

Customer Loyalty Programmes in South Africa: Past, Present and Future Trajectories

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ABSTRACT

The study examines customer attitudes towards fast moving consumer goods (FMCG) retail outlets based on customer engagement, loyalty programmes, customer satisfaction and customer loyalty towards customer repurchasing decisions. More specifically, this study investigates the past, present, and future trajectories of loyalty programmes in South Africa. This study followed a descriptive and a quantitative research method. A non-probability sampling method was implemented using quota and convenience sampling. The study included a sample of 272 FMCG members that participated in the study. An adapted questionnaire was used as the data collection instrument in the study. This instrument contained 59 items on demography, behavioural, and psychographic customer relationship management (CRM) based variables. The data was collected through web-based questionnaires using Google Forms. Using SPSS 28 and AMOS 28, the data analysis included both descriptive and inferential analyses tools such as factor analysis, regression analysis, cluster analysis, and structural equation modelling.

KEYWORDS

Customer Engagement, Customer Loyalty, Customer Relationship Marketing, Customer Repurchasing Decision, Customer Satisfaction, Loyalty Card, Loyalty Programme

INTRODUCTION

Retailers use relationship marketing instruments such as loyalty programmes as part of their marketing strategy to maximise customer satisfaction (Abror et al., 2019, p. 2). Loyalty programmes are integral customer relationship management (CRM) techniques useful for retaining and attracting new customers. As a result, marketers have become more interested in offering loyalty programmes such as ClicksClub, Checkers Xtra Savings, Pick n Pay Smartshopper Card, Dis-Chem Rewards and Woolworths Rewards (Subburaj et al., 2021, p. 252). Stathopoulou and Balabanis (2016, pp. 4–5) say that loyalty programmes offer customers intangible value-added benefits, such as privileged treatment

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and membership status and tangible value-added benefits, such as savings, prizes and perks as a reward for their repeat purchases. For example, airlines reward customers that travel frequently and accumulate travel miles through the purchase of airline tickets. These travel miles can be redeemed by customers through offers such as free travelling flights, and hotels offer customers free nights' accommodation after a minimum night stay has been booked. The objective of this article is to equip service providers and retailers with a solid CRM strategy by providing sustainable incentives to attract customers and retain their existing customers—all to increase their market share and profit margins.

BACKGROUND

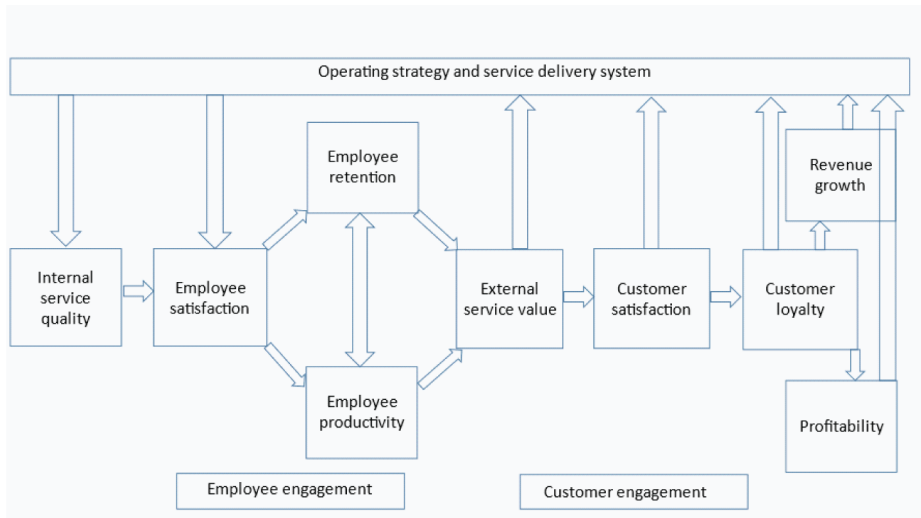
This study was motivated by the increased loss of competitive advantage facing South African fast-moving consumer goods (FMCGs) retailers due to increased competition from major FMCGs retailers (Hirt & Willmott, 2014, p. 4). South Africa has many FMCGs retailers, such as Checkers, Pick n Pay, Spar, Woolworths, Clicks and Dis-Chem (Prajapati, 2020, p. 264), and FMCGs is one of the largest industries worldwide. FMCGs retailer product offerings are often nearly identical, and that increases competition, and for this reason, retailers use marketing and other techniques to establish loyalty towards the retailer (KPMG, 2021, p. 8). Increased competition also leads to a decrease in market share, loss in sales and reduction in profits (Hirt & Willmott, 2014, p. 4). To avoid losing customers, retailers implement loyalty programmes to increase customer repurchasing decisions and to deter their customer base from defecting to their competitors (Zakaria et al., 2014, p. 23). Yusoff et al. (2015, p. 2) assure that easy access to products through the advancement of technology has put the marketing department of retailers under pressure to find more effective ways to attract and retain existing customers. Therefore, retailers must be aware of consumers' attitudes towards the retailer and customers' changing needs due to the change in the economic environment and its impact on customer purchasing decisions. Furthermore, it is important that loyalty programmes offer sustainable benefits that are of value to customers and provide a competitive advantage to enhance customer repurchasing decisions.

This study focused on examining customer attitudes towards FMCGs retailers that influence customer repurchasing decisions and provide sustainable loyalty programme benefits to attract and retain customers. An extensive review of the literature also indicated a gap in the body of knowledge related to the paucity of studies that link customer engagement, loyalty programme benefits, customer satisfaction and customer loyalty towards customer repurchasing decisions at South African FMCGs retailers. Therefore, this study aims to: i) examine customer attitudes towards FMCGs retailers and their effect on customer repurchasing decisions; ii) identify the benefits that customers expect in a loyalty programme and iii) measure the effect of loyalty programme benefits on customer repurchasing decisions.

This study's theoretical grounding was based on the services-profit chain model (fig 1), which is regarded as a great outcome of this study, as profitability and productivity are the indices of an organisation's success. The services-profit chain model was developed by Axcell et al. (2015, p. 34) and is designed to reflect the close interrelationships between internal service quality, employee satisfaction, employee retention and productivity and the value of the services provided to the customer. It further reflects how the model of interdependence relates to customer variables of satisfaction and loyalty and the ultimate impact on revenue growth and the profitability of FMCGs retailers. This model indicates that meeting the demands of the marketplace and the demand for efficient distribution of resources within the organisation and between members of society has a significant impact on the profitability and productivity of an organisation. The services-profit model variables consist of internal service quality, employee satisfaction, employee loyalty and retention, employee productivity, external service value, customer satisfaction, customer loyalty and revenue growth and profitability.

Regarding internal service quality, employees play a significant role, as this is where the service delivery starts. The frontline employees work directly with the customers, and it is, therefore, necessary

Figure 1. The services-profit chain



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

for the organisation to select, train and motivate staff to provide the best service possible (Kim et al., 2013). Frontline employee attitude and conduct during the service encounter with customers have a direct impact on the quality of the service that will be provided (Rather & Sharma, 2016). Therefore, it is important that frontline staff first believe in and live out the culture and values of the organisation through their daily practices. In the FMCGs retailer context, store managers and employees may introduce customers to the loyalty programme and inform customers regarding specials when scanning items at the cash till.

Crossing over to employee satisfaction, employees that are satisfied with their jobs will deliver exceptional service. Employees are satisfied if they are treated well, remunerated accordingly, trained to improve and learn new skills and if there are career growth opportunities within the organisation. Satisfied employees will remain loyal to the organisation, and this will increase the productivity of the organisation. Employees who know how to perform their job tasks and understand the business system will result in lower staff turnover, and the continuity it brings adds to the bottom line of the organisation, thus increasing profitability (Mero, 2018). Employee loyalty productivity feeds into the external service value as the organisation has an opportunity to build a base of employees with extensive experience that translates into improved customer service. Employee satisfaction feeds into employee retention and productivity, which responds positively to customers. The level of employee satisfaction determines the degree of employee loyalty towards the organisation, as loyal customers perceive that the retailer takes better care of them (Stathopoulou & Balabanis, 2016, p. 5). Engaged customers enjoy sharing their purchasing experiences and will provide feedback about this at FMCGs retailers. This results in both customer satisfaction and customer loyalty that enhance customer repurchasing decisions that increase revenue growth and profitability at FMCGs retailers (Herjanto & Amin, 2020, p. 4). Therefore, employee satisfaction is important, as it will influence customer experiences (Rather & Sharma, 2016).

Consumers expect a minimum level of service, and when employees meet this expectation, customers are satisfied (Kotler & Keller, 2016a, p. 199). An organisation must highlight all its activities in the service-delivery process that lead to customer satisfaction and enable management to achieve a high level of customer satisfaction.

MAIN FOCUS OF THE ARTICLE

Issues, Controversies, and Problems

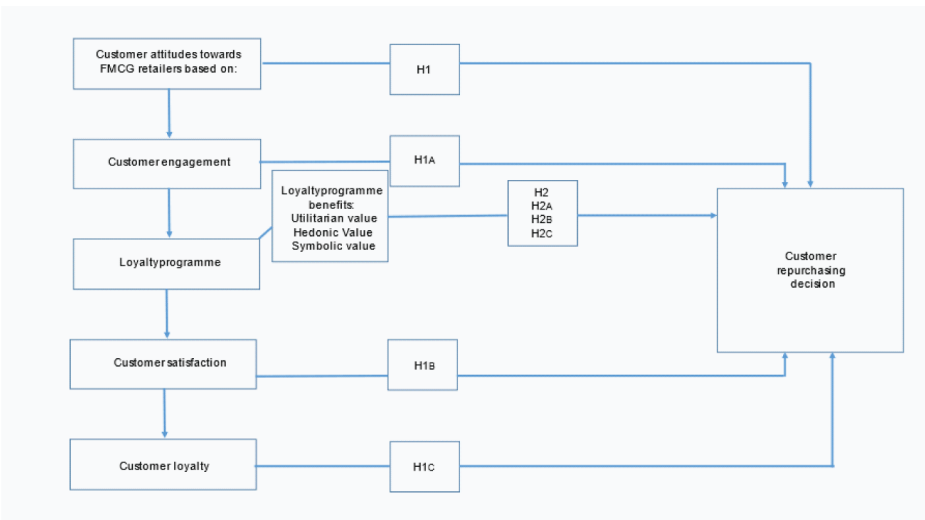
In a FMCGs context, satisfied customers will positively recommend the FMCGs retailer to other consumers, and this enhances customer loyalty. Along with exceptional service delivery, consumers become loyal to organisations that offer differentiated loyalty programmes that fulfil their needs (Radder et al., 2015, p. 93).

Satisfied and loyal customers are likely to engage in repeat purchasing and recommend the retailer to friends and family members (Hirt & Willmott, 2014). The referrals from satisfied customers and repeat business secure future sales for the organisation. This increases the FMCGs retailer’s revenue, growth and profitability (Mero, 2018). Through implementing effective customer engagement strategies, and relevant loyalty programmes, customer satisfaction and customer loyalty will increase and will result in increased customer repurchasing decisions at FMCG retailers. This relationship is depicted in the conceptual model presented in Figure 2.

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

While most studies focus exclusively on one variable, this study went further by considering all five variables simultaneously. This will likely provide better explanatory power of these variables, individually and severally. Such an approach presents to be of greater value to both theory and the practice of FMCGs marketing. To determine the relative importance of these variables, the study drew on an adapted model (Sulistiyani & Sudirjo, 2020; Brashear-Alejandro et al., 2016). This study examined customer attitudes towards FMCGs retailers based on customer engagement, a loyalty programme and its benefits, customer satisfaction and customer loyalty towards customer repurchasing decisions. These relationships require further investigation, and as such, it was hypothesised in the context of this study that:

Figure 2. The conceptual framework



Note: Source: N, Morrison (2022)

- H1:** Customer attitudes have a significant effect on customer repurchasing decisions at FMCGs retailers.
- H1_A:** Customer engagement has a significant effect on customer repurchasing decisions at FMCGs retailers.
- H1_B:** Customer satisfaction has a significant effect on customer repurchasing decisions at FMCGs retailers.
- H1_C:** Customer loyalty has a significant effect on customer repurchasing decisions at FMCGs retailers.
- H2:** Loyalty programme benefits have a significant effect on customer repurchasing decisions.
- H2_A:** Utilitarian value has a significant effect on customer repurchasing decisions.
- H2_B:** Hedonic value has a significant effect on customer repurchasing decisions.
- H2_C:** Symbolic value has a significant effect on customer repurchasing decisions.

It is expected that there is a positive significant relationship between the five variables, namely: customer engagement, a loyalty programme, customer satisfaction and customer loyalty towards customer repurchasing decisions. It is further anticipated that a consumer interested in an offering from an FMCGs retailer will engage with the FMCGs retailer through social media, online advertisements and/or positively accept engagement from the FMCGs retailer through emailed newsletters, short message service (SMS) marketing or feedback and interaction. Upon positive engagement, the customer will be interested in joining the loyalty programme. If the customer perceives the benefits of the loyalty programme, namely, utilitarian, symbolic and hedonic value, to be valuable, this will lead to customer satisfaction. It is further anticipated that satisfied customers will recommend the retailer to friends and family, and they will engage in repeat purchasing. Satisfaction with the loyalty programme will, in turn, result in customer loyalty towards the retailer, as indicated in the conceptual model and influence customer repurchasing decisions.

This research utilised a descriptive cross-section design that provided insights to customer attitudes as they related to FMCGs retailers (Malhotra, 2010, p. 76). Utilising the survey method, data were collected from FMCGs consumers from South Africa. The study employed a quantitative research approach using variables that are already known and tested using validated and reliable scales obtained from literature (Blumberg et al., 2011, p. 61). The population of the study were consumers that participate in an FMCGs loyalty programme. This study followed a nonprobability sampling method. A sample of ($N = 272$) customers that participate in an FMCGs loyalty programme took part in the survey. The sample size method utilised for this study was through blind guesses. The sample was comprised of conveniently available online customers that participate in FMCGs loyalty programmes. Quota and convenience sampling methods were employed to fairly represent the different demographic profiles based on age, gender, education and income (Saunders et al., 2016, p. 61).

The questionnaire was adapted from Rather and Sharma (2016), Radder et al. (2015), Stathopoulou and Balabanis (2016) and Van Tonder and Petzer (2018) to suit the purpose of the present study. Existing scales that were proven valid and reliable in previous studies were adapted for the purpose of this study. The adapted questionnaire contained 59 items that were grouped based on demographic variables, loyalty programme customer profile and attitudinal variables (see Table 1). Table 1 provides insight into the measures used. Each of the items presented in Table 1 was measured on a five-point scale where one represents strongly disagree, and five represents strongly agree.

Before carrying out the research, a pilot study was carried out with ten experienced FMCGs consumers to assess if the questions were clear, understandable and suitable for inclusion in the investigation. Three higher education institutions assisted in the distribution of the questionnaire. This study used Google Forms to administer the web-based questionnaire to the sampled participants, and responses could be submitted between 1 December 2021 and 31 December 2021. Data analyses were performed using SPSS 28 and AMOS 28. After the data were entered and cleaned, frequencies and descriptive statistics (means and standard deviations) were calculated to describe the demographics, customer loyalty profile and determine customer attitudes towards loyalty programmes at South

Table 1. Measures used in the study

Variable	Item	Item code	Source
Customer engagement (CE)	I like to actively participate in discussions with other consumers who are also loyalty card holders.	CE1	Rather and Sharma (2016), Van Tonder and Petzer (2018)
	I thoroughly enjoy exchanging information such as specials with other consumers who are also loyalty card holders.	CE2	
	I would like to provide recommendations to improve the retailer's loyalty programme.	CE3	
	I often participate in activities of this FMCG retailer.	CE4	
	Anything related to the retailer grabs my attention.	CE5	
	I love talking about my purchasing experience at the retailer.	CE6	
	I discuss the benefits that I get from this loyalty programme with others.	CE7	
	I will provide feedback about my purchasing experiences with the retailer.	CE8	
Loyalty programme benefits (LPB) that includes utilitarian value, hedonic value and symbolic value.	I spend more wisely.	LPB1	Stathopoulou and Balabanis (2016), Radder et al. (2015)
	I save money.	LPB2	
	I get cash back.	LPB3	
	I get a discount when swiping my loyalty programme at the cash till point.	LPB4	
	I receive vouchers.	LPB5	
	I get rewarded for my investment in this relationship.	LPB6	
	I get prizes.	LPB7	
	I get gifts.	LPB8	
	I get access to store competitions that nonmembers don't get.	LPB9	
	I can accumulate reward points.	LPB10	
	Collecting points is entertaining.	LPB11	
	I can redeem rewards.	LPB12	
	When I redeem my points, I feel good about myself.	LPB13	
	I try new products I wouldn't have discovered otherwise.	LPB14	
	I have access to products on special.	LPB15	
	I get recognition for my purchase decision.	LPB16	
	I get better prices than nonmembers.	LPB17	
	I feel that I am getting good value.	LPB18	
	I get a discount that nonmembers don't get.	LPB19	
	I get specials that nonmembers don't get.	LPB20	
	The retailer takes better care of me.	LPB21	
	As a loyalty card holder, I am treated better than other nonmembers.	LPB22	
	As a loyalty card holder, I feel I am more distinguished than other customers.	LPB23	
	I belong to a community of people who share the same values.	LPB24	
	I feel close to the brand.	LPB25	
Customer satisfaction (CS)	I can help a good cause by giving back to the community.	LPB26	Stathopoulou and Balabanis (2016), Van Tonder and Petzer (2018)
	The benefits I receive from being a member of this loyalty programme meet my expectations.	CS1	
	I made a good choice when I decided to participate in this loyalty programme.	CS2	
	My overall evaluation of this programme is positive.	CS3	
	All in all, I am satisfied with this loyalty programme.	CS4	
Customer loyalty (CL)	Owning a loyalty card makes me purchase more often at this retailer.	CS5	Stathopoulou and Balabanis (2016), Van Tonder and Petzer (2018)
	Owning a loyalty card makes me spend more money at this retailer.	CS6	
	I encourage my relatives to sign up for this loyalty programme.	CL1	
	I positively recommend the FMCG retailer to other consumers.	CL2	
	I encourage my friends to do business with this FMCG retailer.	CL3	
	I will maintain my relationship with this retailer.	CL4	
	I feel loyal to this retailer.	CL5	
	I buy more from this FMCG retailer than from other FMCG retailers.	CL6	
	I shopping at this retailer for a long time, that is more than a year.	CL7	
	I believe that loyal-card programmes provide benefit to customers.	CL8	
Customer repurchasing decision (CRD)	I believe that use of loyalty cards positively influences customer shopping behaviour.	CL9	Rather and Sharma (2016), Stathopoulou and Balabanis (2016)
	I trust this brand.	CRD1	
	I always purchase my groceries/toiletries/cleaning products at this FMCG retailer.	CRD2	
	I maintain my relationship with this retailer.	CRD3	
	I prefer this loyalty card more than other loyalty programmes proposed by other FMCG retailers.	CRD4	
	My purchases at this retailer make me content.	CRD5	
	I will always buy from this retailer in the future.	CRD6	

Source: N, Morrison (2022)

African FMCGs retailers. Cluster analysis and cross-tabulation were conducted to identify patterns within the respondents' demographics and loyalty profiling. Factor analysis was used to determine customer attitudes towards loyalty programmes at South African FMCGs retailers. Cronbach's alpha was carried out to measure the internal consistency of the measurement scales. Structural Equation Modelling was used to measure the effect of loyalty programme benefits on customer repurchasing decisions, and linear regression analysis was employed to test the proposed hypotheses.

Descriptive analysis, using mean, standard deviation (SD) and kurtosis, was used to: i) examine customer attitudes towards South African FMCGs retailers and ii) identify the benefits that customers expect in a loyalty programme and their effect on the customers' repurchasing decisions as presented in Table 2. In addition, factor analysis and Cronbach's alpha were used to measure the first research objective as presented in Table 3. Customer attitudes towards FMCGs retailers were calculated as a summated average and were measured on each of the five variables comprising of 55 items by means of a five-point Likert scale with 1 = 'strongly disagree' and 5 = 'strongly agree'. For the second research objective, customer attitudes towards each of the loyalty programme benefit items were based on utilitarian, hedonic and symbolic values and calculated as a summated average based on each of the loyalty programme benefit items. It is important to note that in this study, the scale represents 0.1–2.9 (negative attitude), 3.0–3.4 (neutral attitude) and 3.5–5.0 (positive attitude).

As seen in Table 2, the mean value of Items CE1–CE8 was 3.19 with an SD of 1.32, indicating a neutral attitude towards customer engagement at FMCGs retailers. The mean value of Items LPB1–LPB5 was 3.65, with an SD average of 1.16, indicating a positive attitude towards utilitarian value loyalty programme benefits at FMCGs retailers. To add on, the result for kurtosis was less than 1

Table 2. Summary of descriptive analysis

Variable	Item	Mean	SD	Kurtosis
Customer engagement	CE1	2.78	1.373	-1.224
	CE2	3.36	1.454	-1.266
	CE3	3.14	1.280	-0.919
	CE4	3.11	1.311	-1.031
	CE5	3.54	1.155	-0.624
	CE6	3.11	1.314	-1.084
	CE7	3.48	1.380	-1.004
	CE8	3.04	1.366	-1.190
Loyalty programme benefits: Utilitarian value	LPB1	3.95	1.026	-0.888
	LPB2	3.99	0.979	-0.840
	LPB3	3.33	1.435	-0.370
	LPB4	4.35	0.917	-1.559
	LPB5	2.65	1.470	0.333
Loyalty programme benefits: Hedonic value	LPB7	1.99	1.196	-0.300
	LPB8	1.85	1.140	1.096
	LPB9	2.64	1.464	1.346
	LPB10	3.57	1.513	0.316
	LPB11	3.26	1.383	-0.647
	LPB12	3.56	1.462	-0.251
	LPB13	3.56	1.371	-0.624
	LPB14	3.15	1.352	-0.596
Loyalty programme benefits: Symbolic value	LPB15	4.22	0.962	-0.148
	LPB16	2.98	1.410	0.025
	LPB17	3.74	1.301	-0.803
	LPB18	4.02	0.981	-0.911
	LPB19	3.79	1.273	-0.909
	LPB20	3.79	1.240	-0.879
	LPB21	2.77	1.303	0.198
	LPB22	2.38	1.271	0.627
	LPB23	2.33	1.266	0.624
	LPB24	2.88	1.254	0.032
	LPB25	2.96	1.262	-0.050
	LPB26	3.28	1.255	-0.315

continued on following page

Table 2. Continued

Variable	Item	Mean	SD	Kurtosis
Customer satisfaction	CS1	3.62	1.028	−0.038
	CS2	4.01	0.927	0.462
	CS3	4.03	0.869	0.576
	CS4	3.98	0.931	0.312
	CS5	3.89	1.199	−0.001
	CS6	3.65	1.245	−0.625
Customer loyalty	CL1	3.74	1.261	−0.435
	CL2	3.82	1.132	0.161
	CL3	3.65	1.223	−0.556
	CL4	3.90	1.041	0.288
	CL5	3.79	1.104	−0.064
	CL6	3.91	1.055	0.247
	CL7	4.49	0.801	3.369
	CL8	4.18	0.904	0.827
	CL9	4.14	0.924	0.800
Customer repurchasing decision	CRD1	4.20	0.859	1.308
	CRD2	4.04	0.956	1.068
	CRD3	4.00	0.921	0.748
	CRD4	3.83	1.044	−0.332
	CRD5	3.90	1.005	0.497
	CRD6	4.20	0.870	0.622

Source: N, Morrison (2022)

Table 3. Summary of factor analysis

Variable	KMO	Cumulative total variance (%)	Cronbach's alpha
Customer engagement	0.847	63.66	0.896
Loyalty programme benefits	0.847	60.69	0.930
Customer satisfaction	0.875	73.10	0.891
Customer loyalty	0.901	75.39	0.925
Customer repurchasing decision	0.892	66.29	0.896

Source: N, Morrison (2022)

in Items LPB1–LPB3 and LPB5, indicating the distribution being platykurtic and that customers negatively responded to the above items. It is interesting to note that Item LPB4 has a positive kurtosis of 2.29, indicating that the distribution is leptokurtic and that customers have a positive attitude regarding this Item, ‘I get discount when swiping my loyalty programme at the cash till point’. These results indicated that customers expect monetary savings when joining a loyalty programme (Brashear-Alejandro et al., 2016).

The mean value of Items LPB6–LPB15 was 3.10, with an SD average of 1.31, indicating a neutral/ indecisive attitude towards hedonic value loyalty programme benefits at FMCGs retailers. In addition, the result for kurtosis is less than 1 in Items LPB6–LPB14, indicating the distribution being platykurtic and that customers negatively responded to the above items. It is interesting to note that Item LPB15 has a positive kurtosis of 1.45, indicating that the distribution is leptokurtic and that customers have a positive attitude regarding this Item, 'I have access to products on special'. These results indicated that FMCGs retailers must reward customers nonfinancially by providing the customer with a basis for developing a deeper relationship with FMCGs retailers (Brashear-Alejandro et al., 2016).

The mean value of Items LPB16–LPB26 was 3.16, with an SD average of 1.25, indicating a neutral/undecided attitude towards symbolic value loyalty programme benefits at FMCGs retailers. Furthermore, the result for kurtosis is less than 1 in all Items in Table 2, indicating the distribution being platykurtic and that customers negatively responded to the above items.

These results indicated that the majority of the sample did not find value solely in symbolic value. The mean value of Items CS1–CS6 was 3.36, with an SD average of 1.03, indicating a neutral attitude towards customer satisfaction at FMCGs retailers.

The mean value of Items CL1–CL9 was 3.95, with an SD average of 1.06, indicating a positive attitude towards customer loyalty towards FMCGs retailers. The mean value of Items CRD1–CRD6 was 4.02, with an SD average of 0.92, indicating a positive attitude towards customer repurchasing decisions at FMCGs retailers.

As indicated in Table 3, for the customer engagement construct, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was .847, indicating that the sample size is sufficient. The chi-square ($\chi^2 = 842.024$, $df = 15$; $p = .001$), indicating that there was a statistically significant relationship between the variables for factor analysis, with a cumulative total variance score of 63.66%. For the loyalty programme construct, the KMO measure of sampling adequacy was .847, indicating that the sample size is sufficient. The chi-square ($\chi^2 = 2692.388$, $df = 136$, $p < .001$), indicating that there is a statistically significant relationship between the variables for factor analysis with a cumulative total variance score of 60.69%.

Based on the Rotated Component Matrix, three themes were identified: Factor 1 was labelled 'Community' because of the high loadings by the following items: 'As a loyalty card holder, I feel I am more distinguished than other customers'; 'As a loyalty card holder, I am treated better than other nonmembers'; 'I get prizes'; 'I get gifts'; 'I feel close to the brand' and 'I belong to a community of people who share the same values'. This first factor explained 24.70% of the variance after rotation. Factor 2 was labelled 'Points' because of the high loadings by the following items: 'I can redeem rewards'; 'I can accumulate reward points'; 'I get cash back'; 'When I redeem my points, I feel good about myself' and 'Collecting points is entertaining'. This second factor explained 18.58% of the variance after rotation. Factor 3 was labelled 'Savings' because of the high loadings by the following items: 'I get specials that nonmembers don't get'; 'I get discounts that nonmembers don't get'; 'I get discount when swiping my loyalty programme at the cash till point'; 'I save money' and 'I spend more wisely'. This third factor explained 17.38% of the variance after rotation.

Furthermore, for the loyalty programme construct, nine factors (LPB5, 6, 9, 14, 15, 16, 17, 18 and 26) were extracted, as the communality score for these items was less than 0.5. For the customer satisfaction construct, the KMO measure of sampling adequacy was .875, indicating that there is an adequate number of correlations between the variables for factor analysis. The chi-square ($\chi^2 = 929.478$, $df = 10$, $p = .001$), indicating that there is a statistically significant relationship between the variables for factor analysis, with a cumulative total variance score of 73.10%. For the customer loyalty construct, the KMO measure of sampling adequacy was .901, indicating that there is an adequate number of correlations between the variables for factor analysis. The chi-square ($\chi^2 = 1925.789$, $df = 36$, $p < .001$), indicating that there is a statistically significant relationship between the variables for factor analysis, with a cumulative total variance score of 75.39%. Based on the Rotated Component Matrix, two themes were identified: Factor 1 was labelled 'Positive Word-of-Mouth' because of the

high loadings by the following items: 'I encourage friends to do business with this FMCGs retailer'; 'I positively recommend the FMCGs retailer to other consumers' and 'I encourage relatives to sign up for this loyalty programme'. This first factor explained 44.04% of the variance after rotation. Factor 2 was labelled 'Customer Relationships' because of the high loadings by the following items: 'I maintain my relationship with this retailer'; 'I feel loyal to this retailer'; 'I am shopping at this retailer for a long time, that is more than a year'; 'I believe that loyal-card programmes provide benefit to customers', 'I believe that use of loyalty cards positively influences customer shopping behaviour' and 'I buy more from this FMCGs retailer than from other FMCGs retailers'. This second factor explained 31.29% of the variance after rotation. For the customer repurchasing decisions construct, the KMO measure of sampling adequacy was .892, indicating that there is an adequate number of correlations between the variables for factor analysis. The chi-square ($\chi^2 = 882.284$, $df = 15$, $p = .001$), indicating that there is a statistically significant relationship between the variables for factor analysis, with a cumulative total variance score of 66.29%. All five variables were observed to have very high measures of reliability, exceeding 0.7, as summarised in Table 3. In the 55 statements, the scales exceeded 0.5, which for reliability testing should be considered as an absolute minimum (Malhotra, 2010, p. 173; Field, 2009, p. 68; Shambare, 2012, p. 151).

The third objective of this study sought to measure the effect of loyalty programme benefits on customer repurchasing decisions. This objective was analysed utilising structural equation modelling. The model fit was assessed using chi-square, degree of freedom and p -value, coupled with other model fit indices, such as comparative fit index (CFI), Tucker-Lewis index (TLI), root mean square error of approximation (RMSEA) and standardised root mean squared residual (SRMR). A cut-off value close to .90 for TLI and CFI and a cut-off value close to .06 for RMSEA are needed to support that there is a relatively good fit between the hypothesised model and the observed data (Hu & Bentler, 1999, p. 134). The hypothesised relationships between constructs were tested using structural equation modelling, as seen in Figures 3 and 4.

Based on the factor analysis results in Table 3, the loyalty programme benefits were categorised into three themes, namely: Community (COMM1), Points (POINTS1) and Savings (SAVINGS1), as seen in Figure 3.

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

Step 1: Creation of a path direction from Community to LPB22, LPB23, LPB7, LPB8, LPB21, LPB24 and LPB25.

Step 2: Creation of a path direction from Points to LPB3, LPB10, LPB11, LPB12 and LPB13.

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

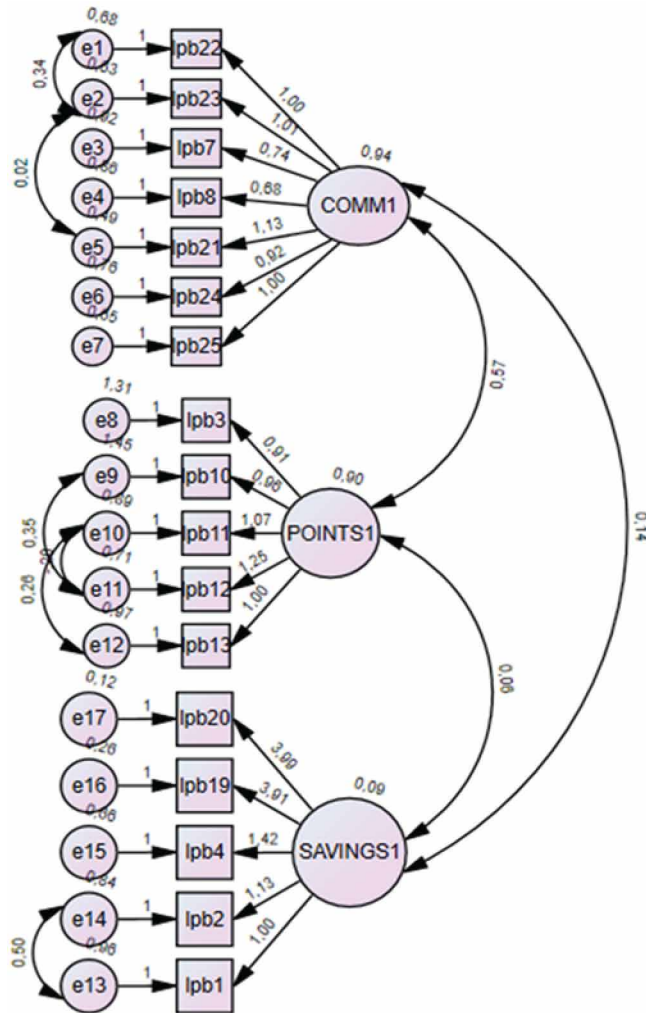
Step 4: Creation of a covariance relationship between Community, Points and Savings.

The four-step design led to a structural model depicted in Figure 3. Community, Points and Savings is a prediction of loyalty programme benefits that customers value in a loyalty programme. The model achieved a good fit. The resultant goodness of fit indices showed a good fit (PCMIN/DF = 4.383, CFI = .945, TLI = .927, RMSEA = .070, SRMR = .054, $\chi^2 = 482.179$, $df = 110$, $p < .001$). The results support the conclusion that the latent factors are reflections of the associated observed variables.

The factor analysis results for customer loyalty as presented in Table 3 were classified into two themes, namely: Positive Word-of-Mouth (PWOM) and Customer Relationships (CR), as seen in Figure 4.

The four-step design led to a structural model depicted in Figure 4. PWOM and Customer Relationships are a prediction of customer loyalty. The model achieved a good fit. The resultant goodness of fit indices showed a good fit (PCMIN/DF = 6.008, CFI = .943, TLI = 0.906, RMSEA = .136, SRMR = .000, $\chi^2 = 132.185$, $df = 22$, $p < .001$). The results support the conclusion that the latent factors are reflections of the associated observed variables.

Figure 3. Structural equation model: loyalty programme benefits



Source: N, Morrison (2022)

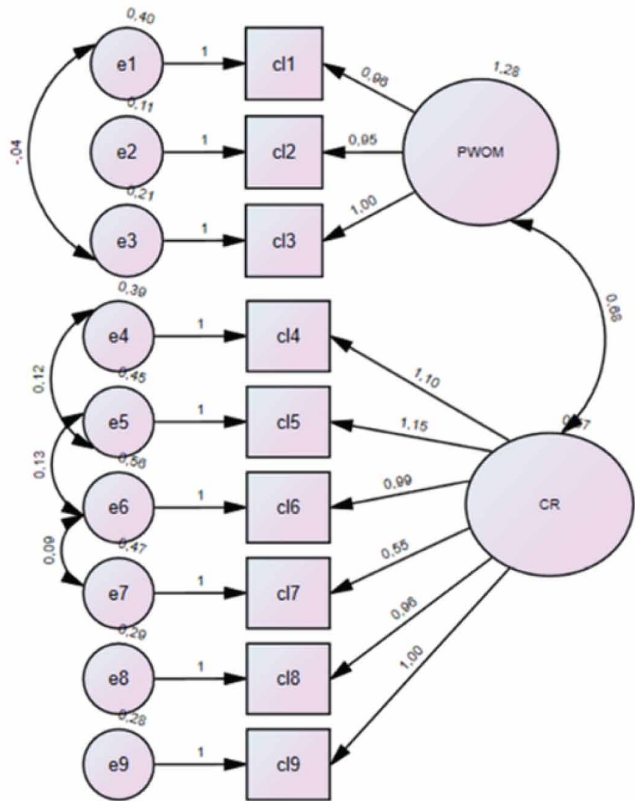
Finally, linear regression analysis was employed to test the alternative hypotheses based on the coefficient and analysis of variance (ANOVA) statistics. In this test, the F ratio and p value statistics were used as bases for interpreting the results in Table 4.

In this test, the coefficient ratio and p value statistics were used as bases for interpreting the results. A positive coefficient indicates that as the value of the independent variable increases, the mean of the dependent variable also tends to increase. When the p value is less than .05 ($p < .05$), it signifies that the predictor variables are statistically significant (Frost, 2022).

More Issues, Controversies, and Problems

Theoretically, this study implied that there was a significant relationship between customer engagement, a loyalty programme and its benefits, customer satisfaction and customer loyalty towards customer repurchasing decisions. This outcome confirmed various study findings conducted by Abror et al. (2019, p. 19), Stathopoulou and Balabanis (2016, p. 5), Herjanto and Amin (2020, p. 12) and Zakaria

Figure 4. Structural equation model: customer loyalty



Source: N, Morrison (2022)

Table 4. Summary of hypothesis testing

Hypothesis	Independent variable	Dependent variable	Coefficient	Constant	<i>p</i> value	<i>F</i> ratio	Result
H1 _A	Customer engagement	Customer repurchasing decision	2.626	.440	.001	137.610	Accept
H1 _B	Customer satisfaction	Customer repurchasing decision	1.460	.665	.001	302.574	Accept
H1 _C	Customer loyalty	Customer repurchasing decision	1.125	.734	.001	484.471	Accept
H2 _A	Utilitarian value	Customer repurchasing decision	2.098	.528	.001	111.368	Accept
H2 _B	Hedonic value	Customer repurchasing decision	2.552	.476	.001	109.821	Accept
H2 _C	Symbolic value	Customer repurchasing decision	2.559	.463	.001	116.596	Accept

Source: N, Morrison (2022)

et al. (2014, p. 28) that assert that customer engagement, a loyalty programme, customer satisfaction and customer loyalty, respectively, have a positive effect on customer repurchasing decisions.

In addition, the findings implied that customers expect utilitarian (discounts, cash back, vouchers), hedonic (prizes, gifts, exclusive access to store competitions and product specials, accumulating and redeeming reward points) and symbolic values (exclusive specials, discounts, prices, priority queuing and donating points to charities) as loyalty programme benefits. This outcome confirmed various previous studies conducted by Stathopoulou and Balabanis (2016, p. 5) and Radder et al. (2015, p. 102), who contended that utilitarian, hedonic and symbolic values are benefits that customers expect in a loyalty programme.

Finally, this study's findings confirmed that there is a significant effect of loyalty programme benefits towards customer repurchasing decisions. This finding confirmed the contributions from Krithika and Ganesh (2013) and Lin and Bennett (2014, p. 942) that show that loyalty programme benefits are an important determinant of customer repurchasing decisions.

On a practical note, store managers must raise awareness of the loyalty programme by assisting customers in registering for it or providing additional in-store support, such as determining loyalty points value or redeeming loyalty points. Furthermore, store managers can inform customers in-store about specials via an intercom whilst customers are busy doing their shopping. FMCGs retailers must increase their interaction with customers by sending online questionnaires via SMS and email to all loyalty programme members so that customers can provide feedback of their purchasing experience and recommendations to improve the FMCGs retailer's loyalty programme. FMCGs must inform loyalty programme members via SMS and email regarding specials and competitions to increase customer participation in the retailer's activities. FMCGs retailers must provide sustainable loyalty programme benefits that are valuable to customers and combine utilitarian, hedonic and symbolic values to attract and retain customers. Retailers can accredit points for WOM referrals and sharing customer reviews. In return, customers may enjoy rewards through the FMCGs retailer acknowledging their purchases. This enhances customer experiences.

Finally, FMCGs retailers must integrate loyalty programmes with digital payment systems like mobile wallets to remain competitive. Such integrations would allow customers to seamlessly earn and redeem rewards when they are using a mobile wallet. FMCGs retailers must form partnerships with other service providers that enable customers to collect and redeem points at partner stores. This result of networking will enhance the value of loyalty programmes, both for customers and participating retailers.

CONCLUSION

In summary, the assessment through descriptive analysis for this study concluded that customers had neutral/undecided attitudes towards customer engagement and customer satisfaction at FMCGs retailers and the hedonic and symbolic values as loyalty programme benefits. It is important to note that customers had a positive attitude towards utilitarian value as a loyalty programme benefit and a positive attitude towards customer loyalty and repurchasing decisions at FMCGs retailers.

These findings support previous studies conducted by Thakur (2018), Herjanto and Amin (2020, p. 6), Van Tonder and Petzer (2018), Rather and Sharma (2016), Zakaria et al. (2014, p. 28) and Mgiba and Madela (2020). In addition, this study concluded that FMCGs customers expect utilitarian, hedonic and symbolic values as loyalty programme benefits.

These findings support previous studies conducted by Stathopoulou and Balabanis (2016, p. 5) and Radder et al. (2015, p. 102). Finally, it can be concluded that loyalty programme benefits had a significant positive effect on customer repurchasing decisions. This conclusion was made based on the results of the structural equation model that categorised loyalty programme benefits into three themes, namely: Community, Points and Savings ($\chi^2 = 482.179$, $df = 110$, $p = .001$, $KMO = .847$,

PCMIN/DF = 4.383, CFI = .945, TLI = .927, RMSEA = .070, SRMR = .054) had a significant positive effect on customer repurchasing decisions.

CONFLICT OF INTEREST

All authors of this article declare there are no competing interests.

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