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LOYALTY PROGRAMMES AS RETAILERS' COMMUNICATION TOOLS DURING A PERIOD OF SOCIAL CHANGE

Daniela KOLLÁROVÁ – Andrii KUSHNAREVYCH

ABSTRACT:

We are engaged in the study of loyalty systematically built and anchored in the form of consumer loyalty programmes. The aim of this theoretical review is to identify the problems and challenges retailers face in communicating with customers using loyalty programmes in a period of significant societal change. We examined 411 scholarly studies registered in the Web of Science database. Based on the results of the analysis, we identified the challenges faced by sponsoring organisations in the operation of modern loyalty programmes, which we divided into 14 categories by common features. The result is a compact theoretical overview about loyalty programmes. The aim of the empirical research, conducted through written inquiries and individual semi-structured interviews, is to find out how Generation Z respondents perceive loyalty programmes. The selected results reveal that there is a relatively large group of loyalty programme members who believe that they are not adequately rewarded by the sponsoring organisation.

KEYWORDS:

loyalty programme, retailing, rewards, social change, sponsoring organisation

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1 Introduction

The historical research on loyalty programmes is extensive and diverse. In fact, it goes back to the 1920s, when Copeland (1923) first addressed the issue of brand repurchase behaviour. However, it is not always research connected with systematic customer loyalty building anchored in some form of loyalty programmes, but rather research on loyalty, stemming from customer satisfaction, based on the structure of a brand's marketing mix tools. Usually, the objective is to determine the impact of e.g., brand image, quality of service, cleanliness of the point of sale, breadth and quality of the product range, and appropriate price on customer trust and satisfaction. Nusrat & Huang (2024) broke away from the traditional marketing mix tools and sought to understand the impact of self-service checkouts, as compared to a conventional staff-assisted checkout, on customer loyalty stemming from satisfaction with this type of service. Studies interpreting satisfaction as loyalty provide room for questioning the concept of loyalty programmes. Wallström et al. (2024), addressing the results of interviews with retail stores managers, argue that loyalty programmes based on rewards encourage rational customer buying behaviour, which is misinterpreted by retailers as loyalty. It has also been suggested that branded mobile apps, compared to systematically built loyalty programmes, represent a simpler, more entertaining, and more personalised path to brand loyalty (Tran et al., 2024). The research results showed that there is a statistical impact of using branded mobile apps on customer loyalty, which means that it would be sufficient for businesses to strengthen their existing customer service system to obtain feedback through mobile apps (Shaqrah et al., 2023), instead of implementing complex and costly loyalty programmes.

Our goal is not to examine more than a century of evolution and change in loyalty or loyalty programmes. Major changes in society, the biggest since the economic crisis of 2007 – 2009, reflected in all areas of social life, have been caused by the global COVID-19 pandemic of the and war conflicts between 2020 and 2024 in particular. The impact of these two significant events has been reflected, for example, in high inflation, weak economic growth, the weakening purchasing power of consumers, the rapid development of digitalisation and its necessity for working, learning and shopping (National Bank of Slovakia, n.d.).

PwC's Global Commerce Survey (PricewaterhouseCoopers, 2023) confirmed that consumers globally are changing their shopping habits in brick-and-mortar as well as online stores, due to rapid changes in income and spending patterns. They are unwilling to transfer the increase in prices of goods to their entire shopping basket, so they limit unnecessary expenditures, look for products on sale or their cheaper alternatives represented by private labels or discounts tied to loyalty programmes, which is one of the factors supporting the enhancement of loyalty programmes.

2 Literature Review

There are numerous definitions of loyalty, among which there is often inconsistency. We, in the present scientific study, base our definition of loyalty on that of Jacoby and Kyner (1973), who formulated it using interchangeable and interdependent attributes as follows: "Brand loyalty is a non-objective behavioural response, expressed in time, by some decision unit, with respect to one or more alternative brands from a set of such brands, and is a function of psychological processes." We suggest that the definition contains generally accepted features of loyalty that are also applicable to the loyalty programmes which are the object of our research. Loyalty is non-objective, which means that the consumer does not judge the brand impartially, on the basis of generally accepted evaluation criteria, but only from their point of view, based on their own personal experience with the brand and its products or services.

Loyalty is a behavioural response, meaning that it manifests itself in observable behaviour, most often in line with Copeland's examination of repeat purchases. The customer comes repeatedly and is prepared to spend

resources to acquire both previously known and new products or services from the brand, even recommending the brand to their reference groups. Loyalty is expressed in time. Time is a fundamental physical quantity expressing the interval between two events or the duration of an event. The basic unit for measuring time and determining the duration of an event is the second (BIPM, n.d.). However, this unit of time measurement is irrelevant for our purposes. Loyalty over time, though, can be described as the amount of time (days, months, years) during which a customer is active towards a brand, with activity expressed through, for example, the volume of purchases of products and services or interactions on social media content. Loyalty is expressed as a decision unit. Depending on the type of market, the decision unit refers to individuals, households and businesses. While individuals and households derive loyalty benefits for themselves personally, businesses represented by buyers derive loyalty benefits for the company and its business portfolio with regard to the brand. The traditionally attributed function of a brand is to differentiate itself from competitors, but it should not be forgotten that a brand is a guarantor of the quality of a product or service and a carrier of long-term relationships with customers. It is a function of psychological processes. In the decision-making process, the consumer evaluates a range of alternatives and chooses the one that best satisfies their needs. To make this decision, he or she must have a choice (Richterová et al., 2015).

More than a century of research on loyalty programmes has been conducted, and it is vast and diverse. In general, we can say that a loyalty programme is a long-term incentive programme that rewards its registered members with a diverse array of financial and non-financial benefits, with the expectation of an overall positive impact on the business of the sponsoring organisation. In addition, there are definitions of a loyalty programme that emphasise encouraging repeat purchases of registered customers (Spiller, 2020) as well as encouraging the development of an emotional relationship (Butscher, 2016).

Although they may have different forms and address different target groups, basic decisions, such as the type of programme, the objectives, the fulfilment of the defined turnover and collection of points, the rewards, its structure, the demonstration of membership, the tools and media of communication with the members, are common.

The appropriately chosen name of the reward programme influences the type of expected rewards and the influence of customers on merchant loyalty. Chaabane et al. (2024) found that providing rewards to customers increases programme satisfaction and merchant loyalty only for programmes called loyalty programmes. We consider the motive that leads a sponsoring organisation to establish and operate a loyalty programme to be tied to customer retention and to giving the impression that the customer is valued by the organisation to be surpassed. We consider the acquisition of relevant customer data to be a much stronger incentive. Thanks to the personal data and marketing preferences that a sponsoring organisation collects and evaluates about registered members, it gains insight into their purchasing behaviour and uses this information not only to personalise offers and promotions but also to adjust other tools of the marketing mix.

The implementation of a loyalty programme into practice is time-consuming and expensive, so the sponsoring organisation of a brand should respect and accept the differences in the marketing environment of each country, especially cultural differences that manifest in everyday life on the predispositions underlying consumers' purchase decision-making processes and in different types and contexts of loyalty. Charinsarn et al. (2023), Dikčius et al. (2023) and de Silva Kanakaratne et al. (2020) recommend examining the cultural and structural differences of countries, as understanding them will help organisations decide whether to standardise or customise a loyalty programme.

Not every market is suitable for running a loyalty programme. Nevertheless, if given a choice, consumers prefer a coalition programme over a proprietary programme (Shirai, 2023). A proprietary loyalty programme is strictly tied to one brand, and everything a member achieves in such a programme can only be redeemed with that brand. A coalition loyalty programme is built for a coalition of brands of multiple non-competing companies, so whatever a member achieves or gains in such a programme can be redeemed at any brand in the coalition programme (Shelper et al., 2020). Despite the benefits, the transactions of companies participating in the coalition programme are subject to the influence of the rewards of the other partners (Stourm & Bradlow, 2023).

The loyalty programme is suitable for a highly competitive industry with frequent purchases. In Slovakia alone, all nationwide grocery and mixed goods retail chains, as well as market leaders in other product categories, have

their own loyalty programmes. Grocery retailers declare that each of their loyalty programmes has more than one million registered members (Turzo, 2022), which with the number of Slovaks of working age, i.e., 15 – 64 years old (European Commission, n.d.), means that approximately a quarter of the Slovak population is registered in each loyalty programme. In markets where customers may choose to shop from competing retailers, the loyalty programme data from just one retailer may not represent a comprehensive view of all purchases (Rains & Longley, 2021), and their status in the hierarchy is also a result of the influence of competing programmes (Khodakarami et al., 2023). The operation of a loyalty programme brings with itself the issue of dividing customers into programme members and non-members, and thus treating loyalty programme members differently compared to non-members. The preferential treatment of members encourages them to advocate the brand and buy its products, not only out of necessity, but also on a whim (Ain et al., 2024).

The goals that a brand-sponsoring organisation seeks to achieve by implementing a loyalty programme are always individual and non-public in terms of time and content. However, they can be broadly divided into sales-oriented and customer relationship-building objectives. Although the implementation of a loyalty programme generates immediate spikes in sales and profits in most categories, its impact is generally short-term (Lin & Bowman, 2021). Loyalty programmes also have their place in achieving so-called societal goals, most commonly in promoting sustainable behaviour, healthy lifestyle and disadvantaged groups of people, in the form of rewarding loyalty programme members with bonus points when purchasing Fair Trade products (Zou et al., 2024), fruits and vegetables (Panzone et al., 2024), or sending messages to loyalty programme members highlighting the benefits of cooking at home and of mindful, healthy eating (Balsa et al., 2024). Depending on the objectives, loyalty programmes affect not only the value of the brand (Famarzi & Bhattacharya, 2021) but also of the loyalty programme itself (Flacandji et al., 2023) and its financial performance (Miao et al., 2022).

The rewards structure is fundamental to the success of a loyalty programme. Rewards are designed in such a way to help collect a lot of data on loyalty programme members and increase their purchase spending, while at the same time retaining members as customers of the brand by tailoring the offer to their needs. The appropriateness of the rewards structure and the value attributed to the rewards can be subjected to preliminary validation (Zhou et al., 2023). The relationship between the value that loyalty programme members attribute to the rewards and their satisfaction with the brand has been demonstrated several times (Kolte et al., 2023; Zhang & Wang, 2023; Basgöze et al., 2021; Danaher et al., 2020). Gorlier and Michel (2020) found that special rewards, compared to regular rewards, enhance not only satisfaction but also programme members' attitudes towards the brand.

Traditionally, a loyalty programme rewards its members with points after a purchase. However, Steinhoff and Zondag (2021) highlight the need to interact with them before and during the purchase process as well, both in the pre-purchase phase to simplify the purchase process and in the during-purchase phase to increase its value. It is important for the sponsoring organisation to understand how loyalty programme members think about points and decide to manage them, because this affects its cash flow, profitability as well as member engagement. Redeeming points from the perspective of loyalty programme members is a two-step decision: whether to redeem points and how many points to redeem (Li et al., 2021). Technological advances, however, may also raise the question of where to redeem: when purchasing in a brick-and-mortar store, through an e-shop, or on a mobile app. Purchasing through a PC has been found to positively affect the likelihood of redeeming points and purchasing through a mobile app has an effect on the number of points redeemed (Li et al., 2021). Currently, sponsoring organisations observe a tendency for members of their loyalty programmes to accumulate points rather than redeem them. This may be due to the fact that they accumulate them in order to save on larger purchases (Li et al., 2024).

As loyalty programmes have expanded significantly in content and scope, some studies argue that loyalty points serve as a new form of currency alongside a country's traditional monetary system. Their authors seek answers to questions such as: how loyalty members think about the points they collect, when and how they decide whether to pay with points or money, and how these decisions affect the process of earning points by programme members. It has been found that points accumulated are perceived abstractly by loyalty programme members, while money is perceived concretely, and this influences payment preferences (Bagga et al., 2024; Lim et al., 2024). Not all loyalty programmes have a fixed exchange rate (e.g., 100 points = 1 euro), so Chun and Hamilton (2024) examined the

effect of the type of exchange rate (fixed, variable) applied by merchants when converting loyalty points on loyalty programme members' redeeming behaviour when paying for purchases.

Some brands divide their loyalty programmes into several tiers (often Standard, Silver, Gold), which can be achieved, for example, by achieving a specified turnover or completing specific tasks. As members progress through the tiers, they unlock exclusive benefits, rewards and privileges. It involves the use of game elements to generate interest and sustain attention in a non-game context, referred to as gamification (Murár et al., 2024). A gamified loyalty programme, compared to a conventional one, enables and facilitates value co-creation (Dreher & Ströbel, 2023), increases customers' interest in joining the programme and downloading the mobile app if the loyalty programme has one (Hwang & Choi, 2020), thus providing an innovative shopping experience to its members (De Souza Jr. & Sarfati, 2020).

It has been shown that loyalty programme members make every effort to earn points to move up to a higher loyalty programme tier during the period when the company is reviewing the tier assignment of loyalty programme members (Behrens et al., 2024), which has an impact on their purchasing behaviour as measured by the share of wallet (Viswanathan et al., 2022), i.e., the amount that a current loyalty programme member regularly spends on the brand instead of purchasing from competing brands (Fašiang & Gežik, 2017). Not only issues of repeated progression to increasingly higher tiers of the loyalty programme and further motivation to unlock benefits are studied (Gutt et al., 2020), but also status degradation due to non-compliance with prescribed turnover or tasks. Banik et al. (2022) found that status degradation generally triggers two phenomena in loyalty programme members: revenge and brand avoidance. Status change in a multi-tier loyalty programme was also examined by Shin and Casidy (2021), not only in terms of status downgrading, but also in terms of points expiration. They focused on finding out how point expiration rules and membership tier reductions affect brand endorsement by loyalty programme members. The authors found that loyalty programme members whose points expired showed higher levels of anger than those whose status tier was reduced.

The loyalty programme offers sponsoring organisations unique opportunities to customise marketing communication with registered customers. Of course, they communicate with loyalty programme members in line with the primary and sub-objectives of marketing communication and use a wide range of media and marketing communication tools. The chosen media and communication mix is primarily based on the structure of registered loyalty programme members and their belonging to a specific generation. Each generation is influenced by different historical, social and technological factors that shape their values, preferences and purchasing behaviour, which requires tailoring media and content within the communication (Marko & Kusá, 2023). However, measurement of economic and non-economic outcomes has shown that traditional communication with loyalty programme members is no longer effective (Bies et al., 2021). Also, due to developments in society over the recent years, which accelerated the rise of digitalisation, the previous development of smartphones, which lasted more than two decades, whose calling and texting functions took a back seat to Internet connectivity, the creation and sharing of images, audio and audio-visual assets on social media (Kollárová et al., 2023), and the emergence of a new generation of customers, communication with loyalty programme members moved to the digital environment. Personalisation is characteristic of digital media (Murár et al., 2024), for example in email marketing of a multi-tier loyalty programme, by personalising the communication style according to the members' tier (Zhang & Liu-Thompkins, 2024; Chang, 2020). Loyalty programme member data also helps formulate rules for planning and targeting mobile marketing campaigns. Push notifications of loyalty mobile apps on smartphones have been found to influence members' participation rates in completing tasks and managing earned rewards (Bies et al., 2021).

Social media content generated by a brand and shared by its audience reaches loyalty programme members with a different sales response compared to non-members (Hernández-Ortega et al., 2022). These and similar findings support the importance of researching the interaction of loyalty programme members between their various forms of engagement on a brand's Facebook page and the frequency of in-store visits. Results show that some Facebook activities are significantly correlated with increased or decreased store visits (Halloran & Lutz, 2021).

3 Methodology

Based on the tradition and requirements of Slovak academic practice, we base our research on records registered in the multidisciplinary bibliographic, citation and abstract database Web of Science. Since the object of our investigation is loyalty programmes, the main keyword search in the database was loyalty programme. Our goal is to examine the problems and challenges of modern loyalty programmes in an era of significant economic change and the advent of rapid digitalisation. Therefore, for the purpose of the literature review, we examined scientific studies published between 2020 and 2024, registered in the Web of Science database, with the keyword loyalty programme, document type article, Web of Science Category Business. Partial objectives of the literature review are as follows:

- to identify the problems of retailer loyalty programmes researched by the scientific community in studies published in the selected period,
- to compile a compact theoretical overview of loyalty programme using the results of the studies reviewed,
- to assess the relationship of the studied issues to economic changes and the emergence of rapid digitalisation in society.

In total, there were 846 scientific studies from different sectors and countries. The diversity of industries led us to exclude studies focusing on loyalty programmes of, e.g., casinos, educational institutions, airlines, hotel resorts and to focus on retail. The remaining 411 studies were thus examined in more detail. Based on the results of the analysis of the research problems declared in the studies, we identified challenges faced by sponsoring organisations in operating current loyalty programmes and categorised these into: loyalty in general, treatment of members vs. non-members of the loyalty programme, membership tiers, loyalty points, the role of the loyalty programme in addressing societal goals, customer behaviour with membership in multiple loyalty programmes, gamification in the loyalty programme, coalition loyalty programmes, communication with members, rewarding members, the impact of cultural dimensions on the loyalty programme, mobile apps and the loyalty programme, the economic value of a sponsoring organisation with a loyalty programme, and miscellaneous. Finally, using the selected results of the studies, we have compiled a compact theoretical overview of the topic of loyalty programmes.

We respond to the selected results of the literature review with the results of quantitative and qualitative research. The written inquiry was conducted from March 27 to April 19, 2023. The total number of respondents aged 19 to 26 was 416. We conducted qualitative research in the form of seventeen individual semi-structured interviews on November 29, 2023. The duration of one interview was 45 minutes on average. The structure of the respondents in terms of age, gender and place of residence reflected the structure of the respondents in the quantitative research. Partial objectives of the empirical research:

- to find out how Generation Z respondents perceive loyalty programmes,
- to find out the current state of personalisation in loyalty programmes,
- to find out the primary method of usage of loyalty programmes,
- to find out which incentives are the most motivating for customers.

4 Discussion

In the literature discussed above, we may trace a pattern that many authors emphasise the importance of reward structure and rewards in general for the successful operation of loyalty programmes. And, since rewards are usually at the heart of a loyalty programme, putting a lot of effort into this part makes sense. Through our research, we wanted to understand better which types of rewards motivate customers to use loyalty programmes and to what extent. As can be seen in Figure 1, the majority of respondents (87.2%) were inclined to prefer general discounts

as the most crucial benefit of loyalty programmes. It is worth noting that discount coupons, which were the second most-voted option (70.4%), show us that a specific group of customers may consider an additional step of activating the coupon as unnecessary or even bothersome. It is also surprising to a certain extent that free products got only 52.2% of votes, which, on paper, should seem like a better reward than a discount. This may be explained by a pattern that can be traced in loyalty programmes of Slovak groceries – where free products are mostly some poorly sold offers from a supermarket, not something the customer would usually buy, or something based on customer preference. As we mentioned earlier, Gorlier & Michel (2020) found that offering special rewards strengthens the customer’s attitude towards the brand and brand loyalty in general compared to regular rewards. In our questionnaire, we found that 33.6% of people considered exclusive offers to be among the most important. So, even though such rewards may have a better influence on the customer and a better impact on the brand, it does not seem to be the incentive that would bring most customers to use the brands’ loyalty programme.

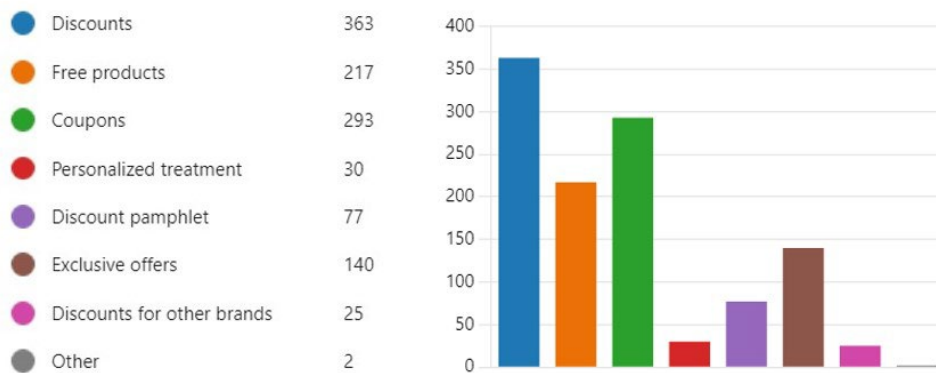


Figure 1. The most important benefits of loyalty programmes

Source: own processing, 2023

This statement is also further proved by the results we obtained from the individual semi-structured interviews. The majority of respondents, 82.3%, stated that immediate discount was the primary motivating factor for them to join loyalty programmes. Among other factors mentioned were free delivery (17.6%), exclusive offers (11.8%), and coupons (5.9%). These results are on par with the results from written inquiries and, basically, prove the idea that immediate discounts or discounts in other forms would serve as the best motivation for most customers to join the programme and start using it. In contrast, something more specific or exclusive rewards, such as free delivery or member-only product offers, may serve as a good “loyalty-building tool”.

To develop the topic of rewards in loyalty programmes even further, in our interviews, we wanted to understand if people are actively comparing the rewards between different programmes. Surprisingly, 70.6% of respondents answered that they did not compare benefits between the programmes at all, 17.6% of respondents did compare benefits of a few programmes or on a smaller scale, and only 11.8% of respondents made a complex comparison of rewards loyalty programmes may bring them. Following this answer, we asked those 11.8% about what benefits they were primarily comparing and the thought process behind the comparison. All of them answered that the comparison was primarily about finding which shop gives the best discount and, thus, which shop to visit and purchase at.

Even a discount, as the main motivating factor at a time when consumers are not willing to transfer the increase in the prices of goods to their entire shopping basket, cannot suppress the negative opinions of the respondents about the loyalty programme, such as: they do not offer benefits I am interested in (39.9%), they require my personal data (38.7%), they do not provide real financial value (37%). Thus, there is a relatively large group of members of

loyalty programmes who believe that the rewards of the sponsoring organisation do not adequately compensate them for the extensive data about their person and purchasing behaviour.

The buzzword connected to loyalty programmes in recent years is personalisation. That is why, in our individual interviews, we asked respondents if they had encountered personalised offers that impressed them, and if they remembered them. By asking this question, we wanted to better understand how the regular users perceive the level of personalisation and if they noticed anything highly personalised on the market. 47.1% of respondents reacted that they did not encounter any personalised offers. Among the remaining 52.9%, two brands were mentioned the most – Lidl and Tesco, which are amongst the biggest grocery retail chains in Slovakia. Respondents mostly talked about birthday discounts or complimentary products and coupons provided by the shop based on previous purchases. Respondents also mentioned that they were impressed by these occasions, which made them remember the brand more. From all this information, we can summarise that while approximately half of respondents had a positive experience with personalisation, its potential was not used to its fullest. The examples respondents provided seemed to be quite basic and straightforward. However, today, especially with the new technologies emerging, much more space is available for personalisation. For example, with the help of AI solutions, even the slightest details of a user's usage of an app, like mouse movement or scroll depth, can be analysed and turned into valuable insights. On the other hand, modern large language models (LLMs) and generative AI can further enhance the customer journey and provide them with truly unique experiences, such as personalised chatbots, purchase assistants, recipe creators, etc. Personalisation in the context of loyalty programmes deserves further research since, in our opinion, it is one of the tools that may indeed influence the customer into using loyalty programmes, becoming loyal to a brand, or even switching brands.

We also researched a correlation between the number of programmes and the form they are used in – digital or physical. Some companies today decide to implement fully digital loyalty programmes, which is understandable from an economic point of view but may be unappealing for a particular group of customers who are not registered on a loyalty programme or who do not own or are unable to operate a smartphone. As many as 28.1% of respondents noted that they feel “pushed” by brands to use loyalty programmes. The majority of the respondents (77%) use from 1 to 5 loyalty programmes daily. 19% of respondents stated that they use from 6 to 10 loyalty programmes, and 4% use more than 10 programmes. This information underlines the importance of making loyalty programmes valuable for a customer since, from hundreds of them existing on the market, most people only use a few, and the competition for attention will only rise further. Regarding the form of loyalty programme usage (digital or physical), 64% of respondents preferred digital cards as primary usage, while 36% preferred physical cards. These results are surprising since, even though our respondents belong to Gen Z, roughly one-third of them still prefers physical cards. Since the researched generation tends to be the most skilled with digital technologies, we can presume that those percentages would grow even more towards physical cards amongst older generations. At this point, we wanted to understand if the way loyalty programmes are used changes with the growing number of loyalty programmes. In the first category were respondents who use from 1 to 5 loyalty programmes, and amongst them, 68% prefer digital versions against 32% who prefer physical cards. In the second category of respondents, those who use from 6 to 10 loyalty programmes, 82% prefer digital versions and only 18% choose to hold physical cards. Amongst the third category of people, those who use 10 or more programmes, all the respondents choose digital versions as their way of usage. At this point, we may state that there is a trend of increased digital programme usage with the growth of the number of programmes used. These results may be connected to the convenience of usage, since while a person uses only a few programmes, it may not be problematic to handle a few cards around. Still, with a higher number, it may become unpractical. Since most people use only from 1 to 5 loyalty programmes, we find it inappropriate to completely dismiss the physical version of loyalty programmes at this stage.

Correlation of the questions "How many loyalty programs do you use?" and "I use discounts, points and other benefits from loyalty programs mostly in the form of"

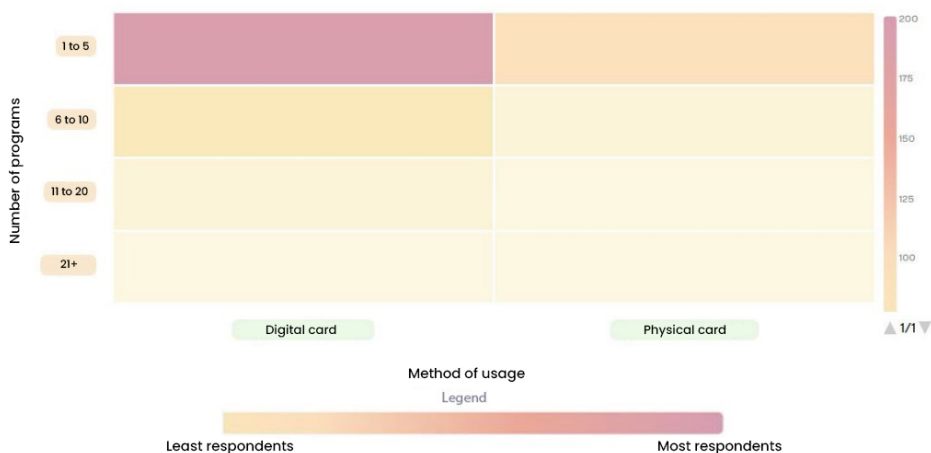


Figure 2. Correlation of the selected questions

Source: own processing, 2023

5 Conclusion

From the results of the literature review, we would like to draw attention to the following findings, which we assume reflect the relationship of the studied issues to the economic changes and the advent of rapid digitalisation in society over the researched period.

Communication has moved to the digital environment. There are opinions that due to changes, the existence of a mobile application would be sufficient for merchants instead of expensive loyalty programmes. Members of loyalty programmes calculate how to make the best use of the points accumulated, which translates into their accumulation. Accumulated points become an alternative to cash currency. Loyalty members make every effort to earn points to move up to a higher programme tier, which unlocks more exclusive rewards. Amongst the results of the empirical research, we consider the following to be the main findings:

- The discount is the primary motivating reward for joining the loyalty programme.
- Respondents do not compare rewards between loyalty programmes.
- A relatively large group of loyalty programme members believe that the sponsoring organisation does not adequately compensate them for their extensive personal data and purchasing behaviour information.
- Personalised offers that impressed and were remembered by respondents include birthday discounts, free products, and coupons.
- Respondents are leaning towards digital loyalty programmes as their number of memberships grows.

The limitations of our study refer to the Slovak market, respondents belonging to Generation Z, and food retailers' loyalty programmes. Based on the information we were able to collect in both theoretical and empirical parts of this article, we can see space for further research in many fields connected to the topic, amongst which are: adjusting the loyalty programme mechanism so that it becomes a decisive factor in merchant selection, the possibility of AI usage in personalisation going beyond the established patterns, and balancing the ratio of collected data on loyalty programme members with the rewards provided.

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