets to be more customer-centric and innovative when designing their loyalty reward programmes.

This study explores customer experience and satisfaction as it relates to using loyalty reward programmes and the impact these programmes have on buying behaviour in major retail supermarkets in the Buffalo City Metropolitan Area in the Eastern Cape.

1.4 Research Aims

Main Objective

The study aims to analyse how loyalty reward programmes influence consumer buying behaviour in supermarkets in the Buffalo City Metropolitan Area of the Eastern Cape Province in South Africa.

This analysis will be conducted by:

1. Determining the correlation between the ease of access to loyalty reward programmes and positive attitudes towards these programmes.
2. Investigating the influence of satisfaction with loyalty reward programmes on repurchasing behaviour in supermarkets.
3. Investigating if the various aspects of loyalty reward programmes can predict consumer buying behaviour.
4. Examining the perceived quality of service and the extent to which expectations are met as predictors of the consumer’s perceived value gained from loyalty reward programmes.
5. Investigating if the specific types of loyalty reward programmes are significant predictors of consumer repurchasing behaviour.

1.5 Research Questions

1. How does the ease of accessing loyalty rewards influence consumer attitudes towards these programmes?
2. Does consumer satisfaction with loyalty reward services correlate with their repurchasing behaviour in supermarkets?
3. Can various aspects of loyalty reward programmes predict consumer buying decisions?
4. What is the impact of service quality and expectations fulfilled by loyalty reward programmes on consumer perception of value gained from these programmes?
5. Are specific types of loyalty reward programmes more effective in influencing consumer repurchasing behaviour?

1.6 Research Hypotheses

1. There is no significant correlation between access to loyalty reward programmes (item 24-26) and positive attitudes towards these programmes (e.g., experience, perceived value).
2. There is correlation between consumer satisfaction with loyalty reward services (item 1-5) and their inclination to repurchase from the same supermarket (item 29-31).
3. The various aspects of loyalty reward programmes (item 19-23) can significantly predict consumer buying behaviour.
4. The perceived quality of service (item 6-10) and the extent to which expectations are met (item 11-14) are significant predictors of consumer perceived value from loyalty reward programmes.
5. Specific types of loyalty reward programmes (items 27-28) are significant predictors of consumer repurchasing behaviour (items 29-31).

1.7 Rationale of the Study

South African retailers are increasingly making use of loyalty reward programmes (Corbishley *et al*., 2023). Earlier studies have established a significant relationship between loyalty reward programmes and consumer repurchasing behaviour (Curatman & Suros, 2022; Pavone, Meyer-Waarden & Munzel, 2023). However, retail supermarkets face the challenge of fickle customers who switch loyalty based on their experiences, requiring personalised offers and consistent rewards to attract and retain them (Thomas, Singh & Gangwar, 2022). Trust in retailers is built on customer experience (Ahsan, Alauddin, Alam, Nazia, Islam, 2022). Therefore, conducting a study focusing on highly competitive retail supermarkets would provide valuable insight for retailers on customer experience, purchasing behaviour, and the effectiveness of loyalty reward programmes.

While the prevalence and efficacy of loyalty reward programmes have been noticed in South Africa (Engelbrecht, & De Beer, 2019), studies often overlook disparities in consumer experience between different income groups. According to Chauke 2022, lower-income earners may encounter unique barriers and exhibit distinctive patterns in their engagement with loyalty reward programmes (Brown & Williams, 2021).

Understanding this income-specific perspective is essential, as it can uncover challenges faced by lower-income consumers when it comes to fully capitalising on loyalty rewards (Buys & Parumasur, 2021). By exploring this nuanced aspect, this study aims to identify opportunities to enhance the accessibility and effectiveness of loyalty reward programmes for lower-income consumers. This will contribute to academic research and offer practical insights for businesses aiming to create more inclusive and tailored consumer loyalty strategies in the diverse South African market.

The results of this study carry practical implications for various stakeholders involved in the economic advancement of the nation, including foreign and local investors and the South African government (Dekimpe & Geyskens, 2019). Where customers are enrolled in multiple loyalty programmes, supermarket and retail store managers can use the key influencers of buyer behaviour identified in this study to develop interventions that enhance customer satisfaction. Supermarkets that are successful in making their loyalty reward programmes more appealing to consumers, can use these programmes to influence customer buying behaviour (Engelbrecht & De Beer, 2019). This study adds to the current body of knowledge, providing empirical information that can guide further research and academic investigations, particularly in other regions of the country.

1.8 Scope of the Study

The study will focus on loyalty reward programmes and their influence on consumer buying behaviour in four leading supermarkets in the Buffalo City Metropolitan Area.

The main variables of the study will be customer satisfaction, experience, type of loyalty reward, and access to loyalty reward on customer buying behaviour. The target population is consumers who shop regularly at supermarkets in the Buffalo City Metropolitan Area.

1.9 Preliminary Literature Review

The literature review explores previous research, following a well-structured framework that focuses on literature relevant to the research objectives. It discusses previous research on customer expectations and experience using loyalty reward programmes. It also reviews customer relationship marketing and how it influences buying behaviour and loyalty.

From a theoretical point of view, organisations employ loyalty reward programmes to build customer relationships and loyalty (Otara, 2019). At the same time, consumers presumably participate in these programmes with the expectation of gaining access to various benefits and rewards associated with their membership (Mwencha & Muathe, 2019). In the past, retail relationship marketing focussed on profit and market share (Otara, 2019). However, in recent years, establishing enduring customer relationships while ensuring profitability (Khairawati, 2020) has been the priority. According to Kim, Steinhoff and Palmatier (2023), actual loyalty has moved from special deals and discounted pricing to customer needs and experience. Loyalty requires (underlying purchasing behaviour) an inherent preference for a brand, emanating from customer experience, to establish loyalty (Kim *et al*., 2021). The price elasticity in a loyalty reward programme may generate sales but will not reflect true loyalty because consumers will gravitate toward organisations that meet their needs (Meyer-Waarden, Bruwer & Galan, 2023). Therefore, retailers have an advantage when they focus on nurturing long-term customer relationships rather than once-off sales (Chen & Yang, 2021).

1.9.1 Customer Experience

Customer experience is integral in building brand loyalty (Rogers & Peppers, 2022; Mgiba & Madela, 2020; Ahsan *et al*., 2022). Clark (2020) defines customer experience as “a journey (based on expectations) that customers feel as they interact with a brand.” According to Yulida, Rana, Mandagie, and Linggadjaya (2023), elements such as service quality, perceived value, and satisfaction determine whether an experience is positive or negative. Specifically, when customers' experiences with a product or service surpass expectations, it leads to satisfaction and repeat purchases (Chen, Wang, Wei & Yuan, 2020). Furthermore, Chen *et al*. (2020) note that continuous customer experience improvement will ignite business innovation and sustain customer loyalty.

1.9.2 Consumer Loyalty

A successful business needs loyal customers who repeatedly buy from it and recommend it to others. Since recruiting new customers is costlier than retaining existing ones (Morgan, 2019), supermarkets should retain existing customers and build a relationship that makes the customers more inclined to recommend the business through word-of-mouth (Kasai & Chauke, 2017). According to Corbishley (2017), loyal customers choose the same brand repeatedly, unlike once-off customers. Customer loyalty is fickle and based on factors like a changing economy, product price, and customer experience, to name a few (Kovalev, Novikova & Antineskul, 2022; Stuivenberg, 2015). Nevertheless, Chaudhuri, Voorhees and Beck (2019), Korhonen (2022), and Dubey (2019) assert that there is a positive effect of customer loyalty on buying behaviour, as consumers develop a habit of making regular purchases despite the availability of alternatives.

1.9.3 Loyalty Reward Programmes

Organisations use loyalty reward programmes as a marketing tool to compensate customers for their loyalty (Meyer-Waarden, Bruwer & Galan, 2023). The primary objective of such programmes is to cultivate customer loyalty by offering incentives or rewards. In such programmes, customers earn incentives based on purchase frequency, which is determined by the number of visits or transactions made. Rewards include points, reward cards, partnered rewards, exclusive services, cashback, and gifts (Gorlier & Michel, 2020).

The design of the loyalty reward programme should entice customers to be more committed by prioritising their individual needs (Meyer-Waarden, 2017). However, Fook and Dastane (2021) argue that not all customers on a loyalty reward programme are committed to the brand.

1.10 Research Methodology

1.10.1 Research Philosophy

This study follows a positivist approach in the methodological framework of the research onion developed by Saunder, Philip and Adria (2012). Positivism, ro oted in the scientific method, asserts that the world is real and can be understood through empirical evidence gained from experiments or comparative analysis. A positivist epistemological perspective is adopted to gain an understanding of customer experiences and buying behaviour as it relates to loyalty reward programmes. This perspective values systematic inquiry and empirical evidence to generate insight into factors influencing purchasing decisions.

1.10.2 Data Analysis Technique

The data analysis for this research will employ various statistical and quantitative methods. Descriptive analysis, including univariate analysis for each variable, will be conducted to process and interpret the collected data. Additionally, inferential analysis featuring exploratory factor analysis, will be utilized to uncover patterns in unobservable variables such as behavioural or personal traits. will be used to uncover patterns in unobservable variables like behavioural or personal traits (Singh 2021). Descriptive analysis will be applied to assess notable variances among demographic variables (gender, age, ethnicity, educational level) and the key dimensions under study. Frequency count, Pearson’s Product Moment Correlation and Multiple Regression will be conducted (Smith 2019). These techniques collectively contribute to drawing meaningful conclusions from the research data.

1.11 Organisation of the Study

The study comprises five chapters.

Chapter 1 introduces the research variables, namely knowledge management practices and organisational performance. It also highlights the research topic, objectives, the significance of the hypotheses, limitations, and the organisation of the study.

Chapter 2 presents a literature review based on previous research on the main concepts of the study variables, namely customer experience, loyalty reward, incentive methods, reward regularity, and point accumulation. This literature review establishes a framework that illustrates the relationships between these concepts.

Chapter 3 covers various aspects of the research design, including the introduction, empirical model, target population, sampling and sample size, data collection instruments, data collection technique, data analysis and presentation, validity and reliability, cover, and ethical considerations.

Chapter 4 presents the findings obtained from the collected data and a comprehensive statistical analysis to determine the key factors related to loyalty reward programmes.

Chapter 5 discusses the findings and provides recommendations for retailers on effectively managing loyalty reward programmes and influencing consumer behaviour.

This structure allows for a logical progression of the research process, from introduction to conclusion and practical implications.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter discusses the theoretical and conceptual framework of the research. The theoretical framework encompasses the relevant theories that underpin the study and influence the conceptual framework (Bernard, 2020). This chapter also reviews empirical studies on customer loyalty reward programmes which will inform a resolution on study objectives which are: to investigate how consumers understand and access loyalty reward programmes, to ascertain the impact of loyalty reward programmes on customer purchasing behaviour, and to conduct an empirical investigation into the key factors of loyalty reward programmes and to analyse the influence of loyalty reward programmes on customer buying behaviour in retail supermarkets in the Buffalo City Metropolitan Area.

2.2 Theoretical Review of Literature

The Relationship Marketing Theory, Expectancy Theory, and the Theory of Reasoned Action, and they will serve as guiding frameworks for this study. These theories are interconnected and provide a comprehensive understanding of consumer behaviour, encompassing motivational aspects, long-term relationship building, and the cognitive processes behind rational choices in response to loyalty reward programmes.

2.2.1 The Relationship Marketing Theory

The Relationship Marketing theory, as proposed by Berry (1983), is an effective strategy that organisations can employ to gain a competitive advantage. It involves cultivating enduring positive relationships with customers, suppliers, and other marketing stakeholders across diverse industries (Boateng, 2019). The central idea of relationship marketing is that businesses benefit from customer loyalty. As such, loyalty reward programmes are associated with this theory as they contribute to customer retention and provide associated benefits (Gram, 2022).

Customer-centered or customer-centric organisations embrace relationship marketing as a significant business philosophy. Businesses recognize that achieving sustained success entails a comprehensive knowledge of the market, the capacity to foresee customer needs, and the skill to create products and services that meet customer expectations while cultivating loyalty. Retaining customers through various strategies and techniques is a core tenet of relationship marketing, with the goal of securing repeat business from current customers by outperforming competitors through mutually advantageous relations (Sandhu, 2022). Conventional marketing strategies primarily emphasize customer acquisition and one-time transactions. However, with the growing recognition of the significance of relationship marketing, there is a gradual shift away from direct marketing toward it. The enhanced profitability linked to customer retention efforts arises from many factors that come into effect once a customer relationship is established (Belgrove & Bolton, 2022).

While scholars like Guo and Wang (2019), Fazal *et al*. (2021), Bereznoy *et al*. (2018) and Boateng (2019) consider all types of partnerships as part of relationship marketing, Zitha and Roberts-Lombard (2022) propose confining the domain to cooperative and collaborative marketing activities centred on customer needs. According to Zitha and Roberts-Lombard (2022), relationship marketing is an ongoing process of collaborative actions and programmes with both immediate and end-user consumers to generate or enhance the mutual economic benefit of lower cost. Customer retention emerges as a significant competitive advantage, prompting the rise of relationship marketing as businesses discover that retaining current customers is more cost-effective than acquiring new ones (Khan, 2019).

Loyalty reward programmes, such as cumulative rewards or frequency cards, represent a subset of relationship marketing that has attracted significant attention in marketing literature due to their similar structure (Buys & Parumasur, 2021). These programmes are marketing activities designed to enhance interactions with preidentified customers. The Relationship Marketing Theory guides this study by examining the buying patterns at supermarkets and provides useful data particularly to managers who allocate budgets to customer loyalty programmes (Day, 2018). The Relationship Marketing Theory clarifies how loyalty reward programmes build customer loyalty by meeting customer needs and wants in the retail environment (Vargo & Lusch, 2021).

This study aligns with the principles of relationship marketing by considering customer-oriented organisations that embrace it as a major business philosophy (Cant, 2018). By conducting an empirical study on critical factors of loyalty reward programmes, this research aims to understand how relationship marketing concepts contribute to customer retention and satisfaction in supermarkets in the Buffalo City Metropolitan Area. The Relationship Marketing Theory guides the study's examination of buying patterns in relation to supermarket performance, aiding managers in budget allocation for customer loyalty reward programmes, assessing the number and effectiveness of loyalty initiatives, and analysing the frequency and amount of customer purchases (Matidza, Ping & Nyasulu, 2020). The Relationship Marketing Theory is instrumental in unravelling how loyalty reward programmes, as a subset of relationship marketing, build customer loyalty by meeting customer needs and wants in the retail landscape of the study area (Piranda, Sinaga, & Putri, 2022).

2.2.2 Expectancy Theory

The Expectancy Theory, developed by Victor Vroom, proposes that individuals' motivation to participate in specific behaviours is influenced by their expectations of the associated outcomes. In the context of loyalty reward programmes, the Expectancy Theory can clarify how consumers perceive and evaluate the benefits and rewards offered by loyalty reward programmes (Wanous, Keon & Latack, 1983; Ulrich, Bausenhart & Wearden, 2022).

Consumers are motivated to participate in loyalty reward programmes if they believe their participation will lead to desirable outcomes, like discounts, exclusive offers, or other rewards (Sinha & Banerjee, 2020).

In this study, the Expectancy Theory clarifies how loyalty reward programmes motivate customers to actively participate in and engage with such programmes in the supermarket context (Sinha & Banerjee, 2020). The Expectancy Theory provides insight into consumer decision-making processes, consumer evaluation of the value proposition of loyalty reward programmes, and consumer intention to use the rewards offered (Rizwan *et al*., 2021; Yu & Dean, 2019; Sinha & Banerjee, 2020; Johnson, 2018).

2.2.3 Theory of Reasoned Action

The Theory of Reasoned Action, formulated by Fishbein and Ajzen during the late 1960s, highlights the importance of pre-existing attitudes in decision-making.
According to this theory, consumers act to attain particular results (Dai & Liu, 2020). The Reasoned Action Theory assumes that consumers are rational beings who make choices based on what they consider advantageous to them. Specificity plays a crucial role in this reasoned action as consumers anticipate similar responses when performing a specific task. However, consumers can alter their decisions and opt for alternative courses of action during the decision-making process until the action is completed (Sathish & Satish, 2019; Chinyamurindi & Ramukumba, 2020).

Potgieter and Naidoo (2017) state that the Theory of Reasoned Action recognises that various external (family members, social influence) and internal (personal attitudes) factors can influence consumer behaviour. Lutz (1991) also points out that to successfully predict consumer purchase behaviour, it is important to measure their attitude towards exhibiting a specific behaviour, rather than focusing on their overall attitude towards the object (in this case, a specific brand or product). Lutz (1991) also recognises that individuals are not always in control of their behaviour, as they may be impacted by external influences, like family members, friends, and societal expectations. The Theory of Reasoned Action is relevant to this study as it will assist in its objective of conducting an empirical study on the critical factors of loyalty reward programmes. The Theory of Reasoned Action also supports this study’s dependent variable: consumer purchasing behaviour.

The Theory of Reasoned Action underscores the importance of existing attitudes in the decision-making process, asserting that consumers engage in activities to achieve specific outcomes (Chopra, 2019). Consumers are considered rational beings, making choices based on perceived advantages, with the specificity of tasks playing a crucial role in anticipating responses. In the context of this study, the Theory of Reasoned Action will enable a structured framework to understand critical factors of loyalty reward programmes, exploring how consumer attitudes toward these programmes influence their purchasing behaviour in retail supermarkets in the Buffalo City Metropolitan Area. This study implements the Relationship Marketing Theory (one of the theoretical frameworks) to influence the Conceptual Framework

2.3 Conceptual Framework

A conceptual framework organises research ideas and concepts to achieve its objectives. This study analyses the influence of loyalty reward programmes on consumer buying behaviour in supermarkets in the Buffalo City Metropolitan Area.

In the proposed conceptual framework (Figure 2-1), three key independent variables are identified. The first variable, "Consumers Understand and Access to Loyalty'', encompasses customer experience, value-based perceptions, and emotional connection. According to Gilbert (2019), positive customer experiences are pivotal in shaping perceptions of loyalty reward programmes, while Li, Larimo and Leonidou (2021) emphasise that consumer perception of value significantly influences engagement with loyalty rewards. Terblanche and Boshoff (2022) also argue that building emotional connections through loyalty reward programmes fosters sustained consumer engagement.

The second independent variable, "Effect of Reward Programmes", examines customer loyalty, increased customer spending, and data collection and personalisation. Rundle-Thiele and Leask (2018) indicate that effective loyalty reward programmes significantly enhance customer loyalty and retention. Wilson and Makau (2018) emphasise the link between loyalty reward programmes, increased customer spending, and purchasing pattern influence. Furthermore, Raithel, Schreiner and Scharfenberger (2022) stress the role of data-driven personalisation in enhancing the effectiveness of loyalty reward programmes.

The third independent variable, "Reward Frequency," explores the frequency of annual and monthly rewards, and rewards per store visit. Wuisan and Handra (2023) suggest that the number of rewards offered annually significantly influences consumer engagement and loyalty. Vahdat, Alizadeh, Quach, and Hamelin (2021) focus on how monthly reward frequency influences short-term consumer behaviour, while Vargo and Lusch (2021) explore the impact of reward frequency per store visit on shaping consumer choices and encouraging repeat visits.

The dependent variable in this conceptual framework is "Customer Buying Behaviour," which indicates the effect of loyalty reward programmes on consumer behaviour. The proposed framework integrates insights from various studies to create a comprehensive understanding of the multifaceted correlation between loyalty reward programmes and consumer buying behaviour in the context of the Buffalo City Metropolitan Area supermarkets.

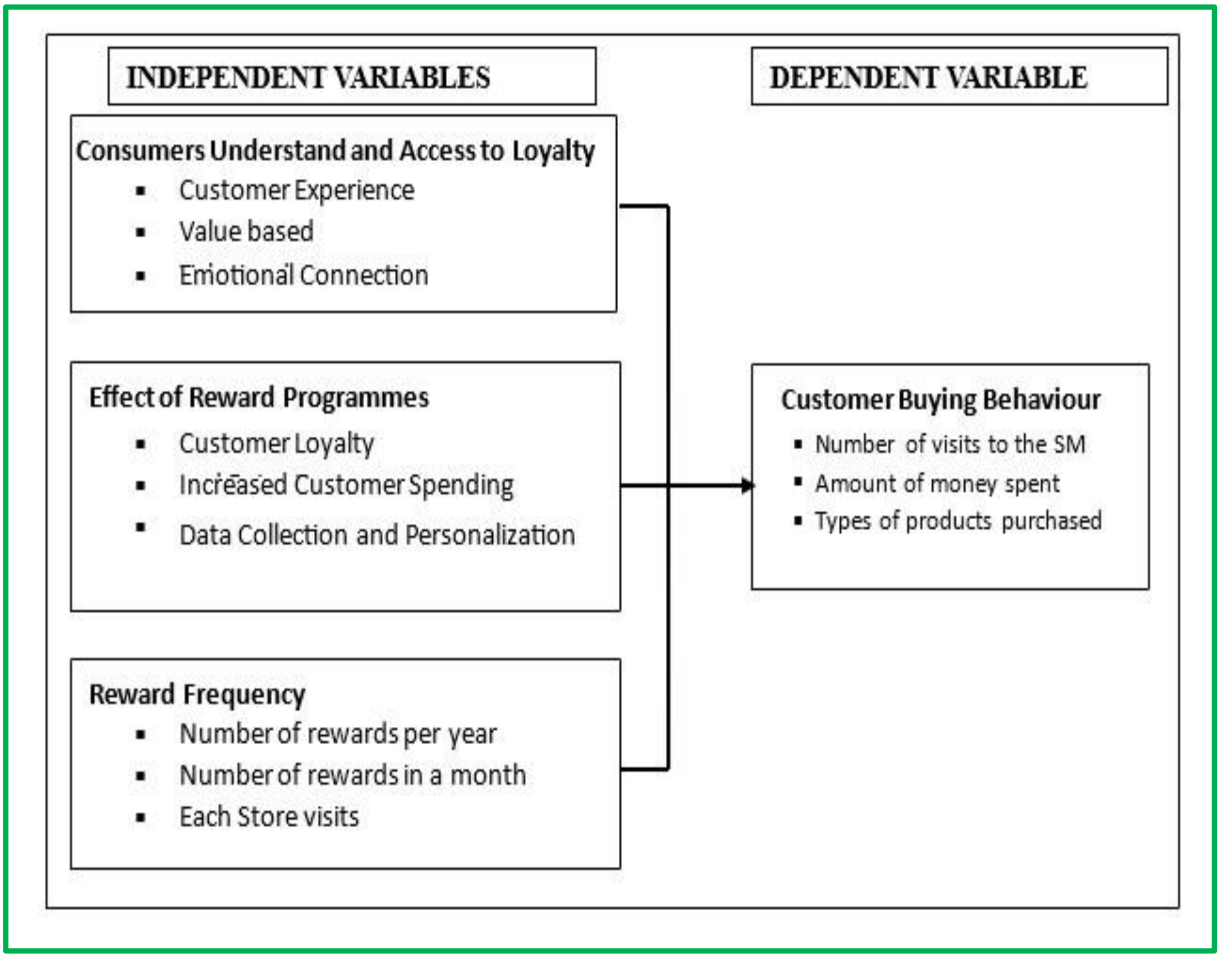


Figure 2-1: Conceptual Framework (Source: Yulida *et al.* (2023).

2.3.1 Consumer Experience

Consumer experience is defined as a journey (based on expectations) that customers embark on when interacting with a brand (Clark, 2020). Customer experience is an integral part of what keeps a consumer loyal to any brand (Rogers & Peppers, 2022; Mgiba & Madela, 2020; Ahsan *et al*., 2022). Chen *et al*. (2020) note that continuous improvement of consumer experience will ignite business innovation and subsequently ensure consumer loyalty. In addition, Yulida Rana, Mandagie, and Linggadjaya (2023) highlight that elements such as perceived value, satisfaction, and service quality play a role in shaping the consumer experience. Specifically, when consumers encounter a product or service that surpasses their expectations, it leads to satisfaction and fosters willingness to repurchase (Chen *et al*., 2020).

2.3.2 Consumer Perception

Customers are intricate and frequently irrational, and their behaviours are frequently perception-driven (Grewal *et al*., 2019). Perception is a personal comprehension and evaluation of something, shaped by their experiences and viewpoints (Otara, 2019). In the context of consumers, perception encompasses their convictions, practices, norms, and standards, which, in turn, impact their buying behaviour (Satish, 2018). Due to subjective perception, consumer perception varies from person to person and is significant to consumers and businesses (Ladhari & Chebat, 2017). Various marketing methods, like product promotion, increase sales, public relations, reward schemes, and online presence, can influence consumer perception (Otieno, *et al*., 2020).

2.3.3 Value Creation

Consumer value, like loyalty, is a multidimensional and intricate concept. It is widely acknowledged that creating and delivering exceptional customer value is crucial for increasing an organisation's value (Slywotzky, 2022). Consumer value considers the desires and benefits customers derive from purchasing and using a company's products or services. Research suggests that businesses can gain a competitive advantage by adopting an outward-focused approach centered on their customers (Chipunza & Samuel, 2019). Therefore, it is imperative that this study addresses the customer-oriented aspect of value.

2.3.4 Consumer Value

Value can be characterised as the balance between a product's perceived quality or benefits and the customer's perceived sacrifices associated with purchasing the product (Pons & Carrero 2018). According to Ndubisi and Duru (2018), consumer value refers to an emotional bond formed between a company and a consumer following the consumer's usage of the company's product or service, upon realizing that it provides added value. Definitions of value are often intertwined with concepts like worth, quality, and utility, which depend on the customer's perspective. Perceived value is sometimes mistaken for consumer satisfaction.

2.3.5 Brand Loyalty

Brand loyalty is defined in many ways. Bereznoy, *et al*. (2018) define brand loyalty as the biased and behavioural response (influenced by psychological processes) exhibited by a decision-making unit towards a specific brand within a set of brands. According to Magalhães & Mendes (2016), brand loyalty can be defined as consumers who often or consistently buy products from a particular brand without exploring other brands or seeking brand-related information (Auh *et al*., 2020). Consumer loyalty is commonly classified as behavioural, attitudinal or sometimes a combination. While it is advantageous for companies to nurture both attitudinal and behavioural loyalty, these aspects are often discussed separately in literature due to their distinct influences (Liu *et al*., 2020).

2.3.5.1 Behavioural Loyalty

Behavioural loyalty is characterised by frequent purchases from the same organisation and occasional switches to other providers. Consumers loyal to a brand or company repeatedly purchase products from the same company in a specific category and have little to no intention to switch (Nguyen *et al*., 2022). Behavioural loyalty centers on outcomes such as repeat purchase intentions and purchasing patterns.

Initially, loyalty was solely reviewed by observing consumer behaviour, specifically in terms of repeat purchases (Homburg *et al*., 2021). Behavioural loyalty can, however, also be assessed through purchase proportion, consumer time, and collaboration (Baluglu, 2022). Repeat purchase behaviour is reflected by the ratio of purchases from a single brand to the total purchases within a similar product category (Raithel *et al*., 2022; Buys & Parumasur, 2021). A higher ratio indicates greater customer loyalty. Additionally, increased time spent on a purchase is often associated with higher spending, making it a useful indicator of loyalty. Loyalty reward programmes that prioritise repeat purchase behaviour, operate differently from marketing campaigns like sales and promotions (Pansari & Kumar, 2018). By encouraging repeat purchases, companies can gain valuable knowledge about consumer needs and preferences while delivering superior customer service and reducing costs.

2.3.5.2 Attitudinal Loyalty

According to Jacoby and Chestnut (2018), attitudinal loyalty refers to a customer's inclination to choose one brand over another based on psychological processes like attitudinal likeness and emotional dedication. Trust, emotional connection, and allegiance are important factors associated with attitudinal loyalty (Jacoby & Chestnut, 2018).

Attitudinal loyalty occurs when consumers strongly believe in or prefer a particular organisation's products or services (Buttle, 2019). As a result, they recommend the product to other consumers, resulting in word-of-mouth marketing (Jain & Jain, 2019). According to Kazmi, Yousafzai and Manzoor (2020), loyal customers disseminate favourable feedback regarding the company, its products, and the services they offer.

The attitudinal dimension of loyalty emphasizes building a lasting relationship between an entity or brand and its consumers through commitment, rather than solely depending on short-term repeat purchase behaviour (Jeon, Kim & Koh, 2021). Consumers tend to form a good preference for a brand as they understand and solve problems concerning the brand and compare its attributes to those of competitors (Bennett & Rundle-Thiele, 2022). This results in consumers exclusively considering their selected service provider for a specific product or service, resulting in low price sensitivity (Ndofirepi, Farinloye & Mogaji, 2020). The organisation or brand holds a prominent position in consumer’s minds (Kotler, Wong, Saunders & Armstrong, 2020), leading to a readiness to pay higher prices for products or services even if cheaper alternatives are available (Engelbrecht & De Beer, 2019).

Matute-Vallejo, Bravo, Pina and Moliner-Velázquez (2022) suggest that attitudinal loyalty influences cognitive and affective processes that contribute to consumer loyalty, making it necessary to measure this aspect for a clearer understanding thereof. Naylor, Lamberton and Norton (2023) emphasizes the significance of this facet of loyalty, suggesting that behavioural loyalty must be complemented by a robust attitudinal devotion to the brand for "true" loyalty to be present. Therefore, enduring or genuine loyalty is evident when consumers possess a strong preference for and favourable attitude towards the store or brand. Dedicated consumers demonstrate increased support for the loyalty reward programme, committing a gauge of the attitudinal dimension of loyalty (Buys & Parumasur, 2021).

Although variances between schools of thought regarding behavioural and attitudinal loyalty persist, recent research indicates that brand loyalty is a fusion of the two. Funke and Day (1976) first proposed this idea, and Rundle-Thiele and Leask (2018) argued that a clear distinction between the two is not feasible, as each brand relationship depends on the situation. Rundle-Thiele and Leask (2018) state that brand loyalty is "the state of being loyal, where loyalty represents a customer's adherence to an entity".

Fornell, Rust and Dekimpe (2019) incorporate situational factors into another dimension of loyalty, known as the contingency approach, which is described as "purchasing influenced by an individual's circumstances, characteristics, and buying situations." This dimension builds upon previous research by indicating that a strong attitude toward a brand does not necessarily correlate with when (or if) there will be a next purchase (Roschk, Feese & Gnewuch, 2019), as situational factors play a crucial role in purchase decisions. According to Jin, Muqaddam and Ryu (2019), these variables are more influential than attitudinal attributes and can be a major factor in future purchases, mainly when the attitude towards a brand is weak.

2.3.6 Consumer Satisfaction

Satisfaction is the level of contentment or fulfilment experienced by consumers after using a product or service. It is a critical metric that assesses the extent to which a product or service meets or surpasses customer expectations (Bennett & Rundle Thiele, 2014; Mittal & Lassa, 2018; Soderlund, 2017). Consumer satisfaction impacts customer loyalty, word-of-mouth marketing and consumer behaviour (Wong, 2014). Higher levels of consumer satisfaction led to increased brand loyalty and a greater likelihood of repeat purchases (Reichel & Sasser, 2019). While loyalty can be described as steadfast preference that extends to unwavering support, while satisfaction pertains to the assessment of a product or service post-usage, indicating the fulfilment of its intended purpose (Oliver, 2019). Consequently, satisfaction is regarded as a crucial precursor to loyalty, and the transition from satisfaction to loyalty is closely intertwined with the theoretical understanding of loyalty (Bei & Chiao, 2019).

Consumer satisfaction is evident in customer actions and measured by actual purchase frequency, duration, market share proportion, or the likelihood of repurchase (Auh *et al*., 2020). For example, a behaviourally loyal customer might consistently visit the same coffee shop, exclusively shop at a particular grocery store, or repeatedly purchase products from the same brand due to high satisfaction (Buys & Parumasur, 2021). Behavioural loyalty is of great interest to companies as it strongly correlates with profitability.

2.3.7 Consumer Behaviour

Consumer behaviour refers to how people determine whether, how, and when to purchase products and services. It involves constantly changing physical and mental processes (Fazal, Ijaz, Shahzad & Hassan, 2021).

Billions of consumers worldwide make daily purchases, and it involves a deliberate and conscious decision-making process before, during, and after the purchase (Dai & Liu, 2020). Matute-Vallejo *et al*. (2022) provide examples of customer buying behaviour as the place of purchase, frequency of purchase, products purchased, mode of purchasing, and response to sales and marketing strategies. The process of consumer buying behaviour starts with the customer recognising an unfulfilled need or want, seeking relevant information to meet that need, evaluating the information based on their preferences and financial resources, making a purchase, and finally evaluating the purchase made (Ngcobo & Ezeuduji, 2021). This process is not, however, always a typical customer routine.

2.4 Empirical Review of Literature

An empirical literature review assesses previous empirical research to address specific study questions. It serves as a comprehensive summary of prior research on a particular topic of interest. The main aim of conducting a literature review is to identify gaps and shortcomings in the existing literature.

2.4.1 Loyalty Reward Programme

The main goal of a loyalty reward program is to boost the number of loyal customers by providing incentives to frequent shoppers (Worthington & Fear, 2009). This, in turn, leads to higher sales revenue and improved company profitability (Chipunza & Samuel, 2019). Loyalty reward programmes are strategic tools that enable companies to establish interactive and personalised relationships with consumers, using the information recorded by these programmes to tailor marketing techniques and communication (Tsekouras & Kounetas, 2019). Unlike other marketing activities, like advertising and branding, loyalty programmes directly target increasing the average purchase frequency and amount (Sharp & Sharp, 2022).

Categorised as defensive marketing, loyalty reward programmes focus on retaining existing customers and extracting greater value from them, instead of acquiring new customers (Buys & Parumasur, 2021). Their purpose is to identify, maintain, and enhance the output of a business's most valuable customers through improved and enduring relationships (Meyer-Waarden, 2018). Loyalty reward programmes encourage repeat purchases over an extended period and do not offer benefits for a single purchase. Therefore, it is essential to distinguish between loyalty reward programmes, and scratch cards and coupons.

Businesses introduce loyalty reward programmes for several reasons, including rewarding loyal consumers, gathering data to better understand and influence consumer behaviour, and defending against competitors (O'Malley, 2018). By providing rewards and incentives, companies motivate consumers to experiment with new products, expand their purchase frequency, and accept higher prices. Furthermore, companies can enhance targeting accuracy, lower expenses, and gain insights into consumer purchasing patterns (Kazmi *et al*., 2020).

Businesses must recognise that not all consumers are equal, and prioritise providing the best value to their most valuable consumers to maximize loyalty and profitability. A well-designed loyalty scheme targets the most valuable consumer segments while discouraging fewer valuable consumers (O'Brien & Jones, 2016). By delivering enhanced value to rewarding customers, companies can convert them into loyal customers who generate even greater profits over time.

Loyalty rewards can be monetary, like cash rewards, bonus points, and vouchers, or they can be based on special treatment aimed at cultivating consumer attitudinal attachment, like trust and assurance. A consumer's choice to make a purchase or continue making repeat purchases happens when they believe that the benefits they receive from the reward surpass the associated costs, including membership fees, purchase requirements, and changing costs (Meyer-Waarden, 2018). Verhoef (2019) suggests that consumers tend to favour incentives based on monetary value over those based on special treatment, as the latter has a limited impact on the quality of the relationship. Hence, when a loyalty rewards programme is strategically developed and implemented with a long-term strategy, it has the potential to cultivate commitment among customers and incentivize them to become the company's top tier customers (O'Brien & Jones, 2016).

2.4.2 Loyalty Reward Programmes in Supermarkets

Loyalty reward programmes have become standard practice, particularly in retail (Bombaij & Dekimpe, 2020; Mafini, Zengele, & Klopper, 2020). Retailers use these programmes to increase customer spending and attract new customers (Bombaij & Dekimpe, 2020). While well-differentiated brands may not require loyalty reward programmes, it can be beneficial in competitive, low-involvement industries like retail, as loyalty reward programmes encourage consumer loyalty (Okundaye, 2021). Sometimes customers may not have a distinct reason to favour one retail store over another, but loyalty reward programmes can establish barriers to change and reward consumers for staying with a particular provider.

Loyalty reward programmes aim to provide customers with unique and compelling benefits, diverging from the typical loyalty initiatives seen in this sector. Through this innovative loyalty reward programme, supermarkets aim to redefine the customer experience, setting themselves apart by offering distinctive advantages and a novel approach to consumer rewards (Dwivedi, Ismagilova & Hughes, 2022). In doing so, supermarkets with loyalty programmes differentiate themself in the competitive retail market and demonstrate a commitment to meeting their customer base's evolving needs and expectations through incentive and customer-centric loyalty solutions (East, Singh, Wright & Vanhuele, 2022).

Increasing competition among supermarkets increases the pressure to enhance consumer loyalty (Okundaye, 2021; Dincer, 2018), as new competitors enter the market (Pretorius & Kruger, 2018). In the United States of America, the pioneering meal-kit company introduced a new loyalty reward programme in collaboration with Aspiration in 2021 (Hwang, Baloglu & Tanford, 2022). The Blue Apron Aspiration Zero Card enables customers to earn cash-back rewards while also contributing to a positive environmental impact through Aspiration's tree-planting program when utilizing the co-branded credit card (Hwang, *et al*., 2022; Kotler & Armstrong, 2021). Dani Simpson, Blue Apron's Chief Marketing Officer, explains that this approach allows them to contribute to the environment while recognising their most loyal customers (Business Wire, 2021; Paraskevas & Blokdijk, 2022).

In South Africa, the Checkers Xtra-savings card is an exception to this trend with its innovative loyalty reward programme. In a landscape where traditional loyalty reward programmes often follow conventional patterns, programmes like Checkers Xtra-savings stand out for its forward-thinking strategy that anticipates future trends, challenges, and opportunities, and proactively seeks innovative solutions and strategies to stay ahead of the curve (Ndofirepi, Farinloye & Mogaji, 2020).

Existing loyalty reward programme research focuses on the retail sector, particularly the traditional brick-and-mortar supermarkets (Engelbrecht & De Beer, 2019). The rise of South African supermarkets with loyalty reward programmes like Shoprite/Checkers, Spar and Pick n Pay, has transformed retail by transitioning from brick-and-mortar to digital transactions, implementing subscription-based models, and transforming the grocery shopping experience. In this new context, supermarket loyalty reward programmes have not been extensively studied despite the identified need for improved consumer loyalty (Engelbrecht & De Beer, 2019; Dekimpe, 2020).

2.4.3 The Influence of Loyalty Reward Programmes on Consumer Purchase Behaviour

There are various perspectives on the influence of loyalty reward programmes on consumer buying behaviour. Fornell, Rust, and Dekimpe (2019) explore the correlation between customer satisfaction and loyalty in supermarket retail environments, emphasising the exceptional services, discounts, membership benefits, and product availability in fostering consumer loyalty. Marreiros, Romana, and Lopes (2023) delve into the contribution of consumer rewards and purchases to loyalty, particularly among university students in Malaysia. Marreiros *et al*. (2023)’s findings highlight the significant influence of financial benefits, customer value, and product quality on loyalty. Sanjay, Arpitha, Laxmana-Naik and Gopalak (2022) focus on the impact of food loyalty programmes, revealing a substantial increase in the wallet share of members compared to non-members, emphasising the tangible influence of loyalty initiatives on purchasing behaviour. Moreira and Botelho (2019) explore loyalty programmes in Brazilian supermarkets, finding that store perceived value, programme card loyalty, and customer touchpoints significantly influence supermarket loyalty.

Finally, Osuna (2019) investigates the effect of incentives on consumer satisfaction and buying behaviour in appointed supermarkets in Nairobi. The result shows that factors like perceived quality, product quality, and consumer loyalty, play a critical role in customer loyalty. These studies underscore the multifaceted essence of loyalty and the factors contributing to customer allegiance in retail settings.

When examining the key findings of and similarities between the aforementioned studies, a recurrent theme emerges — the critical role of customer-centric factors in shaping loyalty. Across different retail environments, factors like exceptional services, financial benefits, consumer value, and perceived quality emerge as critical influencers of consumer buying behaviour. Moreover, the influence of loyalty reward programmes on buying behaviour, as demonstrated by Sanjay *et al*. (2022), underscores their significance in shaping consumer decisions. Collectively, the studies highlight the intricate interplay between various elements in cultivating consumer loyalty, providing a rich foundation for the current study on loyalty reward programmes in Buffalo Metropolitan Area supermarkets.

Integrating these diverse insights and drawing from the cumulative knowledge of these studies will assist in gaining a better understanding of the dynamics of loyalty reward programmes and the factors influencing consumer behaviour in Buffalo City Metropolitan Area supermarkets. Overall, these studies offer various perspectives on the influence of loyalty reward programmes on consumer purchasing behaviour, highlighting the necessity for a thorough grasp of the elements driving customer loyalty and purchasing decisions.

2.4.4 The Impact of Point Accumulation on Consumer Buying Behaviour

Magatef and Tomalieh (2016); Chang, Chang and Zhu (2015); Bwire (2016); and Choi (2015) established relationships between point accumulation and consumer buying behaviours, albeit with mixed findings. These studies focus on the Impact of point systems on organisation performance but fail to establish the influence of point accumulation on consumer buying behaviour.

Sun and Katsushi (2020) highlight the effect of point accumulation on consumer buying behaviour. They focus on programmes that assign different points to different products. The findings show that consumers were affected differently and that some consumers were more inclined to purchase items attached to point accumulation than others. The results also show that consumer purchase behaviour is affected by different point levels. Sun and Katsushi (2020) identify the gap by examining the effects of point accumulation on consumer purchase behaviour, revealing nuanced insight into how different consumers are affected, with heavy purchasers showing a higher inclination to purchase items linked to point accumulation.

Similarly, Yuling (2017) investigates the impact of a cumulative point-based programme on consumer loyalty. The research uses longitudinal data from a convenience store, and the study reveals that consumers who made more purchases at the onset of a point accumulation programme were most inclined to redeem their deserving rewards, even though the programme did not affect their purchasing behaviour.

Consumers with low or moderate initial patronage eventually increased their purchases and were more loyal to the company. The findings indicate that consumer preferences should be considered while analysing point accumulation systems. Yuling (2017)'s study establishes a significant relationship between point systems and consumer retention, advocating for the application of point systems in stores as a key driver of repeat purchases.

Consumer purchasing behaviour is assessed based on the frequency of visits, the expenditure amount, and the types of items acquired. This insight is crucial for this study, which explores how loyalty reward programmes in Buffalo City Metropolitan Area supermarkets align with consumer preferences and impact buying behaviour. A study by Kim (2018) serves as a benchmark for assessing the potential outcomes and benefits of loyalty reward programmes in the Buffalo City Metropolitan Area.

In Kenya, Kim (2018) examined the behaviour of consumers enrolled in point accumulation and instant cash-back programmes. The research examined the transaction data of the loyalty programme, analysing accumulation, recovery, and usage, and correlated these with survey data on loyalty and satisfaction. The study found that the hedonic accumulation and redemption ratio significantly influences consumer loyalty and satisfaction. The findings indicate a substantial increase in consumer loyalty and satisfaction. When customers with lower purchase frequency redeemed their points at a hedonic outlet, their loyalty showed a greater increase compared to those who purchased more frequently.

Kamau (2017) researched point systems' impact on customer retention within supermarket settings. The research identified a notable correlation between point systems and customer retention, highlighting a positive association between gift vouchers and customer retention. Kamau (2017) suggested implementing a point system in supermarkets as it emerged as a contributing factor encouraging customers to make repeated purchases in these stores. Frequent redemption of accumulated points was also recommended to encourage and motivate loyal customers, which can also be explored and adapted in Buffalo City Metropolitan Area supermarkets.

2.4.5 Reward Frequency and Consumer Buying Behaviour

Naylor, Lamberton and Norton (2023) examine the influence of loyalty reward programmes on consumer buying behaviour in the context of fine-dining restaurants. They explore the factors that motivate customers to enrol in these programmes and their preferences when it comes to types of loyalty rewards. The findings indicate that members enrolled in loyalty reward programmes exhibit a positive attitude towards patronising other restaurant products, leading to increased sales. Most customers desire immediate rewards, like discounts, while food quality emerged as the primary motivating factor for enrolling in loyalty reward programmes, followed by the environment and brand perception.

Katja, Jana and Hübner (2017) introduced a new "keep reward" promotion strategy to enhance the traditional lenient policy. Using the operant conditioning principles, the researchers tested the “keep reward” impact on consumers' decision to keep a product. The findings from a preliminary qualitative study suggest the feasibility of implementing the “keep reward,” particularly in the online retailing market's low to mid-price segment, where rewards are tied to subsequent purchases. The study confirmed the beneficial impact of the "keep reward" initiative, “keep reward,” demonstrating that it significantly increased consumers' intention to keep a product compared to conventional buying. The study also reveals that customers' frequent online shopping moderates the “keep reward” impact on the intention to keep, which is mediated by repurchase intention. Frequent shoppers are more likely to make repeat purchases and take advantage of the “keep reward,” making it the most effective among other reward systems. Overall, the study supports the value of the "keep reward" as an addition to the conventional buying system, as it increases high re-order intention.

Fornell, Rust and Dekimpe (2019) studied hotel and online travel agency (OTA) websites to examine the impact of frequent rewards on customer booking options. The study explores customer preferences for loyalty reward programmes and their impact on customer choices. The findings suggest that guests show a preference for making frequent hotel reservations and appreciate the benefits of quick points reimbursement. A shift in the reward structure from unrelated to associated incentives increases the likelihood of customers choosing the hotel. However, the redemption time did not significantly impact customer choice. The study reveals that the impact of loyalty reward programmes in the hotel and OTA industry differs from its impact in other sectors.

Masuda, Han and Lee (2022) assessed the influence of customer satisfaction and the frequency of reward programmes on customer loyalty within the motor vehicle industry in Ghana. The research findings show that consistent rewards offered to members significantly affect customer satisfaction. In contrast, promotional discounts do not influence customer satisfaction or loyalty significantly. Member reward cards and discount promotions directly influence customer loyalty.

2.5 Summary of Empirical Study

The empirical literature review comprehensively examines loyalty reward programmes in the supermarket context, illuminating critical factors that shape consumer perception and behaviour. Existing research predominantly focuses on traditional brick-and-mortar supermarkets, leaving notable research on the evolving dynamics of loyalty programmes, particularly in the online and innovative spheres.

The referenced studies reveal a more comprehensive interplay of customer-centric factors, emphasizing the significance of exceptional services, financial benefits, and perceived quality in fostering consumer loyalty. Insights from investigations into point accumulation, reward frequency, and the influence of loyalty reward programmes across diverse industries contribute to a rich understanding of consumer preferences and motivations. These findings collectively address the specific research questions, providing a solid foundation for an empirical study on Buffalo City Metropolitan Area supermarkets, which will explore and contextualize the effect of loyalty reward programmes on purchasing behaviour.

Table 2-1: Summary of the previous studies

AUTHORS	RESEACH FOCUS	RESEARCH METHODOLOGY	RESEARCH RESULT	FUTURE AREAS FOR RESEARCH
Afande (2015)	Investigating how consumer behaviour influences customer loyalty schemes in chosen supermarkets in Nairobi.	Census survey using semi-structured questionnaires Descriptive statistics was used for analysis.	Customer loyalty schemes are impacted by factors such as perceived quality, product quality, and demand	Conduct similar study using mixed methods could also offer a more in-depth perspective.
Stathopoulou and Balabanis (2016)	The study investigates the varying impacts of customers' benefits from a loyalty programme in the United States.	Survey data from U.S loyalty programme Subscribers. Multiple regression & amp; analysis of covariance	Satisfaction and trust in loyalty reward programmes significantly influence loyalty to a retailer.	Conduct similar study in other developing countries.
Corbishley (2017)	To determine the influence of various types of perceived benefits from loyalty programmes in fast moving consumers good (FMCG).	The study used exploratory sequential mixed methods with 559 respondents and data was analysed using regression structural equation model.	A significant relationship between consumeristic benefits and consumer satisfaction on loyalty programmes.	To determine whether various types of loyalty programmes improve relationship quality between loyalty members and retailers.
De-Beer and Williams (2019)	Explores the influence of customer loyalty reward programmes on consumer behaviour within the South African retail sector	Data collected through structured questionnaire from 100 respondents selected by purposive sampling method. data collected analysed using Smart PLS 3.0	Consumer satisfaction positively impacts buying behaviour and loyalty.	Future research should focus on customers characteristics and how it affects loyalty programmes
Engelbrecht and De Beer (2019)	To examine the mediating influence of customer satisfaction, trust, and commitment on the relationship between loyalty programmes and repeat purchase behaviour of a group of South African youth	Data were collected from 263 South African young people who were retail loyalty programme members. The study tested six hypotheses using Structural Equation Modelling	Loyalty reward programmes motivate consumers and enhance loyalty to an organisation.	Exploring the 25-35 or 18-35 age group and a qualitative and/or mixed quantitative/qualitative study could also offer a more in-depth perspective.

Buys and Parumasur (2021)	Examines the effectiveness of loyalty reward programmes in shaping consumer behaviour.	Questionnaire to collect data from 388 students (ages 18-24). Data analysis used structural equation modelling (SEM)	Perceived value, expectation, and service quality influence consumer buying behaviour.	Conduct similar study using qualitative method.
Ngcobo and Ezeuduji (2021)	Examines the influence of loyalty reward programmes on consumer buying behaviour in South Africa.	265 Generation Y and Z and analyse by using Standard regression techniques.	Consumer experience and personalised rewards positively influence consumer loyalty.	impact of digital and mobile-based loyalty programmes on consumer buying behaviour in other sectors.
Okundaye (2021)	Evaluates the effectiveness of consumer loyalty reward programmes in South African supermarkets.	A random sample of 500 respondents and data analysis used standard regression	Personalised incentives and instant cash-back influence buying behaviour	Evaluate the long-term impact of consumer loyalty reward programmes on customer retention.
Esen and Mbatha (2022)	Examines the effectiveness of loyalty reward programmes in the South African retail industry.	Data was collected from 384 retailers and logistic regression was used for data analysis	Loyalty reward programmes increase customer retention and brand loyalty.	To explore the impact of emerging technologies such as artificial intelligence and machine learning on the effectiveness of loyalty reward programmes.
Dah *et al*. (2022)	Determines the impact of loyalty reward programmes on consumer purchasing behaviour.	Questionnaires submitted to 288 restaurant customers. Data analysed using SPSS	Loyalty reward programme members show a positive attitude toward patronising other restaurant products. Customers have indicated a preference for immediate rewards, such as discounts	Differential impact of loyalty reward programmes on various demographic groups to understand how age influence buying behaviour.
Lawrence and Muathe (2022)	Explores the impact of loyalty reward programmes on consumer purchasing behaviour in Kenyan supermarkets.	Descriptive research Design. Questionnaire used for data collection from 384 sample size.	Points redemption rates differ from supermarket to supermarket. Supermarkets offer customers the flexibility of redeeming points at their convenience, and consumers value the benefits of frequent visits	Further research should cover more supermarkets

Terblanche and Boshoff (2022)	Examines consumer perception and buying behaviour.	A sample size of 50 respondents aged 22-29years. A questionnaire was used to collect data. Data analysis used regression analysis.	Satisfaction, loyalty, and commitment improve customer retention.	Future research to examine the Impact of emerging digital marketing strategies, such as social media influencers and personalized advertisements, on consumer perception and buying behaviour.
Smit, De-Weyer and Nieuwenhuizen (2023)	Examines impact of loyalty reward programmes on consumer buying behaviour.	A mixed method was used for data collection with a sample size of 264 for qualitative and quantitative data. Logistic regression was used for analysis.	Frequent rewards and redemption influence consumer buying behaviour.	Investigate the influence of personalized loyalty reward programmes on consumer buying behaviour

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a comprehensive overview of the research design, including the target population, data collection instruments, methods employed for data collection, considerations of validity and reliability of the research instruments, the approach to data analysis, and ethical considerations of the study following a structured progression akin to the concept of the “research onion” (Saunders, Lewis & Thornhill, 2012; Brown & Williams, 2021). This layered approach allows for a systematic and comprehensive examination of the research process, peeling away each layer to reveal the methodological choices and considerations at each study stage (see **Figure 3-1**).

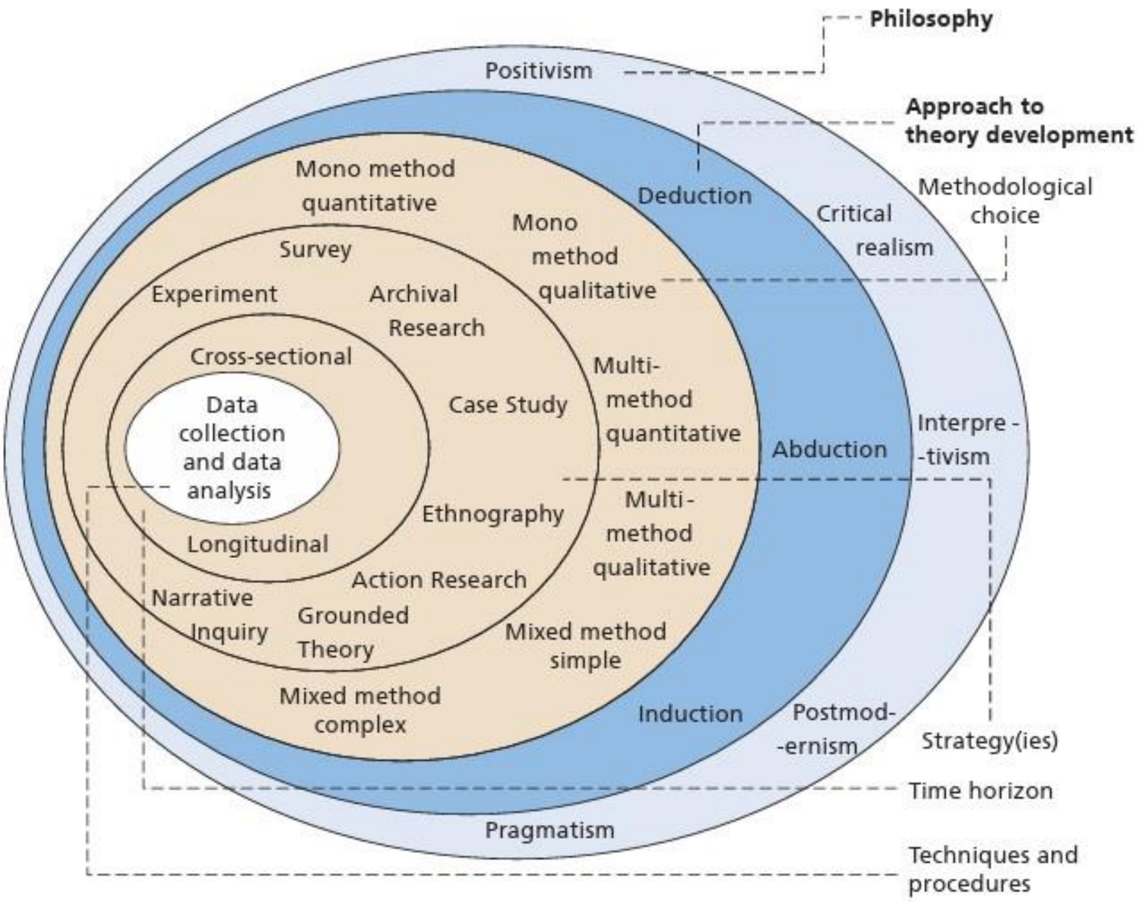


Figure 3-1: Saunders’ Research Onion (Source: Saunders et al. 2012).

3.2 Research Philosophy

As conceptualized by Saunders, Lewis, and Thornhill (2012), the research onion offers a structured methodological framework for researchers, delineating the various stages of the research process. According to Saunders et al. (2012), the outermost layer of the onion represents the research philosophy, which lays the foundational groundwork for the entire research endeavour.

The researcher partly influences the adoption of the research philosophy. Creswell and Poth (2018) state that researchers invariably carry certain beliefs and philosophical foundations into their research, whether consciously or not.
Researchers need to be aware of this to determine to which extent they are making axiological assumptions and how they influence the research process (Saunders *et al.*, 2009). Denzin and Lincoln (2022) note that the beliefs and philosophical foundations held by the researcher during research, shape how information is acquired to address research questions. Recognising and understanding the researcher's beliefs and philosophical foundations is crucial, as they steer the course of the research and subsequently impact the philosophical approach (Denzin & Lincoln, 2022).

Ontology pertains to the assumptions concerning the nature of reality. As Saunders *et al*. (2009) outlined, the researcher's ontological stance influences how they perceive and investigate the research subject (Saunders *et al.*, 2009). In the realm of business and management, these research objects encompass organizations, management structures, individual professional experiences, organizational occurrences, and tangible artifacts. Consequently, the ontology adopted would dictate the researcher's perspective on the business and management landscape and guide their selection of research topics and methodologies. The research questions for the project can be answered through epistemology.

Epistemology pertains to the foundational assumptions regarding knowledge: what qualifies as credible, valid, and legitimate knowledge, and the methods by which knowledge can be effectively communicated to other (Saunders *et al.*, 2012). Epistemology is designed to answer many research questions. According to Bernard (2005), one way of answering research questions is by determining whether to adopt the philosophical theories of rationalism or empiricism. Another approach involves incorporating the premises of the scientific method, commonly referred to as positivism, or leaning towards the alternative method, often known as interpretivism. The positivist approach has dominated scientific research and assumes that the world around us is accurate and that realities can be discovered in it (Benard, 2005). Therefore, this approach derives knowledge based on sensory experience gained through experiments or comparative analysis.

Belk, Sherry and Wallendorf (1988) found that the positivist approach is based on scientifically produced knowledge, which lets most researchers effectively control nature, whether in terms of disease control or buying habits. The study further observes that the central position of positivism is the experience, which is the foundation of knowledge as individuals record what they experience and observe what others do, say, or feel. It can be argued that through the lens of positivism, the buying habits or patterns of consumers can be investigated using scientific methods (Park, Konge & Artino, 2019). Considering positivism’s scientific logic, this research adopts an epistemological perspective grounded in the value of empirical evidence and systematic inquiry into consumer experiences and buying behaviour, to gain insight into the factors shaping purchasing decisions in the context of loyalty reward programmes.

3.3 Research Approach

A research approach encompasses a systematic plan and methodology outlining the steps, assumptions, and comprehensive methods for collection, analysis, and interpretation of data (Saunders *et al*., 2012). The research approach allows the researcher to make various choices to ensure it is conducted effectively (Bryman & Bell, 2014). Selecting the research approach depends on the research philosophy that has been chosen. Two primary research approaches, deductive and inductive, are commonly employed.

When following a deductive approach, researchers test theories and hypotheses using a deductive scientific method (Collis & Hussey, 2018). Hypotheses are derived from existing theories and evaluated to determine their applicability to the specific research context. Deductive reasoning is well-suited for interpreting causal relationships among variables and is frequently employed in qualitative research methodologies (Saunders *et al.*, 2009). It commences with a predefined design, tested against observations, to identify patterns. Results progress from specific to general, culminating in developing and validating theories and concepts (Thomas, 2019).

In contrast, the inductive approach prioritises exploratory data analysis, where researchers observe and conduct research to identify potential patterns (Bryman & Bell, 2017). In this approach, theory emerges as an outcome of the research process. Induction entails making generalisations and interpretations based on observation. The process is initiated by formulating a theory relevant to the research context, followed by data collection to investigate this phenomenon. Data analysis aids in articulating a theory and conceptual framework based on observed patterns and relationships (Denzin & Lincoln, 2022).

The comprehensive examination and critical assessment of the literature and established theories concerning consumer loyalty programmes make a deductive approach the most suitable research approach (Saunders *et al*., 2019). This approach is justified by the widespread adoption of consumer loyalty reward programmes and the plethora of theories associated with consumer understanding and purchasing behaviour. The deductive approach aligns with a positivist philosophical framework, enabling a structured examination of the relationships between variables. It also facilitates systematic data evaluation, enhancing the study's accuracy (Terblanche & Boshoff, 2022).

3.4 Research Design

Research design is "a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings" (Burns & Grove, 2016).

Polit, Beck and Hungler (2011) define research design as "the researcher's overall plan for answering the research question or testing the research hypothesis". It serves as a blueprint for the study and includes decisions regarding data collection methods, sample selection, measurement techniques, and data analysis procedures (Creswell, 2014). The research design ensures that the study is well-structured and systematic, allowing for the collation of relevant and reliable data to answer the research objectives. Bryman and Bell (2011) note the existence of various research designs, such as exploratory, descriptive, causal, and empirical. This study adopts an exploratory approach.

This study's research design involves obtaining data describing events and organising, tabulating, displaying, and summarising the collected information (Orodho, 2018; Muathe, 2021). The researcher opted for this design to obtain primary data on consumer perceptions of loyalty reward programmes. Additionally, descriptive research design offered the advantage of analysing the influence of loyalty reward programmes on buying behaviour in supermarkets, as it may require a small percentage of the population to provide the necessary data. Therefore, the descriptive research design was the appropriate choice to speak to the study objectives, which are to investigate how consumers understand and access loyalty reward programmes, determine the influence of loyalty reward programmes on customer buying behaviour, conduct an empirical study on the critical factors of loyalty reward programmes, and analyse the influence of loyalty reward programmes on customer buying behaviour in retail supermarkets in the Buffalo City Metropolitan Area.

3.5 Population and Sampling

3.5.1 Population

Target population refers to the particular group or demographic a researcher intends to investigate and derive conclusions from (Johnston, 2019). Cooper and Schindler (2019) define the target population as a group based on specific characteristics (outlined in the research question) that interest the researcher, like demographics, geographic location, or other relevant criteria. A sample population represents the larger population to which the study findings will be generalised or applied (Bryman, 2016). Therefore, identifying the right target population and a large enough sample size based on the research aim and objectives is crucial to ensure that the study findings are applicable and representative of the broader population (Saunders *et al*., 2018).

The population of a survey is those elements, objects, or people eligible for participation in a study (Bhandari, 2022). The research setting for this study is the Buffalo City Metropolitan Area in South Africa's Eastern Cape province. This setting was selected, as it is a rural, metropolitan area in one of the poorest provinces in South Africa. Buffalo City has a population of 893,157 consisting of mainly low-income earners with an annual household income of R29,400 (Buffalo District profile, 2022). The sample population for this study are consumers who have used loyalty reward programmes offered by different supermarkets. The choice of consumers as study respondents are justified because they are beneficiaries of loyalty reward programmes, which can directly influence their buying behaviour (Khairawati, 2020). Out of the total population, consumers who willingly subscribed to loyalty reward programmes were included as part of the population for this study.

3.5.2 Sampling

In the sampling strategy, the researcher used one of the sampling methods to select study participants.

3.5.2.1 Sampling Methods

Sampling methods refer to the techniques employed when selecting a subset of individuals or elements from a larger population to conduct a study on (Dillman, Smyth, & Christian 2014). Different sampling methods, such as probability sampling (e.g., simple random sampling, stratified sampling) and non-probability sampling (e.g., convenience sampling, purposive sampling), offer researchers various options to select participants and gather data that align with their research objectives (Creswell & Creswell, 2017). These methods are crucial in determining the representativeness and generalisability of the research findings. The choice of a specific sampling method depends on factors like the research question, available resources, time constraints, and the desired degree of precision and accuracy in the study results.

For this research, the non-probability sampling method was used to select participants. Purposive sampling was used to select respondents enrolled in loyalty reward programmes and shop at supermarkets at least once a week. The sample size for this study was calculated using a formula designed explicitly for determining sample size in research studies (Raosoft, 2023) to determine the required sample size for a proportion of a finite population. The confidence level is 95%, and the desired margin of error is 8%, allowing an attainable number of respondents.

Based on the estimated proportion (50%) of consumers who use loyalty reward programmes in retail stores in the city, a population size of 893 157, and a margin of error of 8%, the calculated sample size is 151 respondents (Raosoft, 2023).

However, 170 surveys were distributed to make room for uncompleted surveys. A total of 164 completed surveys were received and six surveys were not received.

3.6 Data Collection Instrument

As defined by Smith (2019) and Johnson et al. (2020), the data collection method refers to the systematic approach was utilized to collect data for the research study. It involves selecting appropriate tools, techniques, and procedures to gather pertinent information from the sample representing the target population. The data collection method plays a crucial role in ensuring the collected data's accuracy, reliability, and validity, thereby influencing the overall quality of the research findings (Brown & Williams, 2021).

The data collection process in this study used a structured questionnaire as the primary instrument. The questionnaire was designed to incorporate closed-ended questions with pre-defined responses. According to Mugenda & Mugenda (2003), questionnaires effectively elicit objective data and offer ease of use and cost-effectiveness in data collection. This questionnaire employed a five-point Likert scale ranging from strongly agree (1) to strongly disagree (5) to gauge respondents' agreement or disagreement with specific statements. This allowed the researcher to assess the extent to which participants align with the statements presented in the questionnaire (Auh *et al*., 2020). The questionnaire was organised into distinct sections, encompassing demographic information and research objectives, including inquiries related to consumer access to loyalty programmes, reward programmes, customer experience, and consumer purchasing behaviours. The Likert scale was used due to its effectiveness in quantifying respondent perspectives on these critical aspects of the study (Bernard, 2020).

The research instrument consists of three parts. Part A (respondent demographic details) included questions relating to age, gender, income range, educational level, total number of loyalty reward programmes, and ethnicity. Part B used a 5-point Likert scale with which respondents had to indicate the extent to which they Strongly Agree (1) to Strongly Disagree (5) with statements focused on customer satisfaction, service quality, expectation, and value. Part C assessed consumer loyalty with a range of statements focusing on loyalty reward programmes, access, types of loyalty reward programmes and repurchasing behaviour. The data collection instrument consists of consumer loyalty as described in section 2.3.7.

The questions post in the Likert scale was derived from literature in chapter 2 which includes section 2.3. and 2.4 are sourced from literature by Yulida *et al*, 2023 and Corbishley, 2017.

The questionnaire was provided in the district's two major languages: English and Xhosa. The study employed two fieldworkers to help the researcher with data collection. According to Bernard (2020) the primary objective of using fieldworkers is to help the principal researcher, research team or research fellow with data collection. Before deploying the fieldworkers to the field, the researcher trained them on research ethics and the items in the research instruments to enable them to clarify any questions that respondents might raise. The questionnaires were administered to respondents in-person at a convenient place and time.

3.7 Pilot Test

The pilot test was conducted to uncover potential flaws in the survey and establish a process that generates the likelihood of sample selection. The sample size used for the pilot test, as suggested by Cooper and Schindler (2011), should be limited to approximately 1% -10% of the total sample size. As such, ten respondents took part in the pilot study and were excluded from the actual study. Pilot testing was done in a similar environment to the study, where consumers were asked to review the survey and see if it was clear and meaningful, and to check that the questions answered the study objectives. Finally, the researcher needed to confirm if respondents can complete the questionnaire without assistance. No changes were necessary after the pilot test was conducted, as the respondents confirmed the clarity and ease of the instrument.

3.8 Data Analysis Techniques

Data analysis techniques are the methods and procedures used to process, interpret, and draw meaningful conclusions from collected data (Smith, 2019). The techniques involve various statistical and quantitative analysis methods. The study employed a descriptive analysis to conduct the univariate analysis for each variable, as well as inferential analysis. The descriptive analysis involved the frequency, proportion, mean and standard deviations. Singh (2021) conducted a study on impact of customer loyalty reward programmes on consumer decision-making and brand loyalty. The study data analysis included a descriptive and inferential analysis) also conducted an inferential analysis which included factor analysis, correlation and multiple regression analysis to determine the relationships and intercorrelations amongst the study's key dimensions (consumer buying behaviour, increasing customer satisfaction, perceived value and service quality, and types of loyalty programmes).

3.9 Method of Data Analysis

This study adopted descriptive and inferential analysis. Descriptive analysis included the mean, median, standard deviation, and frequency. An inferential analysis was conducted in this study which included the exploratory factor analysis. Exploratory factor analysis (EFA) involves study with questions that focus on behaviour or personal traits of the participants (Benard, 2012). Through factor analysis, the researcher determined the factors (by item loading) that influence customer buying behaviour. The study also conducted a Pearson correlation to determine whether there is a significant relationship between (linear relationship between independent variables and dependent variable) access to loyalty rewards, and consumer experience, satisfaction and buying behaviour. Multiple linear regression analyses were conducted to determine the effects of each predictor variable on the dependent variable.

3.10 Validity and Reliability

3.10.1 Validity

Validity refers to the degree to which a study accurately measures or assesses the concepts or variables it intends to investigate. It ensures that the study's findings and conclusions are reliable and meaningful. Validity can be evaluated through various means, like content validity, construct validity, and criterion validity (Trochim, 2021).

In this study, construct validity was used to assess the accuracy of the measuring instruments in reflecting the phenomena under investigation (Taherdoost, 2016). According to Kumar (2018), construct validity is achieved by aligning the survey questions with the different factors' conceptualisations and ensuring that a particular construct's visual cues remain consistent. This research measured validity using inferential analysis which "confirms the dimensions of the concept that have been operationally defined, as well as indicates which of the items are most appropriate for each dimension" (Sekaran & Bougie, 2014). Validity was achieved through thorough literature analysis where the items (questions) in the questionnaires were included based on repeated patterns that occurred when conducting the literature review to ensure content and face validity.

3.10.2 Reliability

Reliability relates to how a specific measuring device produces consistent results when used repeatedly. This study used the internal reliability approach, which is considered more stable than other techniques (Cooper & Schindler, 2011). Cronbach's alpha values was calculated to ascertain internal consistency. Cronbach statistics, introduced by Cronbach (1951), provide a measure of consistency within an instrument. According to Creswell (2014), "the closer Cronbach's Alpha is to 1, the higher the interval consistency reliability".

3.11 Ethical Considerations

The study was conducted following ethical principles of no benefits, dignity, and autonomy (Leedy & Ormrod, 2005). The respondents are not in any way harmed by the conduct of the researcher. Participation was voluntary and independent of the supermarkets; the respondents were approached outside the supermarkets. The informed consent form was shared with potential respondents before engaging them with the research questionnaire. Respondents were informed of all facets of the study and consented (in writing) to participating in the study. The questionnaire was distributed to qualifying respondents who agreed to participate in the research, and the research participation was anonymous. The researcher obtained a permission letter from the IIE Research Ethics Committee with reference number (M.400623) prior to data collection. The data collection took place near retail outlets with loyalty reward programmes in the Buffalo City Metropolitan Area (Hardman & Hart, 2022).

CHAPTER 4: RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents and analyses the collected data. A quantitative data analysis approach was followed, and descriptive and inferential statistical tools, including exploratory factor analysis, frequency count, Pearson's Product Moment Correlation, and Multiple Regression, were used. Five research questions were raised in the study and used to formulate corresponding hypotheses. This chapter also presents empirical evidence to support its findings.

4.4.1 Test for Reliability

This study used the internal reliability approach, which is considered more stable than other techniques (Cooper & Schindler, 2011). The Cronbach's Alpha values were calculated to ascertain internal consistency. Cronbach statistics, introduced by Cronbach (1951), provide a measure of consistency within an instrument. According to Creswell (2014), "the closer Cronbach's Alpha is to 1, the higher the interval consistency reliability". The questionnaire's overall reliability shows excellent interitem consistency, as Cronbach's Alpha is 0.820. Furthermore, the results show that the reliability for the variables ranges from 0.670 to 0.771, or good to excellent.

Table 4-1: Cronbach's Alpha for overall specific item's reliability of questionnaire.

Reliability statistics		
Cronbach's Alpha	**Value**	**No of items**
Overall	.820	34
Cronbach's Alpha for each objective dimension		
Customer perceptions on access to loyalty reward programmes	.670	8
Effects of loyalty reward programme on buying behaviour	.771	14
Effects of reward frequency on buying behaviour	.697	12

4.1.2 Test for Validity of the Questionnaire

The validity of the questionnaire, which was used to measure the respondents' perceptions of the critical factors on consumer buying behaviour were evaluated using factor analysis. The study performed exploratory factor (EF) analysis for item reduction to have a more optimal representation. To extract only items that load well in each factor, the Kaiser normalization method of rotation was used and the assumption is that the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy should be greater than 0.50, and Bartletts Test of Sphericity should be less than 0.05. The loaded items were extracted based on the Eigenvalue greater than one.

According to Table 4.2 below, the results show that KMO of Sampling Adequacy (0.670) and Bartletts Test of Sphericity (2045) show that the requirements were met.

Table 4-2: KMO and Bartlett's test for validity of questionnaire.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin measure of sample Adequacy		0.670
Bartlett's Test of Sphericity	Approx. Chi Square	2045.901
	df	624
	Sig 0.000	0.035

4.2 Descriptive Analysis

4.2.1 Gender of the Respondents

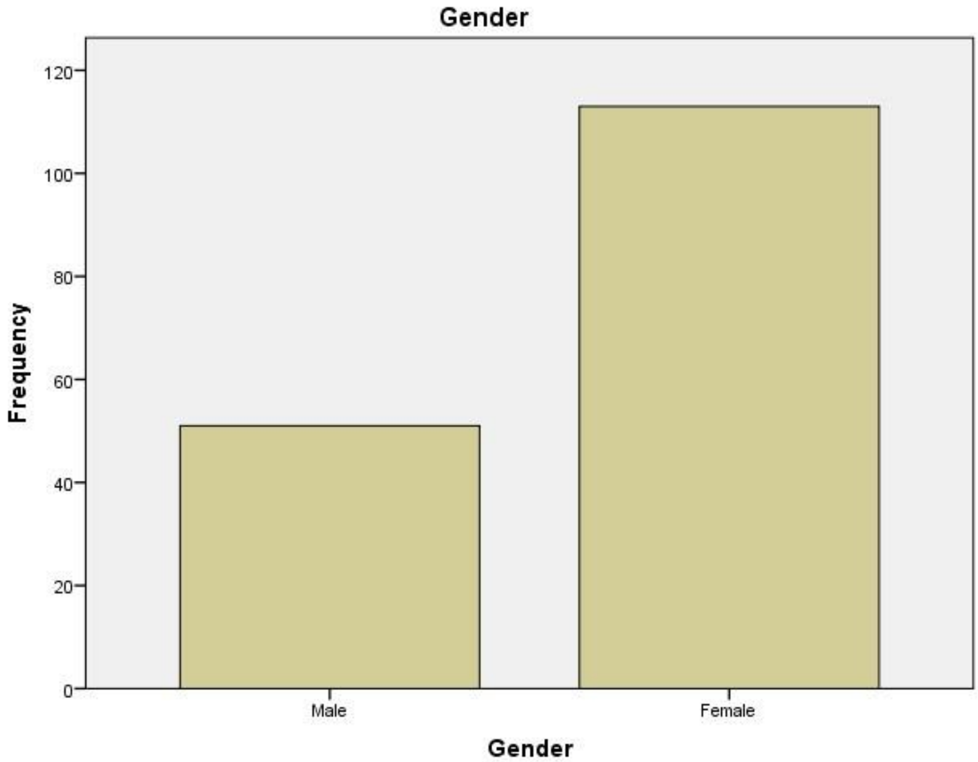


Figure 4-1: Respondent Gender Distribution.

Figure 4-1 shows the age distribution of the respondents. Fifty-one males (31% of all respondents) and 113 females (69% of all respondents) participated in the study.

4.2.2 Ethnicity of Respondents

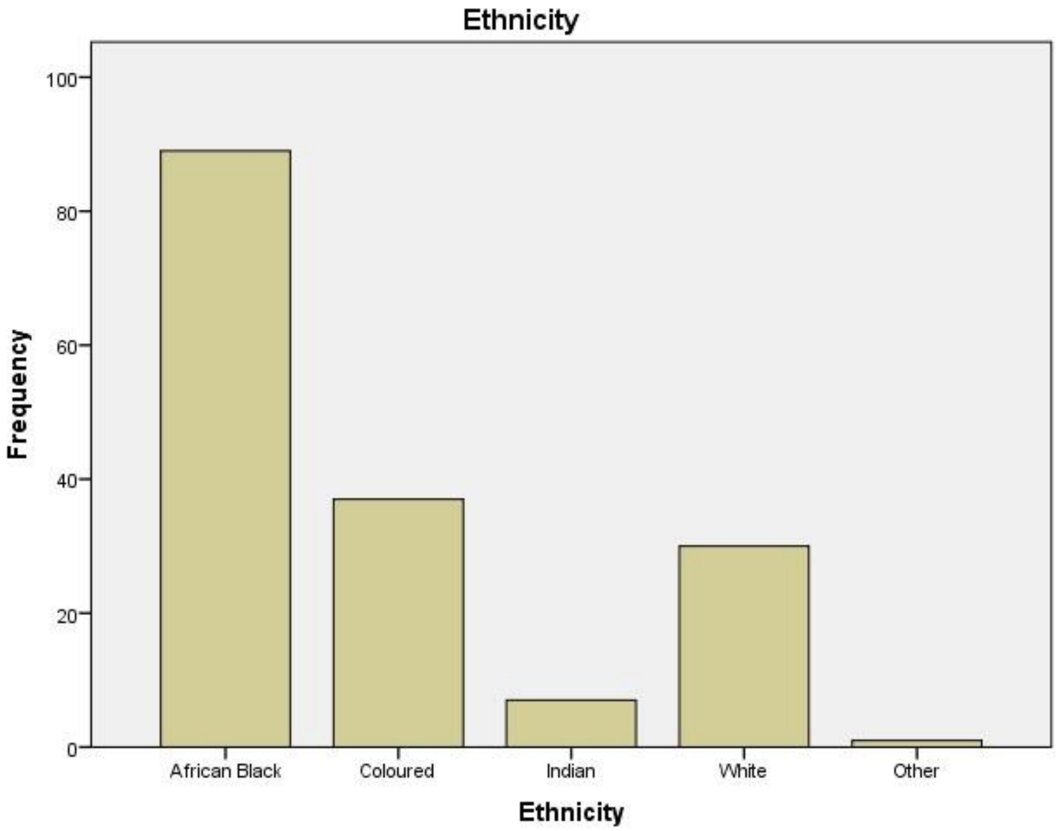


Figure 4-2: Respondent Ethnicity.

Figure 4-2 shows the ethnicity of the respondents. The results show that 54% were Black Africans, 23% were Coloured, 4% were Indian, 18% were White and 1% were from other ethnicities.

4.2.3 Age Distribution of Respondents

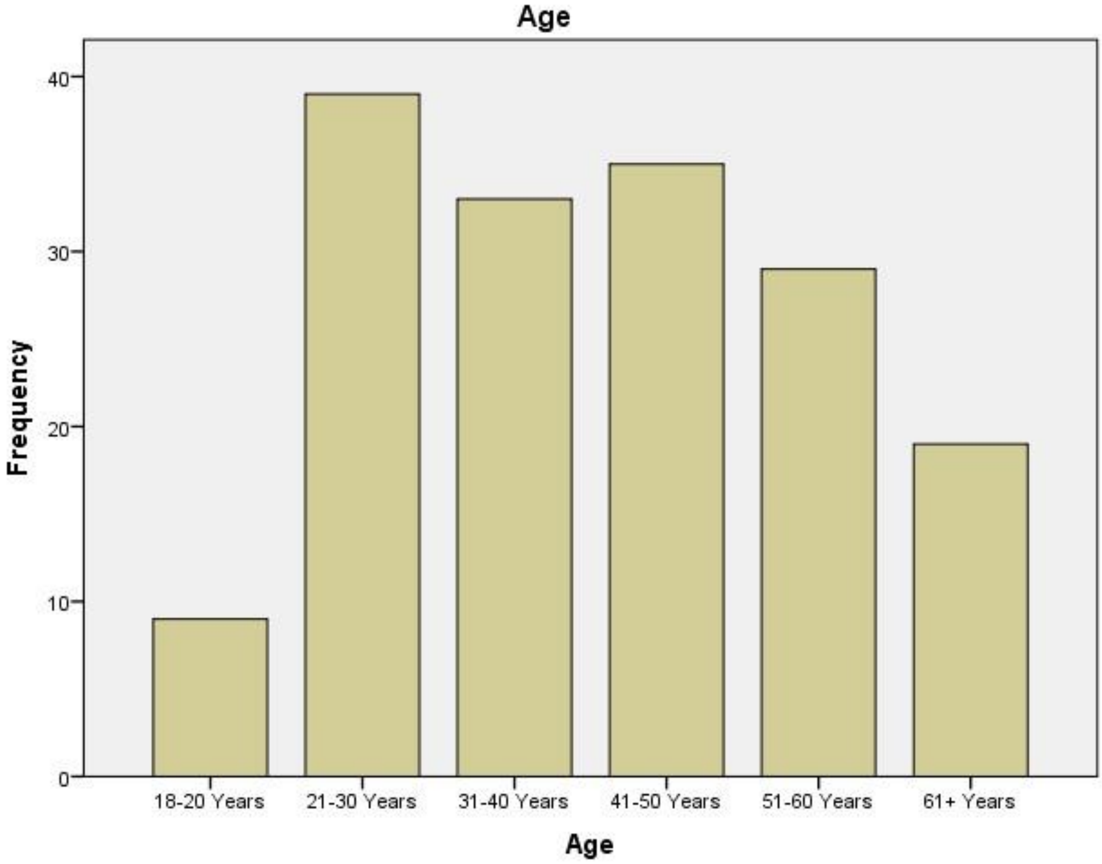
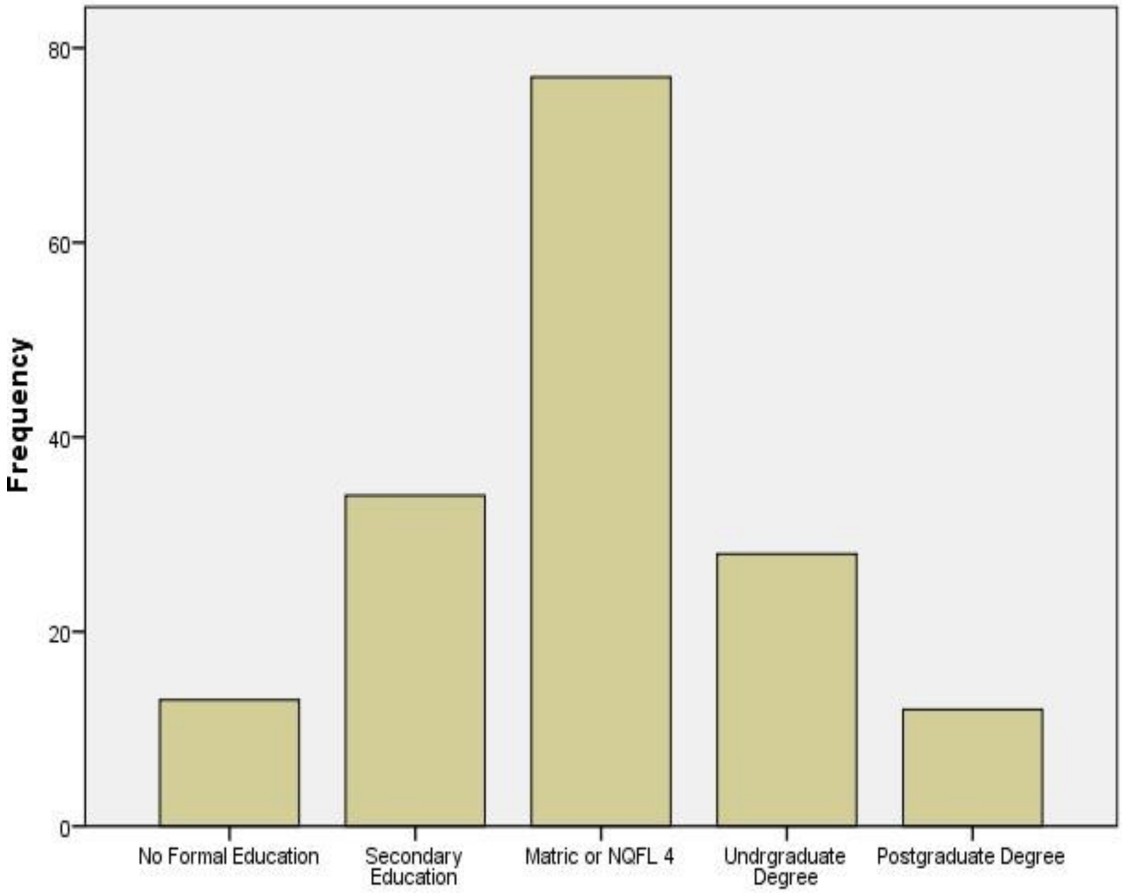


Figure 4-3: Respondent Age Distribution.

Figure 4-3 shows the age distribution of the respondents. The results reveal that 6% of respondents were in the 18-20 Years group, 23% were in the 21-30 Years group, 20% were in the 31-40 Years group, 21% were in the 41-50 Years group, 18% were in the 51-60 Years group, while 12% were in the 61+ Years group.

4.2.4 Educational Distribution of Respondents

Highest Education



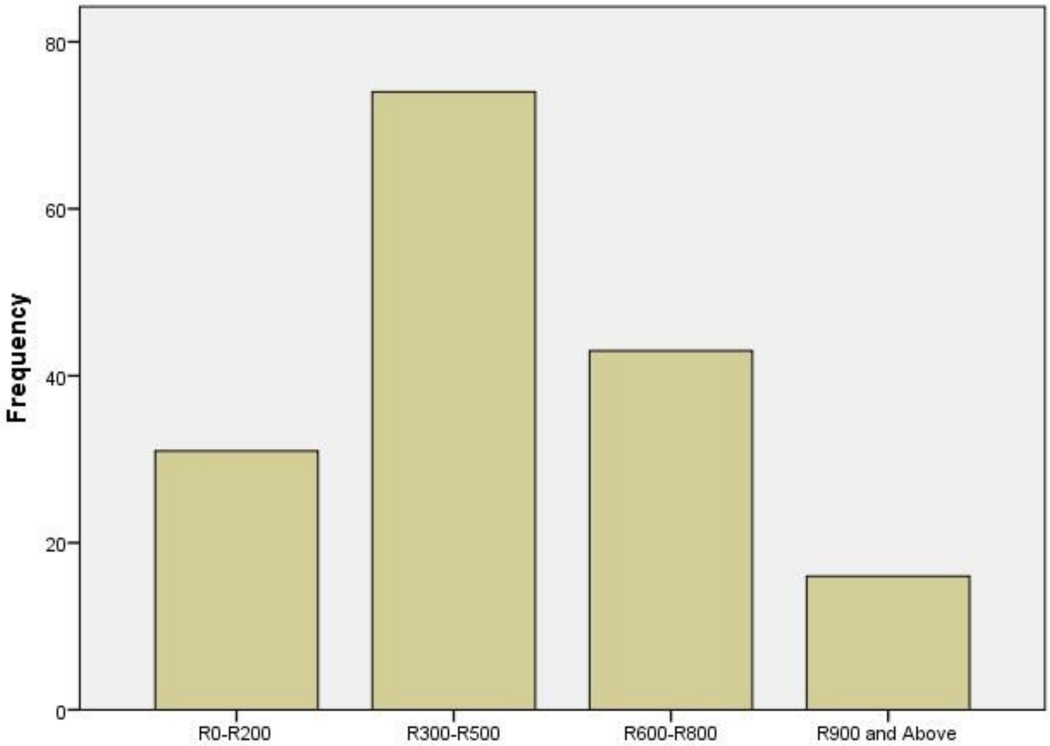
Highest Education Figure

4-4: Respondent Educational Distribution.

Figure 4-4 shows the respondent level of education. It reveals that 8% of respondents have no formal education, 21% have secondary education, 47% have matric or NQFL 4, 17% have undergraduate degrees, and 7% have postgraduate degrees.

4.2.2 Respondents' Average Spending per Week Average

spending per week



Average spending per week

Figure 4-5: Average Respondent Spending per Week.

Figure 4-5 represents the average respondent spending per week. It shows that 19% of respondents spent R0-R200, 45% spent R300-R500, 26% spent R600-R800, and 10% spent R900 and above.

4.3 Factor Analysis

Factor analysis is a statistical technique used to identify underlying dimensions (factors) that explain the correlation patterns among a set of observed variables (Watkins, 2018). Factor analysis was conducted to determine if the loyalty reward programmes belong to the same underlying group. The various aspects of loyalty reward programmes (items 1-26) were categorised into distinct underlying factors influencing consumer buying decisions.

The results are presented in Table 4-2.

Table 4-3: Exploratory Factor Analysis and Reliability.

	Factor loadings	Mean Value	Cronbach Alpha	Average inter-item correlation
Customer Satisfaction		9.274	.835	.426
I'm satisfied with the loyalty reward service	.478			
I'm satisfied with the marketing information.	.726			
I'm satisfied with the process of redeeming my rewards.	.482			
I'm satisfied with the type of reward programme I am using	.619			
Service quality		11.103	.653	.994
I am getting a better quality of service using loyalty reward programmes	.373			
Products information is bold and visible	.507			
I find it easy to shop around the supermarket	.540			
Payment at the till is quick and easy	.605			
I get better services when showing my loyalty card	.192			
Expectation		8.932	.387	0.133
My expectations with prices are exceeded using loyalty reward programmes	.463			
Sometimes, the supermarket runs out of stock with promotion.	.531			
I expect to have access to loyalty rewards when I buy online	.615			
I get products delivered to my house at a low cost when ordered online	.881			
Value		15.951	.688	.289
Loyalty programmes make me feel appreciated as a customer	.421			
I will recommend the use of loyalty programmes to other consumers	.551			
The value of loyalty reward is worth the price of products	.640			
I get value for money on products and services	.694			
I believe loyalty programmes offer more valuable benefits	.512			
Access		4.451	.809	.509
I find loyalty reward programmes easy to use	.793			

I can easily access loyalty reward points whilst in store.	.720			
I did not register with loyalty programmes that	.672			
is difficult to access				

Factors loaded based on the questionnaire.

1. Customer satisfaction (items 1-5)
2. Service quality (items 6-10)
3. Expectation (items 11-14)
4. Value (items 15-23)
5. Access (items 24-26)

Table 4-4: Various Aspects of Loyalty Reward Programmes Can Be Categorised into Distinct Underlying Factors Influencing Consumers' Buying Decisions.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Factor 1	1.974	39.487	39.487	1.974	39.487	39.487
Factor 2	1.062	21.249	60.736	1.062	21.249	60.736
Factor 3	.837	16.740	77.476			
Factor 4	.602	12.050	89.525			
Factor 5	.524	10.475	100.000			

Extraction Method: Principal Component Analysis.

The eigenvalues represent the variance explained by each factor extracted from the data. The initial eigenvalues indicate the variance explained by each factor before extraction.

The five factors identified consist of several variables supporting the factors. These factors are used to identify correlations that will determine the relationship between the factors and buying behaviour. A regression analysis was conducted to determine if the H_0 needs to be accepted or rejected.

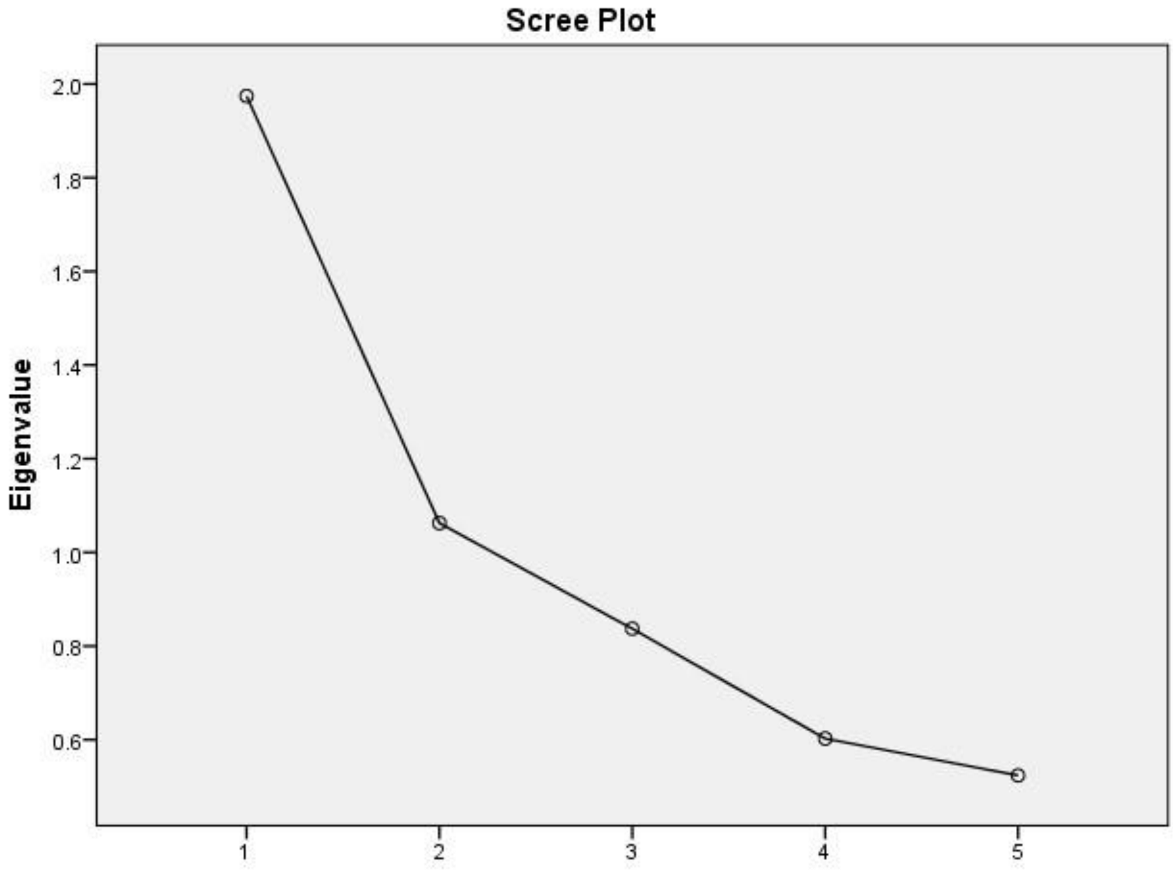
Factor 1, Consumer Satisfaction, is the most influential factor, as indicated by initial eigenvalues and extraction sums of squared loadings. This factor encompasses various aspects of consumer experiences with loyalty reward programmes, including satisfaction with rewards, programme features, and overall type of loyalty reward. It accounts for nearly 39.5% of the total variance in consumer perceptions, highlighting its pivotal role in shaping consumer attitudes and behaviours. This finding is supported by Bei and Chiao (2019), who consider satisfaction a crucial precursor to loyalty. Reichel and Sasser (2019) affirm that consumer satisfaction increases brand loyalty and repeated purchases. It is, therefore, imperative for supermarkets to ensure that consumers are satisfied with their loyalty reward programmes.

Factor 2, Service Quality, represents consumer perceptions of the quality of service provided by loyalty reward programmes. This factor explains over 21% of the variance and underscores the significance of delivering high-quality experiences to foster customer loyalty and buying behaviour. In line with Yulida *et al*. (2023), the analysis notes that quality of service is an integral part of ensuring consumer loyalty to any brand and influencing consumer buying behaviour. Mgiba and Madela (2020) and Ahsan *et al*. (2022) believe that quality of service is a positive predictor of consumer repurchasing attitude. Therefore, supermarkets should ensure consumers have the best service when engaging with goods and services.

Factor 3, Expectation, contributes approximately 16.7% of the total variance. It reflects consumer expectations and anticipations about the benefits and rewards offered by loyalty reward programmes, emphasizing the importance of meeting or exceeding customer expectations to maintain engagement and loyalty. This finding is similar to that of Peppers and Rogers (2022), which shows that consumer expectation moderates the effect of satisfaction and buying behaviour. Retailers must explore the impact of consumer expectations, like the type of loyalty reward and frequency of rewards, on buying behaviour. Bausenhart and Wearden (2022) confirm that consumer perception of the benefits and rewards offered by loyalty reward programmes influence their behaviour.

Factors 4 and 5 (Value and Access to loyalty rewards) are two additional factors influencing consumer perceptions of loyalty reward programmes and buying behaviour. Value represents the perceived benefits and rewards relative to the effort or investment required from consumers, while Access relates to the ease of participation and use of loyalty reward programme benefits. These factors contribute to approximately 22.5% of the total variance, highlighting their role in shaping consumer decisions and behaviours. This position aligns with Slywotzky (2022)'s assertion of consumer value, which is crucial in increasing organisational value and consumer buying behaviour. Furthermore, Khairawati (2020) confirms that Access to loyalty rewards significantly influence consumer buying behaviour.

Collectively, the identified factors provide valuable insights for businesses seeking to enhance the effectiveness of their loyalty reward programmes. By understanding the underlying dimensions that drive consumer perceptions and behaviour, organisations can tailor their strategies to meet customer needs better, enhance satisfaction, and foster long-term loyalty and engagement.



Factors Figure 4-6: Scree plot for Eigenvalues.

The scree plot in Figure 4-6 depicts the underlying factors of loyalty reward programmes that influence consumer buying decisions. The plot reveals crucial information about the factors that significantly contribute to the observed variance in the data.

The steep slope in the initial portion of the scree plot is indicative of factors with eigenvalues greater than one. Eigenvalues represent the amount of variance explained by each factor, and the steep decline signifies the rapid reduction in variance as we move down the list of factors. This steep slope helps researchers identify the most influential factors that substantially shape consumer perceptions.

The gradual trailing-off observed in the latter part of the scree plot indicates factors with eigenvalues lower than one. In this study, the fact that all five factors extracted from the data have eigenvalues greater than one is crucial. It suggests that these factors explain the variation in consumer perceptions of loyalty reward programmes.

The distinctiveness of the first extracted factor is emphasized by its eigenvalue of

39.487. This implies a substantial amount of variance explained by the initial factor, Customer Satisfaction. The prominence of Customer Satisfaction as the first factor aligns with its pivotal role in influencing consumer buying decisions related to loyalty reward programmes.

In summary, the scree plot analysis clearly distinguishes between factors with eigenvalues greater than one and those with lower eigenvalues. Th e fact that all five factors have eigenvalues above one affirms that various aspects of loyalty reward programmes can indeed be categorised into distinct underlying factors that collectively influence consumer buying decisions. The distinctiveness of the initial factor, Customer Satisfaction, underscores its role in shaping consumer perceptions and buying behaviour.

4.4 Hypotheses Testing

Hypothesis One:

H_0: There is no significant correlation between access to loyalty reward programmes (items 24-26) and positive attitudes towards these programmes (e.g., satisfaction, perceived value).

To test H_0, Pearson's Product Moment Correlation was calculated, the result of which is presented in Table 4-4.

Table 4-5: Correlation between the Ease of Access to Loyalty Reward Programmes and Positive Attitudes towards Them.

Variable	N	Mean	SD	Df	Sig.	r-tab
Access to loyalty reward programmes	164	5.604	2.104	162	0.000	0.391
Positive attitudes towards loyalty reward programmes	164	15.921	3.944			

*P<0.05 (P<0.05 means that the items are of significant value).

Table 4.3.1 shows that the calculated significance value (0.000) is less than the significance value (0.05), (M =5.6, SD = 2.1, P = 0.000). Hence, there is a significant correlation between the ease of access to loyalty reward programmes and positive attitudes towards these programmes (e.g., satisfaction, perceived value). Therefore, the null hypothesis is rejected, given the positive correlation between access to loyalty reward programmes and positive customer attitudes towards these programmes.

Hypothesis Two:

H_1: There is a correlation between consumer satisfaction with the loyalty reward programme (items 1-5) and their inclination to repurchase from the same supermarket (items 29-31).

To test this hypothesis, Pearson's Product Moment Correlation was carried out, the result of which is presented in Table 4-5.

Table 4-6: Correlation between Consumer Satisfaction with Loyalty Reward Programmes and Inclination to Repurchase.

Variable	**N**	**Mean**	**SD**	**Df**	**Sig.**	**r-tab**
Customer Satisfaction	164	9.27	2.53	162	0.000	0.335
Repurchasing Behaviour	164	8.52	2.76			

*P<0.05 (Significant)

Table 4-5 shows that the calculated significance value (p < 0.000) is less than the significance value (0.05), (M= 9.27, SD = 2.53, P= 0.000). Hence, the null hypothesis, which states that there is no correlation between consumer satisfaction and loyalty reward programmes, and customer willingness to repurchase from the same supermarket, is rejected.

H1 notes a significant positive correlation between consumer satisfaction with loyalty reward services and their inclination to repurchase from the same supermarket.

Hypothesis Three:

H_2: The various aspects of loyalty reward programmes can significantly predict consumer buying behaviour.

Multiple regression analyses were carried out to test this hypothesis to determine if various aspects of loyalty reward programmes can significantly predict consumer buying decisions. The results are presented in Table 4-6.

Table 4-7: Multiple Regression Analysis for Various Aspects of Loyalty Reward Programmes as Consumers' Buying Decisions.

R = .789	Fcal. = 63.21				
R Square = .723	P = .000				
Adjusted R Square = .701	p < 0.05				
Standard Error = 5.14					
Model	**Unstandardized Coefficient**		**Standardized coefficient**	**t**	**Sig**
	B	**Std. Error**	**Beta**		
(Constant)	8.162	9.23		2.768	.000
The types of loyalty reward programmes that influence my buying decision	1.891	.218	.765	6.327	.000
Only buy products when there is a promotion	.832	.214	.481	8.421	.000

I'm enticed to buy products linked to loyalty reward programmes	.691	.513	.328	2.721	.000
I believe loyalty reward programmes offer more attractive benefits	.421	.345	.678	2.538	.000
Loyalty reward programmes save me a lot of money	.211	.621	.037	1.729	.000

a. Consumer buying behaviour.

Table 4-6 shows that F_{cal} (63.21) and a calculated significance value of $p < 0.000$ were calculated at $p < 0.05$ level of significance. Since the calculated significance value ($p < 0.001$) was less than the significance value (0.05), the various aspects of loyalty reward programmes significantly predicted consumer buying decisions. This indicates that various aspects of loyalty reward programmes predict consumer buying decisions in supermarkets in the Buffalo City Metropolitan Area.

The results also reveal a significant positive composite correlation between the predictor variables (various aspects of loyalty reward programmes) and consumer buying decisions ($R = 0.789 > 0.05$). This indicates that the various aspects of loyalty reward programmes significantly predict consumer buying decisions in supermarkets in the Buffalo City Metropolitan Area. The coefficient of determination (R^2 = 0. 723) implies that all the predictor variables jointly account for 72% (R^2 x 100) of the total variance in consumer buying decisions.

Moreover, the regression result shows that the predictor variables contribute to consumer buying decisions. The result shows that each independent variable positively correlates to consumer buying decisions as their significant values (0.00) were less than 0.05. This implies that all aspects of loyalty reward programmes jointly and individually predict consumer buying decisions.

Hypothesis Four:

H_3: The perceived quality of service (items 6-10) and the extent to which expectations are met (items 11-14) are significant predictors of consumers' perceived value of loyalty reward programmes (items 15-18).

Multiple regression analysis was carried out to test this hypothesis. The result is presented in Table 4-7.

Table 4-8: Multiple Regression Analysis for Perceived Quality of Service and the Extent to which Expectations Are Met as Predictors of Consumers' Perceived Value from Loyalty Reward Programmes.

R = .891 R Square = .912 Adjusted R Square = .732			Fcal. = 85.592 P = .000 p < 0.05		
Standard Error = 5.996					
Model	**Unstandardized Coefficient**		**Standardized coefficient**	**t**	**Sig**
	B	**Std. Error**	**Beta**		
(Constant)	.572	.874		.655	.514
Perceived Quality of Service	.189	.058	.229	3.274	.001
Extent to which Expectations Are Met	.445	.079	.395	5.651	.000

a. Dependent Variable: Perceived Value

Table 4-7 shows that F_{cal} (85.592) and the calculated significance value of $p < 0.000$ is calculated at $p < 0.05$. Since the calculated significance value ($p < 0.001$) is less than the significance value (0.05), the perceived quality of service and the extent to which expectations are met are significant predictors of consumers' perceived value of loyalty reward programmes. This indicates that the perceived quality of service and extent to which expectations are met informed consumers' perceived value of loyalty reward programmes in supermarkets in the Buffalo City Metropolitan Area.

The results further reveal that there is a significant positive composite correlation between the predictor variables (perceived quality of service and the extent to which expectations are met) and consumers' perceived value of loyalty reward programmes ($R = 0.891 > 0.05$). This indicates that the predictor variables contribute to and predict consumers' perceived value of loyalty reward programmes in supermarkets in the Buffalo City Metropolitan Area. The coefficient of determination ($R^2 = 0.732$) implies that all the predictor variables jointly account for 73% ($R^2 \times 100$) of the total variance in consumers' perceived value of loyalty reward programmes.

Furthermore, the results show that each independent variable positively correlate to consumers' perceived value of loyalty reward programmes at significant values of 0.001 and 0.00 for perceived quality of service and the extent to which expectations are met, respectively.

Hypothesis Five:

H_4: Specific types of loyalty reward programmes (items 27-28) are significant predictors of consumer repurchasing behaviour (items 29-31).

To test H_4, regression analysis was conducted, the result of which is presented in Table 4-8.

Table 4-9: Multiple Regression Analysis for Specific Types of Loyalty Reward Programmes as Predictors of Consumers' Repurchasing Behaviour.

$R = .760$ R Square = .931 Adjusted R Square = .691 Standard Error = 2.772	$F_{cal.} = .723$ $P = .000$ $p < 0.05$				
Model	**Unstandardized Coefficient**		**Standardized coefficient**	**t**	**Sig**
	B	**Std. Error**	**Beta**		
(Constant)	8.459	.571		14.804	.000

Discounted price	.176	.309	.046	.570	.000
Instant cashback	.175	.198	.072	.886	.003

a. Dependent Variable: Repurchasing Behaviour

Table 4-8 shows that F_{cal} (0.723) and calculated significance value of 0.000 were calculated at 0.05 level of significance. Since the calculated significance value ($p = 0.000$) is less than the significance value (0.05), the specific types of loyalty reward programmes (discounted price and instant cashback) are significant predictors of consumer repurchasing behaviour. This indicates that discounted prices and instant cashback significantly influenced consumer repurchasing behaviour in supermarkets in the Buffalo City Metropolitan Area.

Similarly, the results reveal that the specific types of loyalty reward programmes

(discounted price and instant cashback) jointly predict consumer repurchasing behaviour ($R = 0.760 > 0.05$). This shows that the predictor variables contribute to and predict consumer repurchasing behaviour in supermarkets in the Buffalo City Metropolitan Area. The coefficient of determination ($R^2 = 0.691$) implies that all the predictor variables jointly account for 69% (R^2 x 100) of the total variance in consumers' perceived value of loyalty reward programmes.

The regression result shows that the predictor variables positively contribute to consumer repurchasing behaviour. Each independent variable (discounted price and instant cashback) positively predicts consumer repurchasing behaviour as calculated significant values of 0.001 and 0.00 were obtained for a discounted price and instant cashback, respectively.

4.5 Discussion of the findings

H_0: Correlation between access to loyalty reward programmes and positive attitudes towards these programmes. The hypothesis was formulated from research question one, and this study examined if there was any correlation between access to loyalty reward programmes and positive attitudes towards these programmes in supermarkets in the Buffalo City Metropolitan Area. The study found a significant correlation between access to loyalty reward programmes and positive attitudes toward these programmes. This finding implies that ease of access to loyalty reward programmes significantly influence consumer buying behaviour in supermarkets in the Buffalo City Metropolitan Area. This resonates with Jacoby and Chestnut (2018)'s assertion that loyalty is a psychological process encompassing consumer attitudes, preferences, and purchase intentions.

H_1: Correlation between loyalty reward programmes and customer intention to repurchase from the same supermarket. The hypothesis was derived from research question two. The study investigated the influence of consumer satisfaction with loyalty reward programmes on consumer repurchasing behaviour in supermarkets in the Buffalo City Metropolitan Area. The study's findings reveal a significant correlation between consumer satisfaction with loyalty reward programmes and consumer inclination to repurchase from the same supermarket. The findings show that consumer satisfaction with loyalty reward programmes significantly correlate with consumer repurchasing behaviour. This finding concurs with Engelbrecht and De Beer (2019), who noted the prevalence and efficacy of loyalty reward programmes in South Africa. It also agrees with Otara (2019)'s finding that organisations employ loyalty reward programmes to foster customer relationships and willingness to buy again.

H_2: The various aspects of loyalty reward programmes significantly predict consumer buying behaviour. This hypothesis was formulated from research question three. This study determined if the various aspects of loyalty reward programmes (the types of loyalty reward programmes influence my buying decision, only buy products when there is a promotion happening, I am enticed to purchase products linked to loyalty reward programmes, I believe loyalty reward programmes offer more attractive benefits and loyalty reward programmes save me a lot of money) could predict consumer buying behaviour. It was found that various aspects of loyalty reward programmes are predictors of consumer buying decisions in supermarkets in the Buffalo City Metropolitan Area. The study's findings agree with
Corbishley (2017)'s assertion that various aspects of loyalty reward programmes motivate loyal customers to buy the same brand repeatedly, unlike once-off customers. This implies that all aspects of loyalty reward programmes jointly influenced consumer buying behaviour. This finding correlates with Otieno *et al*. (2020), who posit that all aspects of loyalty influence consumer perception and decision.

H_3: The perceived quality of service and the extent to which expectations are met are significant predictors of consumers' perceived value of loyalty reward programmes. The hypothesis was formulated from research question four, and the study determined if the perceived quality of service and the extent to which expectations are met are significant predictors of consumers' perceived value of loyalty reward programmes. The study found that perceived quality of service and the extent to which expectations are met are substantial predictors of consumers' perceived value of loyalty reward programmes. The study found that perceived quality of service and the extent to which expectations are met jointly predict the consumers' perceived value of loyalty reward programmes in supermarkets in the Buffalo City Metropolitan Area. This finding concurs with Mwencha and Muathe (2019) who note that consumers presumably participate in these programmes with the expectation of acquiring various benefits and rewards associated with their membership.

H_4: Specific loyalty reward programmes significantly predict consumer repurchasing behaviour. The hypothesis was derived from research question five. The study determined the predictive value of specific loyalty reward programmes on consumer repurchasing behaviour in supermarkets in the Buffalo City Metropolitan Area. The study found that discounted prices and instant cashback significantly predict consumer repurchasing behaviour in supermarkets in the Buffalo City Metropolitan Area. Discounted prices and instant cashback individually and jointly predict consumer repurchasing behaviour, a finding that is supported by Pansari and Kumar (2018). The researchers found that specific loyalty reward programmes prioritise repeat purchase behaviours, and operate differently from other marketing campaigns, like sales promotions. The finding also agrees with Kazmi, Yousafzai, and Manzoor (2020)'s assertion that the preferred type of loyalty reward programme encourages customers to give positive feedback about the firm, its products, and its services. This customer response can only be achieved when they have a positive attitude towards the marketing organisation, such as the supermarket.

4.6 Importance of findings

This study analyses loyalty reward programmes and their influence on consumers buying behaviour in the Buffalo City Metropolitan Area. The findings reveal that consumer satisfaction is associated with continuous buying at or patronage of a supermarket. This shows that when consumers are satisfied with loyalty reward programmes, they are more inclined to repurchase from the same supermarket.

The study also found that loyalty reward programmes and sub-variables, like perceived quality of service and the extent to which expectations are met, can predict consumers' perceived value of loyalty reward programmes. It was observed that all aspects of loyalty reward programmes predict consumer buying decisions, and that discounted price and instant cashback (as a type of loyalty reward programme) jointly and individually predict consumer repurchasing behaviour in supermarkets in the Buffalo City Metropolitan Area.

These findings provide insight into how types of loyalty reward programmes influence consumer repurchasing behaviour and echo the findings of studies by Ngcobo and Ezeuduji (2021), Vesel and Zabkar (2019), and Buys and Parumasur (2021), which indicate that consumer loyalty reward programmes are marketing mechanisms used by organisations to influence consumer buying behaviour and encourage loyalty when consumers purchase through a reward system. Terblanche and Boshoff (2022) highlight the need for more research focusing on the nuances of the impact and effectiveness of loyalty reward programmes in the South African market, especially in the Buffalo City Metropolitan Area. The findings of this study provide empirical evidence for future research in the field.

4.7 Chapter Summary

This chapter presented the quantitative analysis of the data collected in the study. Four research questions were raised and transformed into four hypotheses tested using inferential statistics. The inferential statistics used in the study were Pearson's product Moment Correlation and Multiple Regression. The study's findings were collated based on the results gathered through the analysis. The findings were discussed to provide empirical evidence in support thereof.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarises the study, research methods, and findings. It also draws conclusions and makes recommendations and suggestions for further studies.

5.2 Summary and Findings

The study examined loyalty reward programmes and their influence on consumer buying behaviour in the Buffalo City Metropolitan Area. The specific objectives of the study were to:

- Determine the correlation between access to loyalty reward programmes and positive attitudes towards these programmes (e.g., satisfaction, perceived value).
- Investigate the influence of satisfaction with loyalty reward services on repurchasing behaviour in supermarkets.
- Investigate whether the various aspects of loyalty reward programmes can predict consumer buying behaviour.
- Examine the perceived quality of service and the extent to which expectations are met as predictors of consumers' perceived value of loyalty reward programmes.
- Investigate if the specific loyalty reward programmes predict consumer repurchasing behaviour.

The study objectives informed five research questions, which were formulated into the following research hypotheses:

- **H_0** = no significant correlation exists between access to loyalty reward programmes and positive attitudes towards these programmes (e.g., satisfaction, perceived value).
- **H_1** = There is correlation between consumer satisfaction with loyalty reward services and their inclination to repurchase from the same supermarket.
- **H_2** = The various aspects of loyalty reward programmes can significantly predict consumers' buying behaviour.

- **H_3** = The perceived quality of service and the extent to which expectations are met are significant predictors of consumers' perceived value of loyalty reward programmes.
- **H_4** = Specific loyalty reward programmes can predict consumer repurchasing behaviour.

H_0 = There is a significant correlation between access to loyalty reward programmes and positive attitudes towards them. This finding implies that ease of access to loyalty reward programmes significantly influence attitudes towards these programmes in supermarkets in the Buffalo City Metropolitan Area.

H_1 = There is a significant correlation between consumer satisfaction with loyalty reward services and their inclination to repurchase from the same supermarket. This finding shows that consumer satisfaction with loyalty reward services influences consumer repurchasing behaviour.

H_2 = The various aspects of loyalty reward programmes can predict consumer buying behaviour in supermarkets in the Buffalo City Metropolitan Area.

H_3 = The perceived quality of service and the extent to which expectations are met predict consumers' perceived value from loyalty reward programmes in supermarkets in the Buffalo City Metropolitan Area.

H_4 = Discounted price and instant cashback can predict consumer repurchasing behaviour in supermarkets in the Buffalo City Metropolitan Area.

5.3 Limitations

This examined loyalty reward programmes and their influence on consumer buying behaviour in supermarkets in the Buffalo City Metropolitan Area. The study was limited to customers in retail supermarkets in this area and did not include customers from the rest of the Eastern Cape. The researcher limited the survey to the area due to the peculiarity and relatedness of people (consumers).

5.4 Recommendations

Based on the findings of this study, the following recommendations are made:

- More related studies should be carried out on the influence of loyalty reward programmes on low-income earners' buying behaviour in supermarkets in other provinces. The research focus could be on other marketing areas, like high-income earning provinces, to determine the perceptions of different demographics. This will help to compare the influence of loyalty reward programmes on buying behaviour in other regions in South Africa.
- Supermarkets should focus on loyalty reward programmes that serve the needs of low-income consumers and support them better. Loyalty reward programmes must not be generic across populations, and supermarkets should have a higher reward programme for low-income earners on non-taxable commodities, e.g., bread.
- Supermarkets should improve product quality to ensure that customers are satisfied with the products they purchase, leading to an increase in repeat purchases.
- Unique and a higher frequency of rewards should be considered to support low-income earners and influence their frequency of buying and repurchasing behaviour.

5.5 Conclusion

This study developed five research hypotheses from the research objectives and questions. It can be concluded that loyalty reward programmes influences and predicts consumer buying behaviour in supermarkets in the Buffalo City Metropolitan Area. Loyalty reward programmes improve customers' intention to repurchase from the same supermarket. Furthermore, the perceived quality of service and the extent to which expectations are met can predict consumers' perceived value of loyalty reward programmes. Access to loyalty reward programmes, positive attitudes towards them, and specific types of loyalty reward programmes can predict consumer repurchasing behaviour.

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ETHICS CLEARANCE APPLICATION

THE INDEPENDENT INSTITUTE OF EDUCATION

Vega

Varsity College

Rosebank College

MSA

SCHOOL OF HOSPITALITY & SERVICE MANAGEMENT
A school of The IIE

Our Ref: M.400623
Enquiries: research@iie.ac.za

23 June 2023

Outcome of Ethics Clearance Application for Master of Business Administration

Student Name: Seyi Omogiate
Student number: [redacted]
Brand and campus: IIEMSA

Dear Seyi

Thank you for submitting the ethics clearance application for the study: **An Analysis of Loyalty Reward Consumers' Buying Behaviour in Buffalo City Metropolitan.**

We are pleased to inform you that the IIE's Higher Degrees Committee considered and granted ethics clearance. This means that you may proceed with data collection. If you are collecting data from a specific organisation, ensure that you have a gatekeeper's letter that confirms their approval of the data collection being done.

You are reminded that any changes made to the research methodology or title of the research study must be signed off by the IIE's Higher Degrees Committee. Kindly ensure that all ethical considerations are duly applied whilst collecting, analysing and interpreting the data for the completion of your research.

If you have any questions, please feel free to contact your programme team or supervisor directly.

All the best with your research.

[redacted]

Chair: Higher Degrees Committee

ADvTECH House: Inanda Greens, 54 Wierda Rd West, Wierda Valley 2196
P.O. Box 2369, Randburg 2125
Directors: RJ Douglas (UK), JDR Oesch, MD Aitken, SCD Lurie
Group Company Secretary: CB Crouse

ADvTECH GROUP

RESPONDENT CONSENT FORM

Respondent consent form

I am studying towards my MBA degree with IIEMSA, and my research focus is on **THE ANALYSIS OF LOYALTY REWARD PROGRAMMES AND CONSUMERS' BUYING BEHAVIOUR IN BUFFALO CITY METROPOLITAN.**

The result of the study will tell the extent to which loyalty programmes influence consumer's buying behaviour in Buffalo City Metropolitan.

1. Your participation in this research is voluntary and I have the right to withdraw from the research at any time.
2. There will be no repercussions should you choose to withdraw from the research.
3. You may choose not to answer any of the questions that are asked during the research.
4. No personal questions or identifying particulars will be asked- gender, age, and income questions are only asked for the purpose of identifying differences in usage of loyalty programmes.
5. The confidentiality and anonymity of the study is assured, and the study has also been given Ethical Clearance from The Independent Institute of Education (The IIE).
6. Only the researchers involved in the study will have access to the data collected.

If you have any concerns or questions related to the study or the items in the questionnaire, please contact me at [redacted]. You can also contact my supervisor Dr Willy Engelbrecht at [redacted] for any questions you might have around the study.

Thank you for taking the time to participate in this study.

I have read the study information which explains the nature and processes involved in this study, and I understand what my participation will involve.

I agree to participate in this project Yes/ No

Signature Date

QUESTIONNAIRE

Part A:

Please select the option(s) that applies to you and your household. There is no right or wrong answer.

1. What is your gender?

Male	1
Female	2
Other	3
Specify	4

2. What is your ethnicity?

African Black	1
Coloured	2
Indian	3
White	4
Other	5
Specify	6

3. What is your age?

18-20 years	1
21-30 years	2
31-40 years	3
41-50 years	4
51-60 years	5
61+ years	6

4. How many loyalty programmes do you subscribe to?

1 – 3	1
4 – 6	2
7—9	3
10+	4

5. What is your highest education level?

No formal education	1
Secondary school	2
Matric or NQFL 4	3
Undergraduate Degree	4
Postgraduate Degree	5

6. Average spending per week?

R0 – R200	1
R300 – R500	2
R600–R 800	3
R900 and above	4

Part B:

Please indicate with X the extent to which you Agree or Disagree with the mentioned statements:

1=Strongly Agree (**SA**) 2=Agree (**A**) 3=Neutral (**NS**) 4=Disagree (**D**)
5=Strongly Disagree (**SD**)

	Customer Satisfaction	**SA**	**A**	**NS**	**D**	**SD**
1	I'm satisfied with the loyalty reward service					
2	I'm satisfied with the marketing information.					
3	I'm satisfied with the promotions offer through the loyalty reward programmes					
4	I'm satisfied with the process of redeeming my rewards.					
5	I'm satisfied with the type of reward programme I am using.					
	Service quality	**SA**	**A**	**NS**	**D**	**SD**
6	I'm getting a better quality of service using loyalty reward programmes					
7	Products information is bold and visible					
8	I find it easy to shop around the supermarket					
9	Payment at the till is quick and easy					
10	I get better services when showing my loyalty card					
	Expectation	**SA**	**A**	**NS**	**D**	**SD**
11	My expectations with prices are exceeded using loyalty reward programmes					
12	Sometimes, the supermarket runs out of stock with promotion.					
13	I expect to have access to loyalty rewards when I buy online					
14	I get products delivered to my house at a low cost when ordered online					
	Value	**SA**	**A**	**NS**	**D**	**SD**
15	Loyalty programmes make me feel appreciated as a customer					
16	I will recommend the use of loyalty programmes to other consumers					
17	The value of loyalty reward is worth the price of products					
18	I get value for money on products and services					

	LOYALTY REWARD PROGRAMMES	**SA**	**A**	**NS**	**D**	**SD**

19	The types of loyalty reward programmes influence my buying decision					
20	I only buy products when there is a promotion happening					
21	I'm enticed to buy products linked to loyalty programmes					
22	I believe loyalty programmes offer more attractive benefits					
23	Loyalty programmes save me a lot of money					
	ACCESS					
24	I find loyalty reward programmes easy to use					
25	I can easily access loyalty reward points whilst in store.					
26	I did not register with loyalty programmes that is difficult to access					
	TYPES OF LOYALTY REWARD PROGRAMMES					
27	Discounted price is my reason for choosing loyalty reward programme					
28	Instant cashback is my primary reason for using loyalty reward programme					
	REPURCHASING BEHAVIOUR					
29	I'm inclined to buy from the same supermarket irrespective of price variance.					
30	I'm inclined to buy from same supermarket despite loyalty reward					
31	I'm inclined to buy from the same supermarket, regardless of the distance.					

RED alphabet

20 March 2024

To whom it may concern

RE: Thesis submitted for editing

This letter serves to confirm that Seyi Omogiate submitted a thesis titled *An analysis of loyalty reward programmes and consumers' buying behaviour in Buffalo City Metropolitan* to Red Alphabet for editing.

Should you have any questions regarding the matter, please contact Mandy Strauss via e-mail (mandy.engelbrecht@gmail.com) or telephone (072 199 2120).

Kind regards,

Mandy Strauss

Red Alphabet Director

Company reg: 2016/121644/07