

UNIVERSITY OF KWAZULU-NATAL

The effectiveness of the rewards programme at a leading casino in Durban

By

Aruna Baijnath

Student Number: 991210435

A dissertation submitted in partial fulfilment of the requirements

for the degree of

Master of Business Administration

Graduate School of Business and Leadership

Faculty of Management Studies

Supervisor: Prof. Anesh Maniraj Singh

2014

Declaration

I, Aruna Baijnath declare that:

- (i) The research reported in this dissertation, except where otherwise indicated, is my original work.
- (ii) This dissertation has not been submitted for any degree or examination at any other university.
- (iii) This dissertation does not contain other person's data, pictures, graphs or other information, unless specifically acknowledged as being sourced from other persons.
- (iv) This dissertation does not contain other person's writing, unless specifically acknowledged as being sourced from other researchers.

Where other written sources have been quoted, then:

- their words have been re-written, but the general information attributed to them has been referenced;
 - their exact words have been used, their writing has been placed inside quotation marks, and referenced.
- (v) Where I have reproduced a publication or which I am an author, co-author or editor, I have indicated in detail which part of the publication was actually written by myself alone and have fully referenced such publications.
- (vi) This dissertation does not contain text, graphics or tables copied and pasted from the internet, unless specifically acknowledged, and the source being detailed in the dissertation and in the references section.

Signed

Date

Acknowledgements

I am sincerely grateful to God who has blessed me through every step in my life. I also wish to express my appreciation and gratitude to everyone who has assisted me with my dissertation. Of particular mention are the following individuals:

- My husband, Vikash Baijnath, for his unwavering support.
- My mum, Jaywanthee Gungapersad, who is my pillar of strength. My success is your success.
- My sister, Dr. Nishani Harinarian, who motivated and encouraged me throughout this programme.
- My late father and brother, Rabichand Gungapersad and Rivesh Gungapersad, who inspire me to achieve my full potential.
- My supervisor, Prof. Anesh Maniraj Singh, for his guidance throughout this dissertation.

Abstract

Customer loyalty is critical to ensure the competitiveness and profitability of companies. Customer loyalty programmes have been created, as a customer relationship management tool, to encourage customer loyalty. These programmes operate by rewarding behaviour which results in repeat purchases. A company's investment in a rewards programme can be significant and thus it is important for these programmes to be effective. The casino industry invests significant resources in customer loyalty programmes which are used to attract, develop and retain customers. Casino XXX, located in Durban, operates a tiered rewards programme that offers customers numerous benefits which increase as members move to higher tiers. Although loyalty programmes have been implemented in numerous companies and markets, resulting in an increase in customer participation, questions have been raised on the effectiveness of these programmes to encourage loyalty and retention. Furthermore, there is limited research on the effectiveness of customer loyalty programmes in the casino industry in Durban. An effective rewards programme provides insights on how to satisfy different customers, thereby enabling the company to segment its customers and implement appropriate marketing initiatives for these segments. This increases the company's profitability and competitiveness. The aim of this study was to establish the effectiveness of the rewards programme in a leading casino in Durban. Using proportionate stratified random sampling, a sample of rewards programme members, who indicated that Casino XXX could communicate with them through emails, was selected across all three tiers. A total number of 522 respondents completed the electronic questionnaire. Both descriptive and inferential statistics were used to analyse the data collected. The main findings were that the rewards programme members were highly motivated to attain higher tiers; that the Casino XXX rewards programme meets the expectation of members; and that member would recommend the programme. Further, rewards programme members are members of other casino loyalty programmes and considered the loyalty programmes similar. The findings provide a valuable tool which can be used to improve the effectiveness of the Casino XXX rewards programme and for future research purposes.

Table of Contents

Description	Page
Declaration	ii
Acknowledgements	iii
Abstract	iv
Table of Contents	v
List of Figures	x
List of Tables	xi
List of Acronyms and Abbreviations	xiii
 CHAPTER 1 INTRODUCTION	 1
1.1 INTRODUCTION	1
1.2 MOTIVATION FOR THE STUDY	1
1.3 FOCUS OF THE STUDY	2
1.4 PROBLEM STATEMENT	3
1.5 RESEARCH QUESTIONS	3
1.6 OBJECTIVES	4
1.7 RESEARCH METHODOLOGY	4
1.8 LIMITATIONS OF THE STUDY	5
1.9 OUTLINE OF THE STUDY	5
1.10 SUMMARY	6
 CHAPTER 2 THE EFFECTIVENESS OF A LOYALTY PROGRAMME AT A LEADING CASINO IN KWAZULU-NATAL	 7
2.1 INTRODUCTION	7
2.2 DEFINITION OF CUSTOMER LOYALTY	7
2.3 THE CONSTRUCT OF CUSTOMER LOYALTY	8
2.4 THE FACTORS THAT INFLUENCE CUSTOMER LOYALTY	10
2.5 THE BENEFITS OF CUSTOMER LOYALTY	11

2.6	THE DEFINITION OF CUSTOMER LOYALTY PROGRAMMES	12
2.7	THE AIM OF CUSTOMER LOYALTY PROGRAMMES	13
2.8	CUSTOMER LOYALTY PROGRAMMES IN THE CASINO INDUSTRY	14
2.9	CHARACTERISTICS OF CUSTOMER LOYALTY PROGRAMMES	16
2.10	TYPES OF CUSTOMER LOYALTY PROGRAMMES	17
2.11	THE REWARDS PROGRAMME	18
2.12	TIERED CUSTOMER LOYALTY PROGRAMMES	19
2.13	PARTICIPATION IN CUSTOMER LOYALTY PROGRAMMES	21
2.14	THE BENEFITS OF CUSTOMER LOYALTY PROGRAMMES	22
2.15	THE CHALLENGES ENCOUNTERED WITHIN CUSTOMER LOYALTY PROGRAMMES	23
2.16	THE FACTORS THAT CONTRIBUTE TO AN EFFECTIVE CUSTOMER LOYALTY PROGRAMME	25
2.17	CUSTOMER LOYALTY PROGRAMMES IN SOUTH AFRICA	27
2.18	CUSTOMER LOYALTY PROGRAMMES IN THE CASINO INDUSTRY	29
2.19	CUSTOMER LOYALTY PROGRAMMES IN THE CASINO INDUSTRY IN SOUTH AFRICA	31
2.20	SUMMARY	31
CHAPTER 3 RESEARCH METHODOLOGY		33
3.1	INTRODUCTION	33
3.2	AIM AND OBJECTIVES	33
3.3	RESEARCH METHODOLOGY AND METHODS	33
3.3.1	The approach adopted for the study	35
3.3.2	Justification for a quantitative study	36
3.4	LOCATION OF THE STUDY AND PARTICIPANTS	36
3.5	SAMPLING	37
3.5.1	Justification for a quantitative study	38
3.6	DATA COLLECTION METHODS	39
3.6.1	Questionnaires	39

3.7	DESIGN AND DESCRIPTION OF QUESTIONNAIRES	40
3.7.1	Pilot study	42
3.7.2	Administration of the questionnaire	43
3.8	ANALYSIS OF DATA	43
3.9	DESCRIPTIVE STATISTICS	43
3.10	INFERENTIAL STATISTICS	44
3.11	RELIABILITY AND VALIDITY OF DATA	46
3.11.1	Reliability	46
3.11.2	Validity	47
3.12	RESEARCH ETHICS	48
3.13	CONSTRAINTS OF THE STUDY	48
3.14	SUMMARY	49
	CHAPTER 4 ANALYSIS AND DISCUSSION OF RESULTS	50
4.1	INTRODUCTION	50
4.2	DEMOGRAPHIC COMPOSITION	50
4.3	REWARDS PROGRAMME TIERS	52
4.4	OBJECTIVE ONE: TO DETERMINE THE REWARD BENEFITS THAT MEMBERS CONSIDER VALUABLE	54
4.5	OBJECTIVE TWO: TO ESTABLISH WHETHER CUSTOMERS ARE SATISFIED WITH THE REWARDS PROGRAMME	62
4.6	OBJECTIVE THREE: TO DETERMINE WHICH REWARD BENEFITS INCREASE MEMBERS' SPEND	71
4.7	OBJECTIVE FOUR: TO DETERMINE WHETHER MEMBERS ARE MOTIVATED TO REACH HIGHER TIERS	72
4.8	OBJECTIVE FIVE: TO DETERMINE EXPECTATIONS OF NEW SERVICES AND DISCOUNTS NOT CURRENTLY AFFILIATED TO THE REWARDS PROGRAMME	77
4.9	SUMMARY	79

CHAPTER 5 CONCLUSIONS AND RECOMMENDATIONS	81
5.1 INTRODUCTION	81
5.2 KEY FINDINGS	81
5.2.1 Demographic information of the rewards programme members	81
5.2.2 Objective one: To determine the reward benefits that members consider valuable	81
5.2.3 Objective two: To establish whether customers are satisfied with the rewards programme	82
5.2.4 Objective three: To determine which reward benefits increase members' spend	83
5.2.5 Objective four: To determine whether members are motivated to reach higher tiers	83
5.2.6 Objective five: To determine expectations of new services and discounts not currently affiliated to the rewards programme	84
5.3 RECOMMENDATIONS	84
5.3.1 Marketing and promotional strategy	84
5.3.2 Benefit offerings in the rewards programme	85
5.3.3 Communication strategy	86
5.3.4 Tiered reward structure	86
5.3.5 Online medium to access information on rewards programme points	87
5.3.6 A competitive rewards programme	87
5.4 LIMITATIONS OF THE STUDY	88
5.5 FUTURE RESEARCH RECOMMENDATIONS	88
5.6 SUMMARY	89
REFERENCES	90
Appendix 1 Informed Consent	96
Appendix 2 Questionnaire	98
Appendix 3 Ethical Clearance	104

List of Figures

Number	Description	Page
2.1	Development of customer loyalty	9
2.2	Customer responses to loyalty programmes	14
2.3	Tiered reward programme	20
4.1	Comparison of the Casino XXX rewards programme to other casinos	53
4.2	Reason for lack of awareness of reward tier status	54
4.3	Comparison of the Casino XXX rewards programme to other casinos	68
4.4	Reasons for members not knowing how to obtain their points balance	73
4.5	Respondents' knowledge of the points required to attain their next tier	74
4.6	Analysis of reasons why respondents did not know how many points are required to attain their next tier	75
4.7	Motivation of respondents to attain their next tier	76
4.8	Reasons for respondents being motivated attain their next tier	76
4.9	Impact on respondents' behaviour from introducing new benefits	78
4.10	Respondent preference of the medium to access the rewards programme	79

List of Tables

Number	Description	Page
2.1	Internal and external factors that influence loyalty	11
2.2	Different types of customer loyalty programmes	17
2.3	Analysis of the top loyalty schemes in South Africa	28
3.1	Various research methods	34
3.2	Types of scales	42
3.3	Types of inferential statistical procedures	45
4.1	Demographic information of the respondents	51
4.2	Rewards programme member segmentation	52
4.3	Benefits offered and their importance	54
4.4	Importance of complementary food and beverage and/or accommodation while playing by reward tier status	56
4.5	Importance of discounted cinema tickets at all properties in the group by reward tier status	57
4.6	Importance of discounted parking fee at all properties in the group by reward tier status	58
4.7	Importance of accommodation discounts by reward tier status	59
4.8	Analysis of reasons for lack of awareness of benefits	60
4.9	Ranking of benefits in terms of value	61
4.10	Ranking of reasons considered most valuable for being a rewards programme member	62
4.11	Rating of the current rewards programme compared to recommending the rewards programme	63

4.12	Analysis of why the rewards programme does not meet expectations and respondents not recommending the programme	64
4.13	Areas for improvement in the rewards programme	64
4.14	Percentage of respondents who belong to other casino loyalty programmes	66
4.15	List of other casino loyalty programmes that Casino XXX respondents belong to	67
4.16	Reasons for other casino loyalty programmes being considered better than the Casino XXX rewards programme	70
4.17	Benefits that will increase respondents' spend at Casino XXX	71
4.18	Responses as to whether respondents knew where to obtain their points balance	73
4.19	Analysis of new benefits which will add value to the rewards programme	77

List of Acronyms and Abbreviations

ANCOVA	analysis of covariance
ANOVA	analysis of variance
CASA	Casino Association of South Africa
ICC	International Convention Centre
SEM	structural equation modelling
χ^2	chi-square

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

In the globally competitive environment in which companies operate, the need to be innovative and differentiated is critical in obtaining a competitive edge. To address this, companies have revised their marketing strategies by focusing on customer loyalty. Central to customer loyalty is customer loyalty programmes. Companies have invested considerable resources in developing customer loyalty programmes that attract, develop and retain customers. In South Africa customers are exposed to a variety of loyalty programmes in different industries. In the casino industry, there is limited opportunity for innovation and differentiation in terms of products. However, casinos can differentiate themselves through their customer loyalty programmes which provide innovative and value added benefits to customers.

This chapter discusses the focus and motivation of the study. It also outlines the research problem statement, questions and objectives of the study. This chapter concludes with an overview of the study. Due to anonymity requirements the name of the casino at which this study has been conducted has been withheld and thus is referred to as Casino XXX.

1.2 MOTIVATION FOR THE STUDY

Casinos allocate a significant portion of their budget to marketing and advertising with the intent of increasing footfall and creating loyalty. As part of this process, loyalty programmes are created to reward customers for their continual patronage and to entice them to return, thus increasing loyalty and profitability. The cost of operating a rewards programme increases each year as new members subscribe to the programme which increases the cost for points earned, which will be redeemed in the future by the members as well as the costs for current benefits that are available to the members. With a points system, as members of the rewards programme spend, they accumulate points which can be redeemed in the future. These points can accumulate rapidly and can become a huge liability for a casino. Thus, operating a rewards programme that is not effective can result in significant losses

to the casino. A casino should see a return on its investment for the rewards programme it operates otherwise this programme would be of no benefit to the casino and would be an unnecessary cost.

This study provides insights into the understanding of how members of the rewards programme perceive the programme and recommends areas for improvement in the current rewards programme. This information can be used to design a more effective rewards programme that adds value to both its members and the casino. The following stakeholders will benefit from this study:

- Casino XXX will be more informed of the factors that can be used to attract, develop and retain customers. Casino XXX will also have a clearer understanding of the perceptions and views of their rewards programme members. This also applies to other casinos that operate a loyalty programme.
- Members of the rewards programme will benefit as the information provided can be used to improve the rewards programme.
- Companies in other industries can also benefit as they will be able to use these findings to enhance their loyalty programmes.

1.3 FOCUS OF THE STUDY

Whilst loyalty programmes operate in numerous industries in South Africa, this study focused on the casino industry and was confined to the city of Durban in the KwaZulu-Natal province. The KwaZulu-Natal province holds 5 casino licences of the 37 issued in the country. The study was undertaken at Casino XXX. Casino XXX operates a tiered rewards programme where members of the rewards programme are segmented into three tiers, namely gold, platinum and black which is the highest tier. In analysing the effectiveness of the rewards programme, members of the rewards programme across all three tiers were selected to participate in this study.

1.4 PROBLEM STATEMENT

In the casino industry in South Africa, customers subscribe to a tiered rewards programme which has an overall objective of retaining and rewarding loyal customers. Members are segmented across various tiers based on their spend and as their spend increases, they move to progressively higher tiers. The benefits provided in these programmes include freeplay, food and beverage discounts, accommodation discounts, complementary offerings as well as preferential treatment. The values of the benefits are progressively more as customers move up tiers. A casino's investment in customer loyalty is argued to increase the profitability of the casino. Given this, the effectiveness of a casino rewards programme is of utmost importance. This study focused on the effectiveness of the rewards programme at a leading casino in Durban.

Loyalty programmes aim to build long-term relationships with customers and encourage repeat purchases. These programmes have become very popular, with numerous companies implementing them to generate customer loyalty. Loyal customers are profitable to a company and thus companies invest large sums of money in their loyalty programmes. While there has been a significant amount of research conducted on loyalty programmes, questions are still being raised on their effectiveness.

An effective rewards programme provides insights on how to satisfy different customers. This in turn enables a company to segment its customers and implement appropriate marketing initiatives for these segments, thus increasing the company's profitability and competitiveness. The challenge that Casino XXX faces is that they have invested significantly in the rewards programme and thus consider its effectiveness of critical importance. The question this study aimed to answer is "How effective is the rewards programme at Casino XXX?"

1.5 RESEARCH QUESTIONS

The research questions for this study are:

- What is the demographic composition of the rewards programme members?
- What reward benefits do members consider valuable?

- Are members satisfied with the rewards programme?
- What benefits increase members' spend?
- Are members motivated to reach higher tiers?
- What improvements can be made to the rewards programme?

1.6 OBJECTIVES

The following objectives were identified to address the research questions:

- To determine the demographic composition of the rewards programme members.
- To determine the reward benefits members consider valuable.
- To establish whether members are satisfied with the rewards programme.
- To determine which reward benefits increase members' spend.
- To determine if members are motivated to reach a higher tier.
- To determine expectations of new services and discounts not currently affiliated to the rewards programme.

1.7 RESEARCH METHODOLOGY

A quantitative approach, using self-administrated questionnaires, was employed in this study. The numerical data was gathered by means of a questionnaire during a two week time period and was analysed and presented graphically to address the research observations.

The rewards programme members were divided in terms of the three tiers, namely gold, platinum and black. Proportionate stratified sampling was utilised to collect data to ensure that each tier was appropriately represented. Consent was obtained from Casino XXX management to conduct the study and utilise the rewards programme member database as the population. This database was used as the sampling frame. The sampling frame comprised 56 210 gold, platinum and black rewards programme members located in Durban, who granted permission to Casino XXX to communicate with them by email. This represented 19% of the rewards programme member database.

The questionnaire was distributed via an online survey system called QuestionPro. An email was sent to participants with an electronic link to the survey. Informed consent from the participants was obtained electronically through QuestionPro. All responses to the questionnaire were anonymously maintained in the QuestionPro database. The questionnaire comprised of different measurement scales to obtain more informative data. In an effort to obtain a high response rate, follow-up emails were sent to participants. Descriptive and inferential statistics were used to analyse the data and information was presented in terms of tables and bar graphs. The research methodology and design is discussed in detail in Chapter Three.

1.8 LIMITATIONS OF THE STUDY

This study was conducted only on the rewards programme members. Non-members were not included in the study in order to identify the reason for them not being members. Further, the study was only conducted on members who had elected that Casino XXX could communicate with them by email. Only 51% of the sample responded to the questionnaire and the time frame to complete the research was four months.

1.9 OUTLINE OF THE STUDY

This study consists of five chapters as explained below:

- Chapter One: presents a preamble to the study by discussing the motivation and focus of the study. The research problem, research questions, the objectives and the limitations of the study are also discussed.
- Chapter Two: consists of the review of literature on customer loyalty and the importance of it. Customer loyalty programmes and their link to customer loyalty are also discussed. The literature review also looks at customer loyalty programmes in South Africa and more specifically in the casino industry.
- Chapter Three: discusses the research methodology and the justification for the chosen methodology adopted for this study.

- Chapter Four: discusses the research findings which are presented and analysed in terms of the objectives of the study.
- Chapter Five: provides a conclusion to this study by summarising the key findings of this research and providing recommendations for this study. The limitations and recommendations for future research are also discussed.

1.10 SUMMARY

Casinos have recognised the need to attract, develop and retain their customers. The success of a casino is dependent on the frequency and amount of play. Thus, effective customer loyalty programmes are an important tool in ensuring retention of customers and profitability of companies. Chapter Two provides a literature review on the effectiveness of the rewards programme in a leading casino in Durban.

CHAPTER 2

THE EFFECTIVENESS OF A LOYALTY PROGRAMME AT A LEADING CASINO IN KWAZULU-NATAL

2.1 INTRODUCTION

Globalisation, together with advancements in technology, has blurred the boundaries between countries and provided customers with a wide selection of choices in making purchasing decisions. In order for companies to remain competitive and increase their sustainability, they have to become more customer-focused and implement marketing strategies that build long-term relationships with customers and offer them better value, thereby encouraging customer loyalty (Meyer-Waarden, 2008; Baltzan, 2012). Flint, Blocker and Boutin (2011) found that a company's investment in customer loyalty and satisfaction can provide a return in terms of growth in market share and profits. Casinos have realised the importance of rewarding their most faithful customers and have identified innovative methods of keeping their customers. One such method of customer retention, which forms a key aspect of the marketing strategy of casinos, is loyalty programmes. The implementation of loyalty programmes has been spurred on due to the increase in the number of casinos and the expansion of this industry (Barsky & Tzolov, 2010). Klebanow (2009) found that no segment of the hospitality industry allocates more of their marketing spend and effort to customer loyalty than the gaming segment.

This literature review examines the effectiveness of customer loyalty programmes in attracting, developing and retaining customers in the casino industry. As part of this review, customer loyalty, including its definition, the construct of customer loyalty and its benefits are discussed in detail. This literature review also discusses customer loyalty programmes as a tool to achieve customer loyalty. The review concludes by examining customer loyalty programmes in the casino industry.

2.2 DEFINITION OF CUSTOMER LOYALTY

Customer loyalty has been defined as the commitment of the customer to repurchase a

product or service irrespective of the marketing efforts of competitors (Whyatt & Koschek, 2010). Yoo and Bai (2013) found that customer loyalty is the customer's behaviour to repeat purchase or repeat visit a product, service or company.

McMullan and Gilmore (2008) found that loyalty is the firm commitment to repurchase a preferred product or brand irrespective of the situational influences and marketing efforts. They also found that loyalty is about much more than repeat purchases as customers may purchase continuously, due to lack of knowledge, inertia or barriers rather than loyalty. Thus in creating loyalty it is important that companies understand their customers and build relationships with them.

Keh and Lee (2006), Dagger and David (2012) and Wang and Wu (2012) were of the opinion that the development of customer loyalty is a long-term process and is critical to a business's success and competitive edge.

While there may be numerous definitions of customer loyalty, the definition that is used for this dissertation is, "customer loyalty is a long-term commitment by a customer to repeat visit a casino despite the marketing influences of competitors". In arriving at this definition, cognisance has been taken of the current research available which defines customer loyalty and the nature of the industry in which this study was performed. Having defined customer loyalty in a casino industry, it is important that companies understand the process of developing customer loyalty.

2.3 THE CONSTRUCT OF CUSTOMER LOYALTY

McCain, Jang and Hu (2005) found that customer loyalty in all industries, including the casino industry, is gained through a process involving service quality (belief), satisfaction (affect) and cognition (customer loyalty). The development of customer loyalty can follow a cognitive, affective, conation and action pattern as described in Figure 2.1.

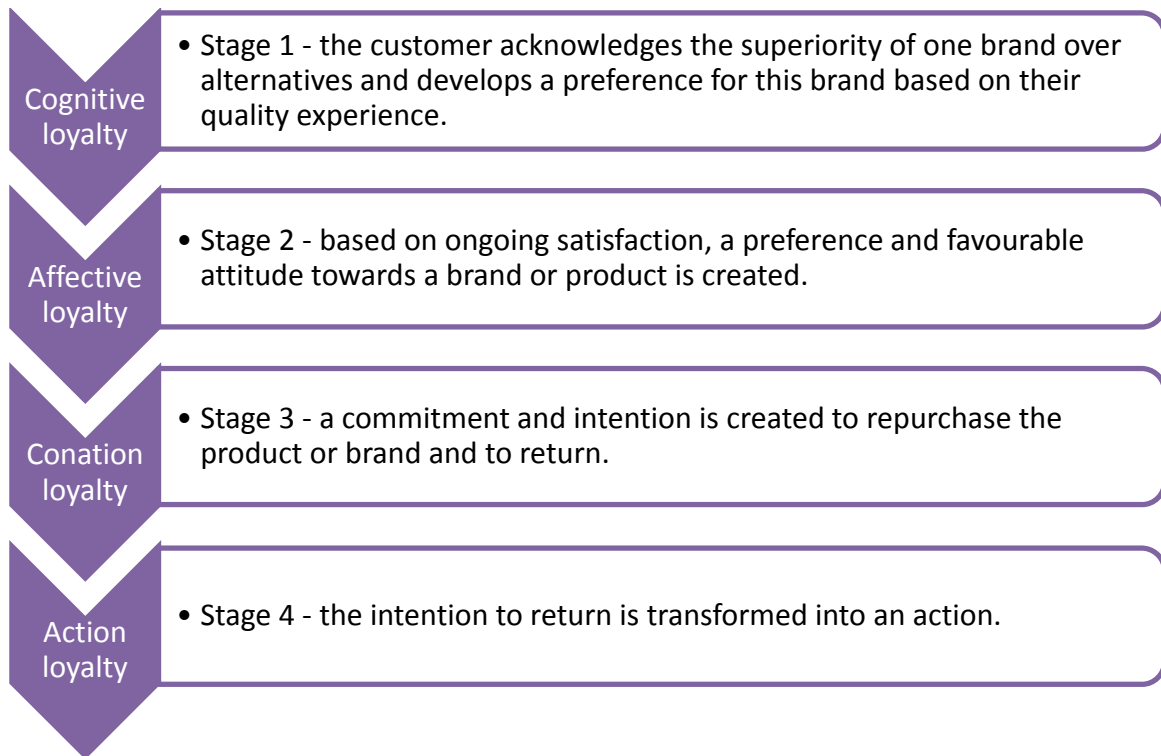


Figure 2.1: Development of customer loyalty

Adapted from McCain, S.C., Jang, S. & Hu, C. 2005. Service Quality Gap Analysis Toward Customer Loyalty: Practical Guidelines for Casino Hotels. *Hospitality Management*, vol. 24, p. 466. Elsevier, Amsterdam.

Customer loyalty is said to comprise of two components, namely behavioural and attitudinal loyalty. Behavioural loyalty is the extent of purchase or usage of the service as well as the future intention to purchase and can be measured by the number and frequency of purchases. Attitudinal loyalty is a function of the psychological processes and can be measured by the customer's preference, intention and disposition towards the brand or company (Kandampully & Suhartanto, 2000; Whyatt & Koschek, 2010; Yoo & Bai, 2013).

Yoo and Bai (2013) found that in addition to behaviour and attitude, composite loyalty is also an aspect of customer loyalty. Composite loyalty implies that both behavioural and attitudinal loyalty simultaneously create loyalty. These three dimensions are important in ensuring the effectiveness of customer loyalty and loyalty programmes in the casino industry.

Underlining the above three components of customer loyalty is commitment. Commitment can be classified into affective/attitudinal or emotional commitment and value or

calculative commitment. Affective/attitudinal or emotional commitment creates a sense of belonging and a desire to maintain a long-term relationship with the company. It is a strong determinant of behavioural loyalty. Value or calculative commitment is the perceived value received from the company's rewards programme. Value commitment is less enduring than affective commitment (Tanford, Raab & Kim, 2012; Dorotic, Bijmolt & Verhoef, 2012; Yoo & Bai, 2013).

In addition to understanding the construct of customer loyalty, there are also factors that can influence the strength of customer loyalty.

2.4 THE FACTORS THAT INFLUENCE CUSTOMER LOYALTY

Customer loyalty is influenced by factors that can be categorised as internal or external. Casinos that can draw on the positive aspects of these factors will be able to strengthen the extent of loyalty a customer experiences. Table 2.1 examines the various internal and external factors.

Customer satisfaction, which is one of the external factors that influences customer loyalty, is argued to be the primary determinate of post purchase behaviour. The level of customer satisfaction has a major impact on promoting repeat visits and loyalty, thereby increasing the profitability of a company. Thus, customer loyalty can also be said to be a by-product of customer satisfaction (Keh & Lee, 2006; Lacey & Sneath, 2006; Gandomi & Zolfaghari, 2012). However, Kumar, Pozza and Ganesh (2013) emphasised that even though the relationship between customer satisfaction and loyalty is positive, satisfaction on its own will not culminate in the lifetime duration of customers, retention and usage. Other aspects such as the customer, trust, commitment, relationship, age and the market place also impact loyalty. Based on this, whilst customer satisfaction is important in generating loyalty, it is not the sole generator of customer loyalty. A company can draw significant benefits from a successful relationship with the customer.

Table 2.1: Internal and external factors that influence loyalty

Internal factors	
Service quality	This is the component of the product the customer perceives and impacts satisfaction.
The product or brand	This creates an amazing experience for the customer.
The promotion mix	This is the advertising used to develop a compelling brand or product.
Costs	These are the transaction or/and economic costs which the customer has to sacrifice or incur.
External Factors	
Switching costs	are the costs associated in changing from one company to another.
Situational factors	These are the perceived or actual opportunities such as reduced prices and in-store promotions.
Perceived value	This is the customer's opinion of the product's perceived value.
Satisfaction	This is the overall service experience.
Trust	This is an emotion which creates a sense of security in the relationship.
Commitment	This comprises affective and value commitment, both of which are components of loyalty.

Source: Yoo, M. & Bai, B. 2013. Customer Loyalty Marketing Research: A Comparative Approach Between Hospitality and Business Journals. *International Journal of Hospitality Management*, vol. 33, p. 33. Elsevier, Amsterdam.

2.5 THE BENEFITS OF CUSTOMER LOYALTY

One of the key benefits of customer loyalty is retention of customers (Gee, Coates & Nicholson, 2008). Loyal customers cost less to retain compared to acquiring new customers, mainly because they are familiar with the company and its products (McMullan & Gilmore, 2008; Yoo & Bai, 2013). Acquiring a new customer costs a business between five to ten times more than it does to retain an existing customer (Flintet *al.*, 2011). Considering this, there is significant cost savings for businesses in retaining their existing customers.

Furthermore, loyal customers make more purchases than non-loyal customers and are more likely to use new products in the range (McMullan & Gilmore, 2008; Yoo & Bai, 2013). They are also less likely to switch to competitor brands due to price competition. Loyal customers act as information channels to friends and family and are likely to bring in more customers due to positive word-of-mouth referral (McMullan & Gilmore, 2008; Yoo & Bai, 2013).

Bowen and Chen (2001) found that the relationship between customer loyalty and profitability for a company is positive. Due to increased competition and the quest to increase shareholder wealth, companies have recognised the need to attract and retain current customers and have implemented various activities to improve loyalty (McMullan & Gilmore, 2008; Tanford *et al.*, 2012; Yoo & Bai, 2013).

One of the initiatives implemented by various companies including casinos, to enhance customer loyalty, is the introduction of loyalty programmes which are used to obtain long-term loyalty from customers (Gee *et al.*, 2008).

2.6 THE DEFINITION OF CUSTOMER LOYALTY PROGRAMMES

Loyalty programmes are considered a main component of the marketing strategies that build loyalty and are one method that can be used to retain existing customers and provide benefits to both the company and the customer (Kim, Kang & Johnson, 2012). Loyalty programmes are used as a strategic tool to manage the relationship with customers, creating personalised relationships with them so as to provide opportunities to individualise offers and offset competition (Meyer-Waarden, 2008; Mimouni-Chaabane & Volle, 2010; Gandomi & Zolfaghari, 2013; Wu & Wang, 2012; Tanford, 2013).

Farooqi and Rehman (2010) found that loyalty programmes are long-term programmes that enable customers to collect programme points or rewards that can be redeemed at a later stage. Loyalty programmes are defined by Henderson, Beck and Palmatier (2011) as incentive mechanisms that, over time, attempt to improve the consumption behaviour of the customer, irrespective of the effects of price and core-offering changes. These programmes are marketing tools that offer rewards and benefits to customers based on

the quantity of purchases (Omar & Musa, 2011; Noble, Esmark & Noble, 2014) and serve as an enticement for customers to return to the company (Barsky & Tzolov, 2010).

The definition as proposed by Henderson *et al.* (2011) has been used for this research. Customer loyalty programmes implemented by companies are established with a specific goal, which if achieved can result in an effective programme.

2.7 THE AIM OF CUSTOMER LOYALTY PROGRAMMES

Customer loyalty programmes aim to encourage loyalty by rewarding repeat purchase behaviour (Wu & Wang, 2012; Gandomi & Zolfaghari, 2012). These programmes aspire to increase the purchases of an individual customer which implies increasing the share of wallet or to increase the range of products purchased from the company. Share of wallet refers to the customer's expenditure on a product, at a specific vendor, relative to the customer's total spend within that category (Dorotic *et al.*, 2012). Loyalty programmes also endeavour to build relationships with customers so that the defection rate of customers is reduced (Gee *et al.*, 2008). These programmes are thus used to ensure retention of existing customers (Kim *et al.*, 2012).

With customer loyalty programmes, companies attempt to maintain or increase their sales from their best customers by adding value initiatives and building long-term relationships (Dorotic *et al.*, 2012). The programme offers satisfaction to customers who require rewards for purchases and to those who would purchase even without the reward (Dorotic *et al.*, 2012). Due to the ability of a loyalty programme to collect sales information of a customer, it allows the company to tailor their marketing activities to meet the needs of customers (Gee *et al.*, 2008; Meyer-Waarden, 2008).

De Boer and Gudmundsson (2012) stated that the goals of a loyalty programme are to keep customers from changing suppliers; increase the share of wallet; encourage customers to make repeat purchases; provide an understanding of customer's behaviours and preferences; and to increase profitability.

For a loyalty programme to achieve its aim, companies need to understand the manner in which the programme impacts customers' behaviours.

2.8 CUSTOMER LOYALTY PROGRAMMES IN THE CASINO INDUSTRY

Attitudinal and value commitment as explained under customer loyalty are both important in ensuring that loyalty programmes operate effectively, are successful and achieves their objectives (Tanford *et al.*, 2012; Dorotic *et al.*, 2012). Without attitudinal commitment, the loyalty programme may retain customers who lack other alternatives. Attitudinal commitment can be increased by improving the attractiveness of the loyalty programme and its benefits. Value commitment can be increased by increasing the customer's perceived value of the loyalty programme (Tanford *et al.*, 2012; Dorotic *et al.*, 2012).

As shown in Figure 2.2, participation in a loyalty programme changes the consumption behaviour of a customer through three mechanisms: 1) points pressure mechanism; 2) rewarded behaviour mechanism; and 3) personalised marketing mechanism (Dorotic *et al.*, 2011).

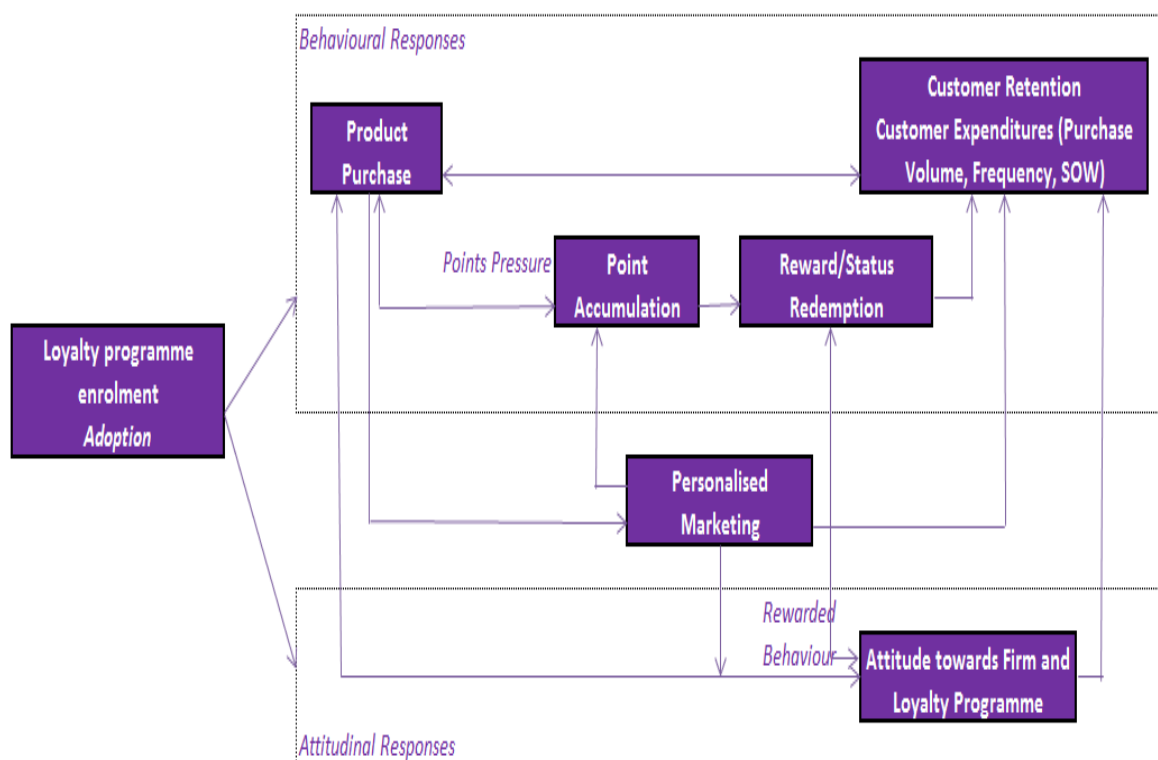


Figure 2.2: Customer responses to loyalty programmes

Adapted from Blattberg *et. al.*, 2008 cited in Dorotic, M., Bijmolt, T.H.A. & Verhoef, P.C. 2012. Loyalty Programmes: Current Knowledge and Research Directions. *International Journal of Management Reviews*, vol. 14, no. 3, p. 219. Wiley Online Library.

The accumulation of points acts as a points pressure mechanism. This implies that the nearer a member is to attaining a reward, the greater the probability that they would purchase more. Companies can enhance the points pressure mechanism by providing start-up points, sub-goals and manipulating the customer's perception of their proximity to the reward (Dorotic *et al.*, 2011). Rewarded behaviour mechanisms influence a member's attitudinal and behavioural responses, reinforcing their association with the company. When a customer obtains a reward they may feel encouraged and increase or maintain their purchases due to emotional attachment (Dorotic *et al.*, 2011). When a company provides rewards to customers it makes the customer feel cared for and encourages them to behave in a profitable manner for the company (Dorotic *et al.*, 2011). A company is thus cushioned from falling purchasing patterns with this mechanism (Dorotic *et al.*, 2011). When a company offers personalised marketing, the customers' attitudinal and behavioural responses increase. Personalised marketing allows a company the ability to segment their customers and increase the value of offers (Dorotic *et al.*, 2011). It enhances the relationship with customers allowing the company to individualise its marketing efforts which creates loyal buying behaviour and increases the company's profitability (Dorotic *et al.*, 2011). However, the benefits of personalised marketing must be weighed against its costs (Dorotic *et al.*, 2011).

The manner in which a customer's purchasing behaviour is impacted, due to subscribing to a loyalty programme, is through differentiation and purchase loyalty. When differentiation loyalty is created it decreases the extent of the customer's sensitivity to competitor offerings (Meyer-Waarden, 2008). Customers are thus willing to pay a higher average price for goods than what they would normally pay, buy in larger quantities or choose more expensive or better quality products. When purchase loyalty is created, it results in repeat purchases and retention. Purchase loyalty is essential before there can be an increase in differentiation loyalty (Meyer-Waarden, 2008).

Loyalty programmes benefit companies due to the ability to increase sales through two methods, namely rewarding behaviour and points accumulation (Wu & Wand, 2012). By rewarding behaviour customers increase their spend due to them receiving a tangible/intangible reward which in turn creates long-term gains for a company (Tanford, 2013). Choi and Kim (2013) found that rewards can encourage customers to voluntarily display certain behaviour without being directed or specifically rewarded. Points accumulation is where customers increase their spend to earn points which results in short-term gains for a company. The points earned by loyalty programme members can be accumulated and redeemed for membership to higher tiers or for discounts (Doroticet *al.*, 2011).

The ability of a loyalty programme to change purchasing behaviour and thus boost sales is due to these programmes focusing on more than one social or mental process, such as awarding status to customers which creates positive comparisons with others; creating habits which cause favourable memory processes; and developing relationships which result in improved treatment (Hendersonet *al.*, 2011).

2.9 CHARACTERISTICS OF CUSTOMER LOYALTY PROGRAMMES

With the main purpose of loyalty programmes being to reward and encourage loyal behaviour, the key characteristics of these programmes according to Dorotic *et al.* (2012) are that they encourage loyalty; they are structured; there is a long-term investment from both the customer and the company; rewards are provided to customers; and marketing offers are tailored to the customer's needs or preferences.

Omar and Musa (2011), however, found that the key elements of a loyalty programme are the benefits provided by the programme, the design of the programme and the customer service or service quality aspect. The service quality aspect of a loyalty programme can be referred to as the experience of the customers in applying, updating, accumulating, renewing, redeeming and utilising the loyalty programme. With increased competition between companies, investments in service quality build long-term relationships with customers and enhance customer satisfaction (Omar & Musa, 2011). McMullan and Gilmore (2008) and Henderson *et al.* (2011) found that strong relationships form when

loyalty programmes take into account the customer and not just the economic gain that could be obtained.

There are numerous types of loyalty programmes that can be used by a company which provide value to both the customer and company.

2.10 TYPES OF CUSTOMER LOYALTY PROGRAMMES

Henderson *et al.* (2011) found that loyalty programmes can encompass reward cards, tiered service levels, dedicated support contacts and other mechanisms that shape a customer's attitude and behaviour towards a company or brand. Certain programmes offer price discounts or financial incentives in the short term for more frequent or higher volume purchases. Table 2.2 describes the five categories of loyalty programmes.

Table 2.2: Different types of customer loyalty programmes

Appreciation programme	<ul style="list-style-type: none">• Points are accumulated and redeemed for the company's products.
Reward programmes	<ul style="list-style-type: none">• The customer is given a reward which is not related to the company's products.
Partnership programmes	<ul style="list-style-type: none">• Companies market to each other's customers and allow customers to choose their rewards between the companies.
Rebate programmes	<ul style="list-style-type: none">• A customer is given a discount when additional purchases are made.
Coalitional programmes	<ul style="list-style-type: none">• Different companies combine to target a specific customer demographic.

Source: Farooqi, R. & Rehman, A. 2010. A Comparison of Loyalty Programs of Two Lifestyle Retail Stores Using the Net-Promoter Score Method. *Journal of Management Awareness*, vol. 13, no. 2, p. 39. Integrated Academy of Management and Technology, Ghaziabad.

Irrespective of the type of programme, the aim of the programme is to foster customer loyalty, improve the relationship with the customer and increase the duration of the customer's support (Farooqi & Rehmaan, 2010). Whilst partnership loyalty programmes are becoming more common and are likely to increase as they offer members speedy accumulation of points and redemption, the most common customer loyalty programme that is used is the rewards programmes (Doroticet *al.*, 2012).

2.11 THE REWARDS PROGRAMME

A rewards programme gives customers enticements for repeat purchases. This then reinforces the customer's behaviour and encourages repeat purchases (Keh & Lee, 2006). Meyer-Waarden (2008) found that to the extent that a customer is rewarded, repurchase will persist, though there is limited assurance that this effect is enduring; the behaviour will persist for a period following the attainment of the reward.

An effective rewards programme not only encourages repeat purchases but also enhances the value proposition of a brand or company and provides the right kind of rewards to the customers (Keh & Lee, 2006). When customers perceive the rewards programme as fair, they are more motivated about the programme. A customer's perception of fairness of a rewards programme is defined as their satisfaction with the benefits they received compared to what they expected to receive when measured against the effort and sacrifice they put into the relationship (Choi & Kim, 2013).

Rewards provided to customers can either be direct or indirect. Direct rewards relate to those that support the product or service and indirect rewards relate to those that are not linked to the product or service (Keh & Lee, 2006). Rewards could also be immediate (at the point of the transaction) or delayed (at a date after the transaction) (Keh & Lee, 2006). This is supported by Dorotic *et al.* (2012), who also found that rewards may or may not be monetary. Direct rewards reinforce attitudinal attachment and customers prefer direct rewards over indirect. Indirect rewards are more attractive when effort is required to retain customers and a level of luxury is desired from the customer (Doroticet *al.*, 2012).

Choi and Kim (2013) found that rewards directly linked to items being purchased and which could be redeemed immediately were effective in creating loyalty. When customers are dissatisfied, immediate rewards are more effective in pacifying their dissatisfaction and may even retain their loyalty. Customers who are not motivated to build relationships with a company tend to prefer immediate rewards as opposed to delayed rewards (Doroticet *al.*, 2012).

Non-monetary rewards are benefits that are linked to emotion and although monetary (economic) rewards are preferred by customers they may reduce customer loyalty (Doroticet *al.*, 2012). Emotional rewards such as preferential treatment have a positive effect on a customer's commitment, satisfaction, cooperation, repurchase intention, status and word of mouth. Emotional rewards thus create sustained loyalty (Doroticet *al.*, 2012). Cedrola and Memmo (2010) found that customers are more interested in discounts as a reward than points. Therefore, companies that are able to maximise this will be able to attract more customers. However, Dorotic *et al.* (2012) found that companies should move away from discounts to a more psychological inducement to increase the preference of the customer towards a brand or company. The reason for this is that price discounts can result in a decrease in profits, can damage the brand and can be matched by rivals.

While reward programmes are a common type of customer loyalty programme the common design of loyalty programmes is a tiered structure.

2.12 TIERED CUSTOMER LOYALTY PROGRAMMES

Generally, loyalty programmes utilise a tiered reward structure where the benefits at a higher tier are more desirable, offer greater privileges and benefits and thus inspire customers to aim for the higher tiers by increasing their spend (Tanford, 2013). The tier levels encourage customers to direct their spend towards a single brand. However, not every customer prefers high status and some actually prefer a status-based system even if they are in the lowest status (Hendersonet *al.*, 2011). It cannot be assumed that because of a tiered loyalty programme companies will retain their best customers, as the best customers usually belong to numerous loyalty programmes and are inclined to maintain a relationship with the programme that offers the best benefits (Tanford, 2013). Tanford

(2013) found that a tiered reward programme can be categorised as regular, middle and elite, as depicted in Figure 2.3.

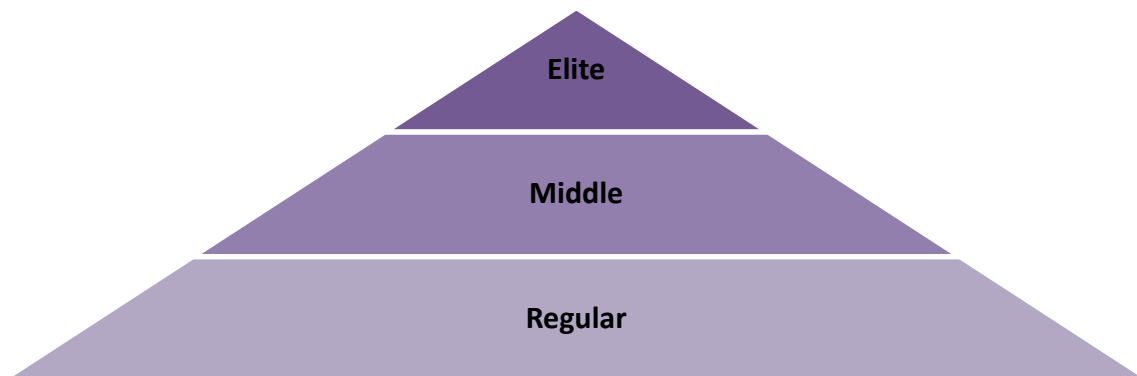


Figure 2.3: Tiered reward programme

In creating a tiered programme the company delineates the important differences in the tiers and takes into account the customers' potential value. The company discriminates between customers without de-motivating them and the tiers motivate the customers to move up levels (Dorotic *et al.*, 2012). Tiered reward programmes generate distinctiveness in the tiers and are considered effective as they create a sense of identity that can lead to commitment to a company or brand.

Tanford (2013) found a tiered structure also creates a sense of status with members at the highest tier, as they compare themselves to members of the other tiers. Behavioural loyalty has been found to increase as tiers increase. As customers move up tiers, associated services and privileges become increasingly more important, with rewards at the higher tiers generating greater costs as they are assumed to bring in higher revenue.

While a tiered reward programme may be considered effective, Lacey and Sneath (2006) and Meyer-Waarden (2008) found that reward programmes that target specific customers or segments to reward loyalty, need greater market segmentation and consideration of the characteristics of customers and customer segments. As the effectiveness of loyalty programmes is inconclusive, companies cannot assume that a tiered structure will work in retaining customers (Tanford, 2013). The characteristics of customers also have an impact on their participation in loyalty programmes.

2.13 PARTICIPATION IN CUSTOMER LOYALTY PROGRAMMES

Kimet *al.* (2012) stated that participation in a loyalty programme depends on the customer's perception of the attributes of the loyalty programme and they classified these attributes into perceived risk, perceived advantage and perceived complexity. The impact these attributes have on the customer depends on how relationship prone the customer is. If customers are relationship prone then participation in loyalty programmes may increase their attitudinal commitment as the emotional benefits provided create a sense of gratitude and status or recognition (Kimet *al.*, 2012). Perceived risk is the extent to which privacy concerns manifest due to participation in the loyalty programme (Kimetal., 2012). Customers who are not really relationship prone may not be open to providing information required in joining a loyalty programme. Perceived advantage is the degree with which the loyalty programme provides benefits that the customer values (Kimet *al.*, 2012). Relationship prone customers value the benefits provided by the loyalty programme due to their relationship with the company. Perceived benefits can include assisting in streamlined decision-making, avoiding alternative evaluations and searches and enjoying services and activities that would ordinarily not have been experienced (Mimouni-Chaabane & Volle, 2010). Perceived complexity is the extent to which the loyalty programme is deemed difficult to use or understand (Kimet *al.*, 2012). Relationship prone customers may perceive low levels of complexity.

The likelihood of customers joining a loyalty programme is higher when the benefits are clearly communicated, the rewards are identifiable and attainable, the programme can be easily used (Kimet *al.*, 2012; Omar & Musa, 2011) and the design of loyalty programmes (which includes the structure, rewards and partners in the programme) are appropriate (Doroticet *al.*, 2012).

The level of investment a customer needs to make in the relationship to obtain the rewards also influences the probability of a customer joining a loyalty programme. Customers with high purchases and high attitudinal commitment are the most motivated to join a loyalty programme because they will be able to obtain the most benefit with little change in their purchase habits (Doroticet *al.*, 2012).

While Dorotic *et al.*(2012) found positive effects of loyalty programme participation in retaining customers and on customer behaviour as they create economic and psychological switching costs, Omar and Musa (2011) provided contradictory results in the ability of a loyalty programme to create loyalty and retain customers. Lacey and Sneath (2006) found that companies that use loyalty programmes shift resources away from non-participating members to participating members which could lead to accusations of discrimination. In addition, a company's failure to consider the customer's value may result in wasting resources by over satisfying less valuable customers and under satisfying more valuable customers. It is therefore important that a company understands its customers to ensure that the loyalty programme encourages participation and provides the appropriate benefits (Lacey & Sneath, 2006).

2.14 THE BENEFITS OF CUSTOMER LOYALTY PROGRAMMES

The perceived value of the customer's experience with a loyalty programme can be linked to the perceived benefits the customer associates with the loyalty programme (Mimouni-Chaabane & Volle, 2010). The benefits perceived by loyalty members can be described as utilitarian (convenience and monetary savings), hedonic (entertainment and exploration benefits) and symbolic (recognition and social benefits), with most customers favouring utilitarian benefits (Dorotic *et al.*, 2012; Mimouni-Chaabane & Volle, 2010).

Utilitarian benefits such as convenience and monetary savings are functional benefits which provide value to customers by presenting a means to an end. Hedonic benefits may be obtained from a loyalty programme through entertainment; where unique and exciting experiences are provided to the customer or through exploration; and where new and innovative products that satisfy the curiosity of the customer are provided. Symbolic benefits such as recognition and social benefits relate to the need for social approval and self-esteem. This can be obtained from the intangible aspects of the loyalty programme such as personalised and distinctive opportunities that provide recognition benefits (Mimouni-Chaabane & Volle, 2010).

Dorotic *et al.*(2012) found that the importance of benefits diminishes over time and therefore it is important that loyalty programmes consider utilitarian, hedonic and symbolic benefits to build relationships over time.

Loyalty programmes, by offering rewards based on repeat purchases, create switching costs for customers, which tend to retain them (Geeet *al.*, 2008; Gandomi & Zolfaghari, 2013; Wu & Wang, 2012). Switching costs are defined as what the customer forfeits to change brands. Switching costs that are linked to rewards and points forfeited, are perceived to be low. However, as the customers move to higher tiers in a loyalty programme, switching costs increase as it involves forfeiting relationships that were built, which cannot be easily created again (Tanford, 2013).

2.15 THE CHALLENGES ENCOUNTERED WITHIN CUSTOMER LOYALTY PROGRAMMES

With the increase in the number of companies offering loyalty programmes, a key challenge faced by companies is the investment they make to be innovative with their loyalty programmes and in trying to differentiate and diversify the programme to ensure customer satisfaction and competitiveness as opposed to mimicking similar loyalty programmes (Cedrola & Memmo, 2010). Certain loyalty programmes offer rewards that are not differentiated or distinctive from competitors and therefore these programmes fail (Meyer-Waarden, 2008). An insufficient understanding of customers' needs and values can result in an ineffective programme (Zeng & Prentice, 2014). A company needs to consider the experience of the customer from the first encounter onwards, looking at aspirational rewards and the "wow" factor. This can be quite a challenge and therefore a people-based, member interactive rewards programme provides companies with a distinct advantage over others (Omar & Musa, 2011).

Another challenge facing loyalty programmes is that the cost of running the programme could outweigh the benefits (Dorotic *et al.*, 2012). This arises due to the cost imposed on the company as more customers take advantage of the company's offer to reward repurchases (Gandomi & Zolfaghari, 2012). A loyalty programme should not add more expenses to the cost of a company attracting and retaining customers (Kerr, 2009). To overcome this challenge when the intention to repurchase is high at a given value of

reward, the company should offer a higher price during the first purchase to offset the reward cost (Gandomi & Zolfaghari, 2012).

The degree or level of customer satisfaction is also considered a challenge with loyalty programmes (Keh & Lee, 2006). Dissatisfied customers perceive loyalty programmes differently to satisfied customers and should customers be dissatisfied with the loyalty programme, it will not be effective in achieving its objectives (Keh & Lee, 2006). Companies need to ensure customer satisfaction and thereby increase customer loyalty. Customer loyalty is not obtained only through the rewards of the programme itself but also includes the items that are important to the customer, such as understanding the complexity of the programme and its rules, the programme structure, the suitability of the loyalty programme and knowledge and techniques for communicating (Omar & Musa, 2011).

Points accumulation loyalty programmes can also be a challenge, especially with the administration of the points from redemption for prizes to changes in the rules of the programme and programme policies (Cedrola & Memmo, 2010). Customers often feel frustrated with loyalty programmes due to high thresholds being set for qualifying for rewards, inability to access the programme, rewards considered not worthy, additional costs required to use the benefits as well as problems in comprehending the programme and insufficient information on the programme (Cedrola & Memmo, 2010). Setbacks in delivering prizes, complaints regarding prizes (removing and replacing), use of loyalty cards such as delays in transfer or updating of points and difficulties due to lost cards also cause frustration (Cedrola & Memmo, 2010). This can be overcome by ensuring there is appropriate communication regarding the programme and that staff are trained on the programme.

Concerns over privacy such as providing personal information and physical addresses are also a strong deterrent to loyalty programme membership. Companies can address this concern by ensuring the loyalty programme is designed to enhance the customer service options or to convey prestige to customers (Dorotic *et al.*, 2012).

Lack of organisational and staff support as well as customer interactions are also challenges encountered with loyalty programmes (Omar & Musa, 2011). Organisational support is key to ensuring that customer frustrations are alleviated. Companies should allocate resources to the management of the programme and select, educate, train and evaluate personnel involved in the loyalty programme (Omar & Musa, 2011). This implies that personnel need to be empowered to address customer concerns. In addition, the quality of service provided to customers should be measured (Omar & Musa, 2011).

While loyalty programmes provide companies with a competitive edge, this competitive edge may diminish over time and thus loyalty programmes have to be dynamic (Palmer, McMahon-Beattie & Beggs, 2000). This challenge can be addressed by taking into account the customer lifecycle as customers may become dissatisfied with products, their needs may change or they may find value in other products. Companies need to influence customers throughout their lifecycle with incentives that attract, develop and retain them (Meyer-Waarden, 2008). In addition to the above, it is also important that individual customer characteristics are taken into account in developing a loyalty programme and that the perceived attributes of the loyalty programme contribute to building relationships (Kim *et al.*, 2012).

There are numerous initiatives a company can implement to address the challenges encountered in loyalty programmes. Nevertheless, a company still needs to consider the factors that contribute to an effective customer loyalty programme to ensure it is successful.

2.16 THE FACTORS THAT CONTRIBUTE TO AN EFFECTIVE CUSTOMER LOYALTY PROGRAMME

For a loyalty programme to be effective it should produce loyalty to the brand or company and not just the programme (Tanford, 2013). In an effort to measure the success of a loyalty programme the level of loyalty needs to be measured. As there is no standard measure for assessing the level of loyalty, Tanford (2013) and Farooqi and Rehman (2010) identified various methods that could be used, such as frequency of shopping, tolerance to increases

in prices, retention of the customer over time, word of mouth marketing and share of wallet, as well as emotional commitment and reward programme evaluation.

The attributes of the rewards programme and its members also influence a programme's effectiveness. Understanding customers' needs and wants and their goals is important in designing and implementing a rewards programme (Choi & Kim, 2013). De Boer and Gudmundsson (2012) found that customer loyalty programmes are beneficial when the programme understands the wants and needs of customers; when perceived value is enhanced due to relationship building; if there is a high lifetime customer value; and if the cost of retaining a customer is less than acquiring a customer.

Keh and Lee (2006) found that an effective rewards programme is reliant on the customer's service experience, the type of reward and the timing of the reward. Furthermore, reward timing, effort required in redemption, compatibility of the reward with the company, the type of the rewards and experience with the company influence a loyalty programme's effectiveness (Vesel & Zabkar, 2010).

According to McCall and Voorhees (2010 cited in Tanford *et al.*, 2012) the effectiveness of reward programmes can be evaluated in terms of the structure of the programme; structure of the rewards and customer factors. A well planned and properly implemented loyalty programme, together with reinforcing the programme and keeping abreast of the trends developing in the industry, ensures the programme's effectiveness (Cedrola & Memmo, 2010). Development trends refer to varying the promotional incentives on smaller groups of customers, changing the programmes to coalition marketing, in points collection programmes and identifying different and innovative definitions of rewards which will entice desire and encourage loyalty (Cedrola & Memmo, 2010).

Frisou and Yildiz (2011) found that the effectiveness of a loyalty programme is impacted when loyalty cards are freely obtained without any effort as this may result in users being less committed or involved in the programme. On the other hand, if a card is paid for and then credited with points, it can increase commitment. Furthermore, the manner in which the programme is learnt is as important in assessing the effectiveness of loyalty

programmes as is the design of the programme (Frisou & Yildiz, 2011). Learning obtained purely from points accumulating or points redemption can only address spend in the medium term, however, learning obtained from both accumulation and redemption can lead to growth in average spend. Thus, companies should encourage users to fully utilise the benefits offered (Frisou & Yildiz, 2011).

The effectiveness of loyalty programmes is also dependent on the market saturation of loyalty programmes and the company's relative market share (Doroticet *al.*, 2012). As saturation increases, the effectiveness of loyalty programmes reduces. Furthermore, the larger the market share, the more effective the loyalty programme is as there are more buyers and a higher level of brand loyalty (Doroticet *al.*, 2012).

Henderson *et al.*(2011) found contradictory results on the effectiveness of loyalty programmes from minor repeat purchases to recognising the inducement when prizes are awarded. Although loyalty programmes have become popular, the financial outcome is not always positive. Even though companies are facing this challenge, they are reluctant to discontinue their loyalty programmes (Cedrola & Memmo, 2010).

2.17 CUSTOMER LOYALTY PROGRAMMES IN SOUTH AFRICA

Whilst there is a significant amount of academic research on customer loyalty programmes, there is limited research performed on customer loyalty programmes in South Africa.

Olivier (2007) found that South Africa is poised for substantial growth in loyalty. With its culturally diverse population, Meyer (2012) found that culture could have a substantial impact on loyalty programmes as customers use cultural norms in making decisions.

As cited by Meyer (2012), a survey performed by Razor's Edge Business Intelligence (2005) and World Wide Worx (2005) stated that over 10% of the South African population are members of loyalty programmes. These programmes are generally in the financial services, retail, air travel and wellness sectors and are mainly targeted at the previously disadvantaged communities considering that they comprise the majority of the population.

An article published by Thomas (2013) stated that South Africa has at least 80 loyalty programmes and that customers are inundated with these schemes. An analysis of the top schemes in South Africa, as identified by Thomas (2013) and Kearney (2013), is provided in Table 2.3.

Table 2.3: Analysis of the top loyalty schemes in South Africa

Name	First National Bank and RMB Private Bank's eBucks programme	ABSA Rewards programme	Pick n Pay Smart Shopper programme	Clicks Club card programme
Structure	Tiered Structure	Tiered Structure	One smart shopper point for every R1 spent however no points earned on 3rd party payments	Tiered structure
Value of rewards earned by members	Members earned over R3 billion from inception in October 2000	Members earned over R3 million since 2009	Members earned over R1 billion since March 2011	Members earned over R240 million in cash back rewards
Fee	No cost to join however a R200 credit card linkage fee is charged to earn eBucks. If your account is not used for six months then a dormancy fee of eB75 is charged monthly until eBucks is earned spent or the account balance is zero whereupon the account is closed. Further, 15.5% interest compounded monthly is earned if eBuck is overdrawn.	R252 per annum	Free	Free
How rewards are earned	Using your FNB credit, cheque or debit card or buying at designated partners	Using your ABSA credit, cheque or debit card or buying at designated partners.	Swiping your smart shopper card	Points earned every time you spend R10 or more at Click or 1 point for R5 spent at Click Pharmacy
Redeeming rewards	Redeemed for luxuries, necessities, investment opportunities as well as discounts at designated partners	Redeemed for cash, luxuries, necessities, investment opportunities as well as discounts at designated partners	Redeemed at Pick n Pay	Redeemed at Clicks
Expiry	No expire – can be transferred between members	No expiry	After no activity for 24 months account is closed	Exipre after 365 days
No of customers	Over 3 million members	At November 2012 one million members	6 million members	4 million active members

Source: Thomas, S. 2013. How Successful are Consumer Loyalty Schemes? *Financial Mail*, 17 October. [Online]. Available WWW: [http://www.financial main.co.za/features/-2013/10/17/how-successful-are-consumer-loyalty-schemes](http://www.financialmain.co.za/features/-2013/10/17/how-successful-are-consumer-loyalty-schemes) (Accessed 14 March 2014).

Based on the analysis above, it can be seen that customers in South Africa favour the idea of joining loyalty programmes. Furthermore, Table 2.3 highlights that the costs of running a loyalty programme can be very significant for a company.

The more recently launched Standard Bank Ucount programme also follows a tiered structure with rewards redeemed for luxuries, necessities, and discounts at designated partners (Thomas, 2013). The South African loyalty programmes have also recognised a social responsibility element such as the Nedbank, Pick n Pay and Woolworths loyalty programmes (Kearney, 2013). Thomas (2013) found that a key measure of success for loyalty programmes is the conversion rate of rewards into spending. eBucks has a conversion rate of over 80% per month compared to the norm of 60% - 70% in developed countries.

According to the findings of a study that Maharaj (2008) performed on loyalty programmes in South Africa, the manner in which customer loyalty programmes operate as well as the benefits, challenges and factors that contribute to its effectiveness are consistent with studies performed internationally.

Based on the studies performed in South Africa, it can be concluded that South Africa has significant potential to drive loyalty through loyalty programmes and that companies need to understand the demographics and the needs of customers to position their loyalty programmes for success.

2.18 CUSTOMER LOYALTY PROGRAMMES IN THE CASINO INDUSTRY

The casino industry has experienced increased competition due to the growth in popularity of these destinations as a tourist attraction, combined with the legalising of casino gaming. This has necessitated that companies in this industry concentrate on customer loyalty and loyalty programmes (Wong & Dioko, 2013; McCainet *al.*, 2005).

Barsky and Tzolov (2010) found that casino loyalty programmes use traditional information such as games played, type of games, as well as demographics to tailor rewards and offers. With this behaviour tracking, casinos have the best knowledge of their customers and are

thus able to offer generous benefits and maintain margins (Barsky & Tzolov, 2010). Furthermore, casinos segment their customers based on the customer information and offer tiered reward programmes (Barsky & Tzolov, 2010).

A tiered structure is implemented to prolong the lifetime value of a customer and increase the profitability for a company (Zeng & Prentice, 2014). Elite members of casino reward programmes display higher levels of satisfaction, experience fewer problems, are highly likely to advocate for the brand, perceive greater value and are willing to pay higher prices before considering switching (Barsky & Tzolov, 2010). Certain loyalty programmes do not only use historic data based on visits and play, but also estimate the customer's potential value and based on this, the casino offers generous benefits to assist the customer to achieve higher levels (Barsky & Tzolov, 2010). Due to the competitiveness of casinos, there are minimal differences in the structure of the loyalty programmes with the majority of them being tiered structured programmes segmented by a customer's spend.

Effective casino loyalty programmes arise when credits are earned for each play and visit and the accumulated points can be redeemed for cash, rewards, complementary services or coupons which are associated with the customer's loyalty tier (Barsky & Tzolov, 2010). Casino loyalty programmes do not partner with other companies as the objective is to obtain the most value within the casino complex. The rewards earned from casinos can be used for freeplay, food and beverage discounts, and discounts at retailers and on hotel accommodation (Barsky & Tzolov, 2010).

Although Zeng and Prentice (2014) found that loyalty programmes are effective in the gaming industry, the study is primarily performed in the United States of America. Zeng and Prentice (2014) found that gamblers in Macau indicated that they do not care for loyalty programmes and studies conducted in Malaysian casinos indicated contradictory information on their effectiveness. Whilst loyalty programmes have become very popular, there is research that questions their effectiveness and there is limited research on the effectiveness in a casino industry.

2.19 CUSTOMER LOYALTY PROGRAMMES IN THE CASINO INDUSTRY IN SOUTH AFRICA

A review of academic literature has indicated that there is limited research on customer loyalty programmes in the casino industry in South Africa. This could mainly be attributable to the fact that the casino industry in South Africa was only legalised in 1994. The implementation of the National Gambling Act and the regulations made in terms of it have significantly controlled and regulated the industry and have provided South Africa with a regulatory environment which is considered the most rigorous in the gaming industry worldwide (CASA, 2012). South Africa currently has 37 casinos that contribute more than R5 billion to government revenue, and they provide employment and infrastructure development (CASA, 2012). The major casino operators in South Africa are Tsogo Sun, Sun International, Peermont Group and London Clubs International (CASA, 2012). The loyalty programmes implemented by these casino operators follow a similar tiered structure.

The group of companies to which Casino XXX belongs is the largest casino operator and operates 14 casinos and 90 hotels. This group operates a tiered rewards programme and its rewards programme members contributed 63% to gaming revenue during the 2013 financial year (Tsogo Sun, 2013). Members of the rewards programme earn points while playing at the tables or slot machines (Tsogo Sun, 2013). Depending on the points earned, members move up the tiers with the first tier being gold status, the second tier being platinum status and the third tier being a black status (Tsogo Sun, 2013). The points earned by members can be redeemed for free parking, discounts at the hotels, the cinema, entertainment and shows and at retailers together with a like-for-like status at all units in the group. Points are not redeemed online but rather by the customer themselves which is similar to the loyalty programmes run by other casino operators. It is evident that there is limited research on the effectiveness of rewards programmes in the casino industry in South Africa.

2.20 SUMMARY

Based on the research available, customer loyalty is critical to ensure the competitiveness and profitability of companies and customer loyalty programmes have been used as a tool to create loyalty. Research has indicated that while customer loyalty programmes may be successful in creating customer loyalty, they are not the sole generator of loyalty. There are,

however, more researchers who are in favour of that fact that customer loyalty programmes are effective in achieving their objectives. Careful planning and an understanding of customer's wants and needs are important in implementing loyalty programmes.

While loyalty programmes have become popular in South Africa, there is limited research on the effectiveness of these programmes in the casino industry. The question then arises "how effective is the reward programme at one of the leading casinos in Durban?". This question has formed the basis of this study.

The next chapter focuses on the methodology that was used to answer the research question.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The literature review conducted in Chapter Two provided validation that further research should be conducted into the effectiveness of rewards programmes in attracting, developing and retaining customers in the casino industry. Research is a systematic method of collecting, analysing and understanding information (Leedy & Ormrod, 2013). Methodology is a specific procedure or set of procedures and thus research methodology can be described as an approach the researcher adopts in undertaking a research project (Leedy & Ormrod, 2013; James, Slater & Bucknam, 2012). Research provides valuable information that assists the researcher in making informed decisions to successfully deal with problems. In this chapter, the aim and objectives of the study, the research methodology adopted and the justification for the chosen methodology are discussed.

3.2 AIM AND OBJECTIVES

The aim of this research was to determine the effectiveness of the rewards programme at a leading casino in Durban.

In order to achieve this aim the objectives of the study were as follows:

- To determine the demographics of the reward programme members.
- To determine the reward benefits members consider valuable.
- To establish whether members are satisfied with the rewards programme.
- To determine which reward benefits increase members' spend.
- To determine whether members are motivated to reach higher tiers.
- To determine expectations of new services and discounts not currently affiliated to the rewards programme.

3.3 RESEARCH METHODOLOGY AND METHODS

Sekaran and Bougie (2013) highlighted that studies could be categorised as causal, exploratory or descriptive. A causal study involves identifying whether one or more variable

causes another to change. An exploratory study is undertaken when there is limited knowledge or information about a situation. The results of an exploratory study are not generalisable to the population. A descriptive study is designed to collect information that describes the characteristics of situations, occurrences and individuals, for example satisfaction ratings or gathering information that describes how managers resolve conflict in a company.

Leedy and Ormrod (2013) contended that there are numerous research methods that can be adopted, with the five most common being illustrated in Table 3.1.

Table 3.1: Various research methods

Action research	In this research, a solution is obtained in a confined setting.
Case study	This is a form of qualitative research where data is collected to understand more about an individual or event or to provide clarity regarding this.
Grounded theory research	This is a form of qualitative research that focuses on obtaining theory by using different time periods of data collection and analysis.
Observation study	This is a type of quantitative research where a specific aspect of behaviour is observed.
Survey research	In this study the frequency, incidence and distribution of certain events are determined.

Source: Leedy, P.B. & Ormrod, J.E. 2013. *Practical Research Planning and Design, 10th edition*. Pearson Education, Upper Saddle River.

A descriptive approach was applied for this study as it assisted the researcher in understanding the effectiveness of the rewards programme at a leading casino in Durban. Descriptive research attempts to describe, explain, and validate findings. The approach looks at processes and relationships, or trends that are apparent and allow for the systematic thinking about the effectiveness of the rewards programme. Information was obtained about the members of the rewards programme, their perceptions, satisfaction and areas of concern. This information was then used to offer ideas to improve the rewards

programme. In support of the approach adopted in this study, it was identified that Yoo and Bai (2013) also adopted a descriptive approach in their study called “Customer loyalty marketing research: A comparative approach between hospitality and business journals”.

3.3.1 The approach adopted for the study

James *et al.* (2012) and Leedy and Ormrod (2013) distinguished between two main areas of methodology, namely quantitative research and qualitative research with the particular data collection techniques described as quantitative and qualitative methods.

Qualitative research involves the in-depth understanding of behaviours and the reasons for this behaviour (Salkind, 2012). It investigates the qualities or characteristics of variables that cannot entirely be converted into numerical data and seeks to explain the complexities of these variables (Leedy & Ormrod, 2013). It centres on obtaining an understanding and the meaning of phenomenon and is non-experimental and emerging (Edmonds & Kennedy, 2013). The focus is on understanding experiences that occur in a natural setting (Franklin, 2013). People are asked questions and their experiences are understood. This helps in understanding the human motivations behind a study. Data obtained from the participants are in the form of words (James *et al.*, 2012). Qualitative data is information that is not numerically expressed or countable and contains intangible or immeasurable elements (Franklin, 2013). This approach is suitable for small populations, where a large amount of information is obtained from a small group of people and the human aspects of the study can be investigated (James *et al.*, 2012).

Quantitative research involves the asking of questions where the results are converted to numbers which are then analysed using statistical analysis (James *et al.*, 2012). In quantitative research the causal relationships between variables are understood to prove or disprove theory (James *et al.*, 2012). It involves examining the relationships or effects on defined variables (Edmonds & Kennedy, 2013). Quantitative research has a specific and specified focus and encompasses the investigation of quantities or number of variables by measuring the variable in a numerical manner (Leedy & Ormrod, 2013). Quantitative data represents information that can be numerically expressed or counted. Arithmetic

procedures can be performed on the data (Franklin, 2013). This approach is generally adopted when the population is large (James *et al.*, 2012).

3.3.2 Justification for a quantitative study

Qualitative and quantitative approaches are similar in that both methods involve identifying a research problem, examining the relevant literature, data collection and data analysis (Leedy & Ormrod, 2013). However, these approaches are often carried out in different ways which leads to distinctly diverse research methods (Leedy & Ormrod, 2013).

For this study, a quantitative approach was selected as the aim of the researcher was to obtain, corroborate and validate relationships and to create generalisations that add to existing theory. A large sample representative of the population was selected. The researcher was detached from the variables of the study and the participants, and therefore unbiased conclusions could be drawn from the data collected (James *et al.*, 2012; Leedy & Ormrod, 2013).

The approach adopted in this study is supported by Barsky and Tzolov (2010) who also adopted a quantitative approach in their study called “The Effectiveness of Casino Loyalty Programs – Their Influence on Satisfaction, Emotional Connections, Loyalty and Price Sensitivity” and by Zeng and Prentice (2014) in their study called “A patron, a referral and why Macau casinos-The case of mainland Chinese gamblers”.

3.4 LOCATION OF THE STUDY AND PARTICIPANTS

Sampling is the process of choosing the participants as representatives for the entire population (Salkind, 2012; Sekaran & Bougie, 2013). The population can be defined as the entire group of events, objects or people under study (Salkind, 2012; Sekaran & Bougie, 2013). For this research, the targeted population was all rewards programme members registered at the Casino XXX which is located in Durban. The database listing all rewards programme members served as the population. The characteristics of the population that were chosen were the black, platinum and gold tier reward programme members. The actual selected members were only those who had indicated that the casino could communicate with them through email facilities. The sampling frame was thus all black,

platinum and gold tier rewards programme members who had indicated that the casino could communicate with them. The individual rewards programme members within this database were then sampled.

3.5 SAMPLING

Amongst others, Edmonds and Kennedy (2013), Leedy and Ormrod (2013) and Sekaran and Bougie (2013) distinguished between probability and non-probability sampling strategies.

With probability sampling, the possibility of selecting individuals in the population is known and nonzero (Sekaran & Bougie, 2013). The different types of probability sampling include: simple random sampling where individuals within the population have an equal and known possibility of being chosen; cluster sampling where the population is separated into clusters and then a random sample is chosen for the selected clusters, for example area sampling is a common type of cluster sampling; stratified sampling which involves stratifying or segregating the population into meaningful and relevant mutually exclusive or homogeneous groups and then a random selection of individuals are chosen from each stratum; systematic sampling where individuals in the population are chosen based on every *n*th individual until the desired sample size is fulfilled; multistage sampling which involves combining any of the probability sampling techniques to randomly select individuals from the population; and double sampling which involves initially selecting a sample to obtain preliminary information and then a subsample of this primary sample is selected to obtain in-depth information (Edmonds & Kennedy, 2013; Leedy & Ormrod, 2013; Sekaran & Bougie, 2013).

With non-probability sampling, the individuals in the population do not have any probability of being selected (Sekaran & Bougie, 2013). Thus the results of the research for the sample cannot be generalised with confidence to the population (Edmonds & Kennedy, 2013; Leedy & Ormrod, 2013; Sekaran & Bougie, 2013). The different types of non-probability sampling techniques include: convenience sampling which involves selecting individuals because they are available or willing to participate and purposive sampling which involves selecting individuals to participate based on a specific purpose. There are two main types of purposive sampling, namely judgement sampling where individuals are

selected because they are in the best position or most advantageously placed to provide the information and quota sampling which involves ensuring that certain groups are adequately represented in the study through the allocation of a quota.

For this study, stratified probability sampling was selected. Examples of stratified sampling techniques include proportionate and disproportionate stratified random sampling. With proportionate and disproportionate stratified random sampling the population is first stratified, and then a sample of individuals is selected using either systematic or simple random sampling techniques. The individuals from each stratum can be disproportionately or proportionately selected based on the total for that stratum (Sekaran & Bougie, 2013; Edmonds & Kennedy, 2013).

Proportionate stratified random sampling was applied for this study as it allowed for all rewards programme members to be adequately sampled and allowed for comparisons among the reward tiers. The population was stratified based on reward tiers being black, platinum and gold and then reward programme members were drawn randomly. This sampling strategy was the most efficient as more valuable, in-depth and differentiated information could be obtained.

3.5.1 Justification for a quantitative study

Having selected a suitable sampling technique, the next step in the process was to determine the sample size. A valid and reliable sample size allows the researcher to generalise the findings from the sample to the population under study (Sekaran & Bougie, 2013).

For this study, the recommended sample size was obtained from guidelines developed by Krejcie and Morgan (1970 cited in Sekaran & Bougie, 2013, p. 268). By utilising this guideline, a sample size was selected for each of the tiers, namely black, platinum and gold. There were approximately 1 934 black tier members and thus a sample size of 322 black tier members was selected. There were approximately 2 073 platinum tier members and thus a sample size of 327 platinum tier members was selected. There were approximately 52 203 gold tier members and thus a sample size of 382 gold tier members was selected.

Based on this, the total sample size for the population of contactable members was 1 031 rewards programme members. The data collection methods the researcher adopted are discussed below.

3.6 DATA COLLECTION METHODS

Data can be collected from primary and or secondary sources. When the researcher gathers data first hand on items of interest, then this is referred to as primary data. Examples of obtaining data through primary sources include focus groups, individuals (through interviews, questionnaires or observation), and panels of respondents (Salkind, 2012; Leedy & Ormrod 2013; Sekaran & Bougie, 2013).

Secondary data sources refer to data collected through already existing sources. Examples of obtaining data from secondary sources include archives, publications, media, websites, company records and the Internet (Salkind, 2012; Leedy & Ormrod, 2013; Sekaran & Bougie, 2013).

For this research, data was collected through secondary sources (publications) as well as primary sources by means of questionnaires. A similar approach was adopted by Barsky and Tzolov (2010) and Zeng and Prentice (2014) in their study of loyalty programmes in the casino industry.

3.6.1 Questionnaires

Questionnaires can be defined as predetermined lists of questions with closely defined choices which are distributed to respondents to document their responses (Sekaran & Bougie, 2013). This data collection method is most valuable when there are a sizeable number of people to reach across various geographical areas. With questionnaires, information can be easily obtained and coded. They are less time-consuming and expensive than alternate methods of data collection and are designed to collect a significant amount of quantitative data (Sekaran & Bougie, 2013).

Questionnaires can be administered personally, through mail or distributed electronically. An electronically distributed questionnaire was used in this research as it was easier to

administer, it was cost effective and it could reach people irrespective of their geographic location. Further, respondents could answer at their convenience. The main disadvantage with questionnaires is that the response rate is always low and thus a 30% response rate is considered acceptable (Leedy & Ormrod 2013; Sekaran & Bougie, 2013).

The types of questions and response formats that can be utilised with questionnaires are classified as open-ended and closed-ended questions (Franklin, 2013). With closed-ended questions, respondents select responses from a predetermined acceptable set of alternatives. These questions result in more reliable responses for quantifying purposes and allow for straightforward analysis to be performed. With open-ended questions, the respondents can answer the questions in their own words (without predetermined alternatives). These responses reflect their thoughts and views and can encourage participation (Franklin, 2013). In this research, closed-ended questions were used to ensure the reliability of responses and for quantifying purposes.

3.7 DESIGN AND DESCRIPTION OF QUESTIONNAIRES

To ensure appropriate questions are asked, the questionnaire should be designed so as to achieve the research aim and objectives. In designing a questionnaire Sekaran and Bougie (2013) found that the important elements to consider were the language and wording of the questionnaire, the categorising, scaling and coding of variables and the questionnaire's general appearance.

The researcher, in designing the questionnaire (Appendix 1), ensured that the language and wording of the questionnaire could be understood by the respondents, and that the appropriate questions were asked when considering the nature of the variables being investigated. Double-barrelled, leading and ambiguous questions were avoided to ensure ease of understanding. Further, questions were both positively and negatively worded to avoid the respondents' tendency to answer towards one end of the scale. The questions were short in length and these questions were sequenced so that respondents were led from one question to the next, from general questions to specific questions and from questions that were simple to answer to questions that were progressively more difficult to answer.

The questions were organised logically and in appropriate sections. When e-mailing the questionnaire, an introduction was provided clearly stating the identity of the researcher and the purpose of the research. Confidentiality of responses was assured to the respondents and instructions were provided on how to complete the items in each section.

The questionnaire was divided into the following sections:

- Section A was aimed at obtaining demographic information such as gender, age, race and marital status (Questions 1–6).
- Section B was aimed at identifying what benefits respondents perceived as valuable (Questions 7–10).
- Section C was aimed at understanding whether customers were satisfied with therewards programme (Questions 11–18).
- Section D was aimed at identifying which reward benefits increased customers' spend (Question 19).
- Section E was aimed at understanding whether the rewards programme members were motivated to reach higher tiers (Questions 20–25).
- Section F was aimed at understanding whether the respondents had expectations of new services or benefit offerings (Questions 26–29).

With quantitative research, an important aspect is measurement as this demonstrates the relationships between variables (Edmonds & Kennedy, 2013). Measurement is the allocating of numbers to characteristics based on a predetermined set of rules (Leedy & Ormrod, 2013). Numbers are assigned to attributes through a scale (Sekaran & Bougie, 2013). Amongst others, Leedy and Ormrod (2013) and Sekaran and Bougie (2013) distinguished between four types of scales as indicated in Table 3.2 (sample size of 384 was recommended) below.

Table 3.2: Types of scales

Nominal scale	Data is assigned to specific groups or categories which are mutually exclusive and collectively exhaustive (e.g. male and female).
Ordinal scale	Data is categorised in a way that denotes differences between categories and rank-orders the categories (e.g. from best to worst).
Interval scale	With this scale the extent of variance between positions on the scale can be calculated (e.g. from strongly agree to strongly disagree).
Ratio scale	With this scale the extent of the variance between positions on the scale can be measured as well as the proportions in the differences (e.g. calculating the ratio of weights of two individuals).

Source: Leedy, P.B. & Ormrod, J.E. 2013. *Practical Research Planning and Design, 10th edition*, p. 85. Pearson Education, Upper Saddle River; Sekaran, U. & Bougie, R. 2013. *Research Methods for Business A Skill-Building Approach, 6th edition*, p.211. John Wiley & Sons, West Sussex.

In this research, nominal, ordinal and interval scales were used to ensure appropriate statistical analysis. A pilot test was conducted to ensure the appropriateness of the questionnaire.

3.7.1 Pilot study

Prior to distributing the questionnaire to the respondents, a pre-test was conducted to ensure that the questions were understood by the respondents, that the wording was appropriate and that there were no issues with measurement (Sekaran & Bougie, 2013).

The pre-test was conducted by the casino's executive director, marketing manager and relationship marketing manager. This test was to ensure the appropriate use of terminology, that all questions were understandable and that the questions covered all material objectives. Based on their recommendations, the questionnaire was redistributed to three rewards programme members. The respondents were asked for feedback in terms of the content, language and relevance of the questions. Based on these responses, the questionnaire was amended, approved and distributed as explained below.

3.7.2 Administration of the questionnaire

The research tool utilised to distribute the questionnaire to respondents was QuestionPro. An informed consent form was created wherein respondents had to agree to participate in the study prior to gaining access to the questions. The questionnaire and informed consent were e-mailed to the sample population who accessed the questionnaire through an attached link to QuestionPro. The respondents answered the questions by ticking electronic boxes set up on QuestionPro. Careful consideration was given to the format of the responses to ensure that the principles of measurement were used. To ensure their honesty, respondents were informed that their identities were protected. Based on the replies collected, the data was analysed.

3.8 ANALYSIS OF DATA

Data analysis involves analysing the responses from the questionnaire by coding and cleaning the data. Data coding involves allocating numerical values to responses with the intention to analyse the data (Sekaran & Bougie, 2013). QuestionPro served a dual purpose as it was used to administer the questionnaire as well as analyse the data. With QuestionPro (an electronic survey tool) the system automatically codes the data. The data was then scrutinised to identify incomplete responses and incomplete surveys which were then removed from the final analysis. In analysing the data, descriptive and inferential statistics was performed.

3.9 DESCRIPTIVE STATISTICS

Descriptive statistics describe what the data looks like – the midpoint, the spread of data and how closely two or more variables within the data are interrelated. Descriptive statistics can be presented by way of frequency, central tendency measures and dispersion measures (Leedy & Ormrod, 2013; Sekaran & Bougie, 2013).

Frequency measures the number of instances an event occurs and this assists in determining the percentage and cumulative percentage of its occurrence (Leedy & Ormrod, 2013; Sekaran & Bougie, 2013). Central tendency measures include the median, mean and the mode. The median represents the mid-value in a collection of values organised in

ascending or descending order. The mean represents the average mid-value. The mode represents the recurrent value in a collection of values (Leedy & Ormrod, 2013; Sekaran & Bougie, 2013).

Dispersion measures include the standard deviation, range, variance and interquartile range. Standard deviation measures the variability or dispersion of the data and is obtained by the square root of the variance. Range represents the highest and lowest values. Variance measures how dispersed the observations are by adding together the square of the differences between each observation and the mean and then dividing this value by the number of observations. The interquartile range is the middle 50% of the observations (Leedy & Ormrod, 2013; Sekaran & Bougie, 2013). Graphs and tables were used in this research to present the finding of the study which included presenting data in the form of percentages, proportions and measures of central tendency. Inferential statistics serve a different purpose to descriptive statistics.

3.10 INFERENCE STATISTICS

Inferential statistics allow inferences to be drawn about the population (Leedy & Ormrod, 2013). The statistical procedures that can be performed depend on whether the data is parametric or nonparametric. When the normality of distributions cannot be presumed, then nonparametric tests are utilised. Table 3.3 lists the different inferential statistical procedures that can be performed.

Table 3.3: Types of inferential statistical procedures

Statistical procedures	Purpose
Parametric statistics	
<i>T</i> -test	Determines whether a significant difference exists between two means.
Analysis of variance (ANOVA)	Determines the difference among three or more means by comparing the variance both across and within the group.
Analysis of covariance (ANCOVA)	Determines the differences among means while controlling the effects of a variance that is correlated with the dependent variable.
<i>T</i> -test for a correlation coefficient	Determines whether a Pearson product moment correlation coefficient is larger than would be expected from chance alone.
Regression	Determines how effectively one variable predicts the value of another variable.
Factor analysis	Determines the association between numerous variables and distinguishes sets of highly interconnected variables that mirror a theme in the data.
Structural equation modelling (SEM)	Determines the possible causal relationships among variables.
Nonparametric statistics	
Mann-Whitney <i>U</i>	Compares the medians of two groups when data is ordinal.
Kruskal-Wallis test	Compares three or more group medians when data is ordinal.
Wilcoxon signed-rank test	Compares the medians of two correlated variables when data is ordinal.
Chi-squared goodness-of-fit test	Compares how closely observed probabilities or frequencies match expected probabilities or frequencies.
Odds ratio	Determines whether two dichotomous nominal variables are significantly correlated.

Fisher's exact test

Determines whether two dichotomous variables are significantly correlated when the sample size is small, i.e. less than 30.

Source: Leedy, P.B. & Ormrod, J.E. 2013. *Practical Research Planning and Design*, 10th edition, p. 301. Pearson Education, Upper Saddle River.

The researcher analysed the relationships between variables to determine if any existed or if variables were independent of each other. Chi-squared tests (χ^2) were used. Where the p -value was less than 0.05, this indicated that a significant relationship existed. Having determined the statistical analysis techniques, the validity and reliability of the measures were tested.

3.11 RELIABILITY AND VALIDITY OF DATA

Reliability and validity reflect the degree to which there may be errors in the measurement. Testing for this ensures quality and useful information is obtained for the study.

3.11.1 Reliability

Reliability indicates the consistency of the measurement tool in providing a certain consistent outcome when there is no change in the entity being measured. It denotes the degree to which a measure is free of errors and consistent over different periods and different forms of the test. It signifies stability and consistency (Leedy & Ormrod, 2013; Sekaran & Bougie, 2013).

The tests that can be used to examine reliability include:

- **Test-retest reliability** is the degree in which a particular measurement displays a similar outcome for the same individual on two isolated instances.
- **Parallel-form reliability** arises when there is high correlation between answers to two related groups of measure examining the same concept.

- **Inter-item consistency reliability** is the extent of consistency of the respondent's response to all items in a measure.
- **Split-half reliability** arises when two halves of a measurement are correlated (Leedy & Ormrod, 2013; Sekaran & Bougie, 2013).

The coding of all closed-ended questions was used to measure reliability in the questionnaire.

3.11.2 Validity

Validity is the degree in which a tool measures what it planned to measure (Leedy & Ormrod, 2013; Sekaran & Bougie, 2013).

The tests that can be used to examine validity include:

- **Content validity** refers to whether the concept being measured is represented in the measurement tool.
- **Face validity** refers to whether the concept planned to be measured on the face of it looks like it was measured.
- **Criterion-related validity** refers to whether the measure distinguishes individuals based on an expected predicted criterion.
- **Concurrent validity** refers to whether the measure distinguishes known different individuals.
- **Predictive validity** refers to whether the measuring tool differentiates individuals.
- **Construct validity** refers to whether the outcome obtained from the use of the measure matches the theory designed for the test.
- **Convergent validity** refers to whether there is high association between two dissimilar tools measuring a similar construct.

- **Discriminate validity** refers to whether the measurement tool for two variables that are assumed to be unrelated indicates this (Leedy & Ormrod, 2013; Sekaran & Bougie, 2013).

The feedback obtained from the executive director, marketing manager and relationship marketing manager at Casino XXX as well as the researcher's supervisor provided content validity by ensuring that the questionnaire measured what it intended to measure. Face validity was obtained by circulating the questionnaire to the three rewards programme members to ensure that the questions and the objectives were linked.

3.12 RESEARCH ETHICS

Ethics in research is very important and can be classified as informed and voluntary participation, right to privacy and protection and honesty with professional colleagues (Leedy & Ormrod, 2013).

The researcher ensured that the participants were not exposed to physical or psychological harm. Participation in the study was voluntary and informed consent was obtained. Confidentiality of responses was maintained and findings were reported in an honest and complete manner.

3.13 CONSTRAINTS OF THE STUDY

The study has certain limitations. It was undertaken only on rewards programme members who indicated that Casino XXX can communicate with them through emails. This represented 19% of the total rewards programme member database. Therefore the study excluded rewards programme member who had indicated that Casino XXX could not communicate with them through emails.

The time frame to complete this study was four months and the study was conducted only at one casino, Casino XXX, in Durban and thus may not be representative of all casinos in KwaZulu-Natal nor of all casinos in other provinces.

3.14 SUMMARY

The research methodology that was adopted to attain the aim and objectives of the study was discussed in this chapter. The various approaches to research were explained and the selected approach justified. Data collections methods and data analysis were discussed with the chosen methods explained in detail. Chapter Four discusses the findings of the research.

CHAPTER 4

ANALYSIS AND DISCUSSION OF RESULTS

4.1 INTRODUCTION

This chapter focuses on the analysis of the data collected from the rewards programme members at Casino XXX. The findings are presented in the form of graphs and tables and are categorised in terms of each research objective. The interpretations of the findings are also discussed in terms of each research objective. These findings have been cross-referenced, where applicable, with the literature review as discussed in Chapter Two.

A total of 1 761 participants viewed the questionnaire; however, only 522 participants completed the questionnaire. The expected sample size was 1 031 rewards programme members. The respondents represented 30% of the participants that viewed the questionnaire and 51% of the total sample size. The low response rate validates the disadvantages of questionnaires; however, whilst this response rate is low at 51% it is higher than the acceptable rate of 30% as highlighted by Sekaran and Bougie (2013). Thus, the respondents who completed the questionnaire were considered a sufficient sample to generalise the research findings to the registered rewards programme members. As part of analysing the data, responses from participants who had started the questionnaire and not completed it were excluded from the analysis. The findings have been presented using both inferential and descriptive statistics.

4.2 DEMOGRAPHIC COMPOSITION

The demographic composition of the 522 respondents based on gender, age, race and marital status is included in Table 4.1.

Table 4.1: Demographic information of the respondents

Demographics	Characteristics	Percentage
Gender	Male	52%
	Female	48%
Age	18 - 20 years	1%
	21 - 30 years	14%
	31 - 40 years	24%
	41 - 50 years	25%
	51 -60 years	25%
	Over 61 years	11%
	Other	0%
Race	African	4%
	Coloured	4%
	White	22%
	Indian	70%
Marital Status	Widowed	4%
	Divorced	9%
	Single	22%
	Married	65%

Males comprised 52% of the respondents while females comprised 48%. This is consistent with the gender ratio of the rewards programme database, however, contradicts the 2011 KwaZulu-Natal Census statistics (Statistics South Africa, 2013) where females make up 52% of the population of KwaZulu-Natal and males comprise 48%. As indicated in Table 4.1, 85% of the respondents were in the 31 years and older category, with the percentages being fairly similar in the 31–40 years, 41–50 years and 51–60 years. The lowest percentage (1%) of respondents was between the ages of 18–20 years. It is expected that members in this age category are studying or just starting their career and thus would not have access to significant cash resources. The 2011 KwaZulu-Natal Census statistics (Statistics South Africa, 2013) indicated that KwaZulu-Natal has the highest Indian/Asian race group at 7.4%. This validates the high response rate (70%) from the Indian race group in KwaZulu-Natal. A total of 22% of the respondents indicated that they were in the White race group. Despite the Black/African race group comprising the largest percentage of the population in KwaZulu-Natal (87%), (Statistics South Africa, 2013), only 4% of the respondents were

African/Black. Coloureds comprised 4% of the respondents. In terms of lifestyle, 65% of the respondents were married with the second highest grouping being single at 22%. Based on the demographic information, it is evident that the male gender shows a greater propensity to join a casino rewards programme. Furthermore, the composition of the population in a region does not necessarily reflect the members of a rewards programme.

4.3 REWARDS PROGRAMME TIERS

Casino XXX operates a tiered rewards programme where members earn points for playing on the tables or slot machines. Based on the points earned, members progress through the three tier statuses of the programme, namely gold which is the lowest tier, platinum which is the mid-tier and black which is the highest tier. The sampling frame comprises all members in the three tiers who had elected to receive communication from Casino XXX. Table 4.2 displays the rewards programme member segmentation.

Table 4.2: Rewards programme member segmentation

Details	Black	Platinum	Gold	Unknown	Total
Total membership	5,647	7,993	275,830		289,470
Number of members who elected to receive communication via email from Casino XXX (N)	1,934	2,073	52,203		56,210
Sample size	322	327	382		1,031
Responses	93	62	313	54	522
Percentage of responses received compared to the total sample size	18%	12%	60%	10%	100%

The sample size comprises 31% of members in the black tier, 32% of members in the platinum tier and 37% of members in the gold tier. Figure 4.1 displays the number of members who responded and their member statuses.

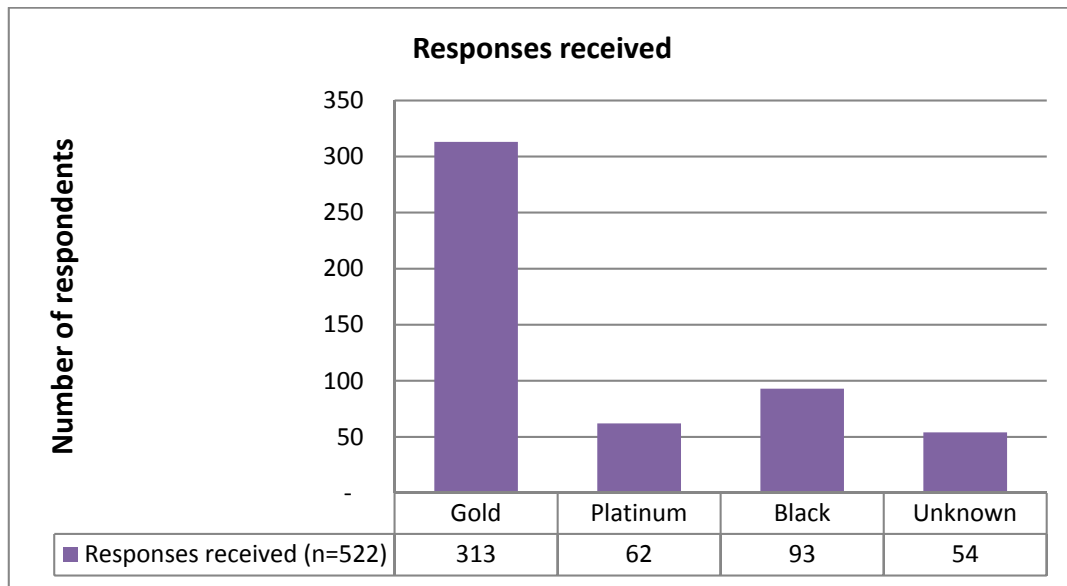


Figure 4.1: Comparison of the Casino XXX rewards programme to other casinos

A total of 522 respondents completed the questionnaire. This comprises 18% of members in the black tier, 12% of members in the platinum tier and 60% of members in the gold tier status of the rewards programme. Figure 4.1 also highlights a concern that 54 respondents, which comprises 10% of the respondents, indicated that they did not know their rewards tier status. Figure 4.2 displays the reasons for the respondents' lack of awareness of their rewards tier status.

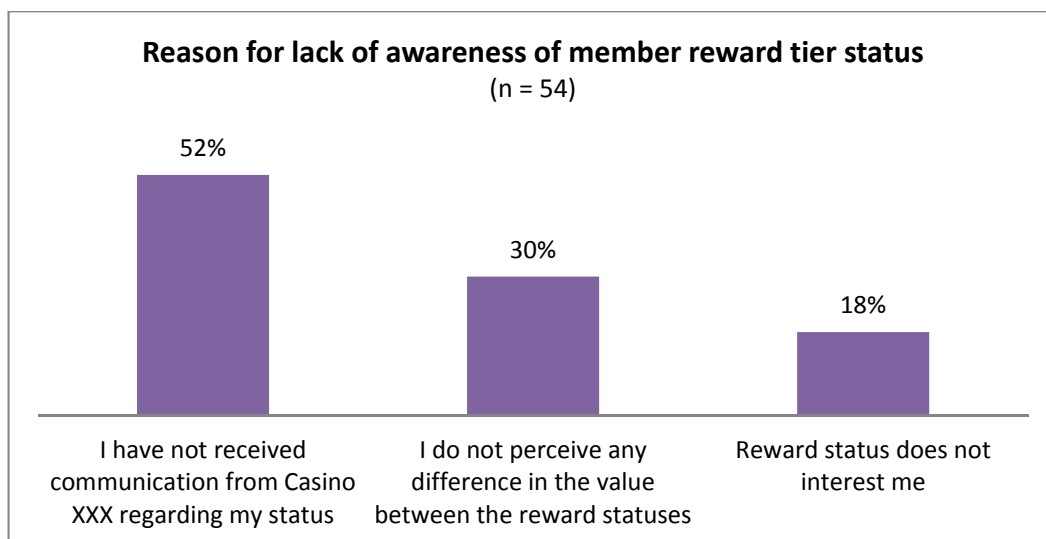


Figure 4.2: Reason for lack of awareness of reward tier status

Of the 54 respondents who indicated they did not know their reward tier status, 52% attributed this to not receiving communication from Casino XXX regarding their rewards tier status, while 30% of these respondents attributed this to not perceiving any difference in the value between the reward tier statuses and 18% indicated that the reward status does not interest them.

4.4 OBJECTIVE ONE: TO DETERMINE THE REWARD BENEFITS THAT MEMBERS CONSIDER VALUABLE

There are numerous benefits offered to the rewards programme members based on their rewards tier status, with the most exclusive benefits being offered to the black tier members. In order to establish which benefits members perceive as valuable, they were asked to indicate which benefits they perceived as important. Table 4.3 depicts the benefits offered and the importance the respondents attached to these benefits.

Table 4.3: Benefits offered and their importance

No	Benefits	Not important	Slightly important	Important	Very important	Not aware of this reward	Total
1.	Complementary food and beverage and/or accommodation whilst playing	4%	5%	20%	62%	9%	100%
2.	Discounted cinema tickets at all properties in the group	8%	8%	23%	58%	3%	100%
3.	Accommodation discounts	8%	9%	20%	58%	5%	100%
4.	Discounted parking fee at	6%	10%	24%	56%	4%	100%

No	Benefits	Not important	Slightly important	Important	Very important	Not aware of this reward	Total
	all properties in the group						
5.	Invitations and discounts to special events	6%	11%	26%	50%	7%	100%
6.	Opportunity to participate in exclusive cardholder promotions and car draws	8%	13%	26%	49%	4%	100%
7.	Reward programme discounts at participating retailers	9%	13%	26%	47%	5%	100%
8.	Redeeming points earned	7%	12%	30%	46%	5%	100%
9.	Like-for-like card match status (casinos and hotels)	6%	8%	24%	45%	17%	100%
10.	Freeplay provided as a reward or gift	10%	10%	30%	44%	6%	100%

Based on the results presented in Table 4.3, the four most important (important and very important) benefits are: complementary food and beverage and/or accommodation whilst playing (82% important); discounted cinema tickets at all properties in the group (81% important); discounted parking fees at all properties in the group (80% important); and accommodation discounts (78% important). There is no published research available to support which benefits are considered important to rewards programme members in the

casino industry. However, Dorotic *et al.*(2012) found that monetary rewards are preferred by customers. Complementary food and beverage and/or accommodation whilst playing are provided to members based on certain criteria which are linked to play and on management’s discretion. This is considered one of the privileges of playing and thus supports this finding. In terms of the important of discounted cinema tickets, the finding is expected as the majority of the respondents are Indian and the cinema at Casino XXX predominately screens Bollywood movies. Discounted parking and accommodation would be considered important as Sibaya, which is a competitor of Casino XXX, and which is in close proximity of the casino, does not charge for parking and provides attractive accommodation discounts.

Analysing the top four important benefits by reward tier status allows a company to understand which benefits are important to each of the tiers and thus allows a company to target their marketing strategies. Further, the black reward tier which is the smallest tier and has the lowest number of respondents, is the most exclusive tier with their contribution to the revenue being significant compared to the other reward tiers. A chi-square (χ^2) test was performed to determine whether or not there is a relationship between the top four benefits and the reward tier status. Tables 4.4 to 4.7 provide an analysis of the top four important benefits by reward tier status. A *p*-value of 0.05 and lower indicates that there is a strong relationship between these variables. In the chi-square tests in Tables 4.4 to 4.7 there is a strong relationship between these variables. Table 4.4 depicts a cross tabulation of the importance of complementary food and beverage and/or accommodation while playing per reward tier status.

Table 4.4: Importance of complementary food and beverage and/or accommodation while playing by reward tier status

	What is your reward programme member status?				
	Gold	Platinum	Black	I do not know	Total

Complementary food and beverage and/or accommodation whilst playing	Not important	3%	0%	0%	1%	4%
	Slightly important	3%	1%	1%	0%	5%
	Important	13%	2%	3%	2%	20%
	Very important	35%	8%	14%	5%	62%
	Not aware of this reward	6%	1%	0%	2%	9%
	Total	60%	12%	18%	10%	100%
n = 516 $\chi^2 = 26.306$ p = 0.01						

As presented in Table 4.4, of the total number of respondents who consider this benefit important (important or very important), 48% comprise members the gold tier, 10% comprise members in the platinum tier and 17% comprise members in the black tier. The reason for the higher percentage in the gold tier is due to the majority of the respondents being in this tier (gold is the entry level tier). Further, this benefit is only provided based on high play and as the gold tier is the entry tier, the play by members in this tier is not high compared to the platinum and black tier. None of the respondents in the black and platinum tier consider this benefit to be not important, while 1% of respondents in the platinum tier indicated that they were not aware of this benefit. Analysing this information by the number of respondents in each of the tiers indicates that 249 of the 308 respondents in the gold tier (81%) consider this benefit important, 52 of the 62 respondents in the platinum tier (84%) consider this benefit important and 84 of the 93 respondents in the black tier (90%) consider this benefit important.

Table 4.5: Importance of discounted cinema tickets at all properties in the group by reward tier status

Discounted cinema tickets	What is your reward programme member status?				
	I do not know				Total
	Gold	Platinum	Black		
Not important	4%	1%	1%	2%	8%
Slightly important	5%	1%	1%	1%	8%

Important	13%	3%	5%	2%	23%
Very important	36%	7%	11%	4%	58%
Not aware of this reward	2%	0%	0%	1%	3%
Total	60%	12%	18%	10%	100%
n = 514 $\chi^2 = 36.425$ p = 0.00					

As presented in Table 4.5, of the total number of respondents who consider this benefit important (important or very important), 49% comprise members in the gold tier, 10% comprise members in the platinum tier and 16% comprise members in the black tier. The reason for the higher percentage in the gold tier is due to the majority of the respondents being in this tier (gold is the entry level tier). One percent of the respondents in both the black and platinum tiers consider this benefit not important, while none of the respondents in the black and platinum tiers were not aware of this benefit. Analysis of this information by the number of respondents in each of the tiers indicates that 249 of the 305 respondents in the gold tier (82%) consider this benefit important, 52 of the 62 respondents in the platinum tier (84%) consider this benefit important and 78 of the 93 respondents in the black tier (84%) consider this benefit important.

Table 4.6: Importance of discounted parking fee at all properties in the group by reward tier status

Discounted parking fee at all properties in the group	What is your reward programme member status?					
		Gold	Platinum	Black	I do not know	Total
	Not important	4%	0%	1%	1%	6%
	Slightly important	6%	1%	2%	1%	10%
	Important	14%	4%	4%	2%	24%
	Very important	34%	7%	11%	4%	56%
	Not aware of this reward	2%	0%	0%	2%	4%

Total	60%	12%	18%	10%	100%
n = 513	$\chi^2 = 25.467$ p = 0.01				

As presented in Table 4.6, of the total number of respondents who consider this benefit important (important or very important), 48% comprise members in the gold tier, 5% comprise members in the platinum tier and 15% comprise members in the black tier. The reason for the higher percentage in the gold tier is due to the majority of the respondents being in this tier (gold is the entry level tier). One percent of the respondents in the black tier consider this benefit not important, while none of the respondents in the platinum tier consider this benefit not important. Further, none of the respondents in the black and platinum tiers were not aware of this benefit. Analysis of this information by the number of respondents in each of the tiers indicates that 247 of the 306 respondents in the gold tier (81%) consider this benefit important, 53 of the 61 respondents in the platinum tier (87%) consider this benefit important and 76 of the 93 respondents in the black tier (82%) consider this benefit important.

Table 4.7: Importance of accommodation discounts by reward tier status

Accommodation discounts	What is your reward programme member status?					
		Gold	Platinum	Black	I do not know	Total
	Not important	5%	1%	1%	1%	8%
	Slightly important	4%	2%	2%	1%	9%
	Important	15%	2%	2%	1%	20%
	Very important	33%	7%	13%	5%	58%
	Not aware of this reward	3%	0%	0%	2%	5%
	Total	60%	12%	18%	10%	100%

As presented in Table 4.7, of the total number of respondents who consider this benefit important (important or very important), 48% comprise members in the gold tier, 9% comprise members in the platinum tier and 15% comprise members in the black tier. The reason for the higher percentage in the gold tier is due to the majority of the respondent being in this tier (gold is the entry level tier). One percent of the respondents in both the black and platinum tiers consider this benefit not important, while none of the respondents in the black and platinum tier were not aware of this benefit. An analysis of this information by the number of respondents in each of the tiers indicates that 247 of the 306 respondents in the gold tier (81%) consider this benefit important, 53 of the 61 respondents in the platinum tier (87%) consider this benefit important and 76 of the 93 respondents in the black tier (82%) consider this benefit important.

Tables 4.3 to 4.7 also highlighted that for each of the benefits offered there were respondents who indicated that they were not aware of the benefits. An analysis of the reasons for the lack of awareness by respondents of these benefits is illustrated in Table 4.8.

Table 4.8: Analysis of reasons for lack of awareness of benefits

Reasons	Percentage
I am not aware of the process of claiming these benefits	34%
I am aware of the process of claiming these benefits, however, the process is complex	27%
I have not received any communication from Casino XXX regarding these benefits	26%
These benefits do not interest me	13%

As indicated in Table 4.8, 61% of the respondents who indicated that they were not aware of the benefits attributed this reason to either not being aware of the process of claiming the benefits or being aware of the process, however, they considered the process complex.

A substantial number of respondents (26%) also attributed this to not receiving any communication from Casino XXX.

In addition to establishing the importance members place on the benefits, it was considered necessary to establish which benefits members considered most valuable. Members were asked to rank benefits where 1 was most valued and 6 least valued. Table 4.9 depicts the ranking of benefits in terms of value.

Table 4.9: Ranking of benefits in terms of value

No	Reason	Mean
1	Freeplay provided as a reward or gift	2.53
2	Redeeming points earned	3.24
3	Discounted cinema tickets at all properties in the group	3.62
4	Reward programme discounts at participating retailers	3.71
6	Accommodation discounts	3.83
4	Discounted parking fee at all properties in the group	3.97

Table 4.9 illustrates that freeplay provided as a reward or gift is considered most valuable (mean = 2.53), followed by redeeming points earned (mean = 3.24), discounted cinema tickets (mean = 3.62), reward programme discounts at participating retailers (mean = 3.71), accommodation discounts (mean = 3.83) and lastly discounted parking fee at all properties in the group (mean = 3.97). In contrast to the information included in Table 4.3, respondents considered discounted parking fees at all properties in the group the most important benefit but they valued this least. Further, while freeplay is not one of the top four most important benefits, it is considered the most valuable benefit. In contrast, accommodation discount which is included in the top four most important benefits is not included in the top four most valuable benefits.

As part of establishing which benefits the members perceive as valuable, an understanding was obtained as to why rewards programme members valued being a member of the programme. The rewards programme members were asked to rank in order of importance

the reasons they considered most important for being a rewards programme member, with 1 indicating most important and 4 least important. Table 4.10 displays these results.

Table 4.10: Ranking of reasons considered most valuable for being a rewards programme member

No	Reasons	Mean
1	Benefits offered	1.35
2	Preferential service from Casino XXX employees	2.31
3	Recognition from Casino XXX employees	2.84
4	Recognition from colleagues/peers/family	3.49

The information presented in Table 4.10 illustrates that benefits offered (mean = 1.34) was considered the most valuable reason for being a rewards programme member. Preferential service from Casino XXX (mean = 2.31) was considered the second most important reason followed by recognition from Casino XXX employees (mean = 2.84). This finding is supported by Omar and Musa (2011) who found that the important elements of a loyalty programme are the benefits provided by the programme, the design of the programme and the customer service or service quality aspect. Respondents considered recognition from colleagues/peers/family least important (mean = 3.49) indicating that respondents mainly join a rewards programme for the intrinsic benefits offered and service received rather than extrinsic recognition.

4.5 OBJECTIVE TWO: TO ESTABLISH WHETHER CUSTOMERS ARE SATISFIED WITH THE REWARDS PROGRAMME

Tanford (2013) and Farooqi and Rehmaan (2010) found that the success of a rewards programme can be measured by the retention of customers over time and through word of mouth. A chi-square (X^2) test was performed to determine whether or not there is a relationship between responding rating of rewards programme and whether they would recommend the programme to colleagues/peers/family. A p -value of 0.05 and lower indicates that there is a strong relationship between these variables. Table 4.11 displays the rewards programme members' rating of the current rewards programme and whether

they would recommend the programme to colleagues, peers and/or family. The chi-square test in Table 4.11 shows there is a strong relationship between these variables.

Table 4.11: Rating of the current rewards programme compared to recommending the rewards programme

How would you rate the current rewards programme at Casino XXX?			Would you recommend the Casino XXX reward programme to colleagues/peers/family?					
			Very likely			Very unlikely		Total
				Likely	Unlikely			
			Significantly exceeds my expectation	3%	0%	0%	0%	3%
			Exceeds my expectation	5%	1%	0%	0%	6%
			Meets my expectation	19%	23%	2%	0%	44%
			Does not meet my expectation	3%	14%	14%	3%	34%
			Significantly does not meet my expectation	1%	3%	5%	4%	13%
Total			31%	41%	21%	7%	100%	
n = 516			X ² = 281.660 p = 0.00					

As illustrated in Table 4.12, 44% of the respondents indicated that the rewards programme met their expectations, and 9% indicated that the rewards programme exceeded or significantly exceeded their expectation. A total of 47% of the respondents indicated that the rewards programme did not meet or significantly did not meet their expectations. An anomaly has been noted in that 53% of the respondents indicated that the rewards programme meets, exceeds or significantly exceeds their expectation, however, a total of 72% would recommend the rewards programme to others. Further, 47% of the respondents indicated that the rewards programme did not meet or significantly did not meet their expectation while only 28% indicated that they would not recommend the rewards programme to others. This finding is consistent with McMullan and Gilmore (2008) and Yoo and Bai (2013) who found that loyal customers are likely to bring in more customers due to positive word-of-mouth referral.

Based on the responses presented in Table 4.11, an understanding was obtained as to the reasons for the rewards programme not meeting the expectation of respondents and why they would not recommend the programme to others. This is illustrated in Table 4.12.

Table 4.12: Analysis of why the rewards programme does not meet expectations and respondents not recommending the programme

Where the rewards programme does not meet your expectation select the statement that best describes why:	
Reason	Percentage
The benefits provided by the rewards programme are not competitive	69%
There is insufficient communication regarding information about the rewards programme	14%
The process of accumulating points is not understandable	11%
The rewards programme is complex and difficult to understand	6%
Where you have selected unlikely or very unlikely, select the statement that best describes why?	
The benefits provided by the rewards programme are not competitive	69%
The process of accumulating points is not understandable	12%
There is insufficient communication regarding information about the rewards programme	11%
The rewards programme is complex and difficult to understand	8%

As indicated in Table 4.12, the majority (69%) of the respondents who indicated that the rewards programme did not meet or significantly did not meet their expectation attributed this to the benefits provided by the rewards programme not being competitive.

Respondents were also requested to indicate the top three areas of the rewards programme that required improvement. Table 4.13 indicates the areas where improvements are required.

Table 4.13: Areas for improvement in the rewards programme

Reason	Percentage
Improvements in the type of benefits offered	19%

The value of the benefits	14%
Hotel accommodation benefits	13%
The expiry period of points	10%
Service level of Casino XXX staff toward reward programme members	9%
Better promotion of the programme	9%
Communication to reward programme members	9%
Reduced queues at the guest services desk and ehost machines	7%
The process of redeeming benefits	6%
Creating a platform for managing points remotely	3%
The signing up or registration process	1%

Based on Table 4.13, 19% of the respondents indicated that improvements are required in the type of benefits offered, 14% indicated that the value of the benefits needs improvement while 13% indicated that there should be improved hotel accommodation benefits. This finding is consistent with the information included in Table 4.12 where the majority of the respondents indicated that benefits provided by the rewards programme are not competitive. In terms of points' expiry, only 10% of the respondents indicated that improvements are required in this area. Further, 9% of the respondents indicated that improvements are required in areas of service level, better promotion of the programme, and improved communication. A total of 7% of the respondents indicated that improvements are required to reduce queues at the guest service desk and the ehost machine, while 6% indicated that improvements are required in the process of redeeming points. This finding is consistent with the information included in Table 4.8 where the primary reason for respondents' lack of awareness of the benefits was due to them not being aware of the process of claiming the benefits or they considered the process of claiming benefits complex. Only 3% of the respondents indicated that a platform should be created to manage points remotely while 1% indicated improvements are required in the signing up or registration process.

As part of establishing whether members are satisfied with the current rewards programme, they were asked whether they belonged to other casino loyalty programmes. Tanford (2013) found that members of loyalty programmes often belonged to other loyalty programmes. This has been confirmed in this research, as illustrated in Table 4.14. A chi-

square (χ^2) test was performed to determine whether or not there is a relationship between the reward tier status and whether members belonged to other casino loyalty programmes. A p -value of 0.05 and lower indicates that there is a strong relationship between these variables. Table 4.14 displays the percentage of respondents who belonged to other casino loyalty programmes and their reward tier status. The chi-square test in Table 4.14 shows there is a strong relationship between these variables.

Table 4.14: Percentage of respondents who belong to other casino loyalty programmes

Do you belong to any other casino loyalty programme?	What is your reward programme member status?				
	Gold	Platinum	Black	I do	Total
				not	
				know	
Yes	36%	9%	13%	6%	64%
No	24%	3%	5%	4%	36%
Total	60%	12%	18%	10%	100%
n = 514 $\chi^2 = 15.417$ p = 0.00					

As indicated in Table 4.14, 64% of the respondents belonged to other casino loyalty programmes. A total of 36% of these respondents comprise the gold tier, 9% comprise the platinum tier and 13% comprise the black tier.

A chi-square (χ^2) test was performed to determine whether or not there is a relationship between the reward tier status and whether members belonged to other casino loyalty programmes. A p -value of 0.05 and lower indicates that there is a strong relationship between these variables. Table 4.15 displays the percentage of respondents who belonged to other casino loyalty programmes and their reward tier status. The chi-square test in Table 4.15 shows there is a strong relationship between these variables.

Table 4.15: List of other casino loyalty programmes that Casino XXX respondents belong to

Which other casino loyalty programmes you are a member of (select all that apply):	What is your reward programme member status?					
	Gold	Platinum	Black	I do not know	Total	
	Sibaya	17%	5%	6%	3%	30%
	Wild Coast	10%	3%	4%	2%	19%
	No other casino loyalty programme	10%	1%	2%	2%	14%
	Monte Casino	3%	1%	3%	0%	8%
	Golden Horse	4%	2%	2%	0%	8%
	Sun City	3%	1%	2%	1%	7%
	Carnival City	3%	1%	2%	0%	6%
	Other	2%	1%	1%	0%	4%
	Tusk Umfolozi	1%	0%	0%	0%	2%
	Boardwalk	1%	0%	0%	0%	1%
	Blackrock	0%	0%	1%	0%	1%
	Total	55%	16%	21%	8%	100%
n = 1 066 $\chi^2 = 72.174$ p = 0.00						

Table 4.15 highlights that 30% of the respondents belong to the Sibaya loyalty programme. Sibaya is Casino XXX's closest competitor geographically. Respondents are also members of the Wild Coast loyalty programme (19%). A total of 41% of the respondents belonged to loyalty programmes in casinos in KwaZulu-Natal (Sibaya, Golden Horse, Blackrock and Tusk Umfolozi). In terms of geographical locations, for casinos located outside of KwaZulu-Natal, 41% of the respondents belonged to casino loyalty programmes outside of KwaZulu-Natal. A total of 63% of the respondents belonged to loyalty programmes at Casino XXX's largest competitor, Sun International (Sibaya, Wild Coast, Sun City, Carnival City and Boardwalk), while 17% of the respondents belonged to casino rewards programmes within the group of companies Casino XXX belongs to (Blackrock, Golden Horse, Monte Casino). Four percent of the respondents stated that they subscribe to casino loyalty programmes other than that included in Table 4.15 while 14% indicated that they were members of no other casino loyalty programme.

Table 4.15 also illustrates that, despite a rewards tier, they belong to other casino loyalty programmes. Based on this, it is evident that regardless of reward tiers members will not remain loyal to one casino loyalty programme.

Considering that 64% of respondents belonged to other casino loyalty programmes, it was necessary to establish how the Casino XXX rewards programme compared to the other casino loyalty programmes. Keh and Lee (2006) found that satisfied and dissatisfied customers perceived loyalty programmes differently and thus should customers be dissatisfied with the loyalty programme it will not be effective. The respondents who belonged to other casino loyalty programmes were asked to compare the other casino loyalty programmes to the Casino XXX rewards programme. The results are presented in Figure 4.3.

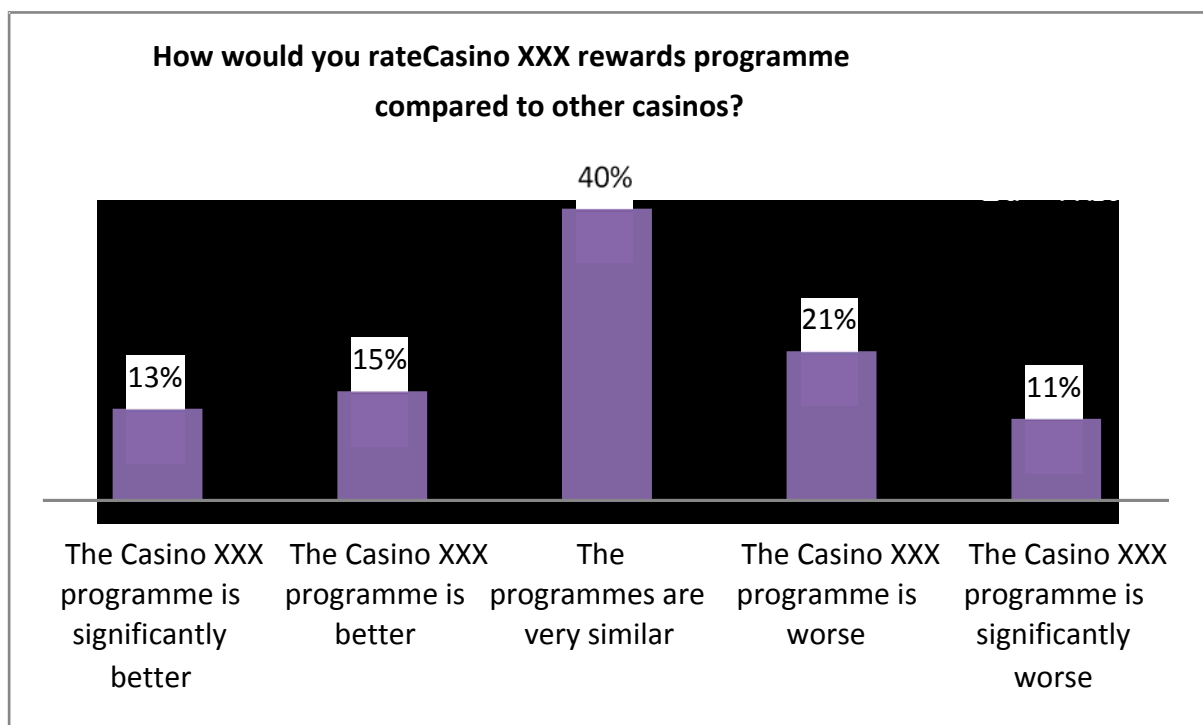


Figure 4.3: Comparison of the Casino XXX rewards programme to other casinos

When comparing the Casino XXX rewards programme to other casinos' loyalty programmes, only 28% of the respondents consider the Casino XXX programme better or significantly better than the other casino loyalty programmes. A total of 40% of the respondents consider the other casino loyalty programme and the rewards programme at

Casino XXX to be similar, while 32% of the respondents consider the rewards programme at Casino XXX worse or significantly worse than other casino loyalty programmes.

The respondents that considered other casino loyalty programmes to be better than the rewards programme at Casino XXX were then asked to select the top three reasons for this. A chi-square (χ^2) test was performed to determine whether or not there is a relationship between the reward tier status and the reasons for other casino loyalty programmes being considered better than the rewards programme at Casino XXX. A *p*-value of 0.05 and lower indicates that there is a strong relationship between these variables. Table 4.16 displays the reasons for other casino loyalty programmes being considered better than the rewards programme at Casino XXX. The chi-square test in Table 4.16 shows there is a strong relationship between these variables.

Table 4.16: Reasons for other casino loyalty programmes being considered better than the Casino XXX rewards programme

Select the top three reasons for other casino loyalty programmes being better than the Casino XXX programme:	What is your reward programme member status?				
		Gold	Platinum	Black	I do not know
	Their accommodation discounts are better	12%	3%	4%	1%
	They offer superior food and beverage discounts	9%	2%	2%	2%
	Points earned can be used for more benefits	10%	2%	3%	1%
	Their reward programme promotions and benefits are better	8%	1%	3%	1%
	I am invited to special events and shows at other casinos	6%	1%	2%	1%
	Their communication of their loyalty programmes is better	4%	1%	1%	1%
	I receive improved preferential treatment at other casinos	3%	1%	2%	1%
	It is easier to redeem points at other casinos	4%	1%	1%	1%
	Their programmes are simpler to understand	4%	0%	0%	1%
	Total	60%	12%	18%	10%
n = 1 544 $\chi^2 = 49.645$ p = 0.00					

As indicated in Table 4.16, the main reason for other casino loyalty programmes being considered better than the Casino XXX programme is due to their accommodation discounts being better (20%). This is followed by the respondents indicating that their points earned can be used for more benefits (16%). A total of 15% of respondents indicated that other casinos provided superior food and beverage discounts while 13% of them consider the other casinos' loyalty programme promotions and benefits to be better. Further, analysing the results by reward tiers indicates that for accommodation discounts being better in other casino loyalty programmes, 4% of the respondents comprise the black tier, 3% comprise respondents in the platinum tier and 12% comprise respondents in the gold tier. This information is consistent with the current rules of the rewards programme

at Casino XXX where rewards programme members are not provided with discounted food and beverage on the gaming floor. Further, while rewards programme members are given reduced accommodation rates, points earned cannot be redeemed for hotel accommodation.

4.6 OBJECTIVE THREE: TO DETERMINE WHICH REWARD BENEFITS INCREASE MEMBERS' SPEND

Choi and Kim (2013) found that understanding the needs, wants and goals of customers is vital in designing and implementing a rewards programme. Respondents were asked to select the top three benefits that would motivate them to increase their spend at Casino XXX. A chi-square (χ^2) test was performed to determine whether or not there is a relationship between the reward tier status and the top three benefits which would motivate respondents to increase their spend at Casino XXX. A p -value of 0.05 and lower indicates that there is a strong relationship between these variables. Table 4.17 illustrates these reasons. The chi-square test in table 4.17 shows there is a strong relationship between these variables.

Table 4.17: Benefits that will increase respondents' spend at Casino XXX

Select the top three benefits that will motivate you to increase your spend at Casino XXX:	What is your reward programme member status?					
		Gold	Platinum	Black	I do not know	Total
	Freeplay provided as a reward or gift	13%	3%	4%	2%	22%
	Complementary food and beverage and/or accommodation whilst playing	9%	3%	4%	1%	17%
	Accommodation discounts	10%	2%	3%	1%	16%
	Redeeming points earned	7%	1%	2%	2%	12%
	Discounted cinema tickets at all properties in the group	8%	1%	1%	1%	11%
	Invitations and discounts to special events	4%	1%	2%	1%	8%
	Opportunity to participate in exclusive card holder promotions and car draws	4%	1%	1%	1%	7%

Reward programme discounts at participating retailers	5%	0%	1%	1%	7%
Total	60%	12%	18%	10%	100%
n = 1 554 $\chi^2 = 41.045$ p = 0.01					

As indicated in Table 4.17, the three main benefits that will increase members' spend at Casino XXX are: providing freeplay as a reward or gift (22%); complementary food and beverage and or accommodation whilst playing (17%); and accommodation discounts (16%). This finding is consistent with the information included in Table 4.9 which illustrates that freeplay provided as a reward or gift is considered most valuable. Further, Table 4.16 indicates that accommodation discounts are one of the main reasons for other casino loyalty programmes being considered better than the Casino XXX rewards programme. This information was further analysed in terms of reward tiers where it is evident that for all reward tiers these top three benefits will contribute to an increase in spend.

4.7 OBJECTIVE FOUR: TO DETERMINE WHETHER MEMBERS ARE MOTIVATED TO REACH HIGHER TIERS

When members join the rewards programme they fall into the gold tier and as the level of their spend increases they move to higher tiers. An increase in profitability for the company can be achieved if members are motivated and incentivised to reach higher tiers. Dorotic *et al.* (2012) found that with customer loyalty programmes, companies attempt to maintain or increase their sales from their best customers by adding value initiatives. In order for members to progress to the next tier they need to understand what their current points balance is, how many points are needed to reach the next tier and they need to be motivated to reach that next tier. A chi-square (χ^2) test was performed to determine whether or not there is a relationship between whether respondents knew how to obtain their points balance and their reward tier status. A *p*-value of 0.05 and lower indicates that there is a strong relationship between these variables. Table 4.18 depicts the results of whether respondents knew how to obtain their points balance. The chi-square test in Table 4.18 shows there is a strong relationship between these variables.

Table 4.18: Responses as to whether respondents knew where to obtain their points balance

Do you know how to obtain your points balance?	What is your reward programme member status?				
	Gold	Platinum	Black	I do not know	Total
Yes	46%	10%	15%	4%	75%
No	14%	2%	3%	6%	25%
Total	60%	12%	18%	10%	100%
n = 516 $\chi^2 = 41.783$ p = 0.00					

Based on Table 4.18, the majority of respondents (75%) knew how to obtain their points balance, while 25% of the respondents across all tiers indicated that they did not know how to obtain their points balance. The 25% of respondents who indicated that they did not know how to obtain their points balance were then asked to provide reasons for this. Figure 4.4 illustrates the reasons for members not knowing how to obtain their points balance.

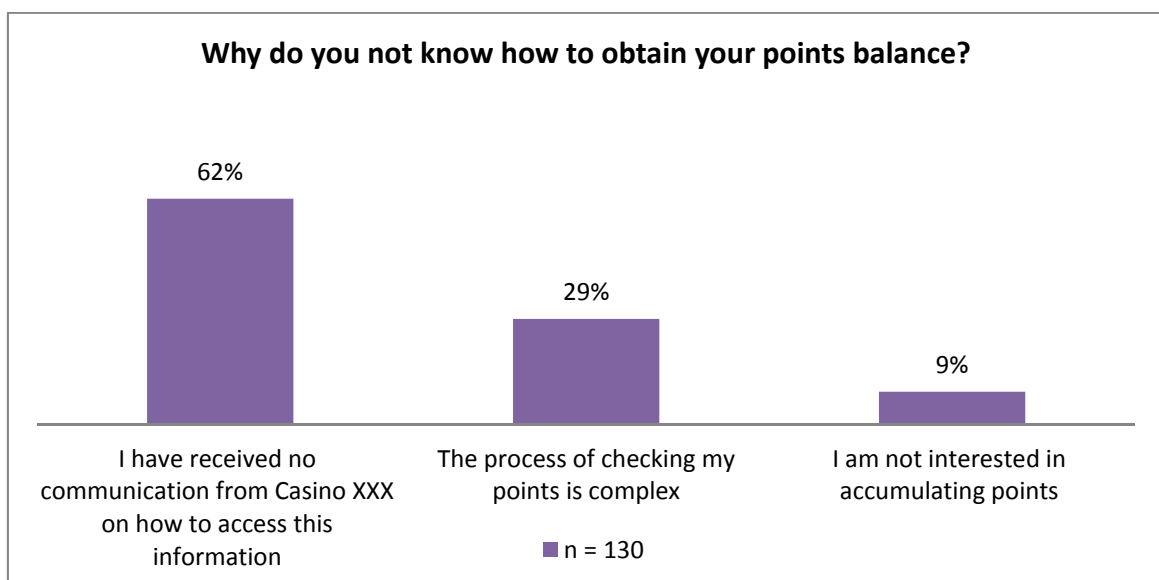


Figure 4.4: Reasons for members not knowing how to obtain their points balance

Based on Figure 4.4, 62% of the respondents attributed the reason for not knowing how to obtain their points balance to their not receiving communication from Casino XXX on how to access this information. A total of 29% of the respondents indicated that the process of checking points is complex while 9% indicated that they were not interested in accumulating points.

For members to move to a higher tier they need to know the points required to reach the next tier. Based on this, members were asked if they knew the points needed to reach the next tier. The responses to this are illustrated in Figure 4.5.

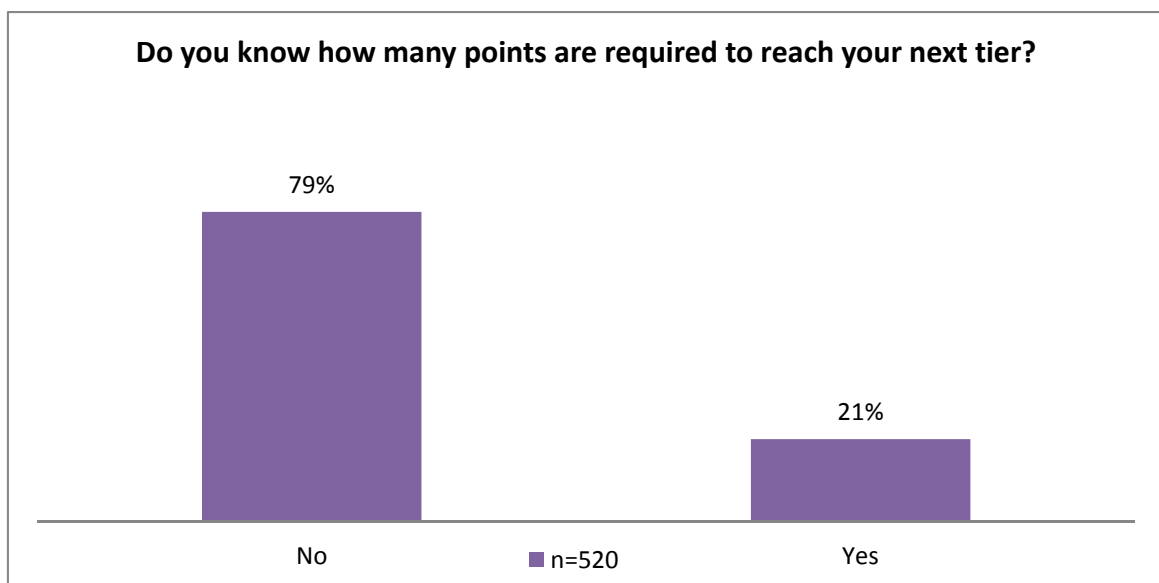


Figure 4.5: Respondents' knowledge of the points required to achieve their next tier

Figure 4.5 indicates that 79% of the respondents did not know how many points were required to reach the next tier, while only 21% indicated they knew how many points were required to reach their next tier. An analysis of the reasons for this is illustrated in Figure 4.6.

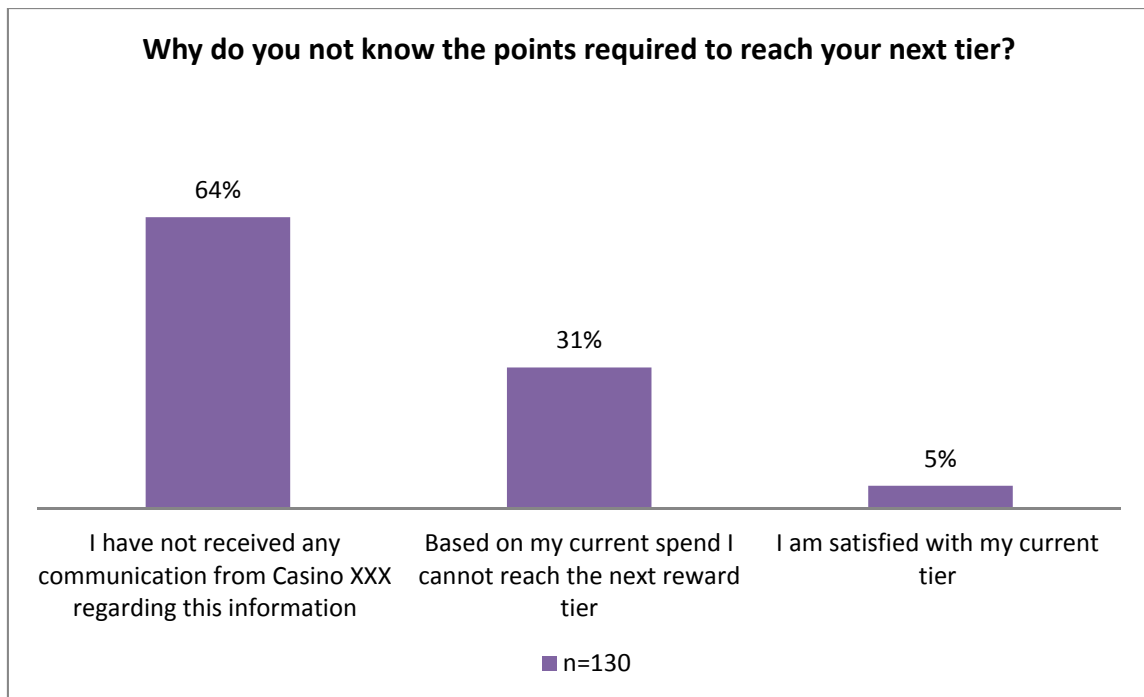


Figure 4.6: Analysis of reasons why respondents did not know how many points are required to attain their next tier

Figure 4.6 highlights that 64% of the respondents attributed the reason for not knowing that points needed to attain the next tier to their not receiving any communication from Casino XXX regarding this. A further 31% indicated that, based on their current spend, they could not reach the next tier, while 5% indicated that they were satisfied with their current tier.

In addition to members knowing the points required to reach their next tier, members also need to be motivated to reach their next tier. Table 4.7 highlights the motivation of members to achieve their next tier.

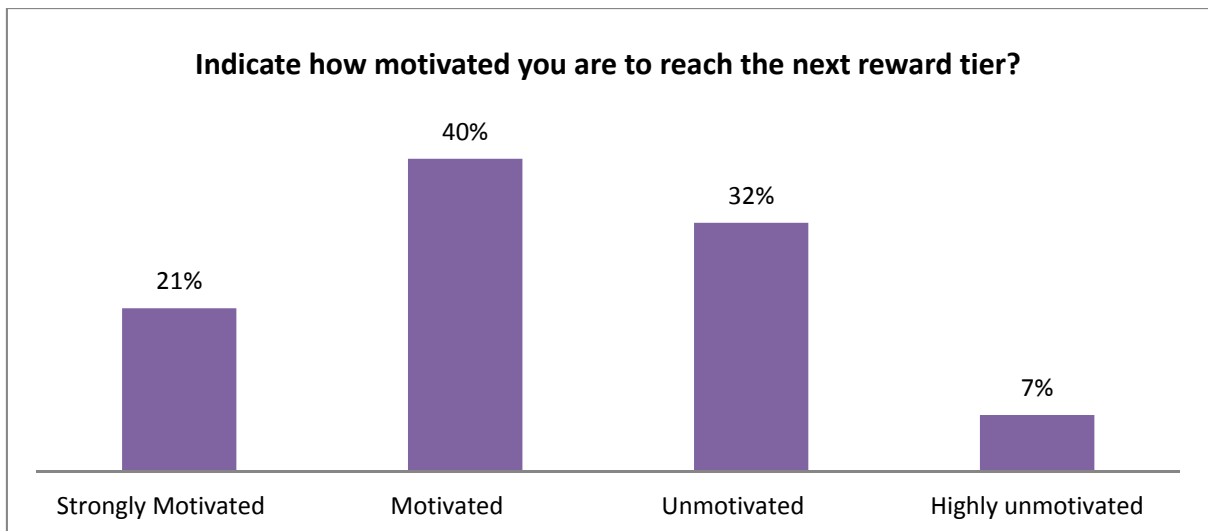


Figure 4.7: Motivation of respondents to attain their next tier

Figure 4.7 illustrates the motivation of respondents to reach their next tier and indicates that 39% of the respondents were unmotivated or highly unmotivated to attain their next tier, while 61% were strongly motivated or motivated to attain their next tier. The reasons attributable for respondents being motivated to attain their next tier are illustrated in Figure 4.8.



Figure 4.8: Reasons for respondents being motivated attain their next tier

Figure 4.8 highlights that 72% of the respondents attribute the reason they were motivated to better rewards. This is supported by Tanford (2013) who found that with a tiered reward structure, benefits at higher tiers were more desirable and offer greater privileges and thus motivate member to aim for the higher tiers by increasing their spend. A total of 11% of the respondents were motivated to attain their next tier due to better service from Casino XXX staff, while 10% indicated that they were motivated to attain their next tier due to more recognition. A total of 7% of the respondents indicated that the reason for their being motivated to reach the next tier is due to it being more prestigious.

4.8 OBJECTIVE FIVE: TO DETERMINE EXPECTATIONS OF NEW SERVICES AND DISCOUNTS NOT CURRENTLY AFFILIATED TO THE REWARDS PROGRAMME

Cedrola and Memmo (2010) found that with the increase in the number of companies offering rewards programmes a key challenge faced by companies is the need to differentiate and diversify the programme to ensure customer satisfaction and competitiveness. Members were asked to rank, in order of importance, where 1 was most preferred and 4 was least preferred, whether the introduction of new benefits not already provided by the rewards programme will add value to the programme. Table 4.19 depicts the responses to this question.

Table 4.19: Analysis of new benefits which will add value to the rewards programme

Rank	Reason	Mean
1	Discounts for food and beverage purchases on the gaming floor	2.00
2	Discounts at sporting venues in Durban (rugby, cricket and soccer games)	2.34
3	Discounts at other entertainment venues in Durban (uShaka, ICC etc.)	2.37
4	Discounts for conferencing and banqueting facilities at Casino XXX	3.24

Table 4.19 indicates that discounts for food and beverage purchases on the gaming floor will add more value to the current rewards programme (mean = 2.00). Discounts at sporting

venues followed (mean = 2.34) while discounts at other entertainment venues in Durban (mean = 2.37) came in third. Discounts for conferencing and banqueting facilities at Casino XXX (mean = 3.24) was the least preferred category.

The respondents were asked to indicate whether these new benefits will affect their current behaviour. Figure 4.9 depicts the impact these new benefits will have on respondents' behaviour.

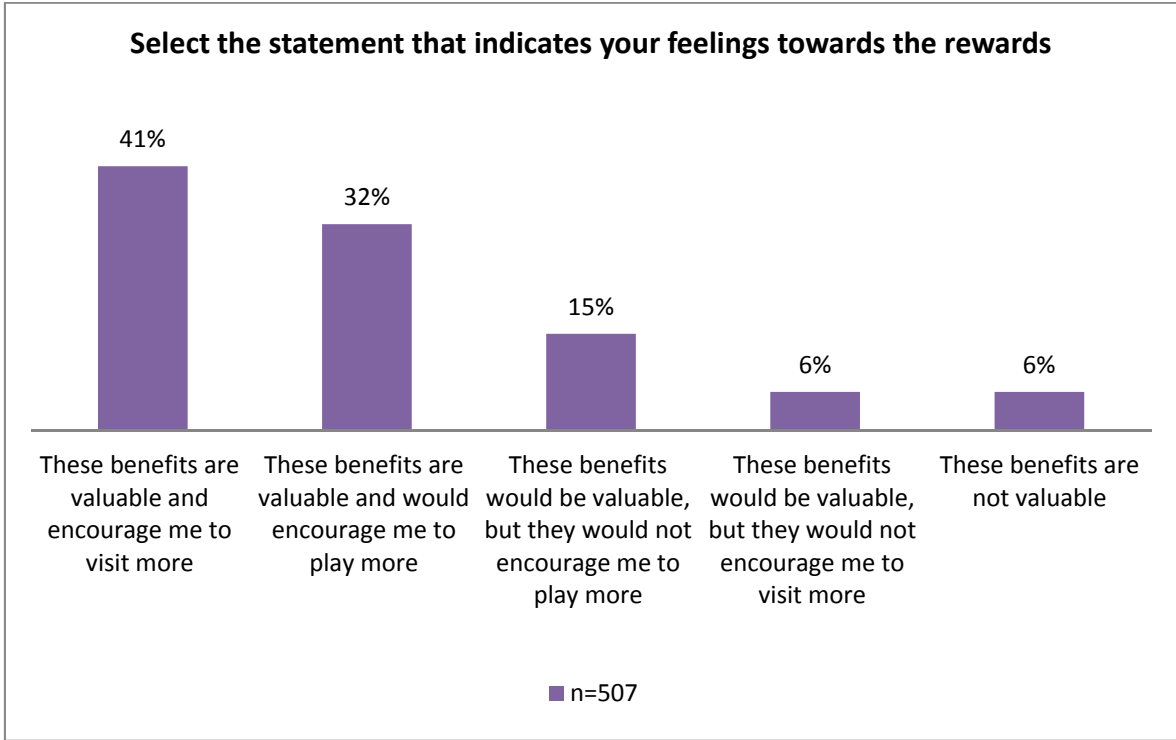


Figure 4.9: Impact on respondents' behaviour from introducing new benefits

Based on the results presented in Figure 4.9, 73% of the respondents indicated that the new benefits would be valuable and would encourage them to play or visit more. A total of 21% of the respondents indicated that while the new benefits are valuable it would not encourage them to play or visit more. A total of 6% of the respondents indicated that the new benefits are not valuable.

The internet has become a popular medium of communication and has revolutionised the way business is being conducted. In terms of innovation, members were asked what

medium they would prefer to access the rewards programme. Table 4.10 depicts the results of this finding.

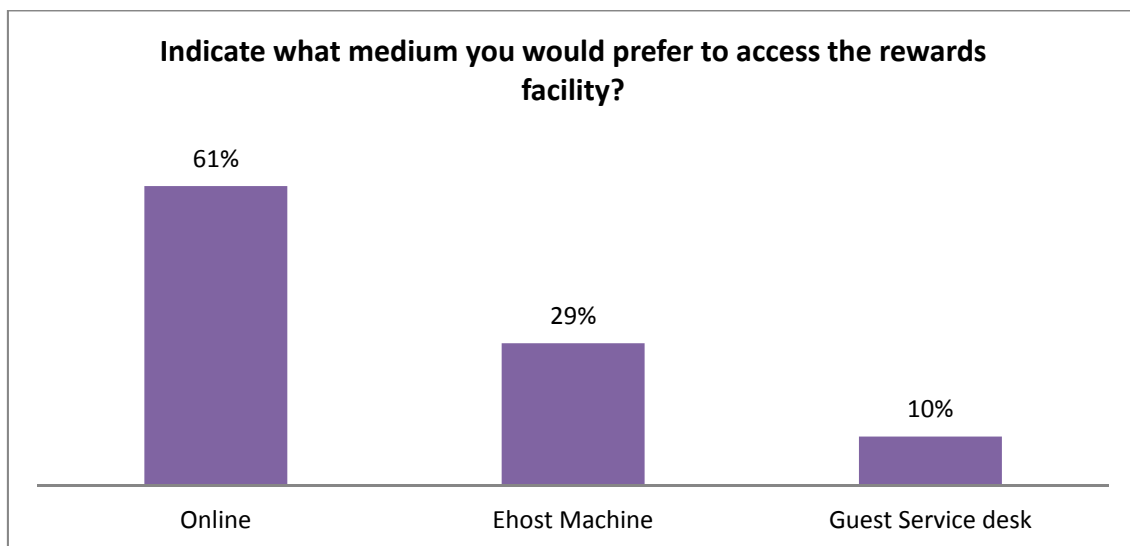


Figure 4.10: Respondent preference of the medium to access the rewards programme

The results presented in Figure 4.10 show that the majority of the respondents (61%) would prefer to access the rewards programme through an online medium, while 29% indicated that they would prefer to use the ehost machines. Only 10% indicated that they would prefer to use the guest services desk.

4.9 SUMMARY

The findings from this study have provided significant insights into the current rewards programme. An understanding has been obtained of what benefits members value, how satisfied members are with the rewards programme and new benefits that could potentially be included in the rewards programme. It has also revealed that the members of the Casino XXX rewards programme are also members of other casino loyalty programmes and the majority of the respondents consider the programmes similar. The study has identified that members are motivated to reach higher tiers, however, many of them are not aware of the points required to reach their next tier. Finally, the study has identified areas for improvement as well as the main reason for lack of awareness of key areas in the rewards programme being attributable to insufficient communication from Casino XXX to members.

Based on these findings, Chapter Five discusses the conclusions that can be drawn from this study and suggests recommendations to solve the research problem.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This study was undertaken in order to assess the effectiveness of the rewards programme at one of the leading casinos in Durban. In doing so, research questions were designed and research objectives were established. Data was collected by means of a questionnaire, which was designed in terms of the research objectives and the data collected was then analysed. This chapter focuses on the conclusions that can be drawn from the data analysed in Chapter Four. The limitations of the study and recommendations for future research will also be discussed.

5.2 KEY FINDINGS

The findings of the study are discussed in terms of the objectives detailed below.

5.2.1 Demographic information of the rewards programme members

The findings of this study indicate that the majority of the members of the rewards programme comprise of the Indian race, with the members being in the 31–60 years age group. The gender ratio between rewards programme members is equal with the lifestyle of members being mainly married.

This finding provides an important contribution to determining the marketing strategy for the casino. Promotions and events can be more effective if they are designed to target the different customer segments.

5.2.2 Objective one: To determine the reward benefits that members consider valuable

The findings for this objective reveal that the rewards programme members consider almost all benefits important with the like-for-like card match status benefits being considered the least important. The black tier members considered complementary food and beverage and/or accommodation while playing, discounted cinema tickets at all

properties in the group as well as accommodation discounts much more important than the platinum and gold tier members did. In addition, rewards programme members value freeplay the most while the most valued reason for being a rewards programme member is due to the benefits offered. This finding is supported by Dorotic *et al.* (2012) who found that monetary rewards are most preferred by rewards programme members. The findings also revealed that not all reward programme members were aware of all the benefits offered and they attributed this mainly to not being aware of the process of claiming the benefits or they considered the process of claiming benefits complex. There also appears to be lack of communication from Casino XXX regarding the benefits offered.

This finding can assist Casino XXX in removing benefits that do not add value to the rewards programme which can in turn reduce the money spent on the programme. In addition, by understanding what members value the most, Casino XXX will be able to strategically use these benefits to drive profitability for the casino as well as ensure member satisfaction.

5.2.3 Objective two: To establish whether customers are satisfied with the rewards programme

The findings suggest that while the majority of the rewards programme members were satisfied with the rewards programme, there was a very small differential between members who were satisfied with the rewards programme compared to members who were dissatisfied with the rewards programme. In addition, the majority of the rewards programme members would recommend the programme to others. This supports the finding by Tanford (2013) and Farooqi and Rehman (2010) who indicated that success of a rewards programme can be measured through word of mouth. The main reason that can be attributed to members being dissatisfied with the rewards programme or not recommending the programme is due to the benefits provided by the programme not being competitive. The majority of the rewards programme members indicated that a key area of improvement relates to benefits (type of benefit, value of benefits, hotel accommodation benefits). This finding is supported by Omar and Musa (2011), who indicated that one of the key elements of a loyalty programme is the benefits provided by the programme. The findings also revealed that, across all tiers, more than half of the rewards programme members were members of other casino loyalty programmes with the

majority being members of the loyalty programme of the competitor, Sun International. A large portion of the members considered the rewards programme at Casino XXX similar to other casino loyalty programmes; however, there is a small differential between members who considered the programmes similar to members who considered the Casino XXX programme worse than other casino loyalty programmes. The main reason for other casino loyalty programmes being better than the rewards programme at Casino XXX is due to their accommodation benefits being better. This, once again, highlights that members appear to be dissatisfied with the benefits in the rewards programme at Casino XXX.

These findings are very insightful for Casino XXX and can assist them in improving areas which members have highlighted as a concern and they can thus improve member satisfaction. Further, the findings provide insight into the competitive positioning of the rewards programme at Casino XXX and can assist Casino XXX in repositioning its rewards programme.

5.2.4 Objective three: To determine which reward benefits increase members' spend

The findings for this objective reveal that the freeplay provided as a reward or gift will result in an increase in members' spend. Further, the majority of the members indicated the freeplay provided as a gift or reward was most valued. Complementary food and beverage and/or accommodation whilst playing was also considered valuable and is a benefit that will increase spend.

This finding provides Casino XXX with an understanding of their customers and enables marketing strategies to be more specific so as to strategically use benefits to drive profitability.

5.2.5 Objective four: To determine whether members are motivated to reach higher tiers

The findings indicate that the majority of the rewards programme members are aware of how to obtain their points balance and are motivated to reach the next tier due to better rewards, however, they were not aware of the points required to reach the next tier. Members attributed the main reason for their lack of awareness of the points required to

reach the next tier and how to obtain their points balance to a lack of communication from Casino XXX regarding these aspects. This could demotivate members and limit the effectiveness of the rewards programme.

This finding can assist Casino XXX in improving its communication with its rewards programme members. It also highlights that benefits offered are an important aspect of the rewards programme and can be strategically used to ensure profitability and customer satisfaction.

5.2.6 Objective five: To determine expectations of new services and discounts not currently affiliated to the rewards programme

This finding has highlighted that discounts for food and beverage purchases on the gaming floor will add value to the rewards programme. Members also indicated that value will be added to the rewards programme by offering discounts at other entertainment and sporting venues. These additional benefits would encourage members to play at or visit Casino XXX more often. Further, members indicated that an online medium to access the rewards facility will be of value.

This finding has an impact on customer satisfaction. Casino XXX can improve its rewards programme by offering benefits that members value which will increase Casino XXX's profitability and ensure member satisfaction.

5.3 RECOMMENDATIONS

This study has indicated that there are shortfalls in the effectiveness of the rewards programme at Casino XXX. In view of this, recommendations to improve its effectiveness are as follows:

5.3.1 Marketing and promotional strategy

The results indicate that the African/Black race group, who comprise the majority of the population of KwaZulu-Natal, comprise the smallest segment of rewards programme members. Olivier (2007) found that there is an affluent Black middle class market commonly known as the "Black Diamond" which is growing and represents a segment of

the market that is underserved. Olivier (2007) suggests that companies that are willing to tackle the challenge of developing solutions for this segment of the market will reap the rewards in five to ten years. Casino XXX needs to host events and provide entertainment options which attract this segment of the market (such as hosting comedian Loyiso Gola). Further, there needs to be greater publicity and awareness when members of this race group win. Further, advertising in newspapers such as Isolezwe and on radio stations such as Ukhiozi FM which appeal to this race group will be beneficial. Targeting and investing in this market can contribute significantly to the profitability of the company and its rewards programme.

Further, the majority of the rewards programme members are married and in the age group of 31–60 years, and thus the marketing strategy of Casino XXX should take into account this lifestyle segment. Members in this lifestyle segment value entertainment and retail offerings. Casino XXX should therefore consider expanding its current entertainment and retail offerings to include entertainment and sporting options such as a theatre, family events and additional restaurant offerings. Considering that almost half the rewards programme members are female it is also recommended that Casino XXX offer benefits and host events tailored to female members such as discounts at the spa, discounts on tickets for fashion shows held in Durban, etc.

5.3.2 Benefit offerings in the rewards programme

The rewards programme members have indicated that the benefits offered in the programme motivate them, however, these benefits are not considered competitive with other casino loyalty programmes. A key area that has been identified is the accommodation benefits especially among the black tier members. It is recommended that Casino XXX improve its accommodation offerings in its rewards programme by allowing members to redeem points for accommodation at hotels within the group, in both KwaZulu-Natal and other locations outside of KwaZulu-Natal. In an effort to encourage members to move to a higher tier, accommodation discount should be provided when members reach a higher tier. Further, accommodation discounts should be provided to members based on their achieving milestones which are based on attaining a certain number of points.

Rewards programme members have indicated that additional benefits will add value to the programme and thus it is recommended that Casino XXX provide members with discounts for food and beverage purchases on the gaming floor as this is currently not offered in the rewards programme. It is also recommended that Casino XXX investigate mutually beneficial relationships with sporting venues and other entertainment events to offer members an opportunity to utilise their points more widely such as redeeming points for purchases of cricket tickets, rugby tickets and then shows and events that occur at the International Convention Centre (ICC).

5.3.3 Communication strategy

Whilst Casino XXX does communicate with their rewards programme members, it is recommended that all communication with members should include the benefits available in the rewards programme by tiers. This will enable members to be aware of the benefits offered in their tier as well as the more attractive benefits available at higher tiers, the members' points balance as well as the means through which members can view their points balance, the points members need to move to the next tier and the simplicity of the process of redeeming points. This should be standard in all communication with Casino XXX's members.

The process of communicating with members should include the ehost machines, emails and the guest service desk or any other means through which members have indicated that Casino XXX can communicate with them. It is recommended that this communication take place monthly so that the members' points balance is kept top of mind and members should be incentivised where they are close to attaining a higher level. As freeplay is considered the most valuable benefit by rewards programme members this can be used to incentivise members.

5.3.4 Tiered reward structure

The findings from the study indicate that the majority of the rewards programme members across all tiers are motivated to reach the next tier. In terms of the black tier members this can pose a challenge in the current rewards programme. To avoid de-motivating black tier members and to ensure that they remain competitive, promotions and prize giveaways

should be structured to be competitive by providing recognition to members. A concept such as a leader-board where for example the top 10 members' card numbers are displayed can be utilised. This still creates a competitive mindset with members. Creating an additional tier could also be considered, however, it is recommended that the effectiveness of this be assessed as a rewards programme with numerous tiers may deter members.

5.3.5 Online medium to access information on rewards programme points

Currently Casino XXX does not offer members the ability to view their rewards programme information online. A significant portion of the rewards programme members indicated that an online medium should be created to manage points remotely. While the cost of setting up an online mechanism to allow this may be high, there is significant saving to be made from this process in the long run. This online mechanism can also serve as a communication tool with the rewards programme members.

5.3.6 A competitive rewards programme

The findings from this study indicate that there is a very small differential between members who are satisfied to those who are dissatisfied with the rewards programme. There is also a very small differential between members who consider the rewards programme at Casino XXX similar to other casino loyalty programmes compared to the rewards programme at Casino XXX being worse than other casino loyalty programmes. This indicates that the competitive positioning of the Casino XXX rewards programmes is very weak. It is recommended that Casino XXX conduct further research into the benefits offered in the rewards programme and ensure these benefits are more attractive than those of other casinos. This can be achieved only by understanding the customer's needs and wants. It is also recommended that Casino XXX create more awareness amongst its reward programme members of the benefits available in the programme. Rewards programme members need to perceive a difference in the programme compared to other casino loyalty programmes.

5.4 LIMITATIONS OF THE STUDY

This study has certain limitations which provide an opportunity for future research. One of the limitations is that this research was undertaken only on rewards programme members who indicated that Casino XXX can communicate with them through emails. This represented 19% of the total rewards programme member database. Therefore the study excluded rewards programme members who had indicated that Casino XXX could not communicate with them through emails.

Second, the time frame to complete this study was four months. Future research can be conducted over a longer time frame which will allow for a more detail study to be conducted on consumer behaviour in casinos.

Third, whilst proportionate stratified random sampling was used to select a sample size, not all rewards programme members in the sample responded to the questionnaire. Had all rewards programme members in the sample responded, the analysis would more appropriately represent the responses from all tiers.

Fourth, the study was conducted only at one casino, Casino XXX, in Durban and thus may not be representative of all casinos in KwaZulu-Natal, nor of all casinos in other provinces. Casinos in other provinces experience different levels of competition and thus the results could be different to the findings in this study.

Lastly, comparisons have not been made between the loyalty programmes run by the different casinos in KwaZulu-Natal. Comparing benefit offerings and service levels of the different loyalty programmes run by casinos in KwaZulu-Natal would have resulted in more detailed analysis and recommendations.

5.5 FUTURE RESEARCH RECOMMENDATIONS

The findings and limitations of the study can be used for future research purposes. There is limited research on the loyalty programme effectiveness in South Africa and no published research on loyalty programme effectiveness in the casino industry.

It is recommended that future research be conducted on the entire rewards programme database with no exclusions based on any criteria. Further, all members in the sample size should be encouraged to respond to ensure that the results are representative of all tiers and members.

Future studies should be longitudinal in nature and should contrast other casino loyalty programmes so as to provide more informed recommendations that will increase customer satisfaction.

It is also recommended that future research should explore loyalty programmes across all provinces and not just KwaZulu-Natal, where this study was conducted. This study could investigate if there are differences in the effectiveness of the loyalty programmes across different provinces.

Future research can also be conducted on competitor loyalty programmes in Durban so as to understand which programme is more effective in the casino industry.

Furthermore, it is recommended that future research be conducted on both non-members and members of the rewards programme to obtain an overall understanding of the effectiveness of the programme.

5.6 SUMMARY

The research objectives of this study have been achieved. This study has also highlighted numerous important matters which can be used in designing and implementing rewards programmes in the casino industry. The findings of the study have revealed that the key elements of a successful loyalty programme include a competitive and differentiated programme that offers benefits that members value, offers excellent service and is appropriately communicated to its members. Based on the findings of this study, it can be concluded that Casino XXX operates an effective rewards programme with certain areas that can be improved to enhance customer satisfaction and increase the casino's profitability.

REFERENCES

Baltzan, P. 2012. *Business Driven Information Systems*, 3rd edition. McGraw-Hill Irwin, New York.

Barsky, J. & Tzolov, T. 2010. *The Effectiveness of Casino Loyalty Programs – Their Influence on Satisfaction, Emotional Connections, Loyalty and Price Sensitivity*. [Online]. Available WWW: <http://repository.usfca.edu/cgi/viewcontent.cgi?article=1004&context=ml> (Accessed 24 December 2013).

Bowen, J.T. & Chen, S.S. 2001. The Relationship Between Customer Loyalty and Customer Satisfaction. *International Journal of Contemporary Hospitality Management*, vol. 13, no. 5, pp. 213-217. MCB University Press, Bradford.

Casino Association of South Africa (CASA). 2012. CASA. [Online] Available WWW: <http://www.casasa.org.za> (Accessed 16 August 2013).

Cedrola, E. & Memmo, S. 2010. Loyalty Marketing and Loyalty Cards: A Study of the Italian Market. *International Journal of Retail & Distribution Management*, vol. 38, no. 3, pp. 205-225. Emerald Group Publishing, Bingley.

Choi, S. & Kim, S. 2013. Effects of a Reward Program on inducing Desirable Customer Behaviour: The Role of Purchase Purpose, Reward Type and Reward Redemption Timing. *International Journal of Hospitality Management*, vol. 32, pp. 237–244. Elsevier, Amsterdam.

Dagger, T.S. & David. M.E. 2012. Uncovering the Real Effect of Switching Costs on the Satisfaction-Loyalty Association – The Critical Role of Involvement and Relationship Benefits. *European Journal of Marketing*, vol. 46, no. 3/4, pp. 447 – 468. Emerald Group Publishing, Bingley.

De Boer, E.R. & Gudmundsson, S.V. 2012. 30 Years of Frequent Flyer Programs. *Journal of Air Transport Management*, vol. 24, pp. 18-24.

- Dorotic, M., Bijmolt, T.H.A. & Verhoef, P.C. 2012. Loyalty Programmes: Current Knowledge and Research Directions. *International Journal of Management Reviews*, vol. 14, no. 3, pp. 217–237. Wiley Online Library.
- Edmonds, W.A. & Kennedy, T.D. 2013. *An Applied Reference Guide to Research Designs Quantitative, Qualitative, and Mixed Methods*. SAGE Publications, Thousand Oaks.
- Farooqi, R. & Rehmaan, A. 2010. A Comparison of Loyalty Programs of Two Lifestyle Retail Stories Using the Net-Promoter Score Method. *Journal of Management Awareness*, vol. 13, no. 2, pp. 38-46. Integrated Academy of Management and Technology, Ghaziabad.
- Flint, D.J., Blocker, C.P. & Boutin, P.J. 2011. Customer Value Anticipation, Customer Satisfaction and Loyalty: An Empirical Examination. *Industrial Marketing Management*, vol. 40, no. 2, pp. 219-230. Elsevier, Amsterdam.
- Franklin, M.I. 2013. *Understanding Research Coping with the Quantitative-Qualitative Divide, 2nd edition*. Routledge, Oxon.
- Frisou, J. & Yildiz, H. 2011. Customer Learning as a Determinant of a Multi-Partner Loyalty Program's Effectiveness: A Behaviourist and Long-Term Perspective. *Journal of Retailing and Customer Services*, vol.18, no.1, pp. 81-89. Elsevier, Amsterdam.
- Gandomi, A. & Zolfaghari, S. 2013. Profitability of Loyalty Reward Programs: An Analytical Investigation. *Omega*, vol. 41, no. 4, pp. 797-807. Elsevier, Amsterdam.
- Gee, R.G., Coates, G. & Nicholson, M. 2008. Understanding and Profitably Managing Customer Loyalty. *Marketing Intelligence & Planning*, vol. 26, no. 4, pp. 359-374. Emerald Group Publishing, Bingley.
- Henderson, C.M., Beck, J.T. & Palmatier, R.W. 2011. Review of the Theoretical Underpinnings of Loyalty Programs. *Journal of Consumer Psychology*, vol. 21, no. 3, pp. 256–276. Elsevier, Amsterdam.
- James, E.A., Slater, T. & Bucknam, A. 2012. *Action Research for Business, Non-profit & Public Administration A Tool for Complex Times*. SAGE Publications, Thousand Oaks.

Kandampully, J. & Suhartanto, D. 2000. Customer Loyalty in the Hotel Industry: The Role of Customer Satisfaction and Image. *International Journal of Contemporary Hospitality Management*, vol. 7, no. 6, pp. 3–8. Emerald Group Publishing, Bingley.

Kearney, L. 2013. *It's Raining Rewards - Personal Finance*, 23 July. [Online]. Available WWW: <http://www.iol.co.za/business/personal-finance/it-s-raining-rewards-1.1551488#.U70qSfmSyBY> (Accessed 14 March 2014).

Keh, H.T. & Lee, Y.H. 2006. Do Reward Programs Build Loyalty for Services? The Moderating Effect of satisfaction on Type and Timing of Rewards. *Journal of Retailing*, vol. 82, no. 2, pp. 127-136. Emerald Group Publishing, Bingley.

Kerr, B. 2009. Shopping for Loyalty: An Executive's Wish List. *Journal of Consumer Marketing*, vol. 26, no. 1, pp. 49-51. Emerald Group Publishing, Bingley.

Kim, H., Kang, J.M., & Johnson, K.K.P. 2012. Effect of Customer Relationship Proneness on Perceived Loyalty Program Attributes and Resistance to Change. *International Journal of Retail & Distribution Management*, vol. 40, no. 5, pp. 376-387. Emerald Group Publishing, Bingley.

Klebanow, A. 2009. Customer Reinvestment Analysis in the Gaming Industry. *Worldwide Hospitality and Tourism Themes*, vol. 1, no. 4, pp. 386-391. Emerald Group Publishing, Bingley.

Kumar, V., Pozza, I.D. & Ganesh, J. 2013. Revisiting the Satisfaction-Loyalty Relationship: Empirical Generalizations and Directions for Future Research. *Journal of Retailing*, vol. 89, no. 3, pp. 246-262. Elsevier, Amsterdam.

Lacey, R. & Sneath, J. 2006. Customer Loyalty Programs: Are They Fair to Consumers? *Journal of Consumer Marketing*, vol. 23, no. 7, pp. 458–464. Emerald Group Publishing, Bingley.

Leedy, P.B. & Ormrod, J.E. 2013. *Practical Research Planning and Design*, 10th edition. Pearson Education, Upper Saddle River.

- Maharaj, A. 2008. Awareness, Perceptions and Effects of Customer Loyalty Programmes within the Retail Sector of the Durban Metropolitan Area, University of South Africa, Pretoria.
- McCain, S.C., Jang, S. & Hu, C. 2005. Service Quality Gap Analysis Toward Customer Loyalty: Practical Guidelines for Casino Hotels. *Hospitality Management*, vol. 24, pp. 465–472. Elsevier, Amsterdam.
- McMullan, R. & Gilmore, A. 2008. Customer Loyalty: An Empirical Study. *European Journal of Marketing*, vol. 42, no. 9/10, pp. 1084-1094. Emerald Group Publishing, Bingley.
- Meyer, A. 2012. The Truths About Loyalty Cards – An Explorative Study Conducted In South Africa. *International Conference on Business, Finance and Geography (ICBFG'2012) December 18-19, 2012 Phuket (Thailand)*, pp. 164-167.
- Meyer-Waarden, L. 2008. The Influence of Loyalty Programme Membership on Customer Purchase Behaviour. *European Journal of Marketing*, vol. 42, no. 1/2, pp. 87-114. Emerald Group Publishing, Bingley.
- Mimouni-Chaabane, A. & Volle, P. 2010. Perceived Benefits of Loyalty Programs: Scale Development and Implications for Relational Strategies. *Journal of Business Research*, vol. 63, no. 1, pp. 32-37. Elsevier, Amsterdam.
- Noble, S.M., Esmark, C.L. & Noble, C.H. 2014. Accumulation Versus Instant Loyalty: The Influence of Controlling Policies on Customer's Commitments. *Journal of Business Research*, vol. 67, no. 3, pp. 361-368. Elsevier, Amsterdam.
- Olivier, D. 2007. South Africa Poised to Become a Loyalty Marketing Gem. *Journal of Consumer Marketing*, vol. 24, no. 3, pp. 180-181. Emerald Group Publishing, Bingley.
- Omar, N.A. & Musa, R. 2011. Measuring Service Quality in Retail Loyalty Programmes (LPSQual) Implications for Retailers' Retention Strategies. *International Journal of Retail & Distribution Management*, vol. 39, no. 10, pp. 759 – 784. Emerald Group Publishing, Bingley.

Palmer, A., McMahon-Beattie, U. & Beggs, R. 2000. Influences on Loyalty Programme Effectiveness: A Conceptual Framework and Case Study Investigation. *Journal of Strategic Marketing*, vol. 8, no. 1, pp. 47-66. Emerald Group Publishing, Bingley.

Salkind, N.J. 2012. *100 Questions (and Answers) About Research Methods*. SAGE Publications, Thousand Oaks.

Sekaran, U. & Bougie, R. 2013. *Research Methods for Business A Skill-Building Approach, 6th edition*. John Wiley & Sons, West Sussex.

Statistics South Africa. 2013. *Census 2011 Products*. [Online]. Available WWW: <http://www.statssa.gov.za/census2011/products.asp> (Accessed 17 June 2014).

Tanford, S. 2013. The Impact of Tier Level on Attitudinal and Behavioural Loyalty of Hotel Reward Program Members. *International Journal of Hospitality Management*, vol. 34, pp. 285-294. Elsevier, Amsterdam.

Tanford, S., Raab, C. & Kim, Y. 2012. Determinants of Customer Loyalty and Purchasing Behaviour for Full-Service and Limited-Service Hotels. *International Journal of Hospitality Management*, vol. 31, no. 2, pp. 319-328. Elsevier, Amsterdam.

Thomas, S. 2013. How Successful are Consumer Loyalty Schemes? *Financial Mail*, 17 October. [Online]. Available WWW: <http://www.financialmain.co.za/features/2013/10/17/how-successful-are-consumer-loyalty-schemes> (Accessed 14 March 2014).

Tsogo Sun. 2013. *Tsogo Sun*. [Online]. Available WWW: <http://www.tsogosun.co.za> (Accessed 16 August 2013).

Vesel, P. & Zabkar, V. 2010. Relationship Quality Evaluation in Retailers' Relationship with Consumers. *European Journal of Marketing*, vol. 44, no. 9/10, pp. 1334-1365. Emerald Group Publishing, Bingley.

Wang, C. & Wu, L. 2012. Customer Loyalty and the Role of Relationship Length. *Managing Service Quality*, vol. 22, no. 1, pp. 58-74. Emerald Group Publishing, Bingley.

Whyatt, G. & Koschek, R. 2010. Implementing Relationship Marketing: Supermarkets Perspectives. *Marketing Intelligence & Planning*, vol. 28, no. 5, pp. 582-599. Emerald Group Publishing, Bingley.

Wong, I.A. & Dioko, L.A.N. 2013. Understanding the Mediated Moderating Role of Customer Expectations in the Customer Satisfaction Model: The Case of Casinos. *Tourism Management*, vol. 36, pp. 188-199. Elsevier, Amsterdam.

Wu, L. & Wang, C. 2012. Satisfaction and Zone of Tolerance: The Moderating Roles of Elaboration and Loyalty Programs. *Managing Service Quality*, vol. 22, no. 1, pp. 38-57. Emerald Group Publishing, Bingley.

Yoo, M. & Bai, B. 2013. Customer Loyalty Marketing Research: A Comparative Approach Between Hospitality and Business Journals. *International Journal of Hospitality Management*, vol. 33, pp. 166–177. Elsevier, Amsterdam.

Zeng, Z.L. & Prentice, C. 2014. A Patron, a Referral and Why in Macau Casinos-The Case of Mainland Chinese Gamblers. *International Journal of Hospitality Management*, vol. 36, pp. 167-175. Elsevier, Amsterdam.

Appendix 1

Informed Consent

UNIVERSITY OF KWAZULU-NATAL

GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

Dear Casino XXX rewards programme members

MBA Research Project

Researcher: Aruna Baijnath (031 3283135)

Supervisor: Professor A M Singh (031 2607061)

Research Office: Ms P Ximba (031 2603587)

I, Aruna Baijnath am an MBA student, at the Graduate School of Business and Leadership, of the University of KwaZulu Natal. I am employed as the Financial Controller at Casino XXX Casino, Hotels and Entertainment. You are invited to participate in a research project entitled “The effectiveness of the rewards programme at a leading casino in Durban”. The aim of this study is to identify how Casino XXX Casino, Hotels and Entertainment can improve the current rewards programme thereby providing more value to you as a customer.

Through your participation I hope to understand the factors that contribute to an effective rewards programme.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey. Confidentiality and anonymity of records identifying you as a participant will be maintained by Casino XXX Casino, Hotels and Entertainment and the

outcome of the survey will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The survey should take you about 10 minutes to complete. I hope you will take the time to complete this survey.

Please start with the survey now by clicking on the I Agree button.

You must accept the terms to continue with the survey.

Sincerely

Investigator's signature_____

Date_____

This page is to be retained by participant

Appendix 2

Questionnaire

1. Please indicate your gender

- 1 Male
- 2 Female

2. Please indicate your age category

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

3. Please indicate your race group

- 1 African
- 2 Coloured
- 3 Indian
- 4 White
- 5 Other

4. Please indicate your marital status

- 1 Single
- 2 Married
- 3 Divorced
- 4 Widowed

5. What is your reward programme member status?

- 1 Gold
- 2 Platinum
- 3 Black
- 4 I do not know

6. Where you have selected you do not know your member status please select the statement that best describes the reason for this

- 1 I have not received communication from Casino XXX regarding my status
- 2 Reward statuses does not interest me
- 3 I do not perceive any difference in the value between the reward statuses

7. How important are the following benefits to you?

Benefit	Not important	Slightly important	Important	Very important	Not aware of this reward
Freeplay provided as a reward or gift					
Redeeming points earned					
Reward programme discounts at participating retailers					
Discounted parking fee at all properties in the group					
Discounted cinema tickets at all properties in the group					
Accommodation discounts					
Invitations and discounts to special events					
Opportunity to participate in exclusive card holder promotions and car draws					
Complementary food and beverage and/or accommodation whilst playing					
Like for like card match status (casinos and hotels)					

8. Where you have indicated in the previous question, that you are not aware of a reward, please select the statement that best describes why:

- 1 These benefits do not interest me
- 2 I am not aware of the process of claiming these benefits
- 3 I am aware of the process of claiming these benefits however the process is complex
- 4 I have not received any communication from Casino XXX regarding these benefits

9. Rank, in order of importance, what you consider most valuable being a rewards programme member where 1 is most important and 4 is least important:

Benefits offered	
Preferential treatment from Casino XXX employees	
Recognition from colleagues/peers/family	
Recognition from Casino XXX employees	

10. Rank, in order of importance, which benefit you consider most valuable from the following list of benefits where 1 is most valuable and 6 is least valuable?

Freeplay provided as a reward or gift	
Redeeming points earned	
Reward programme discounts at participating retailers	
Discounted parking fee at all properties in the group	
Discounted cinema tickets at all properties in the group	
Accommodation discounts	

11. How would you rate the current rewards programme at Casino XXX?

- 1 Significantly exceeds my expectation
- 2 Exceeds my expectation
- 3 Meets my expectation
- 4 Does not meet my expectation
- 5 Significantly does not meet my expectation

12. Where the rewards programme does not meet your expectation select the statement that best describes why:

- 1 There is insufficient communication regarding information about the rewards programme
- 2 The rewards programme is complex and difficult to understand
- 3 The process of accumulating points is not understandable
- 4 The benefits provided by the rewards programme is not competitive

13. Would you recommend the Casino XXX reward programme to colleagues/peers/family?

- 1 Very likely
- 2 Likely
- 3 Unlikely
- 5 Very unlikely

14. Where you have selected unlikely or very unlikely, select the statement that best describes why?

- 1 There is insufficient communication regarding information about the rewards programme
- 2 The rewards programme is complex and difficult to understand
- 3 The process of accumulating points is not understandable
- 4 The benefits provided by the rewards programme is not competitive

15. Do you belong to any other casino loyalty programme

1. Yes
2. No

16. Where you do belong to another casino loyalty programme, indicate which other casino loyalty programmes you are a member of (select all that apply):

- 1 Sibaya
- 2 Wild Coast
- 3 Sun City
- 4 Carnival City
- 5 Boardwalk
- 6 Golden Horse
- 7 Blackrock
- 8 Tusk Umfolozi
- 9 Monte Casino
- 10 Other
- 11 No other casino loyalty programme

17. How would you rate the Casino XXX rewards programme compared to other casinos?

- 1 The Casino XXX programme is significantly better
- 2 The Casino XXX programme is better
- 3 The programmes are very similar
- 4 The Casino XXX programme is worse
- 5 The Casino XXX programme is significantly worse

18. Select the top three reasons for other casino loyalty programmes being better than the Casino XXX programme:

They offer superior food and beverage discounts	
Their accommodation discounts are better	
Their reward programme promotions and benefits are better	
I am invited to special events and shows at other casinos	
Their communication of their loyalty programmes is better	
I receive improved preferential treatment at other casinos	
It is easier to redeem points at other casinos	
Their programmes are simpler to understand	
Points earned can be used for more benefits	

19. Select the top three benefits which will motivate you to increase your play at Casino XXX:

Freeplay provided as a reward or gift	
Redeeming points earned	
Reward programme discounts at participating retailers	
Discounted cinema tickets at all properties in the group	
Accommodation discounts	
Invitations and discounts to special events	
Opportunity to participate in exclusive card holder promotions and car draws	
Complementary food and beverage and/or accommodation whilst playing	

20. Do you know how to obtain your points balance?

- 1 Yes
- 2 No

21. Why do you not know how to obtain your points balance?

- 1 I have received no communication from Casino XXX on how to access this information
- 2 I am not interested in accumulating points
- 3 The process of checking my points is complex

22. Do you know how many points are required to reach your next tier?

- 1 Yes
- 2 No

23. Why do you not know the points required to reach your next tier?

- 1 I am satisfied with my current tier
- 2 I have not received any communication from Casino XXX regarding this information
- 3 Based on my current spend I cannot reach the next reward tier

24. Indicate how motivated you are to reach the next reward tier?

- 1 Strongly Motivated
- 2 Motivated
- 3 Unmotivated
- 4 Highly unmotivated

25. Indicate the reason you are motivated to reach the next reward tier?

- 1 More recognition
- 2 Better rewards
- 3 More prestige
- 4 Better service from Casino XXX staff

26. Rank, in order of preference, the following potential rewards that will add value to the rewards programme, where 1 is most preferred to 4 which is least preferred:

Discounts for conferencing and banqueting facilities at Casino XXX	
Discounts for food and beverage purchases on the gaming floor	
Discounts at sporting venues in Durban (rugby, cricket, soccer games etc.)	
Discounts at other entertainment venues in Durban (uShaka, ICC etc.)	

27. Please select the statement that indicates your feelings towards the above benefits?

- 1 These benefits are valuable and would encourage me to play more
- 2 These benefits are valuable and encourage me to visit more
- 3 These benefits would be valuable, but they would not encourage me to play more
- 4 These benefits would be valuable, but they would not encourage me to visit more

5 These benefits are not valuable

28. Select the top three areas of the rewards programme that need improvement:

Service level of Casino XXX staff toward reward programme members	
Better promotion of the programme	
Communication to reward programme members	
Reduced queues at the guest services desk and ehost machines	
Improvements in the type of benefits offered	
The process of redeeming benefits	
The signing up or registration process	
The value of the benefits	
The expiry period of points	
Creating a platform for managing points remotely	
Hotel accommodation benefits	

29. Indicate what medium you would prefer to access the rewards facility?

- 1 Online system
- 2 Guest services desk
- 3 ehost machine

Appendix 3

Ethical Clearance



26 May 2014

Mrs Aruna Baijnath (991210435)
Graduate School of Business & Leadership
Westville Campus

Protocol reference number: HSS/0445/014M
Project title: The effectiveness of the rewards programme at a leading casino in Durban

Dear Mrs Baijnath,

Full Approval – Expedited Application

In response to your application dated 19 May 2014, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Professor Anesh Maniraj Singh
cc Academic Leader Research: Dr E Munapo
cc School Administrator: Ms Zarina Bullyraj

Humanities & Social Sciences Research Ethics Committee
Dr Shenuka Singh (Chair)
Westville Campus, Govan Mbeki Building
Postal Address: Private Bag X54001, Durban 4000
Telephone: +27 (0) 31 260 3587/6350/4557 Facsimile: +27 (0) 31 260 4609 Email: smbac@ukzn.ac.za / shymann@ukzn.ac.za / mohund@ukzn.ac.za
Website: www.ukzn.ac.za

1918 - 2018
100 YEARS OF ACADEMIC EXCELLENCE

Featuring Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville