LOYALTY PROGRAM DESIGN, RETAILER AND COUNTRY CHARACTERISTICS EFFECT ON RETAILER PERFORMANCE IN LESOTHO

by

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DECLARATION

I, Molefi Matsutsu, declare that this research project submitted in partial fulfilment of the requirements for the degree of Master of Business Administration (MBA) at the Wits Business School in the University of the Witwatersrand, is my own unaided work and all the sources that I have used or cited have been indicated and acknowledged by means of complete references

Signature: ______________________________ **Date: 23 May 2025**

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“To my mother, for the encouragement and always saying a prayer each time I left home for school in Johannesburg, the prayers kept me going”

ABSTRACT

Grocery retailers operate in a highly competitive environment with little differentiation between the products sold. Grocery retailers have resorted to loyalty programmes to attract and retain customers to maintain a share of the market. The present study investigated how the design elements of a loyalty programme in the form of rewards timing (immediate and delayed rewards), rewards type (direct and indirect rewards), and plural rewards affect the sales of a grocery retailer. The study also investigated how the retailer characteristics represented by the retailer pricing strategy and the country characteristics represented by competing loyalty programmes affect the sales of a grocery retailer.

The study used a questionnaire as the research instrument. Two different questionnaires were used, one to solicit responses from consumers and the other sent to two store managers of Pick n Pay stores in Lesotho to get the perspective of the grocery retailers. The Statistical Package for Social Sciences was used for data analysis and hypothesis testing.

Four of the seven hypotheses of this study were supported. A positive and significant relationship was found to exist between immediate rewards, indirect rewards, plural rewards and retailer sales. The strongest relationship was found between plural rewards and retailer sales, which indicated that consumers prefer plural rewards which combine both immediate and delayed rewards and direct and indirect rewards. A significant, negative relationship was obtained between competing loyalty programmes and retailer sales, which indicates that an increase in the number of competing loyalty programmes leads to a reduction in sales of the retailer. Hypotheses which were not supported and found to be not statistically significant were the relationships between delayed rewards, direct rewards, retailer pricing strategy and retailer sales.

The study revealed that consumers in Lesotho prefer plural rewards over singular rewards. Thus, to reap maximum benefit from loyalty programmes in Lesotho, grocery retailers must have plural reward programmes in place. Those with existing loyalty programmes, like Pick n Pay, must update their programmes and those thinking of introducing loyalty programmes must think of plural reward programmes.

Keywords: competing loyalty programmes, delayed rewards, direct rewards, immediate rewards, indirect rewards, loyalty programmes, plural rewards, retailer pricing strategy,

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LIST OF ACRONYMS

AVE	Average extracted variance
C2C	Consumer-to-consumer
CR	Composite Reliability
FMCG	Fast-Moving Consumer Goods
HAC	Hype advertising campaign
LP	Loyalty programme
PnP	Pick n Pay
PnP-P	PnP Pioneer Mall
PnP-M	PnP Masianokeng
RRP	Referral reward programme
SPSS	Statistical Package for the Social Sciences
UK	United Kingdom
UNFPA	United Nations Population Fund
USA	United States of America

CHAPTER 1: INTRODUCTION AND BACKGROUND

1.1 Statement of purpose

Debate continues regarding the effectiveness of loyalty programmes (LPs) (Bombaij & Dekimpe, 2020; Chen et al., 2021; Hoekstra & Leeflang, 2023; Kanakaratne et al., 2020). Part of the debate is fuelled by a few studies considering the role of moderating variables such as the effect of competition on the effectiveness of LPs (Chen et al., 2021). Bombaij and Dekimpe (2020) found that within the European and other international markets, LP design features, retailer and country characteristics affect LPs within the retail grocery industry. The present study tests if the constructs observed in the European and international markets by Bombaij and Dekimpe (2020) still hold in Lesotho, a lower-middle-income African country (United Nations Population Fund [UNFPA], 2019; World Bank, 2025). The results of the present study will aid retail grocers in lower-middle-income African countries in the design of new LPs and revamping of existing LPs.

1.2 Background of the study

There remains ongoing debate about whether LPs are effective (Bombaij & Dekimpe, 2020; Chen et al., 2021; Hoekstra & Leeflang, 2023). Previous research on the effectiveness of LPs has considered the LP design features in isolation, with limited studies focusing on the role of moderating variables (Chen et al., 2021). As of 2021, only three research articles focused on competition-related moderators for the effectiveness of LPs (Chen et al., 2021). This indicates a need for more studies to consider competition-related variables to understand the effectiveness of LPs. Hence, the present study seeks to contribute to this regard.

Chaudhuri et al. (2019) studied the effect of three design features simultaneously: reward tiers, earning mechanism and membership fees within the United States and found that having the three features within an LP enhances retailer sales and gross profit. Bombaij and Dekimpe (2020) considered the moderating effect of LP design features, retailer and country characteristics on the performance of a grocery retailer within the European context and found that moderating variables can aid in the design and revamping of LPs.

Customer repurchase decisions at Fast-Moving Consumer Goods (FMCG) retailers in South Africa positively correlate with LP benefits customers expect (Morrison et al., 2023). Customer repurchase decisions are linked to retailer sales. LP benefits are related to reward type and reward timing, therefore, to study the effectiveness of LPs, LP reward type and reward timing and their effect on customer repurchase decisions, which affect retailers' performance, need to be considered. Zhang and Wang (2023) showed that product involvement is a moderating variable of customer choice of reward programme, rewards type and reward characteristics within the Chinese context. Zhang and Wang (2023) highlighted that future studies need to consider other design features like reward timing together with reward type for better design of reward programmes.

1.3 Research gap

Limited studies have focused on competition-related variables as moderators of LP effectiveness (Chen et al., 2021). The present study seeks to contribute to this gap by investigating the moderating effect of retailer pricing strategy and the number of competing LPs on the effectiveness of LPs on the sales performance of the grocery retailer within the context of a lower-middle-income African country.

Zhang and Wang (2023) have indicated that to better design LPs, design features other than rewards type and characteristics (singular or plural rewards) such as the timing of rewards need to be considered. This study seeks to contribute to this aspect by simultaneously considering the effect of reward type, reward timing and plural rewards on the grocery retailer performance within the setting of a lower-middle-income African country.

1.4 Problem statement

There are contradictory results on the effectiveness of LPs, some being positive, others negative and others showing no effect (Bombaij & Dekimpe, 2020; Chen et al., 2021; Hoekstra & Leeflang, 2023). Bombaij and Dekimpe (2020) were faced with the research problem of not knowing to what extent the design characteristics of LPs, and retailer and country characteristics enhance the effectiveness of LPs. Bombaij and Dekimpe (2020) focused on the European grocery retail market and considered other non-European countries (Japan, Mexico, USA, Russia, China, India, Brazil, Canada, Australia, and South Korea). The present study investigates if the research constructs (effectiveness of LPs due to design features, and retailer and country characteristics) established within the European and non-European countries still hold in the context of a lower-middle-income African country.

1.5 Context of the study

The present study focuses on Lesotho. The retailer of choice is Pick n Pay (PnP) Lesotho, which is the only grocery retailer running an LP in Lesotho. Other retailers in Lesotho were excluded because they do not run an LP and thus would not have experience of running an LP. PnP recently launched its LP in Lesotho in November 2023. Insights from the current study will provide PnP Lesotho with customer feedback in terms of what features they would like to see in the LP. The insights would also provide an opportunity for PnP to maybe incorporate some of the customer preferences in their LP, given that the LP is still in its infancy. The study also provides PnP Lesotho with an opportunity to assess if what they as the retailer perceive as customer preferences is aligned with actual customer preferences

PnP runs an LP known as a Smart Shopper Card in South Africa which offers both reward points and instant discounts (Cromhout, 2023). The rewards can be switched and redeemed for products such as airtime, movie tickets, and meal vouchers at restaurants and the points can be accumulated until they are worth an Avios to travel overseas (Cromhout et al., 2016). The PnP Smart Shopper services both economically active consumers (household income of greater than R10 000 per month) and mass-market consumers (household income of less than R10 000 per month) (Cromhout, 2023). In 2023, the Smart Shopper Card ranked 3rd for the most-used LP amongst economically active consumers and 6th for mass-market consumers (Cromhout, 2023).

Lesotho is a lower-middle-income country characterised by high poverty with 58.6% of the population living below the lower-middle-income country threshold of $3.65 per day; highly unequal society with a Gini index of 44.9, large gap in wages between the private and public sectors, weak private sector, sluggish economic growth reliant on fluctuating South African economy, high unemployment, deepening urban-rural divide and food insecurity driven by costly food imports and variable rain fall (World Bank, 2025).

1.6 **Objectives**

i. To determine how LP design features of reward timing in the form of immediate rewards affect the sales of a grocery retailer;
ii. To determine how LP design features of reward timing in the form of delayed rewards affect the sales of a grocery retailer;
iii. To determine how LP design feature reward type in the form of direct rewards affect the sales of a grocery retailer;
iv. To determine how LP design feature reward type in the form of indirect rewards affect the sales of a grocery retailer;
v. To determine how LP design feature of plural reward type affects the sales of a grocery retailer;

vi. To determine how the retailer pricing strategy coupled with an LP affects the sales of a grocery retailer;

vii. To determine how competing LPs affect the sales of a grocery retailer.

1.7 Key questions

- How does the LP design feature of reward timing in the form of immediate rewards affect the sales of a grocery retailer?
- How does the LP design feature of reward timing in the form of delayed rewards affect the sales of a grocery retailer?
- How does the LP design feature reward type in the form of direct rewards affect the sales of a grocery retailer?
- How does the LP design feature reward type in the form of indirect rewards affect the sales of a grocery retailer?
- How does the LP design feature of plural reward type affect the sales of a grocery retailer?
- How does the retailer pricing strategy, coupled with an LP, affect the sales of a grocery retailer?
- How do competing LPs affect the sales of a grocery retailer?

1.8 Significance of the study

The study will provide insights to Pick n Pay and other supermarkets in Lesotho on the factors to consider when designing a new LP or revamping an existing programme.

1.9 Assumptions

The assumption is that sales of the retailer are representative of the entire performance of a retailer and hence can be used to assess the effectiveness of an LP.

CHAPTER 2: LITERATURE REVIEW

2.1 Marketing

Marketing strategy includes the actions and decisions aimed at creating a sustainable differential advantage in the minds of the customers relative to the competitors to create value for the stakeholders (Palmatier & Sridhar, 2021). Marketing decisions involve deciding on one or more elements of the 7Ps of marketing: product, place, price, promotion, process, people and physical evidence (Ajani 2018; Palmatier & Sridhar, 2021). According to Palmatier and Sridhar (2021), the marketing of a firm encompasses answering questions such as who are the customers?; what value does the firm provide to its customers?; product, service, status or experience?; what value does the firm obtain from the customers due to its differential advantage: sales, promotions and referrals?; how does the firm plan to sustain its differential advantage over its competitors into the future?

Marketing has evolved from the product orientation of the 1940s, production orientation of the 1950s, sales orientation of the 1960s, customer or consumer orientation of the 1960s, market orientation of the 1970s, relationship orientation of the 1990s and the current personal or social marketing orientation (Mpinganjira & Dos Santos, 2013). Social marketing has gained prominence due to technology such as the Internet, with platforms such as Facebook, Twitter, LinkedIn, WhatsApp, YouTube and similar platforms (Mpinganjira & Dos Santos, 2013; Wang et al., 2024).

2.2 Customer loyalty programmes

Benefits of customer LPs include building customer loyalty which results in high customer retention, high customer satisfaction, increased positive word of mouth, new customer acquisitions and data collection of customer purchases (Beneke et al., 2015; Hoekstra & Leeflang, 2023; Morrison et al., 2023; Muganda et al., 2014). Other benefits of customer LPs are increased seller income from increased purchasing and consumption of varied product offerings by a firm (Uncles et al., 2003). Customer LPs have financial, social, discovery, entertainment, and satisfaction benefits (Agarwal, 2023). The criticism levelled against LPs is that they add to marketing costs and do not result in sustainable competitive advantage (Shungan, 2005).

2.3 Consumer behaviour

Consumer behaviour has to do with customer purchase decisions within different contexts with the goal of satisfying customer product needs and requirements (Erasmus et al., 2020). Consumer behaviour consists of all activities of buyers and consumers of products from pre-purchase, commencement of thinking of buying a product or consuming a product, actual purchase and post-purchase evaluation (Erasmus et al., 2020).

Consumer behaviour can be viewed from the different perspectives of economic, psychological, sociology, social psychology and cultural (Erasmus et al., 2020). The economic perspective views consumer behaviour from a rational view: consumers formulate needs and wants from a rational criterion (Erasmus et al., 2020). The limiting assumption of the economic view is customer homogeneity which considers all customers as being identical (Erasmus et al., 2020).

The psychological perspective on consumer behaviour recognises individual differences in consumer behaviour based on individual traits such as motivation, attitude, personality and perceptions (Erasmus et al., 2020). Consumers purchase a product due to it fulfilling a psychological need such as lifestyle, status and value (Stoica et al., 2018).

The sociology and social psychological perspective on consumer behaviour relies on affiliations and associations within groups, such as the influence of the consumer's family, cultural affiliation, peer groups, age groups, professional societies and lifestyle segments (Erasmus et al., 2020).

The cultural perspective on consumer behaviour considers the culture to which the consumer belongs (Erasmus et al., 2020). The consumer's culture has a long-term influence on the consumer's consumption pattern (Erasmus et al., 2020). According to Erasmus et al. (2020), the cultural perspective has a deeper meaning of what products, brands and symbols mean in a cultural context. In South Africa, manufacturers and retailers need to be sensitive to different market segments such as ethnic or religious groups (Erasmus et al., 2020).

2.4 Consumer decision-making

According to Erasmus et al. (2020), consumer decision-making is a central component of consumer behaviour and is a process rather than a single action. Manufacturers and retailers have a keen interest in consumers' needs and wants and together with marketers, they are always looking for ways to influence the consumer's purchasing decision (Erasmus et al., 2020). Predicting consumer behaviour and decision-making is complicated by the various ways in which decisions are made, who the decision-makers are and the location of the consumer (Erasmus et al., 2020).

Consumer decision-making can be a swift decision, routine or habitual decision, and a complex and lengthy decision (Erasmus et al., 2020). A consumer's purchase decision can be influenced by the consumer's buying skills, the ability to handle a buying decision, the consumer's involvement in the actual buying decision, product variety and the buying decision context (Erasmus et al., 2020).

For a simple consumer purchasing decision, the consumer is experienced and skilled in the purchase decision. There is minimal product risk, the product is easy to replace, and the consumer chooses reputable brands and does not have exceptional expectations about the product (Erasmus et al., 2020). Simple purchase decisions include swift and habitual purchase decisions. An example of a swift purchase decision which does not require a prior purchase decision is purchasing a chocolate at the till (Erasmus et al., 2020). A habitual purchase decision is based on similar past purchase decisions, such as buying a favourite tea brand (Erasmus et al., 2020).

A complex consumer purchasing decision occurs when consumers have little to no experience handling it. The decision encompasses risk and uncertainty about whether the product will perform as required, whether it will cause any physical harm, and whether it is a novel product. Many alternative similar products exist, which makes evaluation confusing (Erasmus et al., 2020). Examples of complex purchase decisions are buying a car or a special outfit for an event.

Customer purchase decisions can be influenced by the interplay between price, promotions and LPs of competing firms (Liu & Ansari, 2020). Product promotions of a company can influence a consumer's purchasing decision process (Svatosova, 2013).

2.4.1 Consumer purchasing decision process

Consumer decision-making consists of three stages: inputs, transformation or processing stage and outputs (Erasmus et al., 2020). The processing stage consists of need recognition, information search and evaluation of alternatives, and the output stage consists of post-purchase evaluation (Erasmus et al., 2020; Parmer et al., 2021).

2.4.1.1 Input

Consumer decision-making is influenced at a personal and external level (Erasmus et al., 2020). Personal level influences on consumer decision-making include motives, knowledge, personality, intellect and attitude. External level factors that influence decision-making include marketing-related and socio-cultural effects (Erasmus et al., 2020). Marketing-related factors can be controllable and uncontrollable. Controllable marketing influences include the company's marketing mix elements such as product features, price, promotion and distribution channels. Uncontrollable marketing influence includes forces of nature, economic conditions, marketplace competition, public policy and availability of natural resources such as water and energy (Erasmus et al., 2020).

Social cultural factors that influence consumer decision-making include lifestyle and cultural context-related factors, cultural and sub-cultural impacts and family influences (Erasmus et al., 2020).

2.4.1.2 Transformation or processing

This step consists of three steps: need recognition, information search and evaluation of alternatives.

Need recognition: the customer recognises that there is a need which a product or service can fill (Erasmus et al., 2020; Parmer et al., 2021).

Information search: the pre-purchase information search on the product or service to ascertain the customer's needs (Erasmus et al., 2020: Parmer et al., 2021). An extensive information search may be necessary for a complex buying decision (Erasmus et al., 2020).

Evaluation of alternatives: identifying known possibilities known as the evoked set of products consisting of 3–7 choices; the product choice is based on known previous positive experiences (Erasmus et al., 2020). Decision rules identify the most suitable alternative from the evoked set of products (Erasmus et al., 2020). According to Erasmus et al. (2020), types of decisions in choosing suitable alternatives include the *compensatory strategy* (product with highest weighted average product attributes), *non-compensatory strategy* (does not allow one positive attribute to compensate for more than one negative product attribute), *conjunctive rule* (sets minimum acceptable cut-off points for each product feature that is considered), *disjunctive rule* (retain products which exceed minimum cut-off point), *lexicographic rule* (follows conjunctive and disjunctive rule to identify final product choice) and *affect referral rule* (considers product based on overall perceptions gained from previous experience or prior exposure to similar products).

2.4.1.3 Outputs

Purchase decision: choosing the product or service and the place where the product or service is purchased (Parmer et al., 2021). The purchase decision can be accompanied by cognitive dissonance which is a feeling of discomfort or uncertainty by the consumer immediately after the purchase has been concluded (Erasmus et al., 2020). Ways to minimise cognitive dissonance are seeking information that supports the purchase decision, gaining confirmation from friends and associates who have positive experiences with a similar product and evidence that supports the product choice.

Post-purchase evaluation: level of satisfaction obtained with the product or service and the likelihood of complaining about a product or service (Tevsic & Nanic, 2020). Post-purchase evaluation includes disconfirmation of expectations, positive disconfirmations and negative disconfirmations (Erasmus et al., 2020). Consumer satisfaction is likely to influence future purchase decisions (Erasmus et al., 2020).

2.5 Promotions

2.5.1 Promotional mix

Promotional mix is how a firm informs prospective customers of the nature and attributes of its products and includes persuasion of customers to buy and repeat purchase of the product (Pass, 2006). The promotional mix consists of advertising, sales promotion, personal selling, direct marketing, internet marketing and public relations (Pass, 2006).

Advertising involves placing advertisements in the media such as television, print media, radio, websites and other media (Pass, 2006).

Sales promotion includes money-off perks and free sample trials (Pass, 2006).

Personal selling consists of visits by salespeople to prospective customers (Pass, 2006).

Direct marketing is the acquisition and retention of customers without the use of intermediaries (Pass, 2006).

Internet marketing uses the Internet to acquire and retain customers (Pass, 2006).

Public relations promote the company image to create a favourable public attitude towards the firm and its product offering (Pass, 2006).

The promotional mix employed by a firm will depend on the market characteristics as determined by buyer and product characteristics (Pass, 2006).

2.5.2 Sales promotion

Sales promotions are special offers or activities that provide extra value to consumers, retailers and resellers (Fam et al., 2022). Sales promotions are mostly short-term and designed to encourage or stimulate quicker purchase or demand of products or services, thus resulting in quick short-term sales (Fam et al., 2022).

Sales promotions are designed as an incentive to influence customer purchase behaviour (Mandolfo et al., 2022). Sales promotions assist retailers in attracting new customers. It reduces the length of the consumer decision-making process and encourages existing customers to purchase more volume (Fam et al., 2022; Liao et al., 2009). Sales promotion is a primary tool in consumer goods markets, especially for fast-moving consumer goods (Fam et al., 2022).

Sales promotions trigger a psychological response in the consumer and a competitive response from the market actors (Mandolfo et al., 2022). Sales promotion excludes paid media advertising and includes coupons, samplings, discounts, self-liquidating offers, point-of-purchase promotions and displays, gifts or premiums, contests or sweepstakes, LPs and bargain packages (Fam et al., 2022).

Criticism against sales promotions is the erosion of brand equity, decreased loyalty, and increased consumer price sensitivity since customers wait for a price discount or promotion before purchasing (Fam et al., 2022; Low & Mohr, 2000).

Sales promotions can be categorised as either utilitarian or hedonic. Utilitarian sales promotions offer tangible benefits to customers such as price-based promotions, while hedonic promotions are experiential and do not offer monetary promotions (Fam et al., 2022).

The success of sales promotions is linked to the characteristics of customers. Benevolent customers who accept under-rewards are positive about sales promotions and are satisfied with the purchasing experience (Fam et al., 2022). Entitled customers focus on beneficial outcomes, are less tolerant of under-rewards, are less positive about sales promotions and are less satisfied with the purchase experience (Fam et al., 2022). Equity-sensitive customers prefer a balance between a give-and-receive relationship and hence are positive about sales promotions (Fam et al., 2022).

2.5.3 Sales promotion and consumer decision-making

Sales promotions are linked to the consumer decision-making process. Sales promotions offering instant gratification in the form of instant rewards require less processing effort by consumers than promotions which offer deferred gratification (Mandolfo et al., 2022). Immediate reward promotions, such as price cuts, result in a stronger consumer purchasing drive than delayed reward promotions such as LPs (Liao et al., 2009; Mandolfo et al., 2022).

Immediate monetary and non-monetary promotions result in higher instances of impulsive purchasing (Bandyopadhyay et al., 2021). However, immediate and delayed gratification promotions do not trigger different impulsive responses (Mandolfo et al., 2022). The driving factor of impulsive buying is the intrinsic reward of sales promotions (Mandolfo et al., 2022). For online purchases, impulsive buying is triggered by promotional strategies such as price reductions, coupons, membership discounts, sweepstakes and free gifts (Mandolfo et al., 2022). For brick-and-mortar stores, impulsive purchasing is encouraged by the positive effect of price cuts, LPs, free goods and vouchers based on past product knowledge (Liao et al., 2009; Mandolfo et al., 2022).

2.5.4 Promotional mix: Seller-driven vs customer-driven

Promotions can either be seller- or customer-driven. Wang et al. (2024) investigated the effectiveness of a promotional mix consisting of seller- and customer-driven promotions. The seller-driven promotion considered was hype advertising campaign (HAC), which makes use of mass advertising through print media and broadcast media. The customer-driven promotion considered was referral reward programme (RRP), where rewards are given to existing customers who bring in new customers via consumer-to-consumer (C2C) referrals. Since the advent of social media technologies C2C referrals have shifted online where consumers share content and product demonstrations online (Wang et al., 2024).

Wang et al. (2024) found that the promotional mix consisting of seller- and customer-driven promotions does not always guarantee profitability particularly when there is possibility of product mismatch to customer needs. Wang et al. (2024) uses efficiency of HAC and RRP to determine the effectiveness of the promotional mix: HAC efficiency is advertising cost to hype a unit in the market and RRP efficiency relates to customer referral instinct which is determined by factors such as product type, socioeconomic status, customer culture and industrial organisation. Where HAC is less efficient and RRP is highly efficient, Wang et al. (2024) recommends the retailer should use RRP promotions only. Furtheron, Wang et al. (2024) recommends adoption of HAC only when HAC is highly efficient and RRP is moderately efficient. A promotional mix is recommended when HAC is moderately efficient and RRP efficiency is low, in this case HAC wasteful expenditure advertising to non-buyers will be small (Wang et al., 2024).

2.6 Consumer purchase decisions and LPs

Consumers find it difficult to trade off immediate benefits from sales promotions with delayed benefits resulting from LPs (Liu & Ansari, 2020). Consumer commitment to an LP encourages consumers to consider the future consequences of their current purchase decisions (Ching & Ishihara, 2017). This can create a potential conflict with leveraging the immediate benefits from sales promotions for consumers (Liu & Ansari, 2020). Customer decision-making in a competitive environment involves trade-offs across firms and rewards (Khodakarami et al., 2024).

Liu and Ansari (2020) identified five types of customers: conflicted, reward-sensitive, price-sensitive, rational towards price, and rational towards reward. It is difficult to predict the behaviour of conflicted customers since they have no clear preferred choice (Liu & Ansari, 2020). Reward-sensitive customers exaggerate the benefits of LPs and forfeit immediate benefits from lower prices (Liu & Ansari, 2020). Price-sensitive customers do not appreciate the benefits of delayed rewards from LPs and focus on immediate prices (Liu & Ansari, 2020). Rational customers exhibit the lowest deviation from rationality and have stable preferences over time, hence their behaviour can be predicted (Liu & Ansari, 2020).

2.6.1 Loyalty programmes and consumer behaviour

LPs affect consumers through three mechanisms: points pressure mechanism, reward behaviour mechanism and exposure mechanism (Panzone et al., 2024). The points pressure mechanism is where a customer’s purchase expenditure increases and the purchase rate increases closer to attaining the reward threshold (Kivetz et al., 2006; Liu & Ansari, 2020; Nunes & Dreze, 2006; Panzone et al., 2024). The reward behaviour mechanism is where a customer increases their purchasing frequency after redeeming a reward (Panzone et al., 2024). The exposure mechanism is related to customer LPs which encourage lifestyle changes where the customer's behaviour is altered by actual exposure to the perceived benefits as opposed to change in consumer behaviour influenced by incentives under points pressure and reward behaviour mechanisms (Panzone et al., 2024).

Other alternative mechanisms through which LPs affect consumers are the loyalty inducing mechanisms through status, habits and relationships (Henderson et al., 2011). Henderson et al. (2011) indicates that social status is a human motivator and loyalty programmes appeals to the consumers sense of social recognition. Consumers have an edge to achieve top tiers in loyalty programmes which invokes the consumers sense of social validation and thus increasing attachment to a brand.

Habits as s loyalty inducing mechanism involves positive reinforcement where behaviours which are accompanied by positive outcomes are likely to be repeated according to Thorndike's law (Molchanova, 2024). Customers are rewarded for positive behaviours such as purchases, product reviews and referrals which leads to establishment of habit loops that are rewarded (Henderson et al., 2011). Henderson et al. (2011) states that customer habits in relation to loyalty programmes leads to increased purchase probability, heightened product preference and diminished search for alternatives.

Relationship as a loyalty inducing mechanism: theories such as the reciprocity principle are used to explain the role on relationships in loyalty programmes. Humans tend to reciprocate when receiving based on emotion-cohesion process where repeated interactions facilitate emotional connections leading to formation of a bond (Henderson et al., 2011). Consumers reciprocate the reward received from a brand by engaging in repeat purchases leading to increased revenue, increased share of wallet, enhanced word of mouth, forgiveness for service failure, increased information sharing, increased tendency to help other customers and emotional loyalty (Henderson et al., 2011).

Morrison et al. (2023) investigated how customer repurchase decisions at FMCG retailers in South Africa are affected by the simultaneous interaction of LP benefits, customer satisfaction and engagement. The authors found that customers repurchase decisions were not influenced by customer satisfaction and engagement. They further found that hedonic and symbolic benefits were not favoured by customers and that customers repurchase decisions at FMCG retailers were strongly influenced by utilitarian LP benefits (Morrison et al., 2023). The type of LP benefits are linked to the reward type.

2.7 8Ps marketing mix

The 8Ps marketing mix consists of product service, price, place, promotion, people, process, physical evidence, and productivity (Parmer et al., 2021).

Price: the financial cost associated with the product or service.

Place: where the product or service is attained and can consist of brick and motor, internet or home delivery (Parmer et al., 2021).

Promotion: involves communicating the product or service to persuade the consumer to buy, the promotion can be via multimedia, internet, audio, video, video broadcast, print media, salespeople and word of mouth (Parmer et al., 2021).

People: the person offering the product or service.

Process: stages a product or service goes through prior to completion.

Physical evidence: features symbolic with the worth and image of the product or service offering (Parmer et al., 2021).

Productivity: efficiency of the company in delivering the product or service offering coupled with value the customers derive from the offering (Vaccaro & Cohn, 2004).

2.7.1 8Ps of marketing mix and consumer purchasing decision

According to Thaichon et al. (2018) consumer repurchase behaviour is affected by product (packaging), price and promotions. Parmer et al. (2021) states that for service-orientated products five of the 8Ps marketing mix elements affects consumer decision making. The five elements are: process, promotion, people, physical evidence and productivity.

Parmer et al. (2024) further investigated the role of demographics coupled with the 8Ps marketing mix on consumer purchasing decision. The socioeconomic and education levels of consumers were found to have the most impact on place, promotion, process and physical evidence (Parmer et al., 2021). The socioeconomic level of the customer together with the process and promotion elements of the marketing mix were significantly related to the need recognition step of the buyer purchase process (Parmer et al., 2021). Consumer education and ethnicity are linked to the information search step within the consumer purchase decision process (Parmer et al., 2021). Age, promotion, people, process and productivity were statistically significant in the evaluation of alternative steps in the buyer-purchasing process

(Parmer et al., 2021). Furthermore, age, people, process, physical evidence and productivity were significantly linked with purchase decisions (Parmer et al., 2021). The productivity element of the marketing mix was found to be significantly related to post-purchase evaluation (Parmer et al., 2021), while the price element of the marketing mix was found to be the least influential on the buyer purchasing decision process (Parmer et al., 2021).

Need recognition in the buyer purchasing decision and process element of the marketing mix were found to be important for high-income earner consumers (Parmer et al., 2021). The two marketing mix elements of place and physical evidence are important for lowly educated consumers, while highly educated consumers place greater importance on the marketing mix element of the process when deciding to purchase (Parmer et al., 2021).

2.8 Loyalty programme design features and firm sales

2.8.1 Immediate rewards and sales

In South Africa, Shoprite's LPs are the most used and offer only immediate rewards in the form of discounts with no ability to accumulate points (Cromhout, 2023). Cromhout (2023) indicates that Shoprite's LP contribute to 80% sales coverage of the Shoprite group, and this is comparable or even surpasses the best LPs in the world.

Contrary to the results of Cromhout (2023) in South Africa, Bombaij and Dekimpe (2020) did not find any relationship between retailer performance determined through the sales productivity (sales/retailer surface area) and immediate rewards offered by an LP for grocery retailers in European countries.

Zhang and Wang (2023) recommend that future studies should consider design factors of the reward programmes other than reward type and consider design variables such as rewards timing to design effective LPs. Thus, in the present study, reward timing is considered together with other LP design features.

2.8.2 Delayed rewards and sales

Chaudhuri et al. (2019) investigated the effect of introducing LPs on the sales and gross profit of 322 firms in the United States of America (USA) across five industries: retail, entertainment, hospitality, telecommunications and information, and food and beverages. Relative to firms without LPs, the introduction of LPs resulted in firms experiencing a 7% increase in total sales and 6% in gross profit for the first year after the introduction of the LP (Chaudhuri et al., 2019). Three years after the introduction of the LP, firms with LPs experienced an 11% increase in total sales and a 6% increase in gross profit relative to firms without an LP (Chaudhuri et al., 2019).

LPs with delayed rewards where customers accumulated points for later redemption of rewards and additional benefits were found to result in differentially higher sales and gross profit than LPs which simply provide everyday benefits or perks as is offered in immediate rewards (Chaudhuri et al., 2019).

Contrary to the results of Chaudhuri et al. (2019) in the USA, Bombaij and Dekimpe (2020) did not find any relationship between retailer performance determined through sales productivity and delayed rewards offered by an LP for grocery retailers in European countries.

2.8.3 Direct rewards and sales

Gabel and Guhl (2022) found that for a German grocery retailer, the introduction of an LP resulted in revenue improvement of approximately 5–6% for LP members. Gabel and Guhl (2022) further found that customers preferred direct rewards related to the grocery retailer's product offering relative to indirect rewards. Within the European grocery retail sector, Bombaij and Dekimpe (2020) found no relationship between retailer performance determined via sales productivity and direct rewards. Within South Africa, Cromhout (2023) found that economically active consumers preferred to redeem direct rewards in the form of cashback and discount.

2.8.4 Indirect rewards and sales

Within the grocery retail industry in European countries, there was no relationship between retailer performance determined through sales productivity and the indirect rewards offered by the LP (Bombaij & Dekimpe, 2020). Within South Africa, Cromhout (2023) showed that mass-market consumers preferred redeeming indirect rewards in the form of airtime and data from supermarkets.

2.8.5 Plural LP and sales

Within South Africa, both the affluent and mass-market consumers were found to prefer both instant discounts and cashback (immediate rewards) together with points accumulation towards attaining a big reward (delayed rewards) (Cromhout, 2023). This indicates preference for plural rewards comprising immediate and delayed rewards. The current study investigates if a similar preference for plural rewards exists in Lesotho.

Chaudhuri et al. (2019) found that an LP consisting of tiered rewards and earning mechanism, or delayed rewards, results in substantially higher increases in total sales and gross profit compared to an LP offering only one reward type.

2.9 Retailer characteristics and firm sales

2.9.1 Pricing strategy and sales

Within the European grocery retailer industry, retailer performance determined through sales productivity was not affected by the retailer pricing strategy (Bombaij & Dekimpe, 2020). It was concluded that LPs are not intrinsically favourable for retailers using high-low strategy compared to retailers using the everyday low-pricing strategy (Bombaij & Dekimpe, 2020). The study by Kanakaratne et al. (2020) corroborates the findings of Bombaij and Dekimpe (2020) that the grocery retailer positioning strategy, such as the pricing strategy, is less of a moderator of the LP design features.

In South Africa, Cromhout (2023) reports that Shoprite has capitalised on its low-cost pricing strategy which has resulted in the LP accounting for 80% of sales.

Akampurira and Amanya (2024) established a significant positive relationship between pricing strategies and customer loyalty in the following order: discount pricing > loyalty program > everyday low pricing > promotional pricing. The study by Akampurira and Amanya (2024) was for Shoprite stores in Uganda. Akampurira and Amanya (2024) concluded that by focusing on customer-centric pricing strategies in the form of discounts and promotions, Shoprite Uganda would realise strong customer retention rates and increased repeat purchases. As of 2025 the World Bank (2025b) classifies Uganda as a lower-income country.

2.10 Country characteristics and firm sales

2.10.1 Competing LPs and sales

Bombaij and Dekimpe (2020) found that within the European grocery retailer industry, retailer performance determined through sales productivity was reduced when many competing retailers also ran LPs.

Leenheer et al. (2007) showed that within the Dutch grocery retail sector, the share of wallet at the focal supermarket decreases with an increase in the number of competing loyalty programmes that a customer is a member of. The share of wallet relates to the amount spend at a focal retailer relative to the other retailers, thus a reduction in share of wallet negatively affects the sales at the focal grocery retailer.

2.11 Conceptual framework

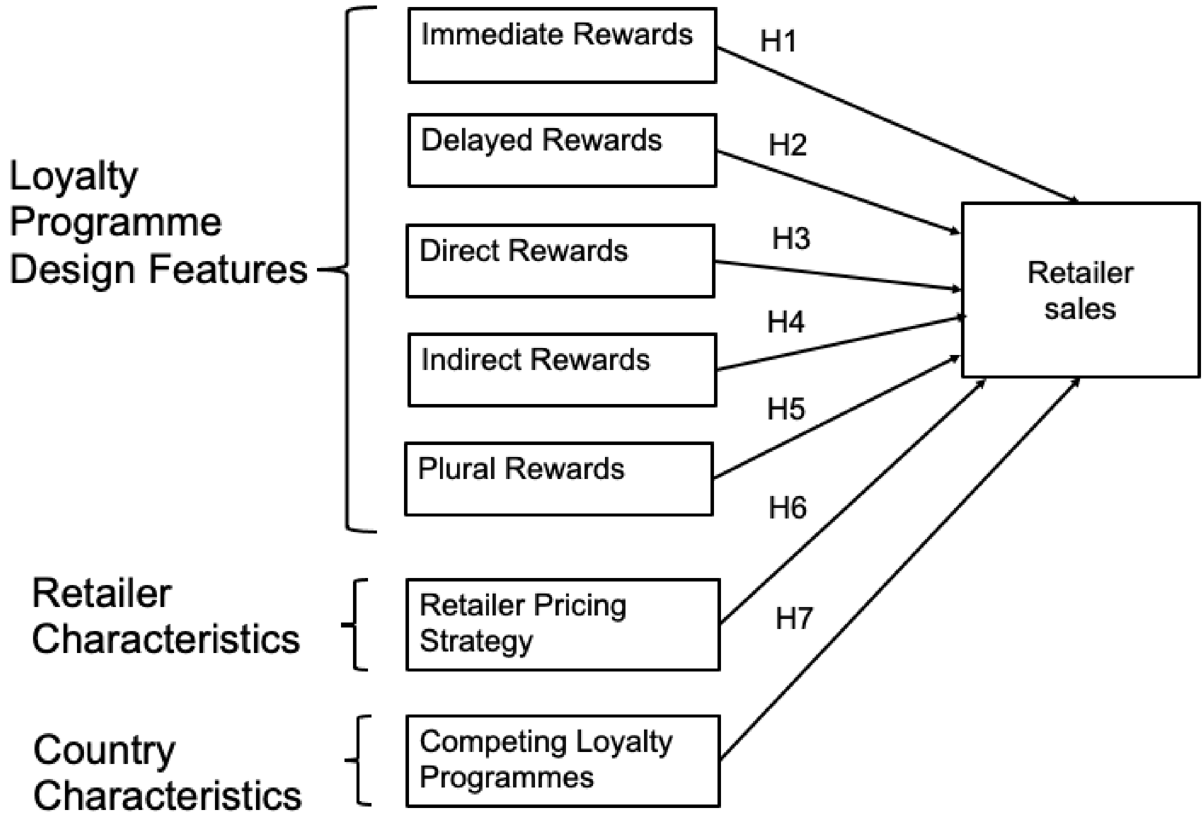

Figure 1: Conceptual framework

The key features of an LP are the design features (Belli et al., 2022; Zhang & Wang, 2023). LP reward timing and reward type affect the effectiveness of LPs and hence the sales of the retailer (Bombaij & Dekimpe, 2020; Cromhout, 2023; Kanakaratne et al., 2020; Nesset et al., 2021). Cromhout (2023) states that some customers who show preference for either immediate rewards or delayed rewards also show a preference for both types of rewards. The repurchase decisions of customers are positively impacted by LP benefits (Morrison et al., 2023) and the benefits are linked to the reward type and reward timing whilst the repurchase decisions can be linked to the retailer sales. Retailer pricing strategy and the number of competing LPs within a country moderate the effectiveness of LPs in enhancing the sales of a retailer (Bombaij & Dekimpe, 2020).

2.12 Hypothesis development

2.12.1 Hypothesis 1 (rewards timing)

The following hypothesis is formulated:

H_1: Loyalty programme immediate rewards will increase the grocery retailer sales.

There is both a positive and a no effect of LP immediate rewards with grocery retailer sales, depending on the region or country. A positive effect was observed in South Africa (Cromhout, 2023) and no effect was observed in European countries (Bombaij & Dekimpe, 2020). It is unknown if LP immediate rewards will increase grocery retailer sales in a lower-middle-income African country.

2.12.2 Hypothesis 2 (rewards timing)

The following hypothesis is formulated:

H_2: Loyalty Programme delayed rewards will increase the sales of a grocery retailer.

The effect of LP delayed rewards on grocery retailer sales is country or region dependent. A positive effect was observed in the USA (Chaudhuri et al., 2019) and in South Africa (Cromhout, 2023), whilst no effect was observed in European countries (Bombaij & Dekimpe, 2020). It is unknown if LP delayed rewards will increase grocery retailer sales in a lower-middle-income African country.

2.12.3 Hypothesis 3 (rewards type)

The following hypothesis is formulated:

H_3: Loyalty Programme direct rewards will increase grocery retailer sales.

Contradictory results on the effect of LP direct rewards on grocery retailer sales were noted. A positive effect was observed by Gabel and Guhl (2022) in Germany and in South Africa by Cromhout (2023), whilst no effect within European countries was observed by Bombaij and Dekimpe (2020). It is unknown if LP direct rewards will have a positive or negative effect on grocery retailer sales within a lower-middle-income African country.

2.12.4 Hypothesis 4 (rewards type)

The following hypothesis is formulated:

H_4: Loyalty Programme indirect rewards will increase grocery retailer sales.

The effect of LP indirect rewards on grocery retailer sales is region or country dependent. A positive effect was observed in South Africa by Cromhout (2023) and in Europe, Bombaij and Dekimpe (2020) observed no effect. It is unknown if LP indirect rewards will increase grocery retailer sales in a lower-middle-income African country.

2.12.5 Hypothesis 5 (plural rewards)

The following hypothesis is formulated:

H_5: A plural Loyalty Programme will increase grocery retailer sales.

There is a positive effect of plural LPs consisting of more than one design feature within a single LP with grocery retailer sales which are not region or country specific. A positive effect was observed in the USA (Chaudhuri et al., 2019) and in South Africa (Cromhout, 2023). It is unknown if a positive effect between plural LP and grocery retailer sales will hold in a lower-middle-income African country.

2.12.6 Hypothesis 6 (retailer pricing strategy)

The following hypothesis is formulated:

H_6: The pricing strategy together with the Loyalty Programme will increase the sales of the grocery retailer.

The effect of the pricing strategy and LP on grocery retailers seems to depend on country or region. A positive effect was observed in South Africa by Cromhout (2023) and in a low-income country Uganda by Akampurira and Amanya (2024), but no effect was observed in Europe by Bombaij and Dekimpe (2020). It is unknown if there is a positive effect between retailer pricing strategy together with an LP and grocery retailer sales in a lower-middle-income African country.

2.12.7 Hypothesis 7 (competing LPs in a country)

The following hypothesis is formulated:

H_7: High number of competing Loyalty Programmes will reduce the sales at the focal firm grocery retailer.

Within the European grocery retailer industry, competing LPs lower the sales of the focal firm (Bombaij & Dekimpe, 2020). It is unknown if competing LPs will decrease the sales of the focal firm within the grocery retail industry in a lower-middle-income African country.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

Chapter 3 presents the methodology employed in this study.

The research was a cross-sectional quantitative study which combined judgmental sampling and convenience sampling to collect data from two PnP store managers in Lesotho and 253 consumers. The study used a questionnaire as the research instrument (see Appendix C).

3.2 Research design

The quantitative research method was preferred for this study since it tests theory deductively from known theory by developing hypothesised relationships and proposed outcomes (Carr, 1994).

A cross-sectional non-probability sampling survey through a researcher-administered questionnaire was used in the study. Muganda et al. (2014) also followed this method when investigating supermarket competitiveness in Kenya due to LPs.

The researcher was present during the completion of the questionnaire to provide assistance and clarification if needed. This was to ensure accurate findings and capitalise on the benefits of one-on-one conversations (Beneke et al., 2015).

3.3 Population and sample

3.3.1 Population

The population comprised two PnP store managers and 700 employees of Storm Mountain Diamonds Mine in Lesotho. The two stores were chosen since they are the only two available Pick n Pay stores within Lesotho hence, they are representative of the entire sample size for the Pick n Pay retailers in Lesotho.

3.3.2 Sampling and sampling method

Convenience sampling was used to determine the consumer sample size. The 700 employees at Storm Mountain Diamonds where the researcher works was the total sample and using the simplified Yamane (1967) formula at 95% confidence level and 5% margin of error resulted in a total consumer sample size of 255.

The study adopted a cross-sectional survey research like Muganda et al. (2014) where this research method was used to gather insights from marketing managers and consumers.

Judgmental sampling was used for the store managers and non-probability convenience sampling was used for the consumers. The researcher works at Storm Mountain Diamonds Mine; hence it was convenient for the researcher to obtain data from employees. The non-probability sampling coupled with convenience sampling was used in this study following a similar study by van Tonder and Petzer (2018). Judgmental sampling was used since the store managers are best suited to provide answers about the operation of their stores.

3.4 Research instrument

The research instrument was a questionnaire which was distributed to the consumers and store managers, while the researcher was present to help if needed. Sales were used as a measure of retailer performance. Previously, Chaudhuri et al. (2019), used sales as a performance measure for the effect of LPs based on Bijmolt et al. (2011) assertion that the purpose of LPs is to increase customer spending, thus the suitability of sales as a performance measure. Morrison et al. (2023) indicate that increased customer repurchases decisions secure future sales for an organisation, hence, customer repurchase can be used as a proxy sale.

A 5-point Likert-type scale was used for the questionnaire, like the study of Morrison et al. (2023).

3.4.1 Section A

Section A of the questionnaire was for consumers and is divided into seven subsections, with each subsection focussing on a different hypothesis.

3.4.2 Section B

Section B of the questionnaire applied to the two store managers and is divided into 7 subsections, each focussing on a different hypothesis.

3.5 Data analysis and interpretation

Data analysis was done using the Statistical Package for the Social Sciences (SPSS) v29 software.

Descriptive statistical analysis was used to analyse the data. The dependent variable was retailer sales, and the independent variables were immediate rewards, delayed rewards, direct rewards, indirect rewards, plural rewards, retailer pricing strategy and number of competing LPs in a country.

Factor analysis was used for questionnaire evaluation and testing for construct validity.

Factor analysis was used in this study, similar to that of Beneke et al. (2015) and Bridson et al. (2008), to examine the interrelationships or interdependence of variables through correlations.

Cronbach's alpha was conducted to evaluate reliability. Cronbach's alpha is a tool to ascertain the reliability of items and to determine whether they are measuring what they are supposed to (Malhotra, 2010).

3.6 Limitations of the study

The study focused only on sales as a measure of retailer performance. Due to convenience sampling, the views of respondents were not representative of the entire country, so generalisation of the results was done with caution (van Tonder & Petzer, 2018).

3.7 Validity and reliability

3.7.1 External validity

The questionnaire was peer-reviewed to ensure that it was clear and there were no ambiguous questions.

3.7.2 Internal validity

Factor analysis was used to assess the validity of the constructs.

3.7.3 Reliability

The Cronbach's coefficient alpha and composite reliability was used to ensure the reliability of the measurement scales.

3.8 Ethical considerations

Ethical considerations were applied during this study. The anonymity of participants was guaranteed, and the confidentiality of all data gathered was ensured. No data was shared with any third parties.

CHAPTER 4: RESULTS

4.1 Introduction

This chapter presents the results of the SPSS data analysis of the data obtained from the questionnaire distributed to the consumers. The data from the two retail managers was not analysed in SPSS owing to a small sample size.

A total of 362 questionnaires were distributed to solicit responses from consumers and 343 questionnaires were completed for a response rate of 95%. After data cleaning, a total of 328 responses were used for further analysis. Questionnaires were sent to the two store managers of PnP Pioneer Mall (PnP-P) and PnP Masianokeng (PnP-M) in Lesotho, for their input.

The results are presented in the following sequence: analysis of the retailer questionnaire measurement scales, demographics from the consumer questionnaire, analysis of the consumer questionnaire measurement scales, pilot study, reliability and validity measures, multiple regression analysis and hypothesis testing.

4.2 Retailer perspectives

No statistical significance can be attached to the retailer results due to the limited sample size of only two PnP stores in Lesotho. Nevertheless, inferences and conclusions were drawn from the responses of the retailer.

4.2.1 Measurement scale for immediate rewards

The responses from the retailers on the measurement scale of immediate rewards were as follows:

> *Statement 1: Customers want to be immediately rewarded for their loyalty at this store.*

This statement sought to find from the retailers if they agree that customers prefer immediate rewards for their loyalty at the store. There was no consensus between the two stores because PnP-M strongly agreed that customers want to be immediately rewarded whilst PnP-P disagreed that customers want to be immediately rewarded. The results indicate that there is no general agreement among the PnP stores in Lesotho regarding customers' preference for immediate rewards.

Statement 2: LPs which offer immediate rewards result in an increase in repeat purchases.

This statement tested whether the two PnP stores agree that an LP offering immediate rewards will increase repeat purchases and hence an increase in sales. Both PnP-M and PnP-P agreed that LPs offering immediate rewards do increase repeat purchases. The results indicate that PnP stores believe that offering immediate rewards will result in consumers purchasing more to receive immediate rewards and thus in the process, the sales of the retailer will increase.

Statement 3: Customers prefer immediate rewards which they receive at the checkout point in the form of cash discounts or buy-one-get-one-free coupons.

This statement tested from the retailer's point of view if customers prefer immediate rewards in the form of cash discounts or buy-one-get-one-free coupons. Both PnP-M and PnP Pioneer Mall were neutral on this statement. The results indicate that both PnP stores neither agree nor disagree that customers prefer immediate rewards in the form of cash discounts or buy-one-get-one-free coupons.

4.2.2 Measurement scale for delayed rewards

The responses from the retailers for the measurement scale of delayed rewards were as follows:

Statement 1: Customers prefer delayed rewards which they receive sometime in the future and enjoy accumulating points.

This statement sought the stance of the retailers on whether customers preferred delayed rewards, where they are rewarded sometime in the future after accumulating reward points. PnP-M was neutral on this statement whilst PnP-P strongly agreed with the statement. The results indicate that the stores are split in opinion on this statement, with PnP-P located in a mall showing a preference for delayed rewards, and PnP-M, which is not located in a mall, remaining neutral to this statement.

Statement 2: LPs offering delayed rewards result in an increase in customer repeat purchases.

The statement tested whether the retailers believed an LP offering delayed rewards would result in an increase in repeat purchases and hence an increase in sales. Both PnP-M and PnP-P were neutral on this statement. Both stores offer only immediate rewards with no option for accumulating points. Neither store is familiar with delayed rewards, thus their neutral response.

Statement 3: LPs offering delayed rewards result in switching costs which deter customers from defecting, but rather continue with the retailer and spend more to increase their chances of qualifying for a reward.

This statement sought the responses of retailers on whether switching costs deterred customers from defecting to competitors and encouraged them to spend more to qualify for a reward. Neither PnP-M nor PnP-P offers delayed rewards, hence both remained neutral on this statement.

4.2.3 Measurement scale for direct rewards

The responses from the retailers for the measurement scale of direct rewards were as follows:

Statement 1: Customers prefer direct rewards which are related to the products they buy from the retailer such as buy-one-get-one-free and cash discounts

The statement sought the responses of the retailers in terms of the type of direct rewards customers preferred such as cash discounts and buy-one-get-one-free coupons. PnP-M was neutral on this statement, whilst PnP-P agreed with it. The result indicates that there is no uniformity between the two stores regarding customer preference for direct rewards such as discounts and buy-one-get-one-free coupons, PnP-M is indifferent to customers preferring indirect rewards whilst PnP-P is clear that consumers prefer direct rewards.

Statement 2: LPs offering direct rewards result in a high frequency of repeat purchases which will increase sales.

The statement sought to establish from the retailers whether direct LP rewards result in a high frequency of repeat purchases which increases sales. PnP-M and PnP-P strongly agreed that LPs offering direct rewards will result in a high frequency of repeat purchases which will increase sales. The results indicate that by offering direct rewards, retailers can expect increased buying by consumers who want to receive the direct rewards hence the retailers will see an increase in sales.

Statement 3: Customers prefer direct rewards such as discounts since they spend less and save money.

The statement sought to determine whether retailers, by offering direct rewards in the form of discounts, result in customers spending less and thus saving money. PnP-M and PnP-P strongly agreed that by offering discounts, customers spend less and can save money. The results indicate that LPs help customers save money.

4.2.4 Measurement scale of indirect rewards

The responses from the retailers for the measurement scale of indirect rewards were as follows:

> *Statement 1: Customers prefer indirect rewards which are not related to the products of the retailer, such as receiving a free gift voucher, or free movie ticket.*

The statement was aimed at establishing from the retailers whether customers prefer indirect LP rewards such as gift vouchers or movie tickets. Both PnP-M and PnP-P were neutral on this statement. The result indicates that both PnP-M and PnP-P neither agree nor disagree with the statement and are non-committal as to whether customers prefer these types of indirect rewards.

> *Statement 2: LPs offering indirect rewards result in a high frequency of repeat purchases in order to grow the accumulated points to reach a reward.*

This statement sought the responses of the retailers on whether indirect rewards increase the frequency of repeat purchases in an attempt by consumers to grow their accumulated reward points to qualify for a reward. PnP-M strongly disagreed with this statement whilst PnP-P remained neutral on it. The result indicates that the retailers do not see any direct link between the increase in repeat purchases and LPs offering indirect rewards via accumulated reward points.

> *Statement 3: Customers enjoy accumulating reward points and redeeming reward points.*

This statement sought the responses of retailers on whether consumers prefer indirect rewards in the form of accumulating and redeeming reward points. PnP-M strongly disagreed with this statement whilst PnP-P was neutral on the statement. The result indicates that neither store clearly agrees that consumers enjoy accumulating and redeeming rewards points which are a form of indirect rewards.

4.2.5 Measurement scale of plural rewards

The responses from the retailers for the measurement scale of plural rewards were as follows:

> *Statement 1: Customers like to be instantly rewarded for their loyalty to a retailer and for building up points for big rewards.*

This statement sought to ascertain whether consumers like to be instantly rewarded as well as accumulate points toward big rewards and be rewarded later. PnP-M strongly disagreed with the statement whilst PnP-P was neutral on this statement. The result indicates that PnP-P does not have a clear stance whether it agrees or disagrees with the statement whereas PnP-M is clear that it disagrees with the statement. The result indicates that neither store agrees that customers prefer both immediate and delayed rewards. Both PnP-M and PnP-P only offer immediate rewards, not accumulated reward points, hence the non-positive response to the rewards programme combining immediate and delayed rewards.

Statement 2: Customers are motivated to spend more to earn more rewards in the form of discounts and earn more points to earn big rewards such as vouchers and gifts.

This statement sought the responses of the retailers on whether an LP offering both immediate and delayed rewards will motivate consumers to spend more to get discounts and accumulate points to earn big rewards such as vouchers and gifts. Neither PnP-M nor PnP-P agreed or disagreed with this statement. Both stores offer only immediate rewards and have not been exposed to delayed rewards, hence are not able to form an opinion in this regard.

Statement 3: Customers will do more business in future with the retailers who offer both direct (discounts) and indirect rewards (cashback, vouchers, gifts).

This statement sought to determine whether consumers will do more business in future with a retailer that offers both direct and indirect rewards. PnP-M and PnP-P remained neutral and could neither agree nor disagree with the statement due to their lack of exposure to delayed rewards.

4.2.6 Measurement scale of retailer pricing strategy

The responses from the retailers for the measurement scale of retailer pricing strategy were as follows:

Statement 1: We use an everyday low-pricing strategy to increase or maintain market share and sales volume.

This statement was aimed at getting the responses of the retailers on whether they use a low pricing strategy together with the LP to increase or maintain market share and sales volume. PnP-M strongly agreed that it does a low pricing strategy to maintain or increase market share and sales volume but PnP-P neither agreed nor disagreed with the statement. The results indicate that it is not across the board that PnP stores in Lesotho use low pricing to maintain or increase market share and sales volume.

Statement 2: We use a high-low pricing strategy to increase or maintain market share and sales volume.

This statement was aimed at getting the responses of the retailers on whether they use different pricing strategies such as high-low pricing together with an LP to increase or maintain market share and sales volume. PnP-M and PnP-P both agree that they use the high-low pricing strategy to increase or maintain market share and sales volume. The result indicates that the retailer pricing strategy together with the LP can increase the sales of the retailer.

Statement 3: We provide discounts and sales in the form of bundles to increase or maintain market share and sales volume.

This statement sought to determine the responses of the retailers on whether they use discounts and sales in the form of bundles coupled with an LP to increase or maintain market share and sales volume. PnP-M and PnP-P agreed that they use discounts and sales in the form of bundles together with an LP to increase or maintain market share and sales volume. The result shows that retailers do use discounts and sales in the form of bundles coupled with an LP to increase their sales.

4.2.7 Measurement scale of competing loyalty programmes

The responses from the retailers for the measurement scale of competing LPs were as follows:

Statement 1: By getting the value proposition right, we can encourage customers to switch their share of wallet to us for maximum benefit of LPs opposed to belonging to many LPs.

This statement sought to establish from the retailers whether by getting their value proposition right, they can get the customers to switch their share of wallet to one retailer for maximum benefit of LPs rather than belonging to many LPs. PnP-M strongly disagreed with the statement whilst PnP-P agreed with the statement. The result indicates that there is no uniformity between the two stores regarding getting the value proposition right and encouraging consumers to switch their share of wallet for maximum LP benefit at one store rather than belonging to many LPs. PnP-M is of the view that even if they were to get their value proposition right, they would not encourage customers to switch their share of wallet for maximum LP benefit at one retailer, they would still belong to other LPs. PnP-P believes that the opposite can be achieved.

Statement 2: Competing LPs affect the share of wallet of customers at our store.

This statement sought the responses of the retailers on whether competing LPs affect the share of wallet of customers at their stores. PnP-M and PnP-P agree that competing LPs affect the share of wallet of customers at their store. The result indicates that with an increase in competing LPs, both PnP-M and PnP-P stores expect that the amount consumers spend at their stores would decrease.

Statement 3: An increase in the number of competing LPs affects our sales.

This statement sought the retailers' responses to whether an increase in the number of competing LPs would affect their sales. PnP-M and PnP-P agreed with the statement. The result indicates that with an increase in the number of competing LPs, PnP-M and PnP-P expect their sales to drop since customers will shop at different stores to maximise the benefits of LPs at different stores.

4.3 Consumer perspectives

4.3.1 Descriptive statistics

4.3.1.1 Gender participation

As reflected in Figure 2 below, 52% of the participants were female and 48% were male.

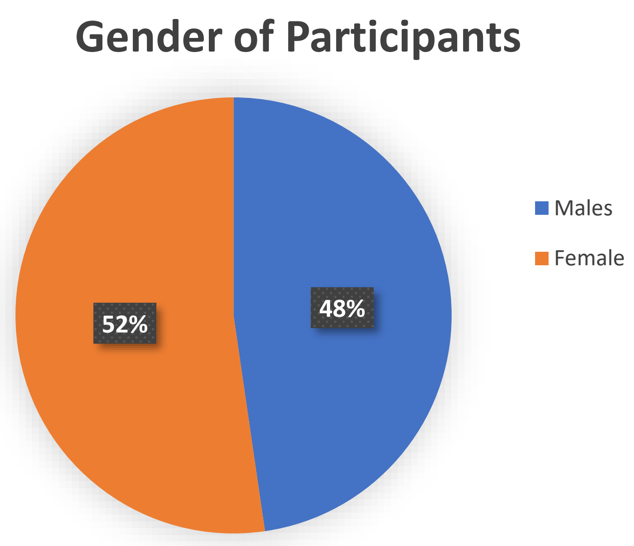

Figure 2: Gender distribution of participants

4.3.1.2 LP membership of participants

Figure 3 reflects that 88% of the participants were members of the LP and 12% were non-members. This indicates that most of the respondents had experience using the LP.

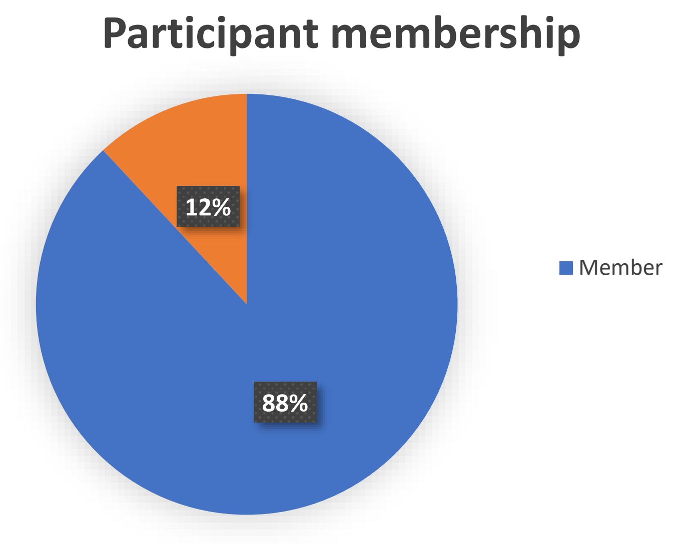

Figure 3: Distribution of participant membership of LPs

4.3.1.3 Educational level of the participants

Figure 4 below illustrates that 59% of the participants had an intermediate level of education, with 31% of the participants having a bachelor's degree. Participants possessing a master's degree and above constituted 10% of the participants. The level of education of the participants indicates that the participants are educated to a level where they can apply their minds and arrive at sound decisions concerning the LPs.

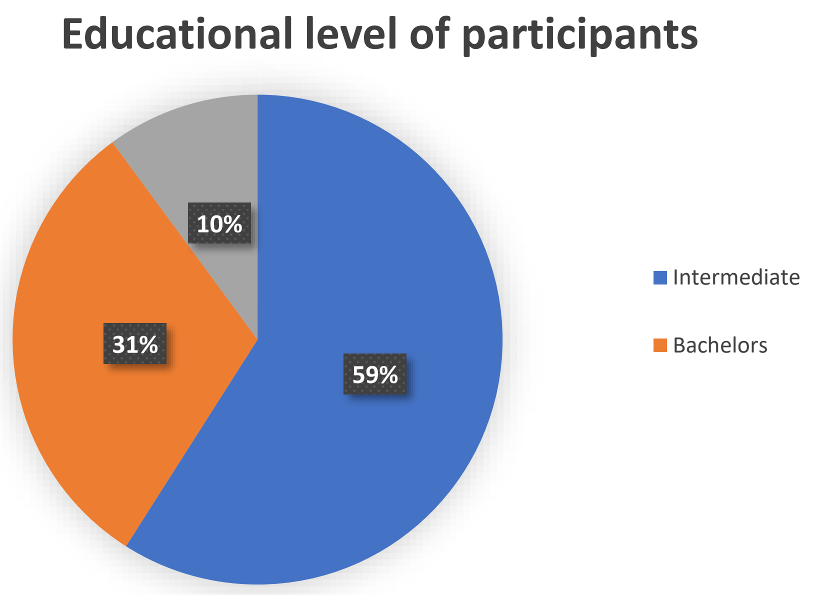

Figure 4: Distribution of the educational level of the participants

4.3.2 Measurement scales for responses from the consumers

For the analysis of the responses to the consumer questionnaire, aggregate results for agree (strongly agree + agree) and disagree (strongly disagree + disagree) were considered.

4.3.2.1 Measurement scale for immediate rewards by consumers

Table 1 below presents the responses of consumers for the measurement scale of immediate rewards.

Table 1 reflects that 61.9% of the respondents agreed with Statement 1: *I like deals such as for every R100 spend on your groceries, you get 10% discount immediately at the cash till*. 21% of the respondents disagreed with this statement, and 17.1% remained neutral. The results indicate that most respondents prefer immediate rewards in the form of a discount on their purchase.

On Statement 2, 68.3% of respondents agreed that: *I want to get discounts or special deals that non-members do not get.* 16.1% of respondents disagreed whilst 15.5% remained neutral on the statement. The results indicate most consumers prefer discounts and specials which non-members do not get.

68% of respondents agreed with Statement 3: *I get immediate financial incentives from being a loyalty card holder.* 3.9% of respondents disagreed with the statement, whilst 28.1% of the respondents were neutral on this statement. The results reveal that most consumers enjoy the financial incentives that come with being a loyalty card holder.

The responses of consumers to the three measurement scales of immediate rewards indicate that most of them prefer immediate rewards.

Table 1: Consumer responses to the measurement scale of immediate rewards

Statement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Immediate Rewards					
1. I like deals such as for every R100 spent on your groceries, you get a 10% discount immediately at the till	7.6%	13.4%	17.1%	29.3%	32.6%
2. I want to get discounts or special deals that non-members do not get	8.8%	7.3%	15.5%	24.4%	43.9%
3. I get immediate financial incentives from being a loyalty cardholder	0.9%	3.0%	28.0%	38.1%	29.9%

4.3.2.2 Measurement scale for delayed rewards by consumers

Table 2 captures the responses of consumers for the measurement scale of delayed rewards.

Table 2 indicates that 56.4% of respondents agreed with Statement 1: *I enjoy accumulation of reward points*. 22.3% of respondents disagreed with the statement, whilst 21.3% remained neutral. The results indicate that most consumers prefer accumulating points towards obtaining a delayed reward.

On Statement 2: *Today you bought for more than R100, our reward programme offers you a R10 discount coupon valid in three months from now,* 51.8% of respondents agreed with the statement, 22.3% disagreed and 25.9% of the respondents were neutral on this statement. The result shows that most customers prefer receiving a delayed reward to be claimed at a later time in future.

The responses to the two measurement scales of delayed rewards indicate that most customers prefer delayed rewards relative to those who did not like them or were neutral.

Table 2: Consumer responses to the measurement scale of delayed rewards

Statement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Delayed Rewards					
1. I enjoy accumulation of reward points	10.4%	11.9%	21.3%	16.8%	39.6%
2. Today you bought for more than R100, our reward programme offers you a R10 discount coupon valid in three months' time from now	11.9%	10.4%	25.9%	23.8%	28.0%

4.3.2.3 Measurement scale of direct rewards by consumers

Table 3 shows the responses of consumers to the measurement scale of direct rewards.

Table 3 indicates that 61.9% of respondents agreed with Statement 1: *I enjoy deals like for every R100 spent on your groceries, you get R10 discount off your bill.* 21% of the respondents disagreed with the statement and 17.1% remained neutral. The results indicate that most customers enjoy receiving a direct reward in the form of a discount redeemable at the cash till upon payment.

Also seen in Table 3, 68% of respondents agreed with Statement 2: *I get better prices than most customers* but 5% disagreed with this statement and 27% remained neutral. The results indicate that most consumers agree that by being members of an LP they qualify for better prices than customers who are not members of an LP.

The responses to the two measurement scales on direct rewards indicate that most consumers prefer direct rewards relative to those who do not prefer direct rewards or are neutral.

Table 3: Consumer responses to the measurement scale of direct rewards

Statement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Direct Rewards					
1. I enjoy deals like for every R100 spent on your groceries, you get R10 discount off your bill	7.6%	13.4%	17.1%	29.3%	32.6%
2. I get better prices than most customers	1.0%	4.0%	27.0%	36.1%	31.9%

4.3.2.4 Measurement scales of indirect rewards by consumers

Table 4 shows the responses of consumers to the measurement scales of indirect rewards.

It indicates that 70.7% of respondents agreed with Statement 1: *I enjoy deals like for every R100 spend on your groceries, you get R10 airtime voucher***.** 14.3% of respondents disagreed and 14.9% remained neutral on this statement

The result shows that most consumers prefer receiving an indirect reward in the form of an airtime voucher for their grocery purchases.

Regarding Statement 2 in Table 4 above, 65.2% of respondents agreed that: *I like deals such as buy for more than R100 and qualify for a free gift*, 4% disagreed with this statement and 30.8% of the respondents remained neutral. The result indicates that most consumers like receiving indirect rewards in the form of free gifts for being members of an LP.

Also, in Table 4 above, a significant 71% of the respondents agreed with Statement 3: *Rewards should be cashback or rebates,* while 15.2% disagreed and 13.8% remained neutral on this statement. The result indicates that consumers prefer indirect rewards such as cashback or rebates for being a member of an LP.

Table 4: Consumer responses to the measurement scales of indirect rewards

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Indirect Rewards					
1. I enjoy deals like for every R100 spent on your groceries, you get R10 airtime voucher	8.5%	5.8%	14.9%	30.5%	40.2%
2. I like deals such as buy for more than R100, and qualify for a free gift	0.6%	3.4%	30.8%	39.0%	26.2%
3. Rewards should be cashback or rebates	7.3%	7.9%	13.8%	27.4%	43.6%

The responses to the three measurement scales on indirect rewards indicate that most respondents prefer receiving indirect rewards relative to those who do not like receiving indirect rewards or those who remain neutral.

4.3.2.5 Measurement scales of plural loyalty rewards by consumers

Table 5 shows the responses of consumers to the measurement scales of plural reward LPs.

The results in Table 5 indicate that 72.9% of respondents agreed with Statement 1: *I like deals such as for every R100 spend on your groceries, you get R10 discount + R10 airtime voucher.* 13.7% of respondents disagreed with the statement and 13.4% remained neutral. The result shows that most consumers prefer plural reward programmes which offer a combination of direct and indirect rewards.

Also seen in Table 5, 70.7% of respondents agreed with Statement 2: *I want to get a discount and accumulate reward points*. 3.7% of respondents disagreed with this statement and 25.6% remained neutral. The result indicates that many consumers prefer LPs which allow them to simultaneously receive an instant reward in the form of a discount and accumulate points toward a delayed reward redeemable sometime in the future.

Statement 3: *LPs enable me to get discounts and redeem rewards points,* garnered 73.8% of respondents who agreed, 12.8% who disagreed and 13.4% who remained neutral on Statement

3. The result indicates that consumers prefer an LP which enables them to both qualify for discounts whilst also enabling them to accumulate points towards qualifying for a reward.

The responses of consumers on the three measurement scales on plural rewards reveal that most consumers prefer plural rewards compared to those who do not or those who are neutral in this regard.

Table 5: Consumer responses to measurement scales on plural reward LPs

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Plural Rewards					
1. I like deals such as for every R100 spend on your groceries, you get R10 discount + R10 airtime voucher	6.4%	7.3%	13.4%	31.4%	41.5%
2. I want to get a discount and accumulate reward points	0.3%	3.4%	25.6%	43.6%	27.18%
3. LPs enable me to get discounts and redeem rewards points	5.5%	7.3%	13.4%	38.4%	35.4%

4.3.2.6 Measurement scales of retailer pricing strategy by consumers

Table 6 below contains the responses of consumers to the measurement scales of retailer pricing strategy.

The table indicates that 82.7% of the respondents agree with Statement 1: *I am willing to buy from a retailer with an LP who offer discounts and sales in the form of bundles.* 6.1% of respondents disagreed with the statement, whilst 11.2% remained neutral. The results indicate that most consumers prefer buying from a retailer who has an LP and offers discounts and sales in the form of bundles.

Also shown in Table 6, 53.6% of the respondents agreed with Statement 2: *I am willing to pay a higher price for brands at a retailer with an LP than at other retailers.* 17.4% of respondents disagreed with Statement 2, whilst 29% of the respondents remained neutral. The results indicate that most consumers are willing to pay a premium at a retailer who offers an LP with rewards that are beneficial to consumers.

Table 6 further reflects that 37.38% of respondents agreed with Statement 3: *The price for a retailer with an LP would have to go up a bit before I would switch to another retailer*. 27.4% of respondents disagreed with the statement and 34.8% remained neutral. The results indicate that most consumers are willing to pay higher prices at retailers that have an LP before switching to an alternative retailer. In addition, the results indicate that neutral consumers are only 2.58% lower than customers in agreement with the statement, signalling that there is an appreciable number of consumers who are indifferent to the price of the retailer with an LP going up before they switch to another retailer.

Table 6: Consumer responses to the measurement scales of retailer pricing strategy

Statement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Retailer Pricing Strategy					
1. I am willing to buy from a retailer with an LP who offer discounts and sales in the form of bundles	3.4%	2.7%	11.3%	35.4%	47.3%
2. I am willing to pay a higher price for brands at a retailer with an LP than at other retailers	7.6%	9.8%	29.0%	27.4%	26.2%
3. The price for a retailer with an LP would have to go up a bit before I would switch to another retailer	12.5%	14.9%	34.8%	23.5%	14.3%

The responses of consumers to the three measurement scales of the pricing strategy of the retailer indicate that most customers consider the retailer pricing strategy together with the presence of the LP relative to those who do not consider it or remain neutral on the pricing strategy.

4.3.2.7 *Measurement scales of competing loyalty programmes by consumers*

Table 7 shows the response of consumers to the measurement scales of competing LPs.

Table 7 indicates that 54.6% of the respondents agreed with Statement 1: *I compare what I get from my money in different stores,* while 16.5% disagreed with this statement and 28.9% remained neutral. The results show that most consumers compare different stores to see where they get the most value for their money before making a purchase.

Also reflected in Table 7, 68% of the respondents agreed with Statement 2: *You profit from comparing prices across stores*. 15.2% of the respondents disagreed with this statement, whilst 16.8% of the respondents remained neutral. The results indicate that most consumers see value in comparing prices across stores prior to purchasing.

Lastly in Table 7, regarding Statement 3: *I choose what store to go to on the basis of where I find what I need for the best prices,* 88.1% of respondents agreed with the statement, 2.1% disagreed and 9.8% remained neutral on the statement. The results indicate that most customers choose which store to shop at based on where they pay the lowest prices.

The responses of consumers to the three measurement scales on competing LPs indicate that many consumers consider competing LPs relative to those who do not consider them or remain neutral on them.

Table 7: Consumer responses to the measurement scales of competing LPs

Statement	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Competing LPs					
1. I compare what I get for my money in different stores	7.0%	9.5%	29.0%	29.9%	24.7%
2. You profit from comparing prices across stores	7.9%	7.3%	16.8%	24.1%	43.9%
3. I choose what store to go to on the basis of where I find what I need for the best prices	0%	2.1%	9.8%	29.6%	58.5%

4.3.2.8 *Measurement scale on repeat purchases or sales by consumers*

Table 8 below shows the responses of consumers to the measurement scales on repeat purchases or sales.

The table reveals that 74% of respondents agreed with Statement 1: *I will do more business with the retailer with an LP in future*. 12.8% of the respondents disagreed with the statement and 13.2% were neutral. The result indicates that many consumers will do more business or purchase more in future from a retailer with an LP.

Regarding Statement 2: *I consider the retailer with an LP to be my first choice when shopping for groceries,* 72.2% of the respondents agreed with the statement, 3% disagreed and 24.8% remained neutral. The results show that consumers place high importance on the presence of an LP when deciding on where to shop for groceries.

Further seen from Table 8, 69.8% of the respondents agreed with Statement 3: *I frequently buy from the retailer with an LP*, 13.7% disagreed and 16.5% of the respondents remained neutral. The results indicate that most consumers buy more from a retailer with an LP, hence, the sales of the retailer with an LP were expected to increase.

Table 8 indicates that 70.2% of the respondents agreed with Statement 4: *I make most of my purchases from the retailer with an LP*. 3.6% of the respondents disagreed with this statement and 26.2% remained neutral. The results indicate that most consumers do most of their shopping at a retailer with an LP, hence the sales of the retailer with an LP were expected to increase.

The responses from consumers on the four measurement scales on repeat purchases which are related to the sales of the retailer indicate that many consumers are likely to repurchase from the retailer with an LP relative to those who disagree or remain neutral.

Table 8: Consumer responses to the measurement scales on repeat purchase or sales

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
Repeat purchases or Sales					
1. I will do more business with the retailer with an LP in future	5.8%	7.0%	13.1%	33.8%	40.2%
2. I consider the retailer with an LP to be my first choice when shopping for groceries	0.9%	2.1%	24.7%	38.7%	33.5%
3. I frequently buy from the retailer with an LP	4.9%	8.8%	16.5%	40.5%	29.3%
4. I make most of my purchases from the retailer with an LP	0.6%	3.0%	26.2%	41.2%	29.0%

4.4 Pilot study

A pilot study was conducted with a sample of 30 participants. From the pilot study, the following scale items were dropped (See appendix C Section A (Consumer Questionnaire) for the dropped measurement scale statements from the consumer questionnaire) to get internal consistency with Cronbach's alpha greater than 0.70:

Measurement scale: Immediate rewards: dropped Statement 1

Measurement scale: Delayed rewards: dropped Statement 1

Measurement scale: Direct rewards: dropped Statement 1

Measurement scale: Retailer pricing strategy: dropped Statement 3

Measurement scale: Competing LPs: dropped Statement 1

4.5 Reliability and validity measures

The principal component analysis was utilised for factor analysis. 8 factors were extracted, and they contributed to 86% of the total variance. The Varimax method of rotation was used for rotation.

From figure 6, the Kaiser–Meyer–Olkin KMO value was 0.82 which indicates that the sample was adequate for factor analysis as it was above the recommended minimum of 0.6 (Kaiser, 1970; Kaiser, 1974, cited by Mahlangu & Makhitha, 2019, p. 19). From figure 6, the Bartlett Test for Sphericity was approximate Chi-square = 2951.44, df = 28 and sig <0.001, the Bartlet test was significant, which indicates that the correlation between the factors was significant (Bartlett, 1954, cited by Mahlangu & Makhitha, 2019, p. 19).

From figure 6, the model fit: there are 10 (35.0%) non-redundant residuals with absolute values greater than 0.05, which indicates good model fit since 35% is lower than the threshold of 50% for good model fit (Sarstedt & Mooi, 2019). Statement 3 for the measurement scale for retailer pricing strategy had a factor loading below 0.4 and was not included in the analysis. Various authors specify different thresholds for the factor loading. Cheung et al. (2024, p. 750) indicate that Stevens (2002) sets a cut-off for loadings greater than 0.4 and Hair et al. (2009) argue for retention of factor loading greater than 0.5.

$$CR = \frac{(\sum \lambda_i)}{(\sum \lambda_i)^2 + \sum(1 - {\lambda_i}^2)}$$

where λ_i is the factor loading of component $_i$, CR is the composite reliability

$$AVE = \frac{\sum({\lambda_i}^2)}{n}$$

where n is the number of items in a construct, AVE is the average variance extracted

Reliability

Hamid et al. (2017) state that composite reliability or Cronbach's alpha between 0.6 and 0.7 is acceptable for internal consistency. Cheung et al. (2024) recommends that composite reliability (CR) should be used as a measure of reliability with reliability not significantly lower than 0.7 and ideally not significantly lower than 0.8.

From Table 9, it is concluded that reliability is attained since for all constructs bar direct rewards (CR = 0.59) with CR greater than 0.6 which is the lower threshold of 0.6 as per Hamid et al. (2017). The CR of 0.59 of direct rewards is on the lower limit of convergence of 0.6 and the Cronbach's alpha of 0.77 is higher than 0.6 hence it is concluded that reliability is attained for this construct.

Convergent validity

Various authors in the literature state different criteria to be fulfilled for convergent validity to be attained. Bagozzi et al. (1991) states that the factor loadings for the respective constructs must be greater than 0.7. Kuo and Hsu (2001) states that the average variance extracted (AVE) for the constructs must be greater than 0.4. According to Hair et al. (2009) three conditions must be met: the composite reliability must be greater than 0.7, the standardized factor loadings are 0.5 or greater with an ideal value of 0.7 and AVE values greater than 0.5. Fornell and Larcker (1981) indicates that based on composite reliability alone, the researcher can conclude that convergent validity of a construct is adequate despite the AVE being below 0.5.

From Table 9 it is concluded that convergent validity was attained for all constructs despite the three conditions of convergence according to Hair et al. (2009) not met, but if the convergence criterion according to various authors are considered together then convergent validity is attained. Based only on Kuo and Hsu (2001) criterion all constructs have convergent validity since all AVE's are above 0.4 despite not meeting all requirements according to Hair et al. (2009). Worth commenting on is the convergent validity of the direct rewards construct: convergent validity is attained for direct rewards since the lower threshold convergence criterion are met for AVE and CR and the lower limit for factor loadings of 0.5 (Hair et al., 2009) is surpassed for factor loadings of 0.69 and 0.59 for the measurement scales of this construct.

Discriminant validity

According to Fornell and Larcker (1981) discriminant validity is attained if the AVE is greater than the shared variance (squared correlation) in the method known as the AVE – AV approach.

From Table 10, there is a discriminant validity issue since there are some correlation coefficients which are larger than the square root of the AVE which are on the diagonal in Table

10. An example is the correlation between Immediate rewards and direct rewards of 0.89 which is greater than the square root of the AVE of immediate rewards of 0.74.

Correlation matrix

Correlation Matrix

		Immediate rewards	Delayed rewards	Direct rewards	Indirect rewards	Plural rewards	Pricing strategy	CPL	Repeat Purchases
Correlation	Immediate rewards	1.000	.459	.894	.836	.799	.382	.353	.855
	Delayed rewards	.459	1.000	.297	.616	.613	.244	.323	.571
	Direct rewards	.894	.297	1.000	.624	.589	.269	.337	.664
	Indirect rewards	.836	.616	.624	1.000	.961	.273	.266	.934
	Plural rewards	.799	.613	.589	.961	1.000	.274	.261	.934
	Pricing strategy	.382	.244	.269	.273	.274	1.000	.362	.317
	CPL	.353	.323	.337	.266	.261	.362	1.000	.257
	Repeat Purchases	.855	.571	.664	.934	.934	.317	.257	1.000
Sig. (1-tailed)	Immediate rewards		<.001	<.001	<.001	<.001	<.001	<.001	<.001
	Delayed rewards	.000		.000	.000	.000	.000	.000	.000
	Direct rewards	.000	.000		.000	.000	.000	.000	.000
	Indirect rewards	.000	.000	.000		.000	.000	.000	.000
	Plural rewards	.000	.000	.000	.000		.000	.000	.000
	Pricing strategy	.000	.000	.000	.000	.000		.000	.000
	CPL	.000	.000	.000	.000	.000	.000		.000
	Repeat Purchases	.000	.000	.000	.000	.000	.000	.000	

Figure 5: Snapshot of SPSS results showing the Correlation coefficient between constructs and the significance of the correlation coefficients

The correlation matrix in Figure 5 indicates that the variables are correlated with the correlations being significant as shown by the significance in the lower part of the correlation matrix. Some of the strong correlations are plural rewards and indirect rewards with a correlation coefficient of 0.961, repeat purchases and indirect rewards with correlation coefficient of 0.934 and repeat purchases and plural rewards with correlation coefficient of 0.934.

Table 9: Measurement scales, factor loadings, Cronbach's alpha (α), composite reliability and average variance extracted for the different variables

Construct	Loadings	α	CR	AVE
Immediate Rewards				
I like deals such as for every R100 spent on your groceries, you get 10% discount immediately at the cash till	0.75	0.73	0.79	0.55
I want to get discounts or specials that non-members do not get	0.75			
I get financial incentives from being a loyalty card holder	0.73			
Delayed Rewards				
I enjoy accumulation of reward points	0.96	0.71	0.96	0.92
Today you bought for more than R100, our reward programme offers you a R10 discount coupon valid in three months from now	0.96			
Direct Rewards				
I enjoy deals like for every R100 spent on your groceries, you get R10 discount	0.69	0.77	0.59	0.42
I get better prices than most customers	0.59			
Indirect Rewards				
I enjoy deals like for every R100 spend on your groceries, you get R10 airtime voucher	0.82	0.88	0.82	0.61
I like deals such as buy for more than R100, and qualify for a free gift	0.82			
Rewards should be cashback or rebates	0.68			
Plural Rewards				
I like deals such as for every R100 spend on your groceries, you get R10 discount + R10 airtime voucher	0.74	0.82	0.70	0.44
I want to get a discount and accumulate reward points	0.67			
LPs enable me to get discounts and redeem rewards points	0.57			

Construct	Loadings	α	CR	AVE
Retailer Pricing Strategy				
I am willing to buy from a retailer with an LP who offers discounts and sales in the form of bundles	0.79	0.76	0.66	0.49
I am willing to pay a higher price for brands at a retailer with an LP than at other retailers	0.60			
Competing LPs				
I compare what I get from my money in different stores	0.75	0.70	0.78	0.55
You profit from comparing prices across stores	0.74			
I choose what store to go to based on where I find what I need for the best prices	0.74			
Repeat Purchases Intentions				
I will do more business with the retailer with an LP in future	0.94	0.88	0.93	0.76
I consider the retailer with an LP to be my first choice when shopping for groceries	0.94			
I frequently buy from the retailer with an LP	0.94			
I make most of my purchases from the retailer with an LP	0.63			

Discriminant validity table

Table 10: Square root of the variance extracted on the diagonal and the correlation coefficients between the different constructs on the off diagonal

	Immediate rewards	Delayed rewards	Direct rewards	Indirect rewards	Plural rewards	Pricing strategy	Competing Loyalty Programs	Repeat Purchases
Immediate rewards	**0.74**							
Delayed rewards	0.46	**0.96**						
Direct rewards	0.89	0.30	**0.65**					
Indirect rewards	0.84	0.62	0.62	**0.78**				
Plural rewards	0.80	0.62	0.59	0.96	**0.66**			
Pricing strategy	0.38	0.24	0.27	0.27	0.27	**0.70**		
Competing Loyalty Programs	0.35	0.32	0.34	0.27	0.26	0.36	**0.74**	
Repeat Purchases	0.86	0.57	0.66	0.93	0.93	0.32	0.26	**0.87**

Model fit indices

Reproduced Correlations

		Immediate rewards	Delayed rewards	Direct rewards	Indirect rewards	Plural rewards	Pricing strategy	CPL	Repeat Purchases
Reproduced Correlation	Immediate rewards	.869[a]	.616	.726	.880	.868	.388	.388	.881
	Delayed rewards	.616	.438[a]	.516	.618	.609	.296	.297	.620
	Direct rewards	.726	.516	.607[a]	.727	.716	.351	.352	.729
	Indirect rewards	.880	.618	.727	.933[a]	.920	.255	.246	.928
	Plural rewards	.868	.609	.716	.920	.908[a]	.247	.238	.916
	Pricing strategy	.388	.296	.351	.255	.247	.642[a]	.670	.274
	CPL	.388	.297	.352	.246	.238	.670	.700[a]	.266
	Repeat Purchases	.881	.620	.729	.928	.916	.274	.266	.924[a]
Residual[b]	Immediate rewards		-.158	.169	-.044	-.069	-.006	-.035	-.027
	Delayed rewards	-.158		-.219	-.002	.004	-.052	.026	-.049
	Direct rewards	.169	-.219		-.103	-.128	-.082	-.015	-.065
	Indirect rewards	-.044	-.002	-.103		.040	.019	.020	.006
	Plural rewards	-.069	.004	-.128	.040		.027	.023	.018
	Pricing strategy	-.006	-.052	-.082	.019	.027		-.308	.043
	CPL	-.035	.026	-.015	.020	.023	-.308		-.010
	Repeat Purchases	-.027	-.049	-.065	.006	.018	.043	-.010	

Extraction Method: Principal Component Analysis.

a. Reproduced communalities

b. Residuals are computed between observed and reproduced correlations. There are 10 (35.0%) nonredundant residuals with absolute values greater than 0.05.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.823
Bartlett's Test of Sphericity	Approx. Chi-Square	2951.441
	df	28
	Sig.	<.001

Figure 6: Snapshot of SPSS results output showing model fit parameters

4.6 Multiple regression analysis

Table 11 shows the results of the multiple regression analysis.

Table 11: Multiple regression results showing model fit parameters

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.954[a]	.911	.909	.25927

a) Predictors: (Constant), Competing LPs (CLP), Plural rewards, Pricing strategy, Direct rewards, Delayed rewards, Immediate rewards, Indirect rewards

For the multiple regression analysis, the dependent variable is sales or repeat purchases and the independent or predictor variables are immediate rewards, delayed rewards, direct rewards, indirect rewards, plural rewards, retailer pricing strategy and competing LPs (CLP).

From Table 11 it is observed that the adjusted R square is 0.909 which indicates that 90.9% of the variation in the sales or repeat purchases is due to the predictor variables (immediate rewards, delayed rewards, direct rewards, indirect rewards, plural rewards, retailer pricing strategy and competing LPs (CLP).

4.7 Hypothesis testing

Table 12 below shows the coefficients from the multiple regressions for the different variables.

Table 12: Multiple regression coefficients

Coefficients[a]						
		Unstandardised Coefficients		Standardised Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.277	.095		2.935	.004
	Immediate rewards	.308	.069	.297	4.479	<.001
	Delayed rewards	.005	.019	.006	.252	.801
	Direct rewards	-.028	.039	-.032	-.702	.483
	Indirect rewards	.200	.059	.236	3.380	<.001
	Plural rewards	.461	.057	.488	8.042	<.001
	Pricing strategy	.026	.020	.026	1.331	.184
	CLP	-.039	.019	-.039	-2.043	.042

[a]. Dependent Variable: Sales or Repeat Purchases

H_1: *LP immediate rewards will increase the grocery retailer sales*

From Table 12 it is observed that immediate rewards have a positive effect on sales with standardised coefficient beta $\beta = 0.297$, and the coefficient is significant with $p < 0.001$. This indicates that H_1 is supported.

H_2: *LP delayed rewards will increase the sales of a grocery retailer*

The standardised coefficient beta $\beta = 0.06$ for delayed rewards and the coefficient is not significant since $p = 0.801 > 0.05$. This indicates that H_2 is not supported.

H_3: *LP direct rewards will increase grocery retailer sales*

The standardised coefficient beta $\beta = -0.032$ for direct rewards and is not significant since $p = 0.483 > 0.05$. Thus, H_3 is not supported.

H_4: *LP indirect rewards will increase grocery retailer sales*

The indirect rewards have a standardised coefficient beta $\beta = 0.236$ which is significant with $p < 0.001$. This indicates a positive effect of indirect rewards on sales. Therefore, H_4 is supported.

H_5: *A plural LP will increase grocery retailer sales*

The plural LP rewards have a standardised coefficient beta $\beta = 0.488$ which is significant with $p < 0.001$. This indicates a positive effect of plural rewards on sales, hence H_5 is supported.

H_6: *The Pricing strategy together with the LP will increase the sales of the grocery retailer*

The standardised coefficient beta $\beta = 0.026$ for the retailer pricing strategy. The coefficient is not significant since $p = 0.184 > 0.05$. Therefore, H_6 is not supported.

H_7: *Higher number of competing LPs will reduce the sales at the focal firm grocery retailer*

The standardised coefficient beta $\beta = -0.039$ for the competing LPs which is significant with $p = 0.042 < 0.05$. The small negative standardised coefficient beta indicates a very weak negative effect of competing LPs on sales. Thus, H_7 is supported.

CHAPTER 5: DISCUSSION OF RESULTS

5.1 Introduction

This chapter discusses the results presented in Chapter 4. Firstly, the results of the hypothesis testing from the consumers' responses are discussed, followed by a discussion of the retailer responses and integration of the results of the consumers and retailers. Lastly, the chapter provides a summary of the results.

5.2 Loyalty programme immediate rewards will increase grocery retailer sales

The first objective of this study was to determine how the LP design feature of reward timing in the form of immediate rewards affects the sales of a grocery retailer. From Chapter 4 it is determined that there is a significant positive effect of immediate rewards on the sales of a grocery retailer. The standardised coefficient beta $\beta = 0.297$ with $p < 0.001$. The results indicate that H_1 is supported.

The results of the present study align with the results of Cromhout (2023), Kanakaratne et al. (2020) and Nesset et al. (2021). Kanakaratne et al. (2020) conducted a qualitative study on grocery retailers in the United Kingdom (UK) and Sri Lanka and found that in both countries' customers preferred instant rewards. Cromhout (2023) was a survey study in South Africa which found that most economically active customers preferred instant rewards. Nesset et al. (2021) found through an empirical study in Norway that LP value on retail chain loyalty was stronger for grocery retail stores with instant rewards than for delayed rewards. Morrison et al. (2023) indicate that retail chain loyalty is a predictor of repeat purchases which leads to increased sales. Thus, retail grocery stores with instant rewards have higher repeat purchases hence sales than retail grocery stores with delayed rewards which is supported by the results of the present study.

The results of the present study do not concur with the results of Bombaij and Dekimpe (2020). Bombaij and Dekimpe (2020) postulated that the performance of a grocery retailer was stronger with immediate rewards than with delayed rewards, however, no significant effect ($p > 0.10$) of rewards timing was found on retailer performance. Retailer performance was determined in terms of sales productivity which is sales/unit area (Bombaij & Dekimpe, 2020). The Bombaij and Dekimpe (2020) study was a model-based study on grocery retailer performance within Western and Eastern European countries. The location or context of the study could be regarded as the source of the lack of alignment between the results of the present study (lower middle-income African country) and those of Bombaij and Dekimpe (2020) (developed European countries). However, the results of the present study align with those of Nesset et al. (2021) which are based in Norway, a European country. The source of the contradictory results could be that the present study is an empirical study whereas the study by Bombaij and Dekimpe (2020) is model-based.

Despite the contradiction of the present study and that of Bombaij and Dekimpe (2020), it is concluded that LP immediate rewards positively affect the sales of a grocery retailer since there is a positive statistically significant relationship between immediate rewards and sales. Thus, by offering immediate rewards, the grocery retailer can expect an increase in sales.

5.3 Loyalty programme delayed rewards will increase the sales of a grocery retailer

The second objective of the present study was to determine how the LP design feature of reward timing in the form of delayed rewards affects the sales of a grocery retailer. A very weak positive effect (standardised beta $\beta = 0.06$) of delayed rewards on grocery retailer sales was found in Chapter 4, however, this effect was found to be statistically insignificant with $p = 0.801 > 0.05$. Therefore, H_2 is not supported.

The results of the present study align with the results of Bombaij and Dekimpe (2020). Bombaij and Dekimpe (2020) found no significant effect ($p > 0.10$) of reward timing: both immediate and delayed rewards on the sales productivity of a grocery retailer.

The results of the present study do not align with the results of Chaudhuri et al. (2019) and Cromhout (2023). Chaudhuri et al. (2019) found through a model-based study that within the USA, the LP based on delayed rewards resulted in an increase in the sales and gross profit of the retailer. Chaudhuri et al. (2019) considered food and beverage retailers, which are not identical to grocery retailers hence could be the source of the conflicting results of the current study and Chaudhuri et al. (2019). Another source of the conflicting results could be the study type, the present study is an empirical study whilst Chaudhuri et al. (2019) was a model-based study.

Cromhout (2023) is a survey study in South Africa which found that mass-market consumers had a higher preference (41%) for delayed rewards based on accumulating reward points than to be instantly rewarded (29%). The source of the conflicting results of the present study and Cromhout (2023) is that the sample in the present study could represent more economically active customers who prefer immediate rewards over delayed rewards.

Lesotho's socio-economic factors can be used to explain the unexpected findings on delayed rewards. Lesotho is characterised by high poverty for a lower-middle-income country with 58.6% of the population living below $3.65 per day threshold for a lower-middle-income country (World bank, 2025). In addition, Lesotho ranks in the top 20 unequal societies with a Gini index of 44.9 (World bank, 2025) exacerbated by large public-private wage gap and increasing urban-rural divide (World bank, 2025). Other socio-economic factors include economic vulnerability, food insecurity, weak private sector and hindered economic growth and high unemployment at 22.5% as at 2019 (World bank, 2025). Thus, Lesotho consumers are barely surviving will little to no disposable income to engage in repeat purchases to increase their accumulated points hence increase their chances of qualifying for a delayed reward. According to the points pressure mechanism applicable to delayed rewards, consumers spend more closer to qualifying for the reward. Therefore, the socio-economic factors in Lesotho can contribute to consumers being impatient to participate in a loyalty program requiring them to wait for a long period before getting a reward as is the case for delayed rewards program (Zhao et al., 2025).

It is concluded in the present study that delayed rewards do not increase the sales of the grocery retailer since a statistically significant positive relationship between the delayed rewards and sales was not found.

5.4 Loyalty programme direct rewards will increase grocery retailer sales

The third objective of the study was to determine how the LP design feature reward type in the form of direct rewards affects the sales of a grocery retailer. The results from Chapter 4 indicate that there is a weak negative (standardised beta $\beta = -0.032$) effect of direct rewards on grocery retailer sales. However, this effect is not statistically significant since the $p = 0.481 > 0.05$. Therefore, H_3 of the study is not supported.

The results of the present study align with the results of Bombaij and Dekimpe (2020). Bombaij and Dekimpe (2020) found no significant effect of reward type, both direct and indirect rewards, on the sales productivity of a grocery retailer.

The results of the present study do not align with the results of Cromhout (2023), Morrison et al. (2023) and Gabel and Guhl (2022). Cromhout (2023) found that economically active customers in South Africa preferred LP rewards discounts and points converted to cash.

Morrison et al. (2023), in an empirical study, found that in South Africa there is a positive effect (standardised beta $\beta = 0.528$ and $p = 0.01$) of utilitarian benefits of LP on customer repeat purchases. The utilitarian benefits are identical to direct rewards since they consist of rewards with monetary value such as discounts, cashback and vouchers. The customer's repeat purchase decisions secure future sales (Morrison et al., 2023), hence they can be considered a proxy of sales.

Gabel and Guhl (2022) found that for grocery retailers in Germany, there was a 5–6% revenue improvement from LP holders due to customer preference for direct rewards over indirect rewards.

The source of the conflicting results of the present study and the results by Cromhout (2023), Morrison et al. (2023) and Gabel and Guhl (2022) can be explained using the reasoning by Kanakaratne et al. (2020). Kanakaratne et al. (2020) indicate that customers in developed economies place less emphasis on building and maintaining relationships compared to those in less developed economies. Customers in the least developed economies place a high emphasis on building and maintaining relationships. Delayed rewards LPs are based on customers building and maintaining relationships with the retailer via building or accumulating reward points, which culminates in the customer qualifying for an indirect reward. Therefore, it can be expected that the customers in Lesotho are more tolerant to building and maintaining relationships than in South Africa, hence more preference for indirect rewards in Lesotho as opposed to direct rewards in South Africa.

It is concluded in the present study that LP direct rewards do not increase grocery retailer sales since there was no positive statistically significant relationship established between direct rewards and retailer sales. The results of the present study contradict most studies in the literature review, hence this calls for further investigation.

5.5 Loyalty programme indirect rewards will increase grocery retailer sales

The fourth objective of the study was to determine how the LP design feature reward type in the form of indirect rewards affects the sales of a grocery retailer. The results of the present study in Chapter 4 indicate a positive significant effect (standardised beta $\beta = 0.236$ and $p < 0.001$) of indirect rewards on grocery retailer sales. This indicates that H_4 is supported.

The results of the present study are supported by the results of Kanakaratne et al. (2020), Cromhout (2023) and Morrison et al. (2023). Kanakaratne et al. (2020) found that Sri Lankan grocery retailer customers prefer soft LP rewards such as a bouquet of flowers as a birthday present or a free gift to mark a special occasion anniversary. The soft LP rewards are identical to indirect rewards. UK customers were found not to have any preference for soft rewards (Kanakaratne et al., 2020). Kanakaratne et al. (2020) indicate that Sri Lankan customers are so keen on soft or indirect rewards that they are willing to shop more to accumulate enough reward points to qualify for a soft reward.

Cromhout (2023) found that in South Africa, mass-market consumers preferred airtime and data as rewards, which are identical to indirect rewards. Morrison et al. (2023) found a positive significant (standardised beta $\beta = 0.476$ and $p = 0.01$) effect between hedonic value rewards and the customer repurchase decision in South Africa. The hedonic LP rewards are identical to indirect rewards since they are non-monetary and include prizes, gifts, and accumulating and redeeming reward points.

The results of the present study do not align with the results of Bombaij and Dekimpe (2020). The study of Bombaij and Dekimpe (2020) is in the context of developed European countries whereas the present study is in the context of a lower middle-income African country. The context or location of the present study is a source of the conflicting results between the present study and those of Bombaij and Dekimpe (2020). Kanakaratne et al. (2020) indicate that in developed countries like the UK, grocery retail customers do not show any preference for soft rewards (indirect rewards) whereas in developing countries like Sri Lanka, consumers show a high preference for soft rewards (indirect rewards). Thus, the national culture of a country is expected to play a role in the preference for indirect/soft rewards.

Despite the lower percentages for customer preference for delayed rewards such as accumulation of points at 56.4% as seen in Table 2, there is a higher percentage of preference for indirect rewards such as airtime vouchers at 70.7%, free gifts at 65.2% and cashback and rebates at 71%, as seen in Table 4. Thus, the customers prefer indirect rewards though they do not prefer delayed rewards.

It is concluded in the present study that LP indirect rewards will increase grocery retailer sales since there is a positive statistically significant relationship between indirect rewards and the sales.

5.6 A plural loyalty programme will increase grocery retailer sales

The fifth objective of the study was to determine how the LP design feature of plural reward type affects the sales of a grocery retailer. The results from Chapter 4 indicate a positive significant (standardised beta $\beta = 0.488$ and $p < 0.001$) effect between plural rewards and the sales of the grocery retailer. This indicates that H_5 is supported.

The results of the present study are supported by the results of Cromhout (2023), Morrison et al. (2023) and Zhang and Wang (2023). Cromhout (2023) found that in South Africa, both economically active and mass-market consumers indicate a preference for building up points and being rewarded instantly. Morrison et al. (2023) found that FMCG retailers in South Africa must offer customers rewards which are valuable and combine utilitarian, hedonic and symbolic rewards to attract and retain customers. The combination of reward types of utilitarian (direct), hedonic (indirect) and symbolic rewards is identical to plural LPs which have been shown in the present study to increase retailer sales. Zhang and Wang (2023), through an empirical study, found that in China consumers prefer plural rewards over singular rewards for low-involvement products. Groceries are classified as low-involvement products (Kanakaratne et al., 2020).

The consumers in the present study have preferences like those of economically active and mass-market consumers in South Africa. For reward timing, they exhibit economically active consumer preferences by preferring immediate rewards. Conversely, for reward type, they show mass-market consumer preferences by preferring indirect rewards.

The percentage preference or agreement for plural rewards is higher than for immediate and delayed rewards separately. As seen in Table 5, the preference for plural rewards such as discount + accumulated points are 70%, discounts and redeeming reward points is 73.8% and discount + airtime voucher is 72.9%. The combined or hybrid reward, combining direct + indirect rewards or immediate + delayed rewards is a more efficient LP which increases repeat purchases. This consumer preference for plural rewards is like the behaviour of economically active South African consumers who prefer plural rewards, immediate and delayed rewards concurrently.

It is concluded in the present study that plural LP rewards will increase grocery retailer sales since a positive statistically significant relationship between plural rewards and retailer sales was established.

5.7 Pricing strategy with a loyalty programme will increase sales of grocery retailer

The sixth objective of the present study was to determine how the retailer pricing strategy coupled with an LP affects the sales of a grocery retailer. The results from Chapter 4 indicate a very weak positive insignificant (standardised beta $\beta = 0.026$ and $p = 0.184$) effect of retailer pricing strategy on grocery retailer sales. This indicates that H_6 is not supported.

The results of the present study are consistent with the findings of Bombaij and Dekimpe (2020) who showed that the retailer pricing strategy is not significant for the sales productivity of a grocery retailer since they found a p-value > 0.10. The results indicate that customers are not attracted by the pricing strategy of the retailer but rather by the LP rewards.

The results of the present study are inconsistent with the findings of Cromhout (2023). Cromhout (2023) indicated that in South Africa, Shoprite's low pricing strategy resulted in the LP accounting for 80% of its sales. The source of the discrepancy between the present study and Cromhout (2023) is that maybe PnP Lesotho stores do not use the low pricing strategy but use other pricing strategies.

In the present study, it is concluded that the retailer pricing strategy coupled with an LP will not increase the sales of the grocery retailer since there was no positive statistically significant relationship established between the pricing strategy and the sales.

5.8 Higher number of competing loyalty programmes will reduce sales at focal firm grocery retailer

The seventh objective of the study was to determine how competing LPs affect the sales of a grocery retailer. The results from Chapter 4 indicate a very weak negative significant (standardised coefficient beta $\beta = -0.039$ and $p = 0.042$) effect between competing LPs and grocery retailer sales. This indicates that H_7 is supported. The results show that an increase in competing LPs will lead to a decrease in sales for the grocery retailer.

The results of the present study are supported by the results of Bombaij and Dekimpe (2020). Bombaij and Dekimpe (2020) found a negative significant effect ($\beta = -0.293$, $p < 0.05$) between competing LPs and grocery retailer sales productivity. When more competing retailers adopt an LP, the sales productivity of the grocery retailer drops as customers shop around for the best deals whilst maximising their reward benefits.

It is concluded in the present study that an increase in the number of competing LPs will reduce the sales of the grocery retailer since a negative statistically significant relationship was established between competing LPs and retailer sales.

5.9 Discussion of retailer results

Reward timing

Both PnP-M and PnP-P store managers agreed that LP immediate rewards will result in an increase in repeat purchases. This is consistent with the results of Muganda et al. (2014) where store managers of grocery retailers in Kenya agreed that LP rewards result in an increase in repeat purchases.

PnP-M and PnP-P offer only immediate rewards, hence both stores held a neutral view on delayed rewards and were non-committal on whether delayed rewards increase repeat purchases and thus sales.

Reward type

PnP-M and PnP-P store managers agreed that LPs offering direct rewards will result in a high frequency of repeat purchases, which will increase sales. The results are consistent with survey results in South Africa which indicated that the most preferred reward type in South Africa by consumers is cash discounts (Cromhout, 2023). The cash discount is a direct reward of an LP.

Both PnP-M and PnP-P were neutral or disagreed with the measurement scales on indirect rewards since they are related to delayed rewards which are based on accumulating points to qualify for a reward. PnP-M and PnP-P do not offer the possibility of building points towards achieving a reward; hence the two PnP stores are not familiar with this type of reward. A similar argument to the above for indirect rewards applies to plural rewards since plural rewards consist of delayed rewards combined with immediate rewards.

Retailer pricing strategy

PnP-M and PnP-P store managers agreed that they use the high-low pricing strategy, discounts and sales in the form of bundles to increase or maintain market share and sales volume. This shows that pricing is a key strategy used by grocery retailers to attract and retain consumers.

The results are also supported by the results of Cromhout (2023) where in South Africa, Shoprite leverages its low-cost pricing strategy together with its LP to account for 80% of sales.

Competing LPs

Both PnP-M and PnP-P store managers agreed that an increase in the number of competing LPs would result in a decrease in sales at their stores. This is due to consumers shopping at other places where they get better prices and rewards. The results of the present study are consistent with the results of Bombaij and Dekimpe (2020) who found a significant negative effect between competing LPs and grocery retailer sales.

5.10 Integration of customer and retailer perspectives

Immediate rewards: From the consumer perspective there is a statistically significant positive relationship between immediate rewards and grocery retailer sales. This indicates agreement with the proposition that LP immediate rewards will increase grocery retailer sales. This aligns with the retailer perspective which shows that PnP store managers agree that LPs offering immediate rewards will increase repeat purchases and hence the sales of the retailer.

Delayed rewards: From the consumer perspective there is no statistically significant positive relationship between delayed rewards and grocery retailer sales. This indicates that the proposition that LP delayed rewards will increase grocery retailer sales is not supported. The retailer perspective is an indifferent response to the proposition that LPs offering delayed rewards will increase repeat purchases and hence the sales of the retailer. PnP stores in Lesotho only offer immediate rewards LPs, hence they have no exposure to delayed rewards.

Direct rewards: From the consumer perspective there is no statistically significant positive relationship between direct rewards and grocery retailer sales. This indicates that the proposition that LP direct rewards will increase grocery retailer sales is not supported. This is not aligned with the retailer perspective which shows that LPs offering direct rewards increases repeat purchases and thus sales of the retailer.

Indirect rewards: From the consumer perspective there is a statistically significant positive relationship between indirect rewards and grocery retailer sales. This indicates that the proposition that LP indirect rewards will increase grocery retailer sales is supported. This is not aligned with the retailer perspective which is an indifferent response to LPs offering indirect rewards will result in an increase in repeat purchases and hence sales. This is due to the lack of exposure of PnP stores to an LP which allows building or accumulating reward points to qualify for a reward.

Plural rewards: From the retailer perspective there is a statistically significant strong positive relationship between the plural LP rewards and the grocery retailer sales. This indicates that the proposition that LP plural rewards will increase grocery retailer sales is supported. This does not align with the indifferent response from PnP store managers to the proposition that LPs offering plural rewards will increase repeat purchases and hence an increase in sales. Plural LPs consist of immediate and delayed rewards, the latter of which PnP stores in Lesotho are not exposed to. Plural rewards are expected to lead to the largest increase in grocery retailer sales, hence PnP in Lesotho must consider introducing plural rewards to maximise returns.

Retailer pricing strategy and LP: From the retailer perspective there is no statistically significant relationship between retailer pricing strategy and grocery retailer sales. This indicates that the proposition that the retailer pricing strategy coupled with an LP will increase the sales of the grocery retailer is not supported. This does not align with the retailer perspective of the two PnP store managers indicating that they use a pricing strategy, such as high-low pricing, discounts and sales in the form of bundles to maintain or increase market share and sales volume.

Competing LPs: From the consumer perspective, there is a statistically significant weak negative relationship between the competing LPs and grocery retailer sales. This indicates that the proposition that an increase in competing LPs will decrease the sales of the grocery retailer is supported. This is consistent with the retailer perspective which indicates that an increasing number of competing LPs will decrease repeat purchases and hence the sales at the stores.

Both consumers and retailers indicated a preference for immediate rewards. Furthermore, from both the consumer and retailer perspectives, it was found that competing LPs reduce sales of the retailer. PnP's LP only offers immediate rewards without the ability to accumulate points, but the consumers prefer plural rewards, which are expected to boost sales. Plural rewards consist of immediate rewards and accumulating points to earn rewards; hence PnP must consider introducing plural rewards to maximise returns.

5.11 Summary of results

Of the five LP design characteristics investigated, only three were found to have a statistically significant positive effect on grocery retailer sales. For the LP design feature of reward timing, immediate rewards positively affect the sales of a grocery retailer. Similarly, for the design feature of reward type, indirect rewards and plural rewards positively affect the sales of a grocery retailer. Plural rewards, which consist of immediate and delayed rewards, which are linked to direct and indirect rewards, were found to have the most positive effect on the sales of the grocery retailer.

The retailer characteristic probed in this study was the retailer pricing strategy. Results of the present study indicate that the retailer pricing strategy does not statistically significantly affect grocery retailer sales. The country characteristic probed in the present study is the number of competing LPs. The current study found that an increase in the number of grocery retailers adopting an LP will lead to a reduction in the sales of the grocery retailer.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter summarises the main conclusions from the study and provides recommendations, limitations and future research direction.

6.2 Conclusions of the study

The first two objectives of the study were to determine how the LP design feature of reward timing, i.e. immediate and delayed rewards, affects grocery retailer sales. The immediate rewards were found to have a positive statistically significant effect on grocery retailer sales. There was a weak positive effect of delayed rewards on the sales of a grocery retailer, however this effect was not statistically significant. Lesotho grocery consumers appear to prefer immediate rewards over delayed rewards. Both consumers and the retailer share the perspective that LPs offering immediate rewards will increase repeat purchases and thus the sales of the retailer.

The third and fourth objectives sought to discover how the LP design feature of reward type, i.e. direct and indirect, affects the sales of the grocery retailer. There was a weak negative yet statistically insignificant effect of direct rewards towards the grocery retailer sales. With customers preferring immediate results, it would be expected that they would also prefer direct rewards such as discounts for their purchases, however, the results of the present study show the opposite. This calls for further investigation. The retailer's perspective was that customers prefer direct rewards which helps them save money. There was a statistically significant positive effect between the indirect rewards of an LP and the sales of the grocery retailer. PnP in Lesotho only offers an immediate rewards type LP which does not offer indirect rewards; hence the retailer was neutral on indirect rewards.

With objective five, the study sought to find out how plural rewards affect the sales of a grocery retailer. A very strong statistically significant positive effect was found of plural rewards on the sales of grocery retailers from consumers. Consumers in Lesotho appear to prefer plural rewards of more than one reward type and timing, i.e. a combination of direct and indirect rewards or immediate and delayed rewards. Plural rewards are more favoured by consumers than individual or singular rewards. The two PnP retailers only offer immediate rewards, so they had a neutral view on plural rewards.

Objective six of the study was to determine how the retailer pricing strategy in the presence of an LP affects the sales of a grocery retailer. From the consumers, there was a very weak statistically insignificant positive effect between retailer pricing strategy and grocery retailer sales. This very weak statistically insignificant positive effect indicates that consumers in Lesotho are not influenced by the pricing strategy of the retailer for their grocery purchases. The retailers indicate that they use the pricing strategy to maintain market share and sales volume.

Objective seven of the study was to discover how competing LPs affect the sales of the grocery retailer. From the consumers, there was a very weak yet statistically significant negative effect by the competing LPs and grocery retailer sales. The consumers were also supported by retailers who stated that with an increase in competing LPs, sales at their stores are negatively affected. This indicates that the retailer must get their value proposition right so that they can get the maximum share of wallet from the consumers.

6.3 Recommendations

A positive significant relationship between plural loyalty programmes and grocery retailer sales was established, thus PnP Lesotho is encouraged to explore the introduction of plural LP. Prior to introduction of the plural loyalty programme, PnP will have to do a cost-benefit analysis to compare their current immediate- and direct- rewards-only programme to plural rewards consisting of delayed and indirect rewards.

Loyalty programme indirect rewards are positively related to grocery retailer sales; therefore, PnP must consider including indirect rewards to their loyalty programme offering. The indirect reward programme involves accumulating reward points towards achieving a reward. PnP Lesotho must factor in the information technology infrastructure costs and other related costs for maintaining a database and network to track customer points accumulation at different stores.

A positive correlation between plural and indirect rewards loyalty programmes and grocery retailer sales has been established, hence grocery retailers in Lesotho contemplating introduction of LPs are encouraged to consider plural and indirect reward programmes. Prior to implementing the loyalty programmes the grocery retailers should weigh the cost of implementation against the perceived benefits or returns. The loyalty programmes can also be extended to other non-grocery retailers in Lesotho.

6.4 Limitations

The sample for the consumers was limited to Storm Mountain Diamonds Mine employees only, hence the results of the study cannot be generalised to represent the views of all consumers in Lesotho. The sample for the consumers was limited to Storm Mountain Diamonds Mine employees only, which is 700 corresponding to less than 1 % of Lesotho population (2 360 219 as of 20 May 2025 (Worldometer, 2025)). Thus, the results of the study cannot be generalised to represent the views of all consumers in Lesotho.

Therefore, a larger sample covering different regions within Lesotho would be needed to generalise. However, the country wide study covering different regions will be limited due to costs involved for such a study. Lesotho's terrain consists of lowlands and highlands, with the highlands in remote areas which are not easily accessible hence are expensive to reach.

The study used repeat purchases as a proxy for the sales of the grocery retailer.

The very limited sample size of two for the PnP stores in Lesotho does not allow for statistical analysis of the results.

6.5 Future research

PnP is presently the only grocery retailer running an LP in Lesotho and has only two stores within Lesotho. To get more meaningful and statistically significant insights from the retailer's side, Clicks which also run an LP in Lesotho though not a grocery retailer can be included in the study. The findings can then be adapted to the grocery retailer space.

To get more reliable and valid scales, the number of statements for some of the constructs such as delayed rewards, direct rewards, indirect rewards and plural rewards should be increased above 3 so that if a variable needs to be dropped for internal consistency it does not affect the reliability of the results.

Further studies could also include the level of income of the consumers to investigate how this variable affects the consumers' preference for the timing and type of rewards.

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APPENDICES

APPENDIX A: ETHICAL CLEARANCE

Graduate School of Business Administration
University of the Witwatersrand, Johannesburg

Wits Business School

Wits Business School Ethics Committee
Constituted under the University Human Research Ethics Committee (Non-Medical)

Ethics Clearance Certificate

Ethics protocol number: WBS/BA2692723/948

This certificate is only valid with a legitimate ethics protocol number and signed by the Researcher (below).

This certificate is only valid if accompanied by formal permission from the relevant stakeholder(s).

Project title	Loyalty program design, retailer and country characteristics effect on retailer performance in Lesotho
Investigator / Researcher	Mx Molefi Matsutsu
Nature of Project	MBA (Research Article)
Decision of the Committee	Approved, provided stakeholders and participants are guaranteed confidentialty.
Issue Date of Certificate	11/07/2024
Expiry date	Date of submission of the project / research report
Chairperson	Dr Ayanda Magida ☎ +27 11 717 3953 ayanda.magida@wits.ac.za

Declaration by Researcher

One copy must be signed by the Researcher and returned to the Chairperson of the Wits Business School Ethics Committee.

I fully understand the conditions under which I am authorized to carry out the abovementioned research a I guarantee to ensure compliance with these conditions. Should any departure to be contemplated from tl research procedure as approved I undertake to resubmit the protocol to the Committee.

Signature

19-11-2024
Date:

APPENDIX B: INFORMED CONSENT

Wits Business School

Sculpting global leaders

Consent Form

Title of project: Loyalty program design, retailer and country characteristics effect on retailer performance in Lesotho.

Name of researcher: Molefi Matsutsu

I, …………………………………….., agree with participate in this research project.

I agree with the following:

(Please circle the relevant options below)

The research study was explained to me. I understand what this study is about.	YES NO
I understand that I can volunteer to take part in the study	YES NO
I agree that my participation will remain anonymous (my name or other identifying data will not be used by the researcher in their research report	YES NO
I agree that other researchers may use the information I provide in my questionnaire (depending on their own ethics clearance being obtained) but my name and any personal information will not be used or passed on	YES NO

…………………………………… (signature)
…………………………………… (name of participant)
…………………………………… (date)

…………………………………… (signature)
…………………………………… (name of researcher/person seeking consent)
…………………………………… (date)

APPENDIX C: QUESTIONNAIRE

Section A: Consumer Questionnaire

Indicate to what extent you agree or disagree with the statements by choosing the corresponding number in the 5-point scale below:

1= strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree

Customer Questionnaire							
	Gender	Male					
		Female					
	Educational level	Intermediate					
		Bachelor					
		Masters and above					
	I am a loyalty program member such as Pick n Pay smart shopper and Clicks Club card	Yes					
		No					
	Question	**1**	**2**	**3**	**4**	**5**	**Reference**
	H1: Loyalty program immediate rewards will increase the grocery retailer sales						
1	I like deals such as buy for more than R100, our reward program offers you R10 immediate discount on your bill						adapted from Park et al., (2013) and Keh & Lee (2006)
2	I like deals such as for every R100 spend on your groceries, you get 10 % discount immediately at the cash till						adapted from Park et al., (2013) and Keh & Lee (2006)
3	I want to get discounts or specials that non-members don't get						adapted from Melancon et al., (2011)
4	I get immediate financial incentives from being a loyalty card holder						adapted from Melancon et al., (2011)
	H2: Loyalty program delayed rewards will increase the sales of a grocery retailer						
1	Loyalty programs enable me to get free rewards						Kries & Mafael (2004)
2	I enjoy accumulation of reward points						Kries & Mafael (2004)
3	Today you bought for more than R100, our reward program offers you a R10 discount coupon valid in three months from now						adapted from Park et al., (2013) and Keh & Lee (2006)
	H3: Loyalty program direct rewards will increase grocery retailer sales						
1	By participating in this loyalty program, I spend more wisely						Fourie et al., (2023)
2	I enjoy deals like for every R100 spent on your groceries, you get R10 discout off you bill						adapted from Park et al., (2013) and Keh & Lee (2006)
3	I get better prices than most customers						Kries & Mafael (2014)

	Question	1	2	3	4	5	Reference
	H4: Loyalty program indirect rewards will increase grocery retailer sales						
1	I enjoy deals like for every R100 spend on your groceries, you get R10 airtime voucher						adapted from Park et al., (2013) and Keh & Lee (2006)
2	I like deals such as buy for more than R100, and qualify for a free gift.						adapted from Park et al., (2013) and Keh & Lee (2006)
3	Rewards should be cashback or rebates						adapted from Morrison et al., (2023)
	H5: A plural loyalty program will increase grocery retailer sales						
1	I like deals such as for every R100 spend on your groceries, you get R10 discount + R10 airtime voucher						adapted from Park et al., (2013) and Keh & Lee (2006)
2	I want to get a discount and accumulate reward points						adapted from Kries & Mafael (2014)
3	Loyalty programs enable me to get discounts and redeem reward points						adapted from Kries & Mafael (2014)
	H6: The pricing strategy together with the loyalty program will increase the sales of the grocery retailer						
1	I am willing to buy from a retailer with a loyalty program who offer discounts and sales in the form of bundles						adapted from Evanschitzky et al., (2012)
2	I am willing to pay a higher price for brands at a retailer with a loyalty program than at other retailers						adapted from Evanschitzky et al., (2012)
3	I am willing to pay a lot more for products at a retailer with a loyalty program						adapted from Evanschitzky et al., (2012)
4	The price for a retailer with a loyalty program would have to go up a bit before I would switch to another retailer						adapted from Evanschitzky et al., (2012)
	H7: High number of competing loyalty programs will reduce the sales at the focal grocery retailer						
1	I choose to shop at the grocery store that has the best deals						adapted from Mägi (2003)
2	I compare what I get for my money in different stores						adapted from Mägi (2003)
3	You profit from comparing prices across stores						adapted from Mägi (2003)
4	I choose what store to go to on the basis of where I find what I need for the best prices.						adapted from Mägi (2003)
	Sales						
1	I will do more business with the retailer with a loyalty programin the future						adapted from Omar et al., (2013)
2	I consider the retailer with a loyalty program to be my first choice when shopping for groceries						adapted from Omar et al., (2013)
3	I frequently buy from the retailer with a loyalty program						adapted from Omar et al., (2013)
4	I make most of my purchases from the retailer with a loyalty program						adapted from Omar et al., (2013)

Section B: Retailer Questionnaire

Indicate to what extent you agree or disagree with the statements by choosing the corresponding number in the 5-point scale below:

1= strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree

Store manager Questionnaire							
	Gender	Male					
		Female					
	Experience	less than 1 year					
		2 to 5 years					
		6 to 10 years					
		11 years and above					
	Educational level	Intermediate					
		Bachelor					
		Masters and above					
	Question	**1**	**2**	**3**	**4**	**5**	**Reference**
	H1: Loyalty program immediate rewards will increase the grocery retailer sales						
1	customers want to be immediately rewarded for their loyalty at this store						adapted from Radder et al. (2015)
2	Loyalty programs which offer immediate rewards result in an increase in repeat purchases						adapted from Bridson et al. (2008)
3	Customers prefer immediate rewards which they receive at the checkout point of the retailer in the form of cash discounts, buy-one-get-one free coupons,						adapted from Bridson et al. (2008)
	H2: Loyalty program delayed rewards will increase the sales of a grocery retailer						
4	Customers prefer delayed rewards which they receive some time in the future and enjoy accumulating points						adapted from Bridson et al. (2008)
5	Loyalty program offering delayed rewards result in an increase in customer repeat purchases						adapted from Bridson et al. (2008) & Harmse (2019)
6	Loyalty programs offering delayed rewards result in switching costs which deter customers from defecting, but rather continue with the retailer and spend more to increase chances of qualifying for a reward						adapted from Bridson et al. (2008)
	H3: Loyalty program direct rewards will increase grocery retailer sales						
7	Customers prefer direct rewards which are related to the products they buy from the retailer such as buy-one-get-one free and cash discounts						adapted from Bridson et al. (2008)
8	Loyalty programs offering direct rewards result in high frequency of repeat purchases which increase sales						adapted from Bidson et al. (2008)
9	Customers prefer direct rewards such as discounts since they spend less and save money						adapted from Stathopoulou & Balabanis (2016)

	Question	1	2	3	4	5	Reference
	H4: Loyalty program indirect rewards will increase grocery retailer sales						
10	Customers prefer indirect rewards which are not related to the products of the retailer such as a receiving a free gift voucher, free movie ticket						adapted from Bridson et al. (2008)
11	Loyalty programs offering indirect rewards result in high frequency of repeat purchases in order to grow the accumulated points to reach a reward						adapted from Bridson et al. (2008)
12	customers enjoy accumulating reward points and redeeming reward points						adapted from Morrison et al. (2023)
	H5: A plural loyalty program will increase grocery retailer sales						
13	customers like to be instantly rewarded for their loyalty to a retailer and for building up points for big rewards						adapted from Cromhout (2023)
14	customers are motivated to spend more to earn more rewards in the form of discounts and earn more points to earn big rewards such as vouchers and gifts						adapted from Cromhout (2023)
15	customers will do more business in future with the retailer who offer both direct (discounts, cashbacks) and indirect rewards (vouchers, gifts)						adapted from Bridson et al. (2008)
	H6: The pricing strategy together with the loyalty program will increase the sales of the grocery retailer						
16	We use a everyday low pricing strategy to increase or maintain market share and sales volume						adapted from Elgarhy (2022)
17	We use a high low pricing strategy to increase or maintain market share and sales volume						adapted from Elgarhy (2022)
18	We provide discounts and sales in the form of bundles to increase or maintain market share and sales volume						adapted from Elgarhy (2022)
	H7: High number of competing loyalty programs will reduce the sales at the focal grocery retailer						
19	By getting the value proposition right, we can encourage customers to switch their share of wallet to us for maximum benefit of loyalty programs as opposed to belonging to many loyalty programs						adapted from Cromhout (2023)
20	Competing loyalty programs affects the share of wallet of customers at our store						adapted from Leenher et al. (2007)
21	An increase in the number of grocery retail competing loyalty programs affects our sales						adapted from Leenher et al. (2007)

APPENDIX D1: REQUEST TO PNP MASIANOKENG

Molefi Matsutsu
Private Bag A12
Maseru 100

29 October 2024

Pick n Pay
Masianokeng store Manager

Dear Sir

Re: Request for permission letter to conduct research at your stores

My name is Molefi Matsutsu. I am a Master's in Business Administration student at the University of the Witwatersrand, Johannesburg. My supervisor is Dr Yvonne Saini. I am conducting a research study about loyalty program design in Lesotho. The study title is Loyalty program design, retailer and country characteristics effect on retailer performance in Lesotho.

I am writing to you requesting permission to administer a questionnaire to the Pick n Pay store managers in Lesotho. If you decide to take part, your participation in this research study will last about 25 minutes. The completion of the questionnaire will take place at Pick n Pay store during working hours at 0900 hrs. I anticipate a month was enough for me to administer the questionnaire through the Pick n Pay store managers.

During the research activity, I will need to ask for some personal information about the store managers, including their age, years of experience in the job and educational qualifications.

The questionnaire was confidential and anonymous. When I share the results of the research study, I will not include their names or anything else that could identify them. With your permission, other researchers may use the data collected from this research study, but their names and any personal information will not be used or passed on.

The risks for this research study are no more than what happens in everyday life OR some of the questions asked may make participants feel sad or upset. If this happens, I will stop the questionnaire and continue another time.

This research study was written up as a research report. The report was available on the university library website. If you would like to receive a summary of this report, I was happy to send it to you.

If you have any questions during or afterwards about this research study, feel free to contact me or my supervisor on the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za.

Yours sincerely,
Molefi Matsutsu

Researcher:
Molefi Matsutsu, 2692723@students.wits.ac.za, +27 82 641 7378/ +266 59100779

Supervisor:
Dr Yvonne Saini, yvonne.saini@wits.ac.za, +27 11 717 3586

APPENDIX D2: PERMISSION FROM PNP MASIANOKENG

Pick n Pay
Inspired by you

Pick n Pay
Mas Family Masianokeng
30 October 2024

Wits Business School Ethics Committee
University of the Witwatersrand
Johannesburg

Dear sir/madam

Re: Permission Letter for Molefi Matsutsu

This letter serves to confirm that Pick n Pay Masianokeng has granted permission to Molefi Matsutsu undertaking research project titled: Loyalty program design, retailer and country characteristics effect on retailer performance in Lesotho, to administer a questionnaire to Pick n Pay store manager in Lesotho for a period of 1 month. The researcher is also allowed to disclose the name of the organisation.

Hope you find the above in order.

Sincerely

MANAGING DIRECTOR.
+266 223 20 212.

Retail Investments, trading as Pick n Pay Masianokeng (Reg. No. 2014/0768)

Physical Address. Main South Road, Masianokeng Urban Area, Maseru, Lesotho
Tel (+266) 2232 0212, Website www.picknpay.co.za

Legal Entity Name is a third party franchise of Pick n Pay Retailers (Pty) Ltd. Reg. No. 1973/004739/07 and is not an employee or subsidiary or division or associate corporate entity or agent of Pick n Pay Retailers (Pty) Ltd.

APPENDIX E1: REQUEST TO STORM MOUNTAIN DIAMONDS

Molefi Matsutsu
Private Bag A12
Maseru 100

28 July 2024

Mrs. Kekeletso Mokebe Molojwane
Human Resource Manager
Storm Mountain Diamonds
Butha Buthe

Dear madam

Re: Request for permission letter to conduct research at your site

My name is Molefi Matsutsu. I am a Master's in Business Administration student at the University of the Witwatersrand, Johannesburg. My supervisor is Dr Yvonne Saini. I am conducting a research study about loyalty program design in Lesotho. The study title is Loyalty program design, retailer and country characteristics effect on retailer performance in Lesotho.

I am writing to you requesting permission to distribute a research questionnaire to the employees of Storm Mountain Diamonds. The employees were given the questionnaire and complete it during their spare time and return it to the researcher. I anticipate three months was enough time for me to run the questionnaire through the employees.

During the research activity, I will need to ask for some personal information about the employees, including their age and educational qualifications.

The questionnaire was confidential and anonymous. When I share the results of the research study, I will not include their names or anything else that could identify them. With your permission, other researchers may use the data collected from this research study, but their names and any personal information will not be used or passed on.

The risks for this research study are no more than what happens in everyday life OR some of the questions asked may make participants sad or upset. If this happens, I will stop the questionnaire and continue another time.

This research study was written up as a research report. The report was available on the university library website. If you would like to receive a summary of this report, I was happy to send it to you.

If you have any questions during or afterwards about this research study, feel free to contact me or my supervisor on the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za.

Yours sincerely,
Molefi Matsutsu

Researcher:
Molefi Matsutsu, 2692723@students.wits.ac.za, +27 82 641 7378/ +266 59100779

Supervisor:
Dr Yvonne Saini, yvonne.saini@wits.ac.za, +27 11 717 3586

APPENDIX E2: PERMISSION FROM STORM MOUNTAIN DIAMONDS

STORM Mountain DIAMONDS (Pty) Ltd

15 Un Road, Southview House
Sentinel Park, P.O Box 11861
MASERU 100
Tel: (+266) 22325273
(+266) 52555555
Fax: (+266) 22325265
Reg. No. 2009/1149

28th August 2024

Wits Business School Ethics Committee

University of the Witwatersrand

Johannesburg

Re: Permission Letter for Molefi Matsutsu

This letter serves to confirm that Storm Mountain Diamonds has granted permission to Molefi Matsutsu undertaking research project titled: Loyalty program design, retailer and country characteristics effect on retailer performance in Lesotho, to administer a questionnaire to Storm Mountain Diamonds employees for a period of 2 months. The researcher is also allowed to disclose the name of the organisation.

Hope you find the above in order.

Sincerely

Kekeletso Molojwane
Human Resource Manager

APPENDIX F1: REQUEST TO PNP PIONEER MALL

Molefi Matsutsu
Private Bag A12
Maseru 100

30 October 2024

Pick n Pay
Pioneer Mall Store Manager

Dear Sir/ Madam

Re: Request for permission letter to conduct research at your stores

My name is Molefi Matsutsu. I am a Master's in Business Administration student at the University of the Witwatersrand, Johannesburg. My supervisor is Dr Yvonne Saini. I am conducting a research study about loyalty program design in Lesotho. The study title is Loyalty program design, retailer and country characteristics effect on retailer performance in Lesotho.

I am writing to you requesting permission to administer a questionnaire to the Pick n Pay store managers in Lesotho. If you decide to take part, your participation in this research study will last about 25 minutes. The completion of the questionnaire will take place at Pick n Pay store during working hours at 0900 hrs. I anticipate a month was enough for me to administer the questionnaire through the Pick n Pay store managers.

During the research activity, I will need to ask for some personal information about the store managers, including their age, years of experience in the job and educational qualifications.

The questionnaire was confidential and anonymous. When I share the results of the research study, I will not include their names or anything else that could identify them. With your permission, other researchers may use the data collected from this research study, but their names and any personal information will not be used or passed on.

The risks for this research study are no more than what happens in everyday life OR some of the questions asked may make participants feel sad or upset. If this happens, I will stop the questionnaire and continue another time.

This research study was written up as a research report. The report was available on the university library website. If you would like to receive a summary of this report, I was happy to send it to you.

If you have any questions during or afterwards about this research study, feel free to contact me or my supervisor on the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical), telephone +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za.

Yours sincerely,
Molefi Matsutsu

Researcher:
Molefi Matsutsu, 2692723@students.wits.ac.za, +27 82 641 7378/ +266 59100779

Supervisor:
Dr Yvonne Saini, yvonne.saini@wits.ac.za, +27 11 717 3586

APPENDIX F2: PERMISSION FROM PNP PIONEER MALL

Pick n Pay
Inspired by you

VAT No 1525945
Tin 1061662-9

Maseru Family Store, Shop Ug01 & Ug02
Pioneer Shopping Centre
Maseru
Tell: 00266 22318815
Fax: 00266 22315218

Pick n Pay
Maseru, Lesotho
31 October 2024

Wits Business School Ethics Committee
University of the Witwatersrand
Johannesburg

Dear sir/madam

Re: Permission Letter for Molefi Matsutsu

This letter serves to confirm that Pick n Pay Pioneer Mall has granted permission to Molefi Matsutsu undertaking research project titled: Loyalty program design, retailer and country characteristics effect on retailer performance in Lesotho, to administer a questionnaire to Pick n Pay store manager in Lesotho for a period of 1 month. The researcher is also allowed to disclose the name of the organisation.

Hope you find the above in order.

Sincerely

Maletsie Moshoeshoe
STORE MANAGER

Pick n Pay
Inspired by you
Maseru Family Store
Pioneer Shopping Centre
Maseru
00266 22318815
00266 22315218 (Fax)

Franchisees: Andre Beukes , Sam Mphana

APPENDIX G: EDITOR'S LETTER

Napier
7270
Overberg
Western Cape

12 February 2025

LANGUAGE & TECHNICAL EDITING

Cheryl M. Thomson

LOYALTY PROGRAM DESIGN, RETAILER AND COUNTRY CHARACTERISTICS' EFFECT ON RETAILER PERFORMANCE IN LESOTHO

This is to confirm that I, Cheryl Thomson, executed the language and technical editing of the above-titled thesis of **MOLEFI MATSUTSU, student no. 2692723,** at **WITS BUSINESS SCHOOL** in preparation for submission of this thesis for assessment.

Yours faithfully

CHERYL M. THOMSON

Email: cherylthomson2@gmail.com

Cell: 0826859545