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Brand loyalty through loyalty programs in the South African banking industry: perspectives from gen Y and Z

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Brand Loyalty through loyalty programs in the South African banking industry: Perspectives from Gen Y and Z

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management (MMSM)

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ABSTRACT

The recent growing popularity of loyalty programmes across industries has sparked a whole lot of interest from not only researchers, but also consultancy firms and practitioners alike. Though there has been noticeable research conducted on loyalty programmes in the preceding decade, not enough focus has been channelled on the youthful age cohorts (Gen Y & Z) in South Africa, especially in a sophisticated industry such as banking.

A subject of loyalty programmes is understood and accepted to be premised around the relationship marketing theory, which primarily encourages long-term bonds with customers. As such, the study then sought to assess the intermediating influence of customer brand experience, consumer-brand engagement (CBE) and emotional brand attachment in the relationship between loyalty programmes and brand loyalty in the South African Banking sector.

The methodology relied on a cross-sectional survey design in a form of a self-administered online questionnaire partially adapted from preceding studies. Data was then collected from 265 Generation Y and Z targeted respondents who are retail banks loyalty programme members. The study assessed seven hypothesis utilizing standard regression techniques and the study findings presented demonstrate that all seven hypotheses were supported. The findings therefore reveal that loyalty programmes can play a positive role in building customer brand experience, Consumer-Brand engagement (CBE), emotional brand attachment and subsequently brand loyalty.

The study not only subsidizes the existing knowledge on loyalty programmes among youthful age cohorts, but it also assists with relevant context to a developing market such as South Africa. It must also be mentioned that the study can aid marketers and practitioners with formulating attractive and thorough loyalty programmes, particularly targeted at the youthful market in South Africa.

Key words: Brand loyalty, customer brand experience, Consumer-Brand engagement, emotional brand attachment, loyalty programmes.

DECLARATION

I, **Ikanyeng Cleophus Magano**, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in Strategic Marketing in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.



IKANYENG CLEOPHUS MAGANO

Signed at ……

On the …….. day of …… 20…..

DEDICATION

I wish to dedicate this Master's degree to my family and my community of Phokeng, Rustenburg. Thank you very much for your endless love and certainly it takes a village to raise a child.

- *May our final hour find us in service of our people*.

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CHAPTER 1. INTRODUCTION

This chapter aims to introduce the research issue under consideration. The background, as well as, most crucially, the research problem, study objectives, research questions, and, finally, the study's significance, are all discussed in this current research chapter. Furthermore, the chapter briefly touches on and sketches out some of the delimitations, definitions of widely used terminology in the study, assumptions, and, finally, the study's recommended structure.

1.1 Introduction to the study

In today's economic environment, businesses are fighting to keep their existing clients in the face of fierce competition. Retailers will be able to differentiate themselves from other firms and enhance consumer loyalty, particularly among the younger generation, by improving service quality and other vital relational aspects. Despite the fact that most, if not all, industries have a highly competitive landscape, practitioners and researchers continue to stress the importance for businesses to form close bonds and relationships with their customers (Kang *et al*., 2015).

As a vital strategic marketing tool to advancing customer relationship management, loyalty programs are accepted to be enjoying wider use across industries, ranging from banking, airlines, retail supermarket, hotels, and many other industries. As such, these loyalty schemes or programmes have, of late, attracted extensive interest among researchers and practitioners alike (Ivanic, 2015)

For years, several loyalty programs and methods have been utilized to recruit and maintain loyal clients. Allowing customers to earn points, physical rewards-based techniques, special treatment-based strategies not available to other customers, and perceived status-based strategies are examples of these strategies. All of these techniques are intended to encourage desired consumer behaviours, which will lead to higher profitability and some level of loyalty.

In the banking business, loyalty programmes were originally meant to link rewards to purchases made with credit and debit cards (Kumar & Reinartz, 2018). This was primarily to help banks position themselves in the market and be first in customers' wallets when it came to spending. Overall client loyalty in the South African retail banking industry had fallen by more than 3% over the previous three years since 2017, which is cause for concern as banks continue to promote the ease of switching to their institutions (Mackay & Major, 2017).

In efforts of arresting the persistent client switching, retail banks have placed a strong emphasis on the use of loyalty or incentive programs to guarantee or ensure that current customers are not enticed by competitors to move or switch banks. Similarly, South African banks have also in turn begun to put increased focus on the use of loyalty programs by investing billions of Rands to ensure that customers are not easily attracted to switch banks (Major, 2017). These programmes, however, are yet to convincingly prove effective, as client attrition continues to plague some of South Africa's top retail banks (Mokoena, 2015).

The increasingly competitive character of the South African retail banking market, which is frequently challenged with new competitors, adds to sustainability problems. When one of the main South African banks introduces a new item into the market, other banks frequently follow shortly after. As a result, the main products and services that banks offer to their consumers are generally identical. As a result, it's not uncommon for clients to consider switching banks, forcing banks to employ marketing techniques geared at gaining new customers or retaining existing ones (Magasi, 2015).

According to Major (2017), consumers are more inclined to switch banks if they are displeased with their current bank's products or services, as demonstrated by FNB and Capitec's advertising campaigns, which promote the simplicity with which customers can switch to their bank if they are unhappy with their current bank.

Apart from the increasing levels of competition in the retail banking industry, customers are highly knowledgeable and selective, and are becoming

increasingly demanding in terms of the quality of the services they expect to receive (Mackay & Major, 2017). It is therefore particularly vital for banks to develop a better appreciation and understanding of their customers and their preferences as this would be necessary during loyalty programmes design. Francis and Hoefel (2018) for instance warn that the Gen Z-ers' influence and economic power are projected to, in the coming years, hastily surge and it is therefore astute for organisations or brands to study and constantly scrutinise their continually intensifying influence, buying behaviours and decision-making processes as they differ from other generations before them. Kaabachi (2022) adds that the financial value of Gen Y and Z to the financial system is projected to grow significantly in the succeeding five years and that traditional banking may not be appealing to these generations especially as FinTechs continue to emerge

A question of whether or not loyalty programmes do in actual fact create loyal customers as well as brand loyalty remains to be vastly debated, however, emotional attachment to the brand is accepted by researchers and practitioners to be a key driver for brand preference as well as continued patronage. Dlamini and Chinje (2019) argues if loyalty programmes purely incentivises repeat purchase by customers who are ordinarily stirred by the actual rewards and not necessarily the brand itself? However, few studies, both globally and locally, have attempted to measure their impact on emotional connection and customer brand experience, two crucial components for brand loyalty and relationship marketing.

This study intentionally aims to examine how South African banks can build and/or enhance their brand loyalty of their younger population through loyalty programmes, which would then result in customer retention as well as reduced switching. Darzi and Bhat (2018) add that customer retention plays a very significant role in banking given a fact that it is often very expensive to recruit a new client. Additionally, the research study purposely aims to firmly place its lenses on the two generations being Gen Y and Z as those are known to be susceptible to switching as they possess a lot of product information, largely due to the internet, since they are accepted as digital natives as argued by (Bhalla *et al*., 2021).

Chakraborty (2017) contends that there is a conspicuous difference in the purchasing behaviours of various generations. It is observed that while gen X is less concerned about trying out a new brand and as such less likely to switch brands, gen Y and Z are more conscious and is very likely to switch from one brand to the other. Chakraborty (2017) concludes that it is worthy then to appreciate that both gen Y and Z constitute the majority of the current as well as future consumers in the banking industry, as such, their loyalty to a bank or brand, will have significant impact on the immediate and future profitability of a said bank/brand.

1.2 Purpose of the study

The purpose of this research is to examine the influence of loyalty programmes in building and/or enhancing brand loyalty, specifically in the South African Banking sector, among Gen Y and Z. The constructs analysed in this study are crucial elements of a marketing research and they have received much focus in the marketing literature in the last decades as marketers and practitioners remain determined to develop brands which will lead to sustained profitability. Clemes *et al*. (2010) concedes that the banking sector ought to develop long-term and profitable relationships with its consumers in order to endure a highly contested retail banking terrain. The competitiveness nature of the banking sector coupled with the relative homogeneity and undifferentiated nature of services as well as products seem to make the sector mostly susceptible to clients switching behaviour, especially among younger consumers, adds (Clemes *et al*., 2010). The researchers conclude that there is a proven solid relationship between profitability and customer loyalty in retail banking.

A selection of an industry in this case was necessitated by a fact that the banking industry is largely associated with high switching among younger population as well as low-income earners or the so-called the bottom of the pyramid as highlighted by (Mackay & Major, 2017; Clemes *et al*., 2010). It must be stated though that the existing literature on switching and retail banking provides little

evidence on younger consumers' responses to loyalty programmes, especially in a context of South African banking and hence this study.

This study places a strong emphasis on the notions; Consumer-Brand engagement, customer brand experience and emotional brand attachment, which are all critical in achieving brand loyalty. Noble *et al*. (2014) confirms that loyalty rewards, depending on the type of loyalty programme, do have an ability to create some emotional connection, memorable customer brand experience as well as commitment between the organisation and the customer, which would then ordinarily result in a strong customer loyalty to the organisation or even brand.

Providing quality essential products and services, through loyalty programmes, have become the preoccupation of firms. It is observed that leading firms in today's businesses are those who offer quality products and better rewards services (Arunmuhil & Arumugam, 2013). The implication of this is that firms compete with each other to through loyalty programs in a bid to capture customer's interest and to satisfy its customer. Customer satisfaction thus compels customer loyalty to a particular brand. Spiess *et al.* make an observation that, given operational costs involved in attracting new customers, organizations prioritize investing more time and resources to retaining existing customers through loyalty programmes. In a study of Indian firms, Jain and Singhal (2012), observe that loyalty programmes enhance repeat purchase and customer loyalty.

In general, Dorotic *et al*. (2012) note that loyalty programmes have become a necessary means through which customer retention and loyalty is achieved. In this case, brand loyalty is tied to quality services and about 96% of consumers in the world will always consider quality product and services in their choice of loyalty to a particular brand (Willott, 2020). On a study of brand loyalty, Willott (2020), observe that about 70% of customers link their loyalty to quality service and 52% of the consumers have done repeat purchases due to previous quality service. This shows that there is a connection between loyalty programmes and brand loyalty.

Kang *et al*. (2016) emphasizes that, in a vastly competitive landscape across most, if not all industries, practitioners as well as researchers continue to highlight the importance for organisations to formulate close bond and relationships with customers. As a vital strategic marketing tool to advancing customer relationship management, loyalty programmes are accepted to be enjoying wider use across industries, ranging from banking, airlines, retail supermarket, hotels, and many other industries. As such, these loyalty schemes or programmes have, of late, attracted extensive interest among researchers and practitioners alike (Ivanic, 2015).

This research will examine how loyalty programmes in the South African banking sector enhance brand loyalty of generation Y and Z among University of the Witwatersrand's student population. This research will particularly focus on the so called; "Big four" South African retail banks being: ABSA, FNB, Nedbank and Standard Bank, as they record the highest and active usage of loyalty programs in South African Banking sector.

1.3 Context of the study

An attractive proposition to conduct the study within the University of the Witwatersrand student community is primarily based on its diverse nature of varying student types registered with the University which is in line with the targeted generations cohorts for the study, which reflect the students' profiles within the university. As with any University student community, the students' profile would reflect varying economic profiles, such as Gen Y who are generally accepted as economically stable, while Gen Z who are digital natives with relative near future economic stability.

The University of the Witwatersrand was instituted in 1896 and its founding roots lies in the South African School of Mines which was constituted in Kimberley and later transferred to the City of Johannesburg under a new name, Transvaal University college in 1906 (Harington *et al.*, 2019). The University of the Witwatersrand is a multi-campus public university in South Africa, situated in the

Northern area of Johannesburg's CBD (MacGregor, 2010). It is also commonly referred to as Wits University. As at 2018, Wits University enrolled, 40, 259 students; of which 63% registered for undergraduate degrees, while 35% registered for postgraduate degrees. The remaining 2% being Occasional students (Wits University online, 2022). Wits University, like most universities in Post-Apartheid South Africa, is often seen as notorious for its promotion of diversity and inclusion, towards addressing inequalities which were perpetuated by the then apartheid government (Ndlovu, 2018). The university promotes equality and diversity by admitting students from a wide range of backgrounds in terms of race, age, sex, sexual orientation, gender, religion, nationality, ethnicity, (dis)ability, socio-economic background, as well as urban or rural geographic locations (Wits University online, 2022). This makes Wits University a viable target population for this study, as it will provide diverse backgrounds and varied experiences with the banking sector in South Africa.

As stated by the South African Reserve Bank, the banking sector in South African, comprise of 17 domestic banks, 11 international banks, two mutual banks and 1 co-operative bank, concludes (Ateba *et al.,* 2015). While they exist many banks within this sector, some banks, however, seem to dominate others as a result of their customer base and turn-overs as well as through their reward systems and loyalty programs. According to Maredza and Ikhide (2013), these banks, commonly referred to as the 'big four' which among others include, The Amalgamated Bank of South Africa (ABSA), First National Bank (FNB), Nedbank and Standard Bank; make up about 90% of retail banking in South Africa (Ateba *et al*., 2015). These banks had "approximately 34.5 million accounts open in 2011, which was expected to grow to approximately 40 million accounts by the year 2014" concludes (Ateba *et al.*, 2015).

Tracing the profiles of these four banks, however, shows a high level of competition amongst them in the past years and currently. ABSA, founded in 1991, upon the coalition of four banks namely, Allied, Volkskas, United Bank and Trust Bank (Mackay & Major, 2017), offer services such as commercial banking, insurance, retail, credit cards, investment management as well as private equity.

As at December, 2015, BusinessTech as contained in Mackay & Major (2017), published that ABSA has 9.4 million customers and holds 22% market share of the South African retail bank customers. While ABSA had a customer base of 9.4 million as at 2015, FNB (currently trading as a division of FirstRand Bank Limited) is the oldest South African Bank. It was founded in 1838 and had, as at 2015, 7.2 million customers and holds 16% market share of South African retail bank customers (Mackay & Major, 2017). FNB offers services such as retail banking, instant accounting, pro and pre-paid card, merchant services, eWallet, cell pay points, etc. (Mackay & Major, 2017).

Nedbank, a subsidiary of the Nedbank Group, established in 1888 offers services which include wholesale and retail banking, insurance services, asset as well as wealth management (Mackay & Major, 2017). Nedbank, as at 2015, had a customer base of 7.4 million and at 18% market share of South African retail banks (Mackay & Major, 2017). Compared to the aforementioned banks, Standard Bank has the highest customer base of 11.6 million (Mothabine, 2021). They offer services such as corporate banking, business and personal banking, wealth-liberty as well as investment banking (Mothabine, 2021).

Currently, as at March 2020, the South African Reserve Bank published its annual report which states that South Africa's banking sector is dominated by the 'big five' banks (including Capitec Bank). They further state that these five banks; ABSA, FNB, Nedbank, Standard Bank and Capitec Bank, collectively hold 90.5% of the total asset in the banking sector (Mothabine, 2021). This control over the banking sector in the country, encourages competition amongst them and each one constantly finding strategies to better market their products and services to enhance brand loyalty. With these, figures, Mackay and Major (2017), observe that the South African Banking industry thrives in competition. This competitiveness is seen in their offering of different interest rates, access to loans, lending limits, bank charges, rewards and loyalty programs.

According to Moyo (2018), "competition is the main driver of strong and effective markets, encourages firms to innovate, enhances productivity, and results in the efficient allocation of resources". Moyo (2018) further observes that this

competitiveness puts businesses under pressure to provide quality goods and services to its and clients and this in turn, drives productivity in any economy. Similarly, Mothabine (2021) observes that intense competition increases customer expectations, which in turn, leads to customer loyalty. In South Africa, in other to keep us with the competitiveness of the banking sector, banks, spend billions of Rands on rewards and loyalty programs in a bid to attract new customers as well as maintain old ones (Mackay & Major, 2017).

The banking sector, specifically the 'big four', in this case, are increasingly in competition with each other. Hence, their focus on marketing strategies that targets improving their services and technologies to better serve their customers and attract new ones. This is because, interests and needs of customers change per period and generation, especially the young generation who are tech savvy. It is acknowledged globally that new trends in technology such as cell phone banking applications, electronic money transfer systems amongst others have proliferated the whole retail banking sector (Mackay & Major, 2017). As such, it becomes necessary to investigate how loyalty programs, delivered through these mediums, enhance brand loyalty among generation Y and Z.

1.4 Problem statement

The study warrants investigating not only because of the recent proliferation of loyalty programmes, but also given huge financial spend by retail banks with little or no traceable or assured returns. Researchers, and practitioners alike, continue to question whether some of the known positive financial outcomes of the loyalty programmes exceed the investments injected in them (Bolton *et al*., 2015).

The global rapid popularity of loyalty programmes as well as its argued effectiveness has spurred considerable academic research even though most empirical research previously conducted demonstrates divergent findings and could introduce more misperception than guidance to marketing practitioners and managers as loyal programmes are lately accepted as an integral part of organisation's marketing strategies and tools (McCall & Voorhees, 2010).

Clemes (2010) acknowledges that the undifferentiated landscape of products as well as services in the banking appear to make the sector mostly susceptible to clients switching, particularly among younger consumers such as Gen Y and Z. Brand loyalty in the South African retail banking, generally, has decreased over the last few years for a number of varying reasons (Mackay & Major, 2017). This is due to increase in bank switching by customers because of dissatisfaction and a number of other reasons such as bank service costs, service inconsistencies, platform unavailability, new FinTech entrants, etc. Customer loyalty has decreased significantly by 3% within the banking sector, in the last three years (Mackay & Major, 2017). This is significant and a major concern to banks looking to grow its customer base as well as enhance profitability.

In addressing the issue of customer switching and enhancing customer loyalty, retail banks in South Africa have invested in loyalty programmes to ensure their current customers are not easily swayed by services from competing banks and switching (Mackay & Major, 2017). It, however, must be mentioned though that the current literature on switching and retail banking gives little evidence on younger consumers' responses to loyalty programmes, particularly in a context of South African banking industry and this is seen as a crucial research gap identified.

Research shows that though loyalty programmes are adopted by banks to improve their services and further enhance brand loyalty, these programmes are feared to be ineffective, as high-profile banks in the country are still losing customers to other banks (Mackay & Major, 2017). This implies that the South African banking sector focuses its energy in improving the quality of their products and services to retain their customers yet have little to no strategy to measure as well as manage brand loyalty. This oversight is due, in part, to limited measuring models which leads to the inability to accurately measure brand loyalty. Also, generation Y and Z, comprise of the youth and economically active group of customers and their loyalty to a particular bank signals near future profitability to the bank. Hence, there is a need to understand and measure contributory factors to brand loyalty by these cohorts in a bid to effectively enhance brand loyalty by

these cohorts through loyalty programs. Kaabachi (2022) advises that the financial value of youthful consumers, such as Gen Y and Z, to the global financial system is forecasted to grow enormously in the next five years or perhaps even sooner.

To this end, by engaging with generation Y and Z cohort of the University of the Witwatersrand student population, this research will examine if loyalty programmes by the 'Big four' South African banks enhance loyalty among aforementioned cohorts. Also, how the 'Big four' South African banks, can better enhance brand loyalty through customer brand Experience, Consumer-Brand engagement (CBE) and emotional brand attachment.

A subject of loyalty programmes is understood and accepted to be premised around the relationship marketing theory, explains Menidjel and Bilgihan (2021), which primarily is a theory which largely defines an umbrella or a set of marketing strategies which formulates various methods of producing long-term bonds with customers, with a clear end goal of realizing customer or brand loyalty (Beck *et al*., 2015). While exists quite a few academic studies which historically assessed a role of loyalty programmes in driving brand loyalty, customer brand experience, brand resonance, consumer brand engagement and a bond with customers in a Banking sector context (Ong *et al.*, 2018), there is however still no conspicuous accord in the research community on the effectiveness of loyalty programs in driving these factors. This is especially vital to investigate on the two generation cohorts under study as they are accepted as economically active and possesses immense product or brand information prior to any purchase decisions.

This study is worth investigating not only because of the current prevalence of loyalty programmes, but also given enormous financial spend by retail banks, both locally and certainly globally, on these programs. Moreover, a measure of success or the effectiveness of loyalty programmes continues to be debated, as outlined by Thompson (2020), and academic researchers acknowledge that sales alone may not be an adequate measure to solely rely upon and hence the notion of brand loyalty and its elements such as a bond with customers then becomes of importance when assessing a role of loyalty programmes.

This is also predominantly vital to investigate as competition in the retail banking industry, not only in South Africa but globally too, continues to intensify among existing competitors as well as new market entrants. A main research question at a centre of this research journey was to investigate whether loyalty programmes, in the South African banking industry, does result or contribute to brand loyal customers and thus prevent or curb switching.

1.5 Research Objectives

This research study aims to realise the resulting theoretical and empirical research objectives.

1.5.1 *Objectives*

i. To examine the influence of loyalty programmes on customer brand experience among Gen Y and Z in the University of the Witwatersrand student population.
ii. To examine the influence of loyalty programmes on Consumer-Brand Engagement among Gen Y and Z in the University of the Witwatersrand student population.
iii. To examine the influence of loyalty programmes on emotional brand attachment among Gen Y and Z in the University of the Witwatersrand student population.
iv. To examine the influence of loyalty programmes on brand loyalty among Gen Y and Z in the University of the Witwatersrand student population.
v. To examine the influence of customer brand experience on brand loyalty among Gen Y and Z in the University of the Witwatersrand student population.
vi. To examine the influence of Consumer-Brand Engagement on brand loyalty among Gen Y and Z in the University of the Witwatersrand student population.

vii. To examine the influence of emotional brand attachment on brand loyalty among Gen Y and Z in the University of the Witwatersrand student population.

1.6 Significance of the study

The banking sector has proved quite difficult to attain competitor advantage just by solely relying on product differentiation (Moyo, 2018). The products and services are relatively easy to duplicate by other competing banks, hence the homogenic nature of the sector. Moyo (2018) adds that it has now become almost obligatory for banks to find new approaches and possible prospects which can be able to develop their relationships with customers can enhance the loyalty.

This study first and foremost seeks to contribute to an ongoing debate on the effectiveness of loyalty programmes in building or enhancing brand loyalty. Salem (2021) argues that, given a plethora of alternate options and product information that a present-day customer possesses at their disposal; especially as a result of internet and social media in particular, brand loyalty is increasingly proving to be quite challenging for businesses or brands to realize. It is precisely for this afore reason that this study primarily pursues to meaningfully contribute to the examination on the effectiveness of loyalty programmes in building or enhancing brand loyalty by customers, especially amongst younger economically active generations. It, furthermore, seeks to provide guidance to organisations, particularly in the banking industry, in ensuring that they effectively design their loyalty programmes in a manner which would not solely focus on realizing increased profitability and sale but to create as well as enhance their bond and lasting memorable experiences with their customers.

Gandomi (2013) precisely argues this narrative by highlighting the fact that increase in profitability as well as sales, ought not to be the only criteria followed to measure a success, or lack thereof, of loyalty programmes. The researcher further reveals that findings from 600,000 customer interviews around the globe does indicate that if marketers or/an practitioners are genuinely devoted to

building brand loyalty, they would then make efforts to use their programmes to first build consumers emotional connection or attachment with the brand and not just be preoccupied with repeat purchase, which will ordinarily follow any way.

Forsström (2020) in supporting this point, through his/her findings reveals that the greater the emotional connection or loyalty to a particular brand, the more chances a customer would purchase and further highlights that the relationship is more somewhat exponential and not necessarily linear.

Brand experience dimensions, on the other hand, can present a unique opportunity for organisations, banks included, to create lasting brand experiences across touch points (Schmitt, 2009). This study therefore seeks to establish how loyalty programmes can further enhance brand experiences in a banking context, for younger generations such as Generation Y and Z. Marketers and scholars alike would benefit from the study through appreciating these constructs and how they can contribute to lasting relationship formulation.

This study is significant as it seeks to establish how loyalty programmes of the 'Big four' South African banks can further enhance brand experiences in a banking context, for younger generations such as Generation Y and Z cohort of the University of the Witwatersrand student population. This study will further be of significance to retail bankers and scholars alike who would benefit from the study through appreciating these constructs and how they can contribute to lasting relationship formulation.

The choice of target population, that is, generation Y and Z cohort of the University of the Witwatersrand student, is significant. This is because the Wits community is diverse and is made up of diverse people in terms of nationality, age, sex, gender, sexual orientation as well as race. A recognition and adoption of the target population makes this research of utmost significance as results gotten from the field will reflect, to a large extent, the current situation within the South African banking sector, as well as offer credible ways through which banks can better market their product and services to enhance brand loyalty among a wide range of customers and subsequent profitability.

The use of quantitative methodology in this research is significant as it will provide quantifiable empirical evidence for further studies on brand loyalty through loyalty programs. According to Du Plooy-Cilliers *et al*. (2014), the use of quantitative approach is strategic in a research study as it helps to translate replies or responses of respondents from a questionnaire or other research tool, into measurable and quantifiable units that can be utilized for numerical analysis and empirical evidence.

1.7 Delimitations of the study

- The research study is largely focused on the so-called “Big four” South African retail banks being, ABSA, FNB, Nedbank and Standard Bank as they are the ones with traceable and active usage of loyalty programmes and as such it excludes private banks, investment banks and other types of banks.
- Capitec Bank clients are also excluded as they are do not have loyalty programmes though they constitute a huge customer base. It must be mentioned though that Capitec Bank recently added Baby City as well as Dis-Chem cashback benefits in what seemingly appears to be an imminent birth of their loyalty rewards programme.
- The study is also only limited to respondents who are registered or affiliated to a loyalty programme or have prior experience with any of the afore-mentioned banks.
- The study is also specifically targeting and limited to Generations Y and Z as the working class and the economically active and digital savvy generations.
- Target population, University of the Witwatersrand student population, and as such may not be generalized as it does not quite provide a broader perspective outside of an academic community/environment.

1.8 Definition of terms

The research has highlighted the following key terms that are pertinent to this research study:

i. Loyalty programmes: this is a scheme wherein consumers are members and they get to collect or qualify for rewards based on their spending and/or certain milestones attained (Hofman-kohlmeyer, 2016)
ii. Brand: a term, design, name, symbol and/or term or even a blend of them, which is or are envisioned to serve as unique identity to goods and services of a seller by means of differentiating them from other competitors (Keller, 2013)
iii. Brand loyalty: Continuous use or purchase of a brand's services and/or products resulting from a customer feeling a sense of positivity towards a brand (Saif *et al*., 2018)
iv. Brand experience: a personal, internal response of a customer by way of sensations, cognition, emotions and lastly, behaviours that are ordinarily aroused by the branding or brand stimuli (Brakus *et al.,* 2009)
v. Brand resonance: a construct is commonly followed to characterize brand relationships with customers as well as an extent to which a customer feels, connect or resonates with a certain brand (Raut, 2020)
vi. Emotional attachment: refers to a notion which represents a state of mind or feeling connected or attached to the brand – a general feeling towards a brand (Sherkat, 2018)
vii. Generation Y: The Millennial Generation, also known as Generation Y, refers to people born between the early 1980s and 1999. (Meister, 2020)
viii. Generation Z: Generation Z (also known as Gen Z, centennials or iGen), refers to the generation that was born between 1996-2010, following millennials (Meister, 2020).
ix. Financial stability: It is often simply defined as a lack of system risk or even a lack of financial fragility in an economy and/or market (Schinasi, 2004).
x. Fintechs: they can often be referred to as start-ups or technology entities which combine financial services as well as technology to disrupt/compete

with the business models of traditional banking (CarbÓ-Valverde, 2017; Fatah, 2018; Zaikovska, 2018).

1.9 Assumptions

The subsequent are assumptions were made as part of this study:

i. The study assumes that all the targeted respondents possess the ability to answer the questionnaire accurately and candidly
ii. The study assumes that all the targeted respondents have a clear understanding of the South African Banks that are under study.
iii. The study does also assume that respondents' responses were not influence in a way of form.
iv. The study also assumes that members of retail bank loyalty programmes vary in their buying behavioural patterns from other non-members.

1.10 Chapter conclusion

The above section introduced the study and offered a background and rational for conducting the study. The Study objectives and question where also discussed including the research problem that the study is seeking to unpack. The purpose and significance of the study was also addressed. Additionally, the chapter also looked into the possible delimitations and assumptions of the study.

The next chapter will look into literature relating to the study from empirical and theoretical review perspectives.

CHAPTER 2. LITERATURE REVIEW

This chapter seeks to introduce the literature which is backing or grounding this research study. Its primary aim is to largely highlight previous existing research around a similar topic and importantly what they were able to contribute. The chapter commences by unpacking the most crucial theories as well as concepts which form part of the study.

2.1 Introduction

This research study seeks to inspect the concepts of brand loyalty and loyalty programmes within the context of South African retail banks and to, as such, establish if there's any relations between those 2 concepts, together with its elements or sub-concepts such as customer brand experience, emotional brand attachment, to mention but a few. Brand as well as brand loyalty does present some solution for organisations, including in the banking sector, to create a robust and long-term competitive advantage thus affording organisations a platform to develop formidable relationships with their valued customers (Hadidan, 2019).

A primary objective of this study is to closely examine the constructs of brand, brand loyalty as well as loyalty programmes. The study also does rely on secondary data from the currently existing literature to define and unpack the significance of each and every one of the afore-mentioned constructs as well as their inference on the organisations. There are immense benefits that can be realized by both the organisation as well as the customers from developing brand loyalty and indeed from a creation of a strong brand. Gorlier (2020) similarly states that there has been noticeable benefits introduced by loyalty programmes over the years which, when applied properly, may also result in added profitability as well as forging long-term relationships with their customer base. Building meaningful, intimate as well as long-lasting relationships with customers is the only way for organisations to attain and/or maintain their leading positions in a rather crowded marketplace (Gorlier, 2020).

Of importance, this study seeks to appreciate any relation between loyalty programs as well as brand experience and emotional connection in achieving the overall organisational goal of sustained brand loyalty. This is even fascinating to examine in the banking industry which is largely known to be relationship driven.

2.2 Definition of topic or background discussion.

2.2.1. South African Retail Banking landscape

The banking industry is quite an imperative sector which must be safeguarded, as its failure or collapse could have very severe spiral effects on the broader economy of any country, in fact, the banking sector is central to any country's financial system (Munangi, 2020).

It is often accepted that the South African banking sector is quite unique for numerous reasons, which has been a common feature for years now. The sector is, and has been, one of the largest as well as the most sophisticated in Africa and does, to a larger degree, also liken favourably to those of advanced economies, which does certainly distinguish South African banking industry from many other emerging economies (Petzer *et al*., 2017). The banking sector is generally known to be the largest stand-alone component which forms part of the financial system in a country, including South Africa, which equally does also incorporate the insurers as well as the securities. Alhassan and Biekpe (2016) state that the South African Banking industry can ordinarily be viewed as being quite dynamic in nature as well as largely informed by competitive pressures, technology evolution, macro-environmental factors, constantly changing consumer expectations as well as, lastly, high rate of regulatory shifts.

In South Africa, the banking sector is generally known for its relatively small number or participants or organisations which largely operate as an oligopoly, and in line with the law, only registered commercial banks are eligible to take deposits, with the exception of Postbank (Mnyandu, 2020).

Banks are indeed a very crucial part of the efficacy of any economy and they are also accepted as dominant players in the national payments system. Munangi (2020) however warns that there has of recent been quite low economic growth in South Africa, which certainly does raise credit risks and as well as negatively impact the profitability of banks in particular.

Hollander (2019) through his review of the South African Reserve Bank's financial stability policies narrates that some of the present risks as well as vulnerabilities to the financial stability sighted in the SARB stability report includes among others the closely guarded domestic fiscal position, sluggish growth rates, the related deterioration in the quality on some banks balance sheets, global risk premia strident upsurge and some outside probable effect of protectionist policies. Hollander (2019) further adds that vulnerabilities and endemic risks regrettably don't only result from the local behaviour, but shocks could also emanate from outside of borders. It must, however, be mentioned that in spite of the current overall negative economic outlook of a worrying domestic and global economic climate, the South African banking industry remains financially sound and stable. Hollander (2019) concludes that one of the key mitigating strategies of addressing any potential financial stability vulnerabilities and risks to start by intentionally reducing a build-up of imbalances through building resiliency as well as augmented supervision, concludes Hollander.

The banking sector in South Africa is one of the highly regulated industries, which is arguably one of the traits which has contributed to the stability in the sector over the years. Coetzee (2019) reminds us that it must also be mentioned that the South African banking industry is known for its competitiveness across all its products or segments, especially in the retail banking business units. The sector is highly concerted with the so-called "Big four" which is largely made up of the four main competitors in this regard, namely, ABSA, First National Bank (FNB as it is commonly known), Nedbank and lastly Standard Bank (Coetzee, 2019; Jenkin, 2019). It is also vital to mention that Capitec Bank, has certainly emerged as an earnest competitor in the retail side of banking, most particularly in a terrain of low-end spectrum which is accepted as their specialized niche and it is

currently valued as the 17th most valued brand in South Africa at US$846m (Bashman, 2019).

Relationship management as well as customer centricity are among a few very vital aspects to achieving success in retail banking as that could also serve as a competitor advantage (Mahadin, 2019). Achieving sustainable competitor advantage and success in the banking sector has, over the years, proved to be quite a major challenge partly as a result of the industry's lack of differentiation across major players, which has also led to reduced brand loyalty as well as South African customers becoming multi-banked (Mackay & Major, 2017). It is for these reasons that we are witnessing a battle for the "main-bank" customer's relationships, which can be viewed as a contest for a largest share of the customer's wallet.

Bashman (2019) confirms that competition in the banking has continued to intensify in the South African Banking industry, especially recently with the emergence of new entrants to the market such as Discovery bank as well as Tyme Bank which are both the latest entrants to this fiercely contested terrain. Bashman (2019) further highlights that Tyme Bank has introduced to the market a branch-less low-cost business model given a widely held perception in the market that banking is expensive and inaccessible to the inclusive market in particular, while discovery on the other hand has introduced the market a model which is largely driven by behavioural banking which is centred around customer-centricity.

Added to the afore-mentioned new entrants, the banking sector has also, of late, been witnessing an introduction of FinTech (Financial Technology) organisations, which is also a noticeable global trend aided by the evolution of information technology and digitalisation in particular (Jenkin, 2019). This development does, more than ever, highlight the importance for banks to jealously solidify their relations with existing customer base through enhancing relationships as it is quite a challenge to recruit new customers.

2.2.2. Loyalty Programmes

Ryu (2020) describes loyalty as a practical propensity to remain in an intrinsically valued relational and/or associational attachment that requires a possibly costly commitment to secure or at least not threaten the object of loyalty's interests or well-being. Inertial, functional, transactional, and emotional loyalty are the four categories of loyalty as highlighted by (Kataria, 2020; Lentz, 2021), each of which indicates a distinct level of differentiable value and interest. However, it is critical to consider the concept of a loyalty spectrum; there are real opportunities to improve programme performance and efficiency by understanding the type of loyalty you want to drive and the levers that drive that kind of loyalty, as well as not wasting resources on behaviour that is either unnecessary or too difficult to achieve, concludes (Kataria, 2020).

Alshurideh *et al.* (2020) simply defines loyalty programs as a strategic marketing tool that can be utilized by organisations to increase sales and, most importantly, to ensure that they retain customers. Over the years, since the formalized introduction of loyalty programmes, many studies (Hwang *et al.*, 2019; Tanford, 2013; Wait, 2020) have channelled their lenses into loyalty programmes and indeed quite a few have also examined its relationship with brand loyalty in particular.

Banks utilize customer loyalty programmes to gain and retain customers, raise customer spend, boost share-of-wallet, influence client purchasing habits, and stimulate the purchase of new products, among other things (Alshurideh, 2019). Indeed, some loyalty programmes have become so closely associated with company brands that they have become a primary product offering, according to the aforementioned argument (Alshurideh, 2019). Businesses adopt loyalty programs for a variety of reasons, and often invest considerably in their development and upkeep. Hariharan (2017) adds that customers are affected by "the sunk-cost fallacy," in which they continue to patronize a business or loyalty programmes because they are focused on the quantity of points they have already acquired, according to the aforementioned. As a result, people become engrossed in the program and continue to interact even if they are not actually

(attitudinally) loyal. Loyalty programmes encourage customers to spend more of their money with a company and less with competitors by offering additional rewards, concludes (Hwang *et al.*, 2019).

The customer appreciation, or favourable view, of a loyalty programme's advantages or rewards determines its worth. Clear organizational goals, as well as appropriate procedures for implementation and measurement, are necessary for successful loyalty programmes to be implemented (Lee *et al*., 2015). Serving loyal clients is cost effective; such programs are less price sensitive, more profitable, and loyal to customers; and loyal consumers become champions for the company (Alshurideh, 2019). Client loyalty programmes, moreover, are designed to foster retention of customers, boost customer gratification, and advocate for value realized by customers (Justin *et al*., 2015; Hwang *et al.*, 2019).

Rasool (2021) acknowledges that very little studies globally as well as in most local economies, have made an attempt to assess their influence on emotional connection and brand experience as the 2 quite vital constructs for brand loyalty as well as relationship marketing. Alshurideh (2019) adds that loyalty programmes do have the ability of making a customer feel special as well as feel challenged by ensuring that they reward their purchases and indeed targets achieved. Subsequently, loyalty programmes would then assist an organisation with enhancing customer and/or brand loyalty which would then result increased purchases as well as activity (Koo *et al.*, 2020). The foremost benefit to an organisation in this case is certainly an increase in turn-over and productivity.

Kumar (2019) in closing admits that there is certainly no doubt that loyalty programmes remain an integral part of modern marketing strategic tools in ensuring that increased profitability and as well as those organisations remain competitive. The only challenge for organisations, banks included, is to ensure the effectiveness of the programs they choose to employ so that it does not result in fruitless expenditure and that they are fit for purpose. This is because of the fact that organisations tend to spend billions of Rands on these loyalty programmes annually (Steinhoff & Palmatier, 2016).

Loyalty programmes effectiveness.

Though loyalty programmes have been in existence for quite some time now, the consumer eagerness to embrace these programs has not subsided but rather has hastily grown over recent years (McCall & Voorhees, 2010; Alshurideh, 2020). It must also be added that loyalty programmes are commonly utilized by organisations as a planned and deliberate customer relationship management (CRM) instrument to build and enhance consumer-supplier relationship (Alshurideh, 2020).

The global rapid popularity of loyalty programmes as well as its effectiveness has spurred considerable academic research even though most empirical research previously conducted demonstrates divergent findings and could introduce more confusion than guidance to marketing practitioners and managers (McCall & Voorhees, 2010). Researchers remain divided on the effectiveness of loyalty programmes and it has since impelled calls from numerous marketing scholars and practitioners for more research on the loyalty programmes.

Chaudhuri *et al*. (2019) admits that as a result a mere fact that majority of loyalty programmes are just simply based of rewarding repeat purchases; the effectiveness of loyalty programmes is often assessed only by the level of continued patronage, which may not necessarily be an indicator for true loyalty. It is also believed that loyalty programmes are often accepted as a one of a marketer's collection of promotional items or tools, which assists with fostering repeat purchase rather than the required attitudinal commitment which is indicative of a shorter rather than long term commitments (Alshurideh, 2019). As many service organisations, such as banks, offer undifferentiated offerings or products as well as low switching costs, loyalty programmes may be an effective tool to relationship building.

Alshurideh (2020) advises that there are several ways and/or techniques which can be utilized to evaluate a loyalty programmes' success and/or effectiveness; and those includes but not limited to; customers' likelihood to use a particular brand or to shop at a certain store, consumers' continuance with the membership

program, increased brand/product/store patronage, increased market share, increased sales and profitability.

Loyalty programmes in South African Banking

South African banks compete for clients utilizing customer service, products excellence, and customer loyalty, among other techniques, according to (Bisschoff, 2020). Despite the fact that banks place a great emphasis on customer service and loyalty as a competitive advantage, they simply track and monitor customer service. Quite a few banks or organisations track or manage customer loyalty to their brand (Tayob, 2021). Limited operational models or measurement tools, as well as a failure to effectively manage brand loyalty among their banks' clientele, are contributing to this strategic neglect, concludes (Bisschoff, 2020).

In comparison to other industries in South Africa, and probably even globally, retail loyalty programmes are at the forefront and said to be increasing with an annual take-up of 11 percent each year, which is somewhat on par with a global percent increase (Lekhuleni; 2019). The usage thereof as well is known to be the highest as the retail environment is commonly accepted as a terrain that is largely volumes, attitudes and relationships driven, adds (Lekhuleni; 2019).

Myanmar (2018) adds that it must also be mentioned though that positive attitude and attitudes towards a certain brand, remains intricately connected to the overall consumer spend, purchase volumes as well as economic confidence of any country, including South Africa. Similarly, loyalty programmes are directly interrelated to spend habits, which are without any shadow of doubt of late under threat because of a more unstable and unfavourable economic climate, concludes (Myanmar, 2018).

Tayob (2021) confirms that, in a recent annual report released by Truth & BrandMapp South African Loyalty Landscape is dominated by retail shops as well as commercial retail banks, Clicks ClubCard once again topped the list, for an impressive third successive year, followed by Pick n Pay Smart Shopper as well as Dis-Chem Benefit in position 2nd and 3rd respectively. Of importance to note,

however, is that all of the Big four banks in South Africa, who are also active participants or offer loyalty programmes, do feature in this Top 10 of the most used loyalty programmes in South Africa according to (Tayob, 2021).

2.2.3. Brand Loyalty

While loyalty studies can be traceable to decades ago, customer and brand loyalty is still considered as a very vital and relevant research topic. Today, the mindfulness of marketing practitioners on influencing and inducing customer loyalty is continuously taking an added significance. Bisschoff and Joubert (2020) views brand loyalty as a component of intricate set of consumer decision making criteria, which includes both external and internal influences. Researchers and practitioners agree that, given intensifying competition, retention of customer base has become a key goal for many organisations (Taghipourian, 2016).

Certainly, in a context of brands, loyalty is one of the most well-defined terms in the marketing lexicon. Generally, brand loyalty can be defined as a predisposition of customers to unceasingly prefer one brand over competitive branded offerings (Bisschoff & Joubert, 2020). Brand loyalty generally makes reference to a degree of attachment a consumer has for a certain brand (Liu *et al.*, 2012). As is the case in this study; brand loyalty is quite a vital outcome variable in scholarly marketing literature and, as such, its usage as well as definitions differ across studies and contexts (De Villiers, 2015; He *et al.*, 2012). Brand loyalty assumes a vital role in the brand equity process and, as such, leads to numerous marketing advantages, such as reduced marketing and advertising costs, recruiting new customers and certainly a better leverage within the trade (Aaker, 1991).

Khan (2009) has presented the research community with a simple model which depicts the dimensions of brand loyalty as shown in figure 2.1, and those includes behavioural as well as attitudinal loyalty.

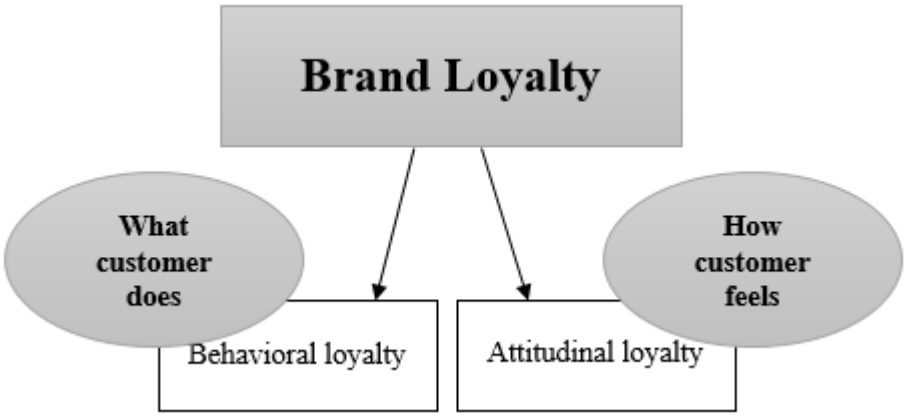


Figure 2.1: **Dimensions of Brand loyalty (Khan, 2009)**

- Behavioural loyalty involves a number of services that an individual purchase or intends to purchase repeatedly. This type of loyalty can ordinarily be calculated through various ways such as frequency of purchase, share of purchase or wallet and so forth (Khan, 2009). It more simpler terms, this theory and logic of behavioural loyalty assumes that the customer's preferences can be located through their behaviour.
- Attitudinal loyalty on the other hand assesses the customer's psychological attachment to an organisation or a said brand, which is often translated long-term and enduring relationship with the brand (Khan, 2009). Some of the tool which can be utilized to measure this type of loyalty includes willingness to recommend, supplier prioritization, purchase intention and preferences (Khan, 2009).

Because trust is a necessary component of relational trade and loyalty is needed for keeping such a valuable connection, loyalty is an essential component of developing a Consumer–Brand Relationship (CBR) (Ledikwe *et al*., 2018). The importance of brand loyalty in establishing a beneficial relationship between customers and brands cannot be overstated (Sultan *et al*., 2019). In fact, acquiring new customers is a time-consuming and costly endeavour. Furthermore, loyal customers play an important part in a company's future growth and survival (Synodinos & Sharp, 2019). Since its inception in the 1950s, the concept of brand loyalty has gotten a lot of attention in the marketing world.

Initially, the phenomenon of brand loyalty was examined from a narrow perspective, focusing solely on the purchasing behaviour of customers. Customers are deemed loyal when they buy a product from a company on a regular basis (Sultan *et al*., 2019). Scholars gradually realized that the phenomena of brand loyalty is more complex than such a simple operational description. Because of these constraints, researchers looked at customer sentiments as a substitute for brand loyalty (Setiawan & Sayuti, 2017).

According to Kotler & Keller (2009), brand loyalty does have an ability to assist organisations with cost-effectiveness as it is ordinarily accepted that acquiring new customers is relatively more expensive than to retain existing customers. Current economic environment also support retention through brand loyalty as it would be costly to recruit customers into the customer database

Latif *et al.* (2014) confess that brand loyalty possesses an ability to propel organisations to realize long-term success of the product or/and brand as customers will purchase frequently and can also serve as a defensive strategy or mechanism against competitive pressures emanating from existing competitors as well as potential new entrants int the market thus protecting the organisations market share.

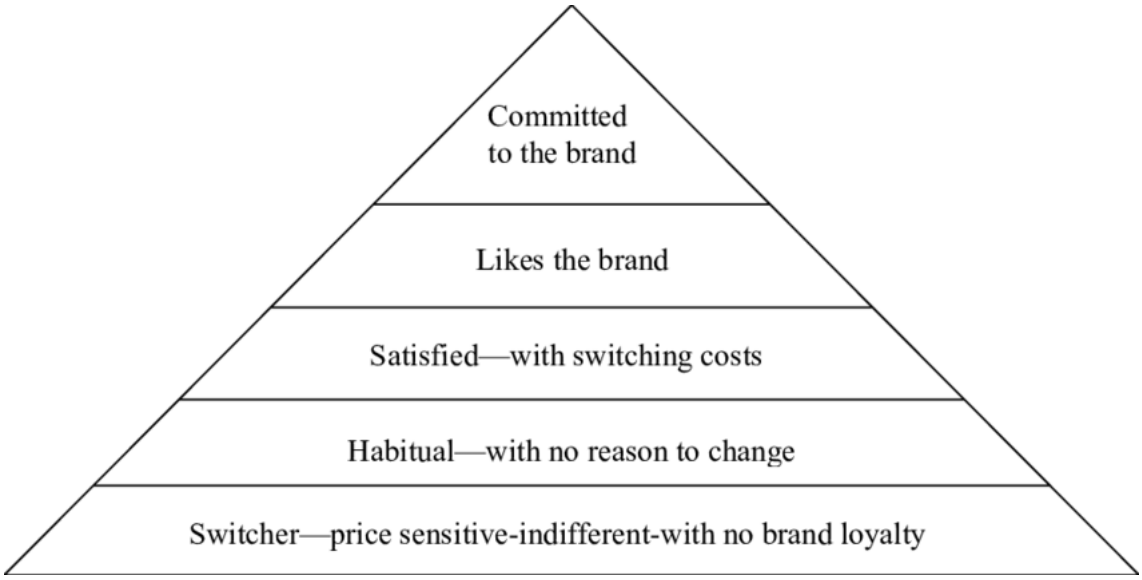


Figure 2.2: Brand Loyalty Pyramid (Aaker, 1991)

Brand loyalty pyramid, provide organisations and practitioners with a view which demonstrates the varying degrees of loyalty:

i. **Switchers:** these are customers that demonstrates no form of loyalty towards the brand and they are generally still indifferent on which brands to purchase or use (Aaker, 1991).
ii. **Habitual:** these are generally customers who are known to purchasing a product or brand out of mere habit and they can merely be persuaded to switch to competitors' products or brands (Aaker, 1991).
iii. **Satisfied:** these types of customers are content with the product or brand though they can still somewhat be enticed into switching by competitors if the switching costs that are associated with a switch are slightly reasonable comparatively (Aaker, 1991).
iv. **Likes:** these are customers who ordinarily relish the brand or product and they are also known to have some emotional attachment towards the brand. They can be partnered with for long-term relationships (Aaker, 1991).
v. **Committed:** these are customers that are enormously loyal to the brand and they are also highly likely to spread positive word of mouth to others about the brand (Aaker, 1991).

2.2.4 Customer Brand Experience

Walter *et al.* (2013) admit that customers in present day markets, are no longer only just on the lookout for functional values, but they are also seeking for symbolic values. Shahzad *et al* (2018) add that the uniqueness as well as subjectivity of an experience can over a period of time serve as a sustainable competitive means for an organisation. It is widely accepted that competitive advantages which are very challenging to imitate or replicate could serve as a sustainable competitive advantage, conclude (Shahzad *et al.*, 2018).

Fascinatingly, brand experience has lately been receiving a great deal of attention within the marketing practice terrain as well as research (Schmitt, 2011).

Marketing practitioners and researchers have come to a realisation that comprehending how consumers experience brands is crucial in building marketing and brand strategies for goods and services (Ahn, 2020).

Schmitt *et al.* (2015) advise that every service exchange leads to customer experience irrespective of its form or nature. Although Brand experience is seen as a relatively novel construct in brand strategies, it also appears to be gaining immediate attention as it basically defines how customers relate or associate to brands in a holistic manner, as it encompasses all interactions with the organisation or brand such has cognitive, sensory, emotional, social and even spiritual (Bolton *et al*., 2014). This certainly refers to all the brand-related stimuli which have an ability to evoke a memorable and lasting brand experience, either through brand communications or any other touch points that are associate with the brand. Afterall, brand experience is really about committing to and advancing the brand promise through consistent action, add (Walter *et al*.,2013).

Brakus *et al*. (2009) describe brand experience as a customer's internal reaction by way of sensations, cognition, emotions and lastly, behaviours that are ordinarily evoked by the branding or brand stimuli. Ong *et al*. (2015) further adds that brand experience is quite a significant tool to use in approaching differentiation which would then ordinarily result in brand loyalty.

The significance of brand experience is also solidified by the fact that, not only does have a correction with brand loyalty as well as brand resonance, but it also contributes immensely to brand equity which is accepted as a vital tool in measuring the value of any brand (Iglesias *et al*., 2011).

Brand experience comprises of four dimensions which are namely; a sensory dimension, an affective dimension, an intellectual dimension and then lastly, a behavioural dimension which all form part of vital components of brand experience (Nawaz *et al*., 2020).

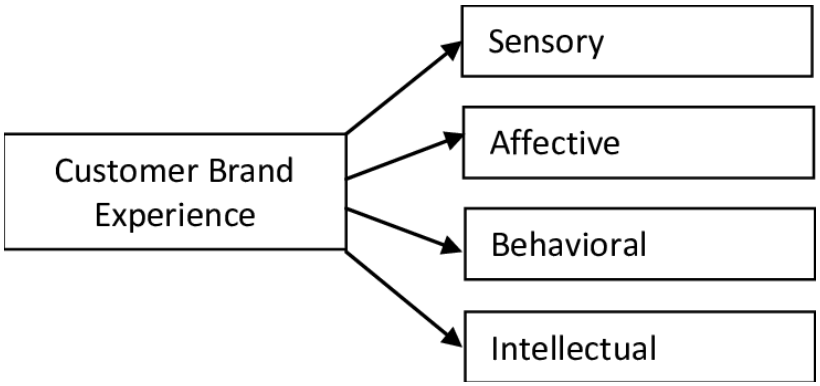


Figure 2.3: Customer-based brand experience dimensions model. (Schmitt, 2011)

The term "sensory experience" relates to a customer's perception of a brand's sensory connection, such as emotion, smell, touch, sight, and sound. The term "behavioural experience" refers to a customer's interaction with a brand that has the potential to lead to an action-based response. Affective experience is primarily concerned with the customer's experience, which may stem from genuine emotions such as favourable feelings about a brand. The customer's experience arising from an intellectual relationship with a brand, on the other hand, is captured by intellectual experience (Corbishley, 2017).

2.2.5. Consumer-Brand Engagement (CBE)

Customer Engagement generally is a crucial component of relationship marketing and embodies the significance of an individual's participation or partaking in and connection with the organisation's activities and offerings (Vivek *et al*. 2012; Brodie *et al*. 2011; Hinson *et al*, 2019). Engagement, in present day, does differ from the traditional relational concepts such as "participation and involvement" since it now firms capture the notion of interactive as well as co-creative experiences (Brodie *et al*. 2011; Hinson *et al*, 2019).

Customer Engagement is generally referred to as the mechanics of a consumer's value accumulation to the organisation; either through indirect or/and direct contribution (Pansari & Kumar 2017). Consumer-Brand engagement in a context of virtual brand community generally refers a psychological state largely

associated with changing intensity levels which manifests within iterative and dynamic engagement methods (Brodie *et al.*, 2013; Hinson *et al*., 2019).

Customer engagement has been deliberated on expansively in the preceding decade in both academia as well as the business world and it was the eighth most commonly used buzz phrase in business in 2014, which signifies its importance to academia and business (Pansari, 2017; Rasool, 2021).

Consumer-Brand engagement is a fairly current concept to be introduced in the marketing literature which researchers view as a welcome addition to the realm of relationship marketing (Vivek *et al*., 2012) and also currently underlined as a key driver of both consumer decision-making progression and brand equity; while also largely considered by practitioners and marketers as a precedence in near future branding strategies (Schultz & Block, 2011). Currently emerging insights on CBE appear to be strongly positioning CBE as establishing robust and enduring bond between consumers and brands, primarily based on a continuing effort of the brand to stimulate consumers through interactions, experiential contents, shared values and certainly rewards (Brodie *et al*., 2011; Hollebeek 2011b; Hinson *et al.*, 2019).

Moliner-Tena *et al.* (2019) add that Consumer-Brand engagement (CBE) is generally believed to promote relational consequences such as, but not limited to, retention, communication, positive word of mouth and loyalty through co-creation of consumer's values. One of the most unique features of CBE is its proactive nature in that consumers are regarded interactive actors who bestow pertinent cognitive, physical and emotional resources to co-create value from certain brand interactions (Higgins & Scholer, 2009; Moliner-Tena *et al.*, 2019).

Majority of studies, such as (Hao, 2020), which are focused on CBE, commonly operationalise it as a multi-dimensional construct which captures cognitive, behavioural as well as affective dimensions. Brodie *et al.* (2013) for instance describe CBE as a consumer's positively balanced brand-related cognitive, behavioural and emotional activity experienced during or somewhat related to

focal brand/consumer interaction. As illustrated in Figure 2.1, these crucial dimensions are individually elaborated further below:

- Cognitive processing demonstrates a customer's level of brand-related thoughts processing and amplification when connecting or interacting with a certain brand. Goldsmith *et al.* (2010) describes a crucial role of a consumer's cognitive processing as a mental activation method towards a brand and as such considered as a self-concept demonstrating the variable inclination of consumers to embrace brands in their self-concepts. Other related studies summarized this engagement dimension by making reference to the ability of traditional, new media and/or advertising which are intentionally aimed at provoking consumer's attention (Hepola *et al.*, 2017).
- Affection generally refers to a consumer's degree of positive brand-related affect in a brand-consumer interaction. A key role of occasioning consumer engagement towards advertising is in this case demonstrated by the feelings stimulated during the actual processing when engaging with a certain brand (Hepola *et al.*, 2017).
- Activation / Behavioural manifestations outlines a consumer's level of energy, commitment, efforts as well as time spent on a particular brand. These entails the consumer's behavioural indicators aimed towards a brand or organisation, and these go beyond the actual purchase (Van Doorn *et al*., 2010; Verhoef *et al*., 2010; Hepola *et al.*, 2017)

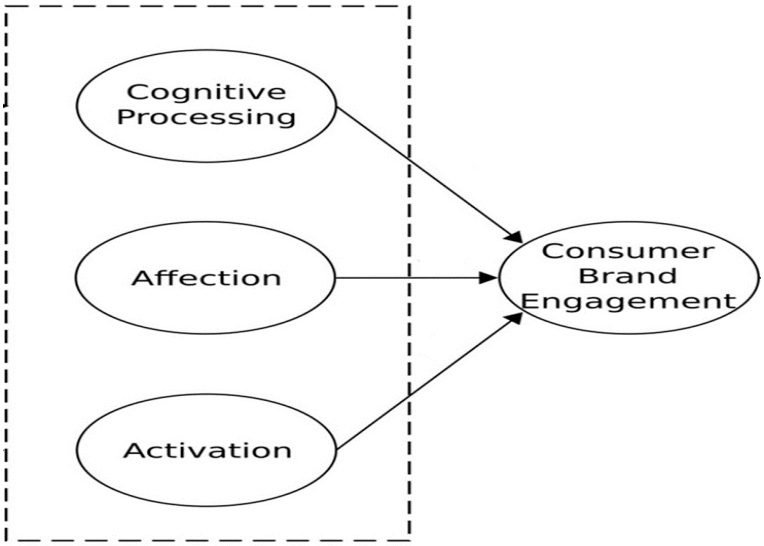


Fig 2.2: **Consumer-Brand Engagement dimensions model (Hepola *et al*., 2017)**

CBE firmly arises as a meta-organiser of the rapport between a consumer and the brand which most researchers and practitioners lately see as an overarching marketing construct capturing various consumer decision-making facets that are largely characterized by a upward intensity while reinforced by various other integrated marketing communication activities (Bowden, 2009; Brodie *et al*., 2011; Hao, 2020). If executed correctly, CBE can basically develop intense but momentary consumer-brand relational bond grounded on catchy initiatives to achieve short-term revenues (Schultz & Block 2011).

In summary, CBE is increasingly emerging as a dynamic concept growing over a period of time in intensity on the basis of the organisation or brand's aptitude of continuously capturing consumer's needs and expectations by way of utilizing every possible physical and/or virtual touchpoints available between consumers and the brand (Pansari & Kumar, 2017).

2.2.6. Emotional brand attachment

In general terms and certainly in social psychology, a term attachment is associated with an emotional interconnected bond between an individual and a certain object, while in marketing theory, attachment refers to how consumers

can similarly generate and sustain emotion-driven bond with brands (Kim, 2019). Hwang and Lee (2019) also confirm that brand attachment serves as an indication of the closeness of the connection or relationship between brands and customers.

Acharya (2018) adds that as sales and repeat patronage in most sectors continue to worryingly stagnate, most companies, especially retailers, lately tends to employ emotional attachment and bonds as a way to establish bonds with their customers as a way of retaining and holding on to their current customer base. Rajumesh, (2014) admits that an individual having attached relationship desire ordinarily remains persuaded that the relationship partners as distinct and inimitable element. So *et al.,* (2013) further confirm that emotional brand attachment remains a critical construct in marketing and in brand management in particular as it illustrates the strength of the bond which customers have with the brand, which will in turn affect their behaviour and drive profitability as well as customer lifetime value (CLV).

Brand attachment has an ability to generate a deep emotional link between organisations and the actual brand and as such numerous studies conducted in other parts of other industries elsewhere in the world, have indicated that brand attachment or emotional connection have a meaningfully positive effect on brand loyalty (Park *et al*., 2010; Kim, 2019).

One of the motivators which encourages customers to opt for certain products or brand and to connect with them, is emotions. It must also be added that emotional connections between organisations and customers do not occur instantly, but they are however known to be formed gradually over a period of time, concludes (Kim, 2019). Emotional attachment generally refers to a concept that represents a mental state or feelings connected or attached to the brand –a general feeling toward a brand (Berry, 2000; Rungruengarporn, 2020).

It is also quite vital to indicate that customer brand experience dimensions such as sensory, affective, behavioural and intellectual, all have proven to positively influence CBE, as investigated by researchers such as (Rungruengarporn, 2020).

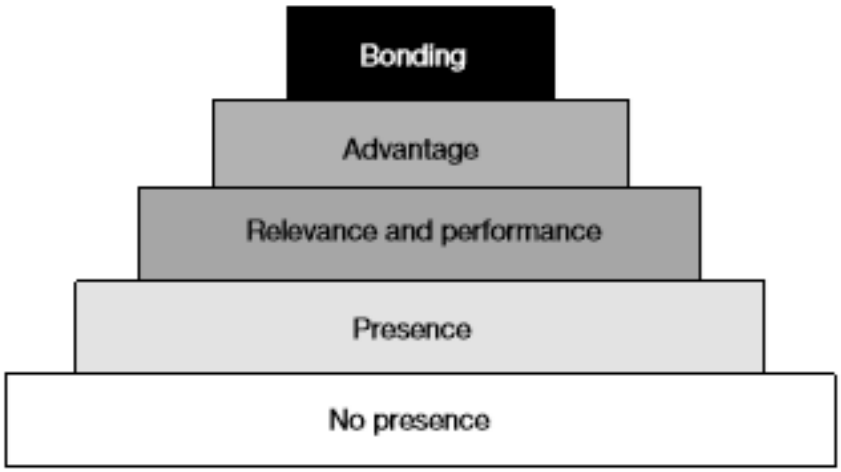


Figure 2.4: Brand Emotional loyalty Pyramid (Keller, 2009)

Keller (2009) through his brand emotional loyalty pyramid, presents us with a model which illustrates the various stages of emotional loyalty by customers. At the stage of No presence, a customer at that stage has no awareness or knowledge of the brand and as such there are no emotional loyalty. At a stage of presence, a customer is somewhat aware and does possess some understanding, with minimal emotional loyalty. At the relevance and performance stage, that is where the emotional loyalty is starting to build as the customer is seeing a rand as suitable for him/her. At a stage of advantage, customer has knowledge and awareness of the product, however they are convinced that the product or brand has some stand-out added qualities over competitors' brands. Finally, the bonding stage is where every organisation aspires to be with the customers as it is a stage where emotional loyalty peaks. Customers at this stage don't just like the actual brand, but they are in love with it, concludes (Keller, 2009).

2.2.7. Age Cohorts: Gen Y and Z

According to Cogin (2012) a generation is defined as "a group that shares both a particular span of birth years and a set of worldviews grounded in defining social or historical events that have occurred during the generation's formative development years". This implies that one generation exist distinct from the other socially, politically, economically and technologically, etc.

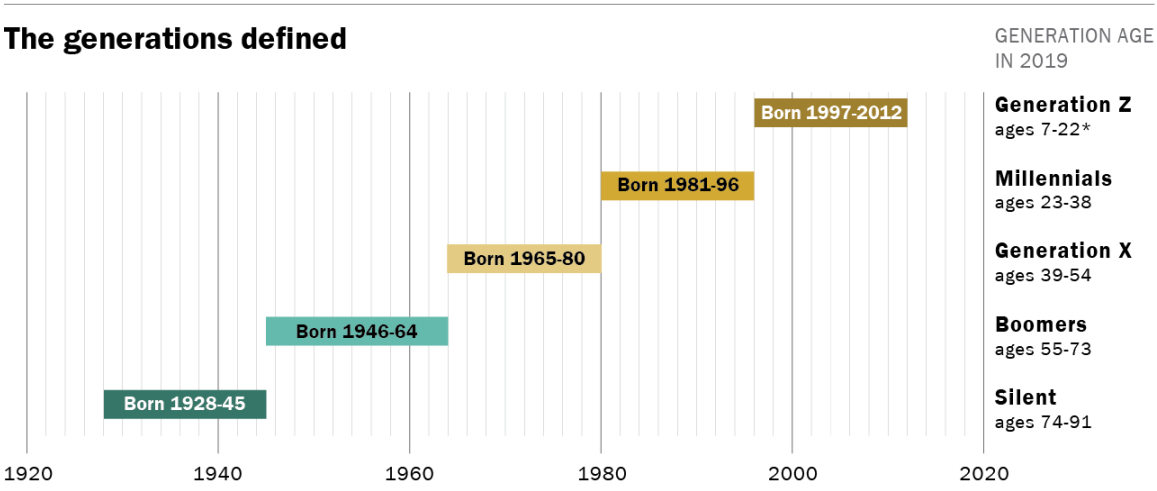


Figure 2.5: **Defining generations: Where millennials end and generation Z begins (Dimock, 2021)**

Meister (2020) confirms that generations are also defined by shared birth years, political, economic as well as technological shifts that occur per historical period and is also bound by sets of values that are different from the other. Generation Y, which is also called the Millennials and the Google generation, is mostly characterized by a growing access to and use of technology. Meister (2020) and Belo (2021) adds that the millennials are tech savvy and the highest number of people who have access to and can use cell phones and the internet. This generation generally refers to people born from 1980 to 2000 (Rahulan *et al*., 2015; Alfred-Stewart, 2018; Meister, 2020; Belo, 2021). While there are conflicting and slightly differing figures regarding the periodization of generation Y, there seem to be an agreement in the study that suggests that people born in this period share similar characteristics. That is, most specifically, the fact that generation Y, are technologically inclined and places great value on technologically advanced product and services more than other generations before it, concludes (Rahulan *et al*., 2015).

Viswanathan (2013) adds that Gen Y customers are said to be much aware of a purchasing power they possess and they as such spend their money as soon as

they acquire the actual cash and they mostly spend it on personal services as well as consumer goods.

	Millennial	Gen Z
Context	Globalisation	Mobility and multiple realities
	Economic stability	Social networks
	Emergence of internet	Digital natives
Behaviour	Globalist	Undefined ID
	Questioning	Communaholid
	Orientated to self	Dialoguer
		Realistic
Consumption	Experience	Uniqueness
	Festivals and Travel	Unlimited
	Flagships	Ethical

Figure 2.4: **True Gen: Generation Z and its implications for companies (Francis & Hoefel, 2020).**

The Gen Z customers have been acknowledged as an inimitable and unique as they are a first generation of the so-called digital natives and who are ordinarily understood to have been born with digital chromosomes in their DNA. Kahawandala *et al.* (2020) admit that, while researchers somewhat agree and acknowledge that some of the purchasing behaviours as well as the unique characteristics associated with the Generation Z largely remains questionable; there is however an appreciation that using and/or including additional constructs such as technology self-efficacy, market mavenism as well as lastly social identity can assist with accurately capturing some of the factors which are understood to be influencing the purchasing behaviour of Generation Z.

The technology self-efficacy and connectness attribute associated with the Generation Z sets them apart from prior generations as they are quite comfortable with manoeuvring a number of digital terrains as well as engaging with new online applications and as such their confidence with dealing with issues associated with technological sources is accepted to be very high (Rothman, 2016). The

technology self-efficacy relating to the Gen Zs in this case generally refers to their own ability to ordinarily perform or conduct any or most technologically complex or sophisticated tasks and these are generally based on their accomplishments performed previously when dealing with a similar technology as well as their verbal persuasions and lastly any emotional arousal when interfacing with a said technology or product, (Francis & Hoefel, 2020).

Francis and Hoefel (2020) adds that the Gen Z's social connectivity as well as most importantly, their comfort and/or confidence with modern technology is accepted to be much greater than the other generations before them. With the above said, the Gen Zs economic power as well as influence are predicted to rapidly increase in the coming years and it therefore would be wiser for organisations to study and continuously analyse their constantly rising influence, decision making processes and buying behaviours as they vary from the other generations before them.

On the other hand, generation Z, usually referred to as 'digital natives', are those born between 1995 and 2010, who are between the ages of 9 and 24 (Pillay, 2021). Generation Z are similar to Y in the sense that they are technologically savvy and obtain most of their information from the internet and/or social media platforms (Pillay, 2021). As observed by Pillay (2021), this generation places value on regular access and use of social media, as such, places importance on relationships with people as well as with brands. Pillay (2021) further observes that generation Z tend to be diverse and would always go for brands that reflect diversity, in terms of sex, gender, sexual orientation, religion, political views, etc. One major thing about generation Z, is the fact that they want to obtain every information needed in a very short time and concise manner; as such, brand's content needs to be concise enough to catch their interest within a very short frame of time (Pillay, 2021).

Westerman (2007) has made an observation that both generations are actually more similar than they are different. They note that both generations, are technical and practical, multi-tasking, accepting diversity, able to cope with change as well as being competitive. Chakraborty (2017) argues that there is a

difference in the purchasing behaviour of different generations. They observe that while generation X is less concerned about purchasing from a new brand, and will less likely change brands, generation Y and Z are more conscious and is very likely to move from one brand to the other. Similarly, Braciníková and Matušínská (2018) argues that younger generation tend not to trust brands as compared to older generations. Thus, the younger generation which refer to gen Y and Z, are less likely to trust and/or stick to a particular brand. This is quite unlike gen X, who are more proven to be loyal to a particular brand.

It is worthy then, to note that, both generation Y and Z constitute, the majority of the current as well as future customers in the banking sector, as such, their loyalty to a bank or brand, will have significant impact on the profitability of such brand/bank. Understanding these generations and their specific needs will aid retail banks in devising relevant marketing strategies in a bid to gain loyalty from these cohorts. Thus, by targeting the University of the Witwatersrand's student population, this research will examine how loyalty programmes enhance brand loyalty among gen Y and Z and will also investigate the variations that exists in the loyalty behaviour of gen Y and Z clients of the 'big four' South African banks.

2.3 Empirical review

The foregoing section primarily considered the theoretical underpinnings of the relationship between brand loyalty, loyalty programmes, consumer brand engagement (CBE), emotional brand attachment (EBA) and customer brand experience (CBX). Brand loyalty was posited as a positive function of the four variables. The empirical aspects of relationship are the focus of this section.

Susanti *et al.* (2021) employed partial least squares structural equation modelling to examine the impact of CBE on brand loyalty with brand satisfaction as mediating variable. They found a direct relationship between CBE and brand loyalty and an indirect relationship through brand satisfaction. They attributed the positive impact of CBE on brand loyalty to strong emotional ties to a brand consumer typically develop when they are satisfied with a product or service.

Farzaneh (2020) considered the impact of brand identification and brand satisfaction on brand loyalty wherein customer branding was the mediating variable. Employing structural equation modelling she found significant t-statistics for the positive impact of brand identification and brand satisfaction on brand loyalty. Similar results were obtained by Algharabat *et al*. (2020) for the context of social media in Jordan.

Li *et al*. (2020) examined the customer engagement-brand loyalty nexus in the context of tourism social media. Customer engagement was found to be robustly correlated to brand attachment (r = 0.70), customer trust (r=0.55) and brand loyalty (r=0.64). Furthermore, brand attachment was positively correlated to customer trust (r=0.67) and brand loyalty (r=0.74).

The strength of the relationship between brand loyalty, CBX. CBE and EBA will vary with product or service that is sold. Highly elastic goods and services will naturally require much exertion in part of marketers to entice new and maintain existing customers. Liayanti *et al.* (2022) showed that for highly competitive spaces like the mobile phone industry, issues like brand familiarity and self-brand image congruity are critical in influencing brand loyalty outcomes along with CBX, CBE and EBA.

Mafini and Dhurup (2015) evaluated the drivers of loyalty in the South African retail sector underpinned by a framework predicated on store image factors and customer loyalty. Their results indicated weak correlations between store image factors and customer loyalty. Further regression analysis showed customer satisfaction was had a significant impact $(\beta = 0.686)$ on customer loyalty. Key insights drawn from this study was importance of sales assistance and store ambiance in relation to customer satisfaction which in turn impacts loyalty. Employing structural equation modelling and correlation analysis, Bisschof (2020) found that in South Africa, commercial banks' clients view attitudinal antecedents, customer satisfaction and perceived value as important brand loyalty traits, while the behavioural antecedents seem to be less important to manage brand loyalty.

Dlamini and Chinje (2019) evaluated the influence of loyalty programmes on South African Youth's repeat purchase behaviour. Employing correlation and structural model analysis they showed that loyalty programmes, through the intermediation of customers' commitment, trust as well as satisfaction effect on repeat patronage behaviour. Sahin *et al*. (2011) also underscored the importance customer trust arresting brand loyalty noting that a consumer who trusts in the brand is more willing to remain loyal to it, to pay a premium price for it and to buy new products introduced under it.

Berry's service-branding model views customer experience as a significant predictor of brand meaning which in turn impacts brand equity (Yu, 2019). Impression, emotional value, involvement and interest are central in the interaction of brand experience and loyalty. Budi *et al.* (2021) employed correlation analysis to demonstrate the association between customer brand experience, satisfaction, trust, relationship and loyalty wherein all of these variables had significant positive correlations with each other. Similar studies that underscore the importance of creating positive customer experiences include (Prentice, *et al*., 2019; Carrizo-Moreira *et al.,* 2017).

Rhajbal *et al*. (2017) considered nostalgic connection as a moderating factor in the brand attachment-brand loyalty nexus. They found that nostalgic connections were weak in their role as moderating variables in this relationship suggesting a robust direct relationship between brand attachment and loyalty.

The essence of brand loyalty is creating an emotional bond between an individual and a product. To this end, emotional brand attachment ensures that robust sales results with minimal marketing exertions. Abdelkader *et al.* (2020) found that brand identification, brand image, brand experience and self-brand congruity were all significant enablers of EBA. In service-based environments like banking. It is essential therefore, to ensure that variance in the aforementioned enablers of EBA is kept minimal pursuant to achieving brand loyalty.

From the foregoing empirical review, it is clear that loyalty programmes, CBX, CBE and EBA do not primarily function independently to impact brand loyalty but

tend to feed off each other in a mediating fashion. Therefore, this study takes these relationships into account when designing the conceptual framework discussed in the following section.

2.4 Conceptual model design and hypothesis development

Research hypotheses development

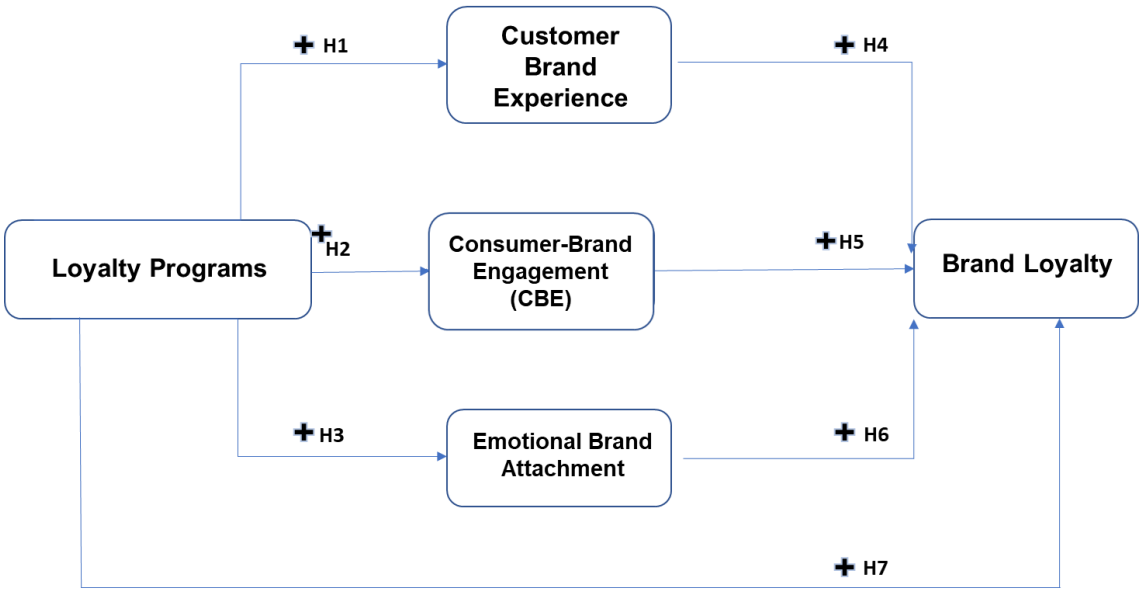


Fig 2.5: **Conceptual model (By author, 2022).**

H1: Loyalty programmes positively influence customer brand experience.

In assessing the moderating effect of loyalty programmes on the overall customer brand experience; Spena *et al*., (2012) argue that the interactions between consumers and other all stimuli connected to retailers' touchpoints such as store atmosphere, rewards partners, websites, rewards web page, location, employees, servicescape, as well as loyalty programmes encourage a particular form of customer brand experience and certainly do also stimulate a value co-creation process.

Keh and lee (2006) admit that the effectiveness of any loyalty programme, especially in a service and retail environment, largely depends on consumer's experience with the actual loyalty program and/or rewards on offer. Liu and Yang,

(2009) further adds that loyalty programme cardholders may experience varying types of responses based on the anticipated rewards and finally proposed that loyalty programmes induce co-creation of value.

Furthermore, Adams (2022) confirms that Talon.one, a United Kingdom-based promotional engine organisation encourages brands to offer their customers rewards and memorable experiences that best reflect their interactions with your brand and that those experiences must be consistent across all touchpoints, physical and virtual.

H2: Loyalty programmes positively influence Consumer-Brand Engagement (CBE)

Bruneau *et al.* (2018) advice that for organisations to advance customer engagement, they often rely on loyalty programmes, which offers incentives such as monetary, social as well as interactive benefits, through consumer-company relationship. Furthermore, the researchers add that organisations do relatively well in recruiting new members to a loyalty programme; but then regularly fail or struggle to engage them in a longer term.

One of the most fascinating emerging techniques in marketing in present day, has to be a concept called gamification. Gamified loyalty programmes, which essentially refers to loyalty programmes that deploys gamified elements, have has garnered interest and enjoyed gradual adoption by most practitioners in organisations (Berger *et al.*, 2018; Mishra, 2020).

According to recent studies conducted, gamification does certainly appear to have a positive association with brand awareness, brand involvement, brand love and brand engagement (Berger *et al*., 2018). Furthermore, a study conducted by Berger *et al*. (2018) demonstrated that gamified interactions can be quite interactive and that they do appear to have a positive relation with cognitive as well as emotional dimensions of consumer-brand engagement. The context in this case then clearly states that loyalty programmes would not create much value to the organisation, until customers are engaged.

H3: Loyalty programmes positively influence Emotional Brand attachment.

Emotional commitment is considered a robust loyalty antecedent for loyalty program members as it accurately captures a bond between a customer and the brand (Hwang, 2019; Baloglu *et al*., 2017).

A subject of loyalty programmes is understood and accepted to be premised around the relationship marketing theory, which primarily is a theory which largely defines an umbrella or a set of marketing strategies which formulates various methods of producing long-term bonds with customers, with a clear end goal of realizing customer or brand loyalty (Beck *et al.*, 2015; Hwang, 2019).

Brand emotional attachment can influence brand loyalty largely through its effects on brand constructs such as for instance brand trust and brand commitment, particularly in a retail environment. Belaid (2011) found that there is direct correlation between brand emotional connection and loyalty programmes.

Vlachos *et al*. (2010) concede that quite a number of empirical research studies have channelled their focus on the emotional attachment in a brand management context, however, very little attention has been afforded to the service industry and their promotional tools such as rewards and so forth, in particular the banking sector.

H4: Customer brand experience positively influences brand loyalty

In this section of the study, we argue that there is a positive relationship between brand experience and brand loyalty in that the greater the brand experience for a consumer, the greater the consumer's brand loyalty for that particular brand as supported by many studies conducted such as (Iglesias *et al.*, 2011; Mostafa, 2020). The expectation in this regard is that positive and pleasant experiences with the brand by consumers, will most likely be repeated over a period of time and thus becoming loyal (Schmitt *et al*., 2014; Mostafa, 2020).

Ong *et al.* (2018) through their model concludes that sensory experience, which is a brand experience dimension, does have a proven positive influence on brand

loyalty. Similarly, according to the researchers, behavioural, affective and intellectual experiences were also found to be positive drivers for brand loyalty in the same study as illustrated below.

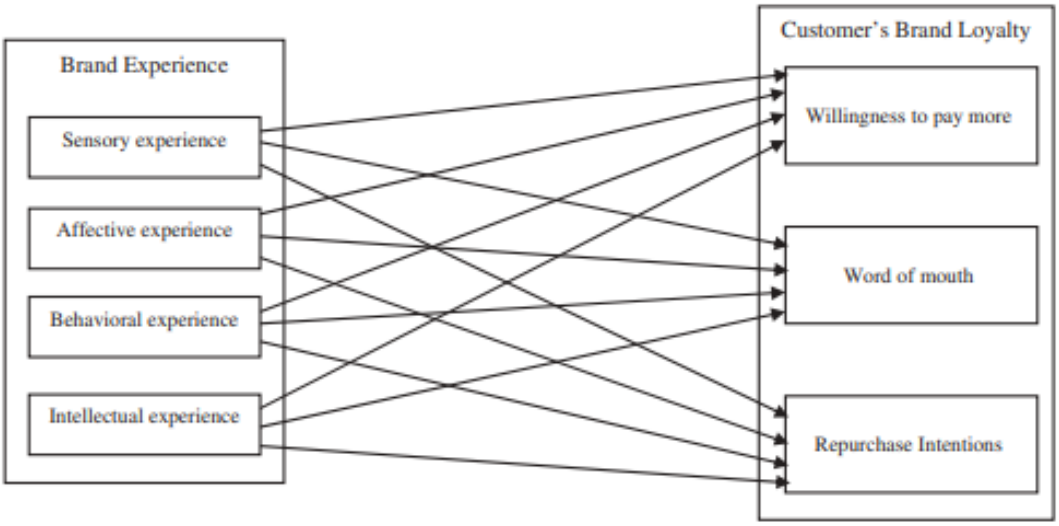


Figure: 2.6: **Impact of brand experience on loyalty. (Ong *et al*., 2018).**

Finally, brand loyalty is an apparatus for organisations to engage or connect with customers in a long-term relationship. Brand loyalty does play a vital role in the building or formulation of relationship, based on the customers' experience, brand trust and other important brand loyalty constructs (Mao, 2010).

H5: Consumer-Brand Engagement positively influences brand loyalty

This study proposes a positive relationship between Consumer-Brand engagement and brand loyalty. Verhoef *et al.* (2010) confirm that CBE is supposed to encourage relational consequences associated with brand loyalty, such as but not limited to, positive word of mouth, loyalty achieved through co-creation of customer's value and retention. Furthermore, Van *et al.* (2010) maintain that consumer-brand engagement goes beyond just transactions, it involves relational participation and value co-creation.

Helme-Guizon (2019) highlights that both CBE as well as SBE (Social Brand Engagement) can become the catalysts for brand loyalty intentions. Civilai *et al.*

(2016), on the other hand, illustrated the relational connections between CBE and Brand loyalty by use of their respective dimensions as seen in their conceptual model in figure 2.6. In this case, the researchers found that the 3 drivers of CBE dimensions such as consumer participation, consumer involvement and self-expressive brand, do actually affect CBE dimensions and consequently Brand loyalty.

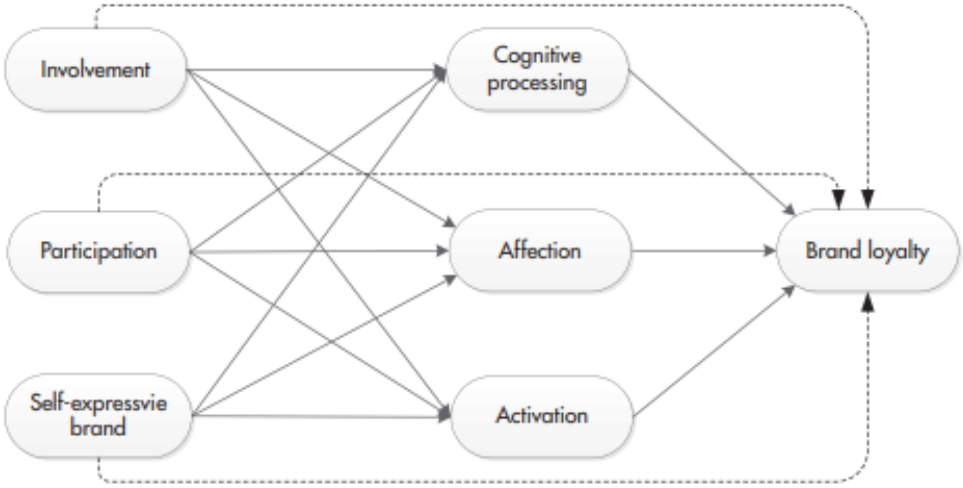


Figure: 2.6: **Antecedents of consumer brand engagement and brand loyalty (Leckie *et al.*, 2016)**

H6: Emotional Brand Attachment positively influences brand loyalty

This research study argues that emotional attachment is likely to enhance or increase consumers' loyalty to the brand. So *et al*. (2013) in their study argue that as consumers connectedness with the brand grows, the more likely that they will maintain that close proximity with the brand as that attachment presence gives them a feeling of comfort, contentment and some security. Additionally, the researchers further augment this argument by indicating that a customer who has an increased level of emotional attachment to a certain brand, is keen to commit to a long-term relationship with a brand (So *et al.,* 2013).

Other researchers such as (Hwang, 2012; Li *et al.*, 2020) have also indicated that consumers with a strong emotional bond to a brand tends to demonstrate greater

brand loyalty, which in consequently advocates for long-term consumer-brand relationships.

H7: Loyalty programmes positives influences on brand loyalty

This study wishes to propose a positive relationship between loyalty programmes and brand loyalty. Such a proposal is necessitated by a supposition that a stable espousal of loyalty programmes can be hailed as an acceptance of the relationship marketing steer which can in turn be seen as a progressive shift from transactional-based marketing to relationship marketing and customer retention (Liu and Yang, 2009). Loyalty programmes pursue to spur long-term relationships with customers by way of presenting them relational benefits which could include, but not limited to, social, economic as well as structural ones (Mimouni-Chaabane & Volle, 2010). Researchers, for instance, advise that customers could experience special treatment by being part of a group that shares common values and a special status which would in turn stimulate repatronage (Mimouni-Chaabane & Volle, 2010).

Tanford (2013) empirical study found that higher tier loyalty programme members or consumers, in a hotel industry in particular, tend to demonstrate higher behavioural and attitudinal loyalty over a longer period of time than those in the lower tiers. Furthermore, the same higher or upper tier loyalty programme members are more likely to spread positive word-of-mouth and also demonstrate revisit intentions than those in in lower tiers.

Bolton *et al.* (2000) reported that programme membership moderated the relationships: first, between customer re-patronage intentions and repeat patronage; and second, between customer search and repeat patronage.

Lastly, loyalty programmes are a strategic marketing tool that can be used by organisations to increase sales and most importantly, to ensure that they retain customers. In a research carried out by (Dlamini *et al*., 2019), his findings are in agreement with this study's suppositions.

Few studies have been conducted conclusively signifying direct correlation between customer brand loyalty and loyalty programmes. These studies include one caried out by (Wait & Lekhuleni, 2020), where connection between brand loyalty and loyalty programs was reviewed.

2.5 Conclusion of Literature Review

Relationship marketing theory highlights the importance for organisations and/or brands to formulate a solid rapport with its consumers and that the benefits of that association ought to offset the costs in a rationalized manner. Organisations are spending millions on their loyalty programme, often with little or no noticeable financial returns. The end goal of any relationship marketing strategies is primarily to produce long term bonds with customers and ultimately realize customer or brand loyalty. It is for this particular reason that many scholars duly recognise loyalty programmes as an all-encompassing strategic relationship marketing tool to not only compensate devoted consumers but to also retain them.

The assertion on formulating long term bonds with customers becomes even more vital for generations Y and Z currently understudy as they are ordinarily known for their disloyalty as they possess a lot of information to, at any given opportunity, explore switching.

As revealed in this chapter, there is sufficient evidence from prior studies on the influence of loyalty programmes on brand loyalty among youthful age cohorts, but there is also acknowledgement that these relations may be different in a context of developing country such as South Africa.

The next chapter converses on the research methodology used in this study.

CHAPTER 3. RESEARCH METHODOLOGY

This chapter outlines the methodology on how the research was carried out. It essentially looks at research aspects such as the research strategy, research design and then lastly the methods as well as procedure relating to the research study. The chapter covers numerous research themes such as the research design, unit of analysis, population, sampling, measurement instrument, data gathering process, analysis approach, quality assurance and lastly, the hypothesis testing.

3.1 Research methodology /paradigm

Creswell, (2014) as well as Saunders *et al*. (2016) labels a research strategy as key proposition and stages on how a research strategy is ideally carried out and advanced. They further indicate that there are 3 kinds of research approaches and they include: quantitative, qualitative and lastly mixed methods strategies. This research study employed a quantitative approach as its research strategy. Du Plooy-Cilliers *et al.* (2014) and Pawar (2020) confirm that the objective of a use of quantitative strategic approach is to support the research study with the translation of relies or responses into measurable and quantifiable units that can be likened and utilized for numerical analysis.

Creswell, (2014) also adds that quantitative research approaches are an inferential and deductive approach between research as well as theory, with much importance firmly placed on the actual quantification of data or responses from participants after the actual gathering and breakdown of data. By its very nature, quantitative approach is narrowly and precisely designed, in order to examine a certain behaviour, facts, sentiments or even attitudes, which is what this study seeks to achieve (Bryman, 2012). Quantitative approach by its very nature is generally constructed on a larger sum of respondents and it provides them with an opportunity to respond to questions which generally pursue to examine objective models as well as theory by analysing correlations with various variables (Creswell, 2014). Furthermore, quantitative research provides a

researcher with a capability to present a snapshot of a population under study, and as such assists with an opportunity to generalise the conclusions (Creswell, 2014).

3.2 Research Design

Saunders *et al*. (2016) confirms that a research design is an outlined strategy or plan in terms of how a said researcher plans to conduct data collection as well as practically demonstrate how the data will be put into analysis. Saunders *et al*. (2016) then continues by indicating that there are 5 common research designs and they are namely: (1) Case study, Cross sectional, (3) experiential, (4) comparative and then lastly (5) longitudinal research design.

Out of all the above listed research designs, a cross sectional research designs appear to be the one design type that is attractive to be followed for this research study. Its attractiveness is as a result of the fact that it provides a researcher with an opportunity to examine existing models and/or theories as well as different variables; this by the ability to adapt most instruments in order to perfectly fit the study.

Pawar (2020) adds that a cross sectional research design is also beneficial to this study as it for instance provides the study with the ability to examine the consumer behaviour of a cross section of consumers any income type or varying age groups. Levin (2006) highlights that a cross sectional design is quite advantageous for a researcher/s who aims to study the association or correlation between constructs and/or variables. Pawar (2020) and Mann (2003) add that a cross sectional study can also be quite effective when testing hypotheses.

Pawar (2020) suggests that questionnaires are accepted as strategic instruments that are closely connected to quantitative research. Some of the advantages associated with questionnaires includes for instance the fact that they are cost effective, doesn’t take long to conduct and lastly, that numerous constructs can be assessed at a short period of time (Levin, 2006)

3.3 Population and sample

3.3.1 *Population*

Creswell (2014) defines a target population as a “universe of items”. Then further highlights that these items or units are the subjects which are a primary focal point for the research study and that they are also able to respond to research questions which we intend to measure. Klein (2001) adds that the identification of the population to be studied is quite vital for the design as well as running of kind of a test.

The identified population for this study encompasses all retail banking customers in South Africa between the ages 18-42, which is the age range capturing the 2 identified generations being Gen Y and Z.

Also, of importance to note is that this identified population for this study was drawn from all students enrolled with Wits University, which is a student community of approximately 37,500 students.

3.3.2 *Sample and sampling method*

Blumberg (2014) provides some guidance when it comes to sampling by adding that within a population an illustrative sample of the overall population ought to be chosen on the foundation of approximating or forecasting commonness of information relating to the overall population which then enable conclusions to be reached about the total group.

Saunders and Lewis (2018) states that non-probability sampling methods are generally those mechanisms which are commonly followed when it becomes apparent that a full set of population under study will practically not be possible to be covered in its entirety.

The research study sought to target 400 retail banks customers, from the University of the Witwatersrand student community, as respondents between the

ages 18-42 and must be members of a South African bank loyalty programme. A desirable sampling distribution or breakdown entailed 200 targeted respondents from Wits Business School which largely represents Gen Y, while the other 200 would be from the broader University of the Witwatersrand student community which consists of the Gen Z.

3.4 The research instruments

A data collection instrument is a tool to undertake a survey, which has a set of planned questions required to be answered and it is as such utilized as a tool to gather primary set of data (Saunders & Lewis, 2018)

Bryman (2012) on the other hand, defines a research instrument as a convenient means for information collection and he further adds that these are the tools which then becomes very vital to a success of one's study.

The research study employed a use of a self-completion questionnaire as an instrument or tool of data collection method. A 5-point Linkert scale questionnaire was followed when examining numerous hypothesis that have been presented in the study. With a use of this type of instrument or tool, targeted respondents have ability to answer the questions provided to them by themselves without any support or interventions from the researcher (Bryman, 2012).

Questionnaires are largely recognized for being not as time-consuming and they are also comparatively not complex to process. From a cost standpoint, questionnaires are relatively cost effective, which then means they do not require vast budget for a broader reach of targeted respondents. Among the known disadvantages of using questionnaire as a tool of data collection is the incapability to position follow up questions because it is fairly structured in its nature and that the response rate can more often be not as pleasing or low (du Plooy-Cilliers *et al*., 2014)

Research problem: This study sought to examine the influence of loyalty programmes on brand loyalty in the South African Banking industry, among the two generations, that being Generation Y and Z.

Table 3.1: **Operationalization of research study variables (By author, 2022)**

Research variable	**Type of variable**	**Number of items measured**	**Type of measurement scale**	**Sources of measure**
Customer Brand experience	Dependent	4	5-point Linkert Scale	Mostafa, R.B. and Kasamani, T., (2020). Brand experience and brand loyalty: is it a matter of emotions? Asia Pacific Journal of Marketing and logistics. Vol. 33, Issue 4.
Consumer-Brand Engagement	Dependent	4	5-point Linkert Scale	Bruneau, V., Swaen, V., Zidda P. (2018) are loyalty program members really engaged? Measuring customer engagement with loyalty programs. Journal of Business Research, 91, 144-158
Brand loyalty	Independent	6	5-point Linkert Scale	Tanford, S., (2013). The influence of reward program membership and commitment on hotel loyalty. Journal of Hospitality & Tourism Research 34 (3), 285–294.

Emotional Brand Attachment	Dependent	4	5-point Linkert Scale	Hwang, E., Baloglu S. and Tanford, S. (2019), Building loyalty through reward programs: The influence of perceptions of fairness and brand attachment. International Journal of hospitality management, Vol. 76, Part A, Pages 19-28
Loyalty Program	Dependent	5	5-point Linkert Scale	Perceived Value of a loyalty program (Voorhees, C. M., White, R. C., McCall, M., & Randhawa, P. (2015). Fool's gold? Assessing the impact of the value of airline loyalty programs on brand equity perceptions and share of wallet. Cornell Hospitality Quarterly, 56(2), 202-212.)

3.4.1 *Questionnaire pilot test*

It is advisable that prior to a full study is conducted, there is a vital need to carry out a pilot study on a smaller scale with smaller sample from a similar population group as this enables a researcher the ability to proactively anticipate any possible challenges which could potentially arise either with the research instrument or other research components (Terre Blanche *et al*., 2006).

As part of the pilot, 10 participants approached to participate, and those participants includes 5 Wits Business School 2020 cohort mates and the other 5 includes colleagues from researcher's employer.

3.5 Procedure for data collection

The collection of research data through online platforms was deployed for data collection purposes as a result of the fact that online surveys have sufficiently demonstrated that they are more effective due to its wider reach as well as speed of data collection. Online surveys are also known to be relatively cost effective when compared to other data collections methods (Saunders *et al*., 2016)

Web-based survey tool such as for instance Qualtrics was employed as it possesses the capability for database storage system which can uninterruptedly store data for later use.

The actual online survey was then mainly distributed to targeted respondents through various means, including via bulk emails as well as WhatsApp mobile application.

3.6 Data analysis and interpretation

Saunders and Lewis (2018) attest that data interpretation in this context of research studies refers to the precision of translating raw data into suitable categories for analysis and these includes for instance the actual editing, coding as well as data entry

Data analysis and interpretation was simply done following the descriptive statistics informed by responses from the completed questionnaires. As it is the case with the analysis of every study; the interpretation and analysis thereof are always compared against research objectives and/or goals.

The quantitative data acquired from respondents were categorized into precise categories as that is how close-ended questions are asked and analyse (Creswell, 2014).

3.7 Validity and reliability

3.7.1 *External validity*

This section refers to the study outcomes being able to be generalized from the identified sample to a wider population group (du Plooy-Cilliers *et al.*, 2014). The study through its research methodology, sampling, design as well as the research data collection approach, aims to ensure that most accurate validity as possible which does be acceptable as representative of the defined population.

The study targeted only respondents with a primary bank account as well as a loyalty programme membership with any of the big four South African retails banks. The study was also only available to individuals that are based in South Africa.

3.7.2 *Internal validity*

Internal validity largely to whether or not the research method is answering the research question (du Plooy-Cilliers *et al.*, 2014). The internal validity of this research study was strictly limited as a self-administrated questionnaire and as such potential future outcomes of the study are unlikely to be predicted as well as not even influenced in any way

3.7.3 *Reliability*

This speaks to the extent to which a study or research method can be deemed to be producing stable and consistent results. Reliability also speaks to an extent to which the outcomes of a study or assessment can be generalised to the greater population (du Plooy-Cilliers *et al.*, 2014).

A careful choice of the research instrument by the researcher of employing a use of a standardized and/or structured questionnaire which are largely known for being free from several types of errors does enhance its reliability and credibility.

3.8 Demographic profile of respondents

- **Age:** Targeted respondents must be between the ages 18-42, which is the age range capturing the 2 identified generations being Gen Y (25-42 years old currently in 2022) and Z (7-25 years old currently in 2022, 18 and above in this case being a legal age for active employment).
- **Nationality:** any nationality, as long as they are residing in South Africa.
- **Banking status:** Banking with any of the South African banks under study and also be a member of a loyalty program of a said bank.
- **Geographic status**: All respondents must be residing in South Africa.

3.9 Ethical considerations

Blumberg, (2014) state that a research design should not allow mental or physical harm to be inflicted on participants and that data integrity should be a first priority. Ethical issues in research reflect important moral concerns about the practice of responsible behaviour in society. For this study, the researcher will explain the purpose of the study and discuss its benefits.

The introduction page of the actual instrument made certain that participants had to first consent to partake in the research study and the primary objective of the study was also articulated upfront. All information kept confidential and will be retained by the institution and the researcher for two years. Voluntary partaking was also be highlighted upfront and that respondents had a right to withdraw from participation at any given stage of the survey.

3.10 Conclusion of Research methodology

This chapter outlined the research strategy, desirable design as well as to highlight its suitability. The population and sampling were detailed, followed by the research instrument deployed, as partially adapted from prior studies. Data collection and analysis were also deliberated. Next up we look into results and findings.

CHAPTER 4. RESULTS AND FINDINGS

This chapter presents the results of the study guided by the conceptual framework articulated in chapter two. First, the demographics are presented followed by preliminary tests for normality after which correlation analysis is presented. Thereafter, regression analysis is presented along with the ancillary residual tests pursuant to observing the assumptions of the classical linear regression model (CLRM).

4.1 Validity and reliability

The study had a response rate of 65.2 percent, which is 261 respondents. This indicated a non-response rate of 35 percent. The study employed the multiple linear regression model, with some of the variables being summated. The model was estimated on logarithms to ensure that the coefficients are interpreted as percentages. Since the study used survey data, reliability and consistency were tested using the Cronbach alpha statistics and was estimated at 0.861. A reliability coefficient (Cronbach's Alpha) of 0.6 to more than 0.7 is considered acceptable in many social sciences disciplines (Adeniran, 2019).

The study estimated the Cronbach alpha statistic which measures consistency in the scale of the instrument used for data collection (questionnaire). A higher Cronbach alpha statistic indicates higher internal consistency in the instrument.

4.2 Demographic profile and banking history

4.2.1 *Age*

Table 4.2 presents the age dynamics of the respondents wherein we observe that 61.2 percent of the respondents were age 18-25 years while 34 percent were aged 26-42. The aforementioned age groups characterize the two generations that are of interest in this study; Z and Y, respectively.

Table 4.1 Age distribution of respondents

Age	Proportion
18-25 (Gen Z)	61.2
26-35 (Gen Y)	21.6
35-42 (Gen Y)	12.4
Above 42 years (Gen X)	4.8
Total	100

4.2.2 *Residence in South Africa*

Most respondents indicated to be resident in South Africa and this is consistent with *a priori* expectation granted the fact that it is a common requirement in banking that one be resident in the country in order to open an account. Table 4.3 shows the results of question on residence in South Africa.

Table 4.2 Residence in South Africa

Do you currently reside in South Africa?	Proportion
Yes	96.8
No	3.2
Total	100

4.2.3 *Length of stay with primary bank*

The main subject of this enquiry is underpinned by the notion of individuals maintaining a robust relationship with a financial institution on the basis of a mutually beneficial relationship. To this end, the duration of the period with primary bank is a great indicator of switching behaviour and loyalty. From table 4.4 we observe that 80.2 percent of respondents had been with their bank for a period exceeding a year.

Table 4.3 Period with primary bank

How long have you been with your primary bank?	Proportion
Less than a year	19.8
1-5years	36.2
Longer than 5 years	44

Total	100

4.2.4 *Bank usage*

In terms of bank usage, six out of ten respondents said they used their chosen bank for more that 50 percent of their banking business. This means that four out of ten respondents did not rely on their primary bank for their needs but made significant use of other banks as well. This is captured in table 4.5 below.

Table 4.4 Bank usage

What percentage of your banking do you do with chosen bank?	**Proportion**
Less than 20%	15.7
About 50%	19.8
More than 50%	64.5
Total	100

4.3 Normality test

A fundamental requirement of the CLRM is that the variables exhibit mean reversion such that the expected value of the mean is zero and the variance is constant. That is to say, the variables in the model must follow a normal distribution. The aforementioned conditions are analogous to the concept of stationarity in time series analysis. If these conditions are not met, we risk running spurious regression models form which no credible inference can be made. Consequently, Figure 4.1 presents the QQ plots for the five variables under consideration in the study; loyalty programmes (LP), brand loyalty (BL), consumer brand experience (CBX), consumer brand engagement (CBE) and emotional brand attachment (EBA).

Most of the variables exhibit some degree of normality, however, there are notable deviations from the line normal line for all five variables as the observed values increase. This result is consistent with *a prior* expectation granted the ordinal nature of our data set. DeWees *et al.* (2020) showed that regardless of the empirical distribution for Likert-type PRO data (ordinal), using normal theory

and parametric testing approaches is acceptable and generally more powerful for all but extremely small sample sizes. Therefore, this study will maintain these variables and proceed to estimate the regression equations.

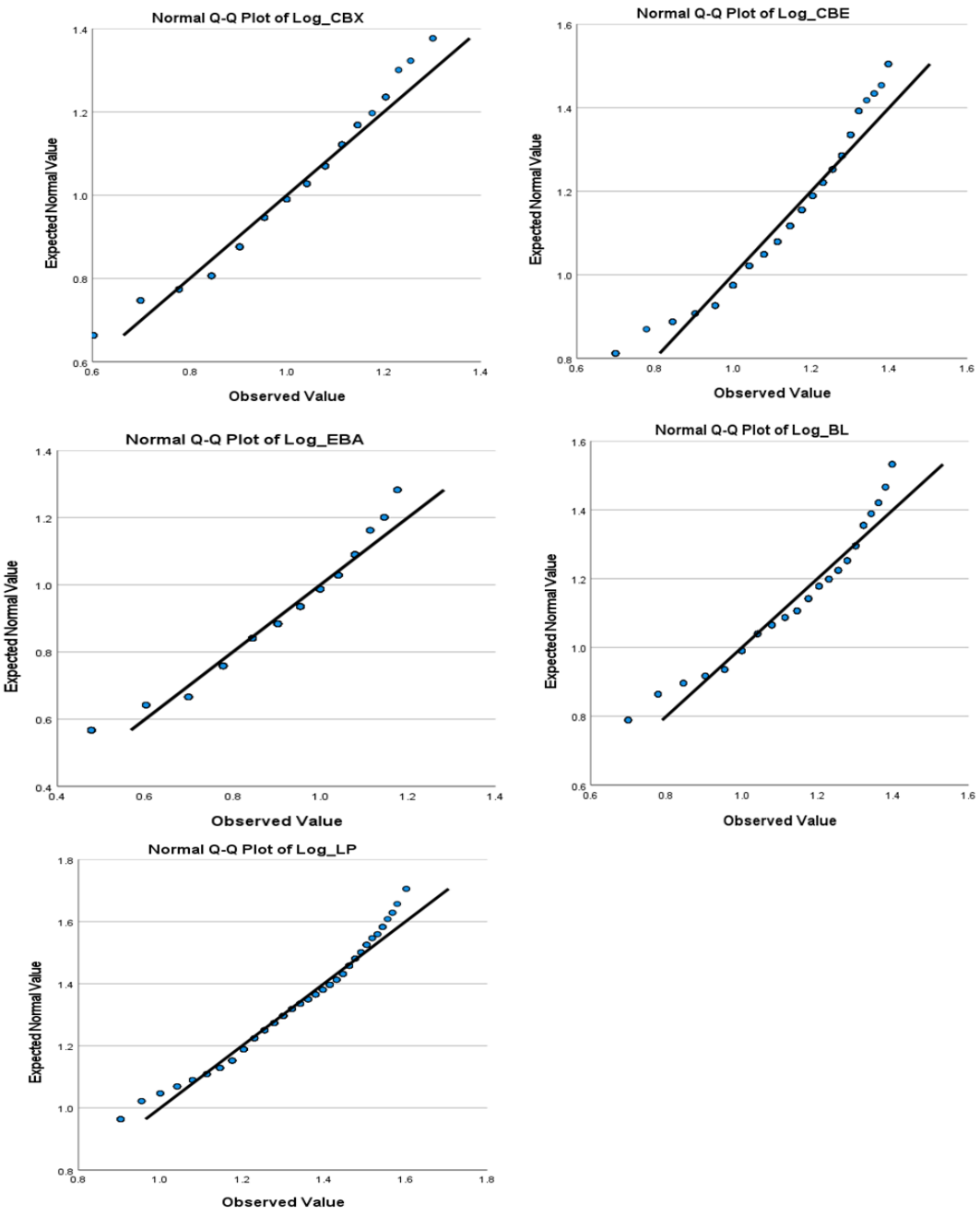


Figure 4.1: **QQ plots for Normality**

4.4 Correlation

Owing to the ordinal nature of data, the Spearman's rho coefficient was employed for examining the linear association between the variables. The Spearman correlation coefficient (rho or r) ranges between 0 and 1. A value close to 1 indicates positive high correlation between the variables being measured. A value of 0.5 to 0.6 indicates moderate or average positive correlation between variables. There is also negative correlation when the sign of the correlation coefficient is negative. The correlation matrix in table 4.6 shows that all of the variables have strong, positive and statistically significant (at 1%) linear association with each other. The relationship between brand loyalty and consumer brand engagement is the strongest, with a coefficient of 0.808. The correlation between loyalty programs and consumer brand experience is of moderate strength at 0.603.

Table 4.5 Correlation matrix

Spearman's rho		Log_CBX	Log_CBE	Log_EBA	Log_BL	Log_LP
Log_CBX	*Correlation Coefficient*	1.000				
	Sig. (1-tailed)					
	N	227				
Log_CBE	*Correlation Coefficient*	.731**	1.000			
	Sig. (1-tailed)	0.000				
	N	217				
Log_EBA	*Correlation Coefficient*	.700**	.769**	1.000		
	Sig. (1-tailed)	0.000	0.000			
	N	216	220			
Log_BL	*Correlation Coefficient*	.644**	.808**	.692**	1.000	
	Sig. (1-tailed)	0.000	0.000	0.000		
	N	214	218	221		
Log_LP	*Correlation Coefficient*	.603**	.736**	.605**	.736**	1.000
	Sig. (1-tailed)	0.000	0.000	0.000	0.000	
	N	221	218	217	215	

****. Correlation is significant at the 0.01 level (1-tailed).**

The correlation results of the model in this research study are satisfactory.

The correlation coefficient for Brand loyalty and Consumer brand engagement was the highest 0.808 which is very close to 1. This indicates that consumer brand engagement activities increase consumer brand loyalty.

The correlation coefficient for Loyalty programs and Consumer brand experience was moderately high at 0.603. Any value ranging from 0.5 to 0.60 indicates a moderate correlation between variables. These previously mentioned results indicate that Loyalty programs positively increase Consumer brand experience.

4.5 Model Development

This section describes the models that were estimated in the study so as to assess if the paper achieved its objectives. The model was developed using summated scale variables that indicated the overall sentiments in each category. Furthermore, the study estimated both standardized and unstandardized coefficients. The study estimates 2 models, a model for generation Z and a model for generation Y. The first section presents a model for generation Z.

4.5.1 *Generation Z model results*

The model was estimated for consumer brand loyalty (BL) and the independent variables were Consumer brand engagement (CBE), customer brand experience (CBX), emotional brand attachment (EBA) and Loyalty programmes (LP). Results in table 4.7 show that the model describes 67.9 percent of the overall variation in brand loyalty for generation Z. This shows that this is a robust model as it is above threshold in literature of 60 percent.

Table 4.6 Model significance

R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
0.705	0.679	0.09323	2.087

Predictors: (Constant), Log_CBX, Log_CBE, Log_EBA, Log_LP
Dependent Variable: Log_BL

The results of the regression model are satisfactory because a good model should show statistically significance of some independent variables or predictors (i.e., t-stats should have absolute value that is 2 when rounded up and p-values of the predictors should be below 0.01, 0.05 or 0.10, which indicates 1%, 5% and 10% level of statistical significance).

Whenever the t-statistic is above 2 or 2 when rounded up and the p-value is lower than 0.01 or 0.05 or 0.10, we reject the null hypothesis at that level of significance, i.e., 1% or 5% or 10% and conclude that the predictor variable is statistically significant in explaining the dependent variable.

The next section of the results is an F-test of the model significance which shows if the model coefficients are significantly different from zero. In doing so, we ensure that through model, we capture some sort of effect of the predictors on the dependent variable. The results of the model are shown in table 4.8. The results show an F-statistics of 26.85 with a significance level of 0.00 showing that the statistics is significant even at 1 percent significance level hence we can conclude that we have significant information to reject the null that all coefficients of the model are equals to zero and confirm that the model is significant at 1 percent significance level.

Table 4.7 F-test results for generation Z

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.934	4	0.233	26.854	.000[b]
Residual	0.391	45	0.009		
Total	1.325	49			

Dependent Variable: Log_BL

Predictors: (Constant), Log_CBX, Log_CBE, Log_EBA, Log_LP

Since the model has passed the two tests for variation explanation and the test for F-statistics, we can now present the results of the model. Table 4.9 shows the results.

The R-square should be high, for example in this regression model of Generation Z the R-square is 0.705 indicating that 70% of the variability in the dependent variable is explained by the two statistically significant variables (Loyalty programmes and Customer Brand Experience), while only 30% of variability is explained by unknown predictors that have been captured by the residuals.

Table 4.8 Regression model for generation Z

Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**95.0% Confidence Interval for B**	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	-0.021	0.134		-0.156	0.877	-0.292	0.250
Log_LP	0.315	0.184	0.247	1.712	0.094	-0.056	0.686
Log_EBA	0.203	0.131	0.216	1.552	0.128	-0.060	0.466
Log_CBE	0.449	0.177	0.428	2.544	0.014	0.093	0.805
Log_CBX	0.037	0.120	0.031	0.308	0.759	-0.204	0.278

Source: Model

The model results show that there are only two variables that significantly affect brand loyalty for generation Z, those being loyalty programmes directly, and consumer brand engagement. The most important variable in the brand loyalty was estimated to be Consumer Brand engagement as it recorded a coefficient of 0.449 with a p-value of 0.014, showing that the coefficient is significant at both the 5 and the 10 percent significance levels, which are considered by the study. Loyalty programmes on the other hand were found to be significant at only 10 percent, with a p-value of 0.094, which is greater than 0.05. Loyalty programmes showed an overall coefficient of 0.315 which is the second largest and significant coefficient of the model. However, emotional brand attachment (EBA) and customer brand experience (CBX) were not significant in the model, showing that there was no significant evidence to prove that they had a significant influence on brand loyalty for generation Z. Since the study is interested in generation Z and Y, the next section will present model results for generation Y.

4.5.2 Model Results for Generation Y

The model was estimated the same variables as from generation Z, it included consumer brand loyalty (BL) and the independent variables were Consumer brand engagement (CBE), customer brand experience (CBX), emotional brand attachment (EBA) and Loyalty programs (LP). These results are shown in table 4.10.

Table 4.9 R-squared statistics Results Generation Y

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.875	0.765	0.757	0.08319	1.758

Predictors: (Constant), Log_EBA, Log_LP, Log_CBX, Log_CBE
Dependent Variable: Log_BL

The R-square of the regression model is 0.77 which indicates that 77% of the variability in the dependent variable (Brand loyalty) is explained by the statistically significant predictors (Loyalty programmes and Consumer brand experience), while only 23% of variability is explained by unknown variables that have been captured by the residuals or error term of the regression model.

First, we consider the coefficient of determination, R-squared statistics. The results of the adjusted R-squared showed that the model explains 75.7 percent of the overall variation in brand loyalty for generation Y. This is also significant at 1 percent significance level showing that the model is robust and above the 60 percent literature threshold. Secondly, we estimated the F-test to assess if the model coefficients are not simultaneously equalling to zero. The results are presented in table 4.11 below.

Table 4.10 F-test results for generation Y

Model		Sum of Squares	df	Mean Square	F	Sig.
1	*Regression*	2.859	4	0.715	103.275	.000
	Residual	0.879	127	0.007		

Total	3.738	131

Dependent Variable: Log_BL

Predictors: (Constant), Log_EBA, Log_LP, Log_CBX, Log_CBE

The results of the F-test showed an F-statistics of 103.28, with a p-value of 0.00, showing that the f-statistics is significant at 1 percent significance level and therefore we have sufficient evidence to reject the null hypothesis that all coefficients of the model are equals to zero and conclude that the model is significant in explaining the relationship between brand loyalty and the independent variables for generation Y. Since the model is significant, the model can then be interpreted as shown in table 4.12.

Table 4.11 Regression results for Generation Y

Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**95.0% Confidence Interval for B**	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	0.067	0.059		1.132	0.260	-0.050	0.184
Log_LP	0.287	0.067	0.285	4.286	0.000	0.155	0.420
Log_CBE	0.509	0.089	0.502	5.741	0.000	0.334	0.685
Log_CBX	0.018	0.066	0.019	0.266	0.791	-0.113	0.148
Log_EBA	0.140	0.070	0.148	2.002	0.047	0.002	0.278

Source: Model

Results from the model for generation Y indicate that there are 3 variables that influence brand loyalty for generation Y. these variables include, loyalty programmes (LP), consumer brand engagement (CBE) and emotional brand attachment (EBA). The variable that affects brand loyalty significantly is Consumer brand engagement, as it has a weight of 0.51 and has a p-value of 0.00, showing that it is significant at both 5 and 10 percent significance level which are the ones considered for the study. Secondly was loyalty programmes which recorded a coefficient of 0.287, with a p-value of 0.00 showing that the variable is significant in both 5 (0.05) and 10 (0.10) percent. Thirdly was emotional brand attachment, which has an estimated weight of 0.140 and with a p-value of 0.047, which is slightly below the 5 percent significance level and way below the

10 percent significance level. For generation Y, only consumer brand experience was had an insignificant relationship with consumer brand loyalty. The next section will present the two models stability tests.

4.6 Model Residual Diagnostics

This section of the study will cover the model's residual diagnostics, which will cover normality and autocorrelation. Figure 4.2 shows the normality test on residuals of both models.

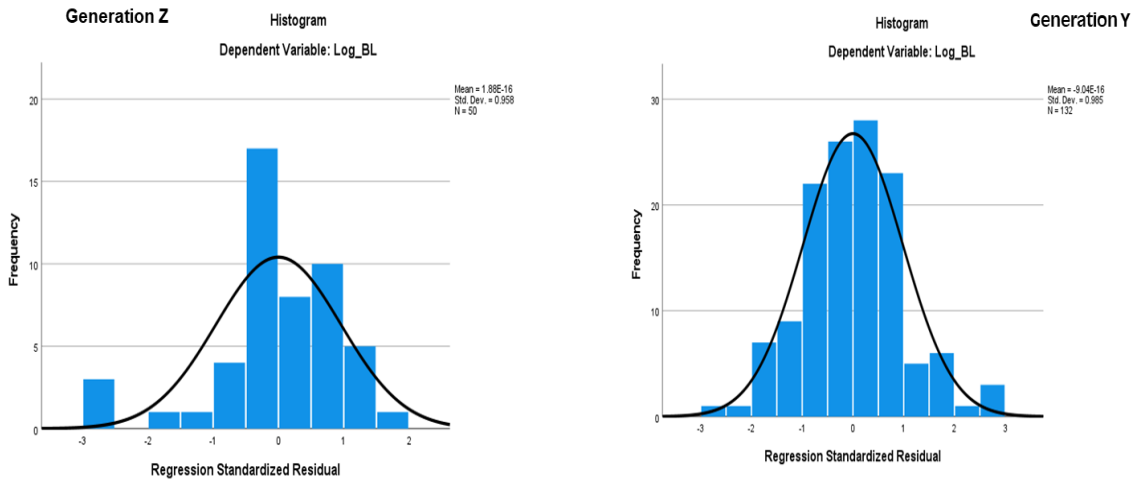


Figure 4. 2 Histograms of the residuals of regression models

The Durbin Watson (DW) statistics in the Generation Z regression model (DW=2.087) and DW statistics for the Generation Y regression model is 1.758, which are all above 1.5 and equal to 2 respectively indicating that the model doesn't suffer from the problem of autocorrelation or serial correlation.

The Normality test results show that the residuals of both Generation Z and Generation Y regression models are normally distributed, i.e., bell shaped diagram in the histograms.

The residual diagnostics show that the models residuals are normal and therefore the models are robust in following the regression assumptions. Secondly, we test for autocorrelation which was tested using the Durban Watson statistics. The

Durban Watson statistics for generation Z was 2.1 whilst that of generation Y was 2.0, which are all approximately 2 and show that there is no autocorrelation in the model's residuals. The next section will present Hypothesis testing for all the hypothesis of the study.

4.7 Hypothesis testing

The first hypothesis which is hypothesis 1 to 3 are that talk to the influence between Loyalty programmes and the 3 variables; customer brand experience, customer brand engagement and emotional brand attachment can be deduced from the correlation matrix.

Table 4.12 Correlation Matrix

		Log_CBX	**Log_CBE**	**Log_EBA**
Log_LP	*Correlation Coefficient*	.603**	.736**	.605**
	Sig. (1-tailed)	0.00	0.00	0.00
	N	221	218	217

The test for the hypothesis is then following from the results in the table 4.13, for both generation Z and Y.

Hypothesis 1

Null hypothesis: Loyalty programmes do not have a positive influence on customer brand experience.

The null hypothesis was tested using the Spearman Rho's correlation statistics which recorded 0.603 and a significance level of 0.00 showing that the statistics is significant at 5 percent and can conclude that LP (Loyalty or reward programmes) have a positive and significant relationship with customer brand experience which is strong as it is above 50 percent.

Hypothesis 2

Null hypothesis: Loyalty programmes do not have a positive association on Consumer-Brand Engagement.

The null hypothesis was tested using the Spearman Rho's correlation statistics which recorded 0.736 as well as p-value of 0.00 showing that the statistic is significant at 5 percent. Therefore, we can conclude that we have significant information to support the alternative hypothesis that LP (Loyalty or reward programmes) have a positive and significant association with Consumer-Brand engagement which is strong as it is above 50 percent.

Hypothesis 3

Null hypothesis: Loyalty programmes do not have a positive association on emotional attachment.

The null hypothesis was tested using the Spearman Rho's correlation statistics which recorded 0.605 and a p-value of 0.00 showing that the statistics is significant at 5 percent. Therefore, we can conclude that we have significant information to support the alternative hypothesis that LP (Loyalty or reward programmes) have a positive and significant relationship with emotional brand attachment which is strong as it is above 50 percent.

4.7.1 *Hypothesis on brand loyalty*

The second hypothesis testing approach is to inspect the effect of South African Banks loyalty programmes on brand loyalty among Generation Y and Z. this section is assessed using the t-test for each generation.

Hypothesis 4

Null Hypothesis: Customer brand experience does not have a positive influence on brand loyalty.

The results of the t-test for generation Z showed a T-statistics of 0.308 and a p-value of 0.759, whilst the t-statistics for generation Y is 2.002 and with an estimated p-value of 0.791. since the p-values for both generations are greater

than the 5 percent significance level of 0.05, we can conclude that there we do not have enough evidence against the null hypothesis that customer brand experience has a positive relationship with brand loyalty. Therefore, we fail to reject the null that customer brand experience does not have a positive influence on brand loyalty for generation Z and Y.

Hypothesis 5

Null Hypothesis: Consumer-Brand Engagement does not have a positive influence on brand loyalty.

The result from the t-test shows that generation Z recorded a t-statistic of 2.54 and a p-value of 0.014, whilst generation Y recorded a t-statistic of 5.74 and a p-value of 0.00. the P-values of both statistics are less than the significance level of 0.05 which is 5 percent. Therefore, we have sufficient evidence to reject the null hypothesis and conclude that Consumer-Brand engagement has a positive and significant influence brand loyalty. Furthermore, a 1 percent increase in Consumer-Brand engagement leads to a 0.50 percent increase in customer brand loyalty for generation Y and 0.45 percent increase in brand loyalty for generation Z.

Hypothesis 6

Null Hypothesis: Emotional Brand Attachment does not have a positive influence on brand loyalty

Results from the t-test showed that generation z had a t-statistic of 1.55 and a p-value of 0.128, whilst generation Y showed a t-statistic 2.002 with a p-value 0.047. Since the p-values of Generation Y is less than the significance level of 0.05 which is 5 percent. Therefore, we can conclude that we have significant evidence to reject the null hypothesis that emotional brand attachment has no positive influence on brand loyalty for Generation Z and conclude that emotional brand attachment has a positive influence on brand loyalty for Generation Z. In addition, we can conclude that a 1 percent increase in emotional brand attachment leads to 0.203 percent in brand loyalty for Generation Z.

Hypothesis 7

Hypothesis null: Loyalty programmes do not have a positive influence on brand loyalty.

Results of the t-test showed a t-statistic of 1.71 and a p-value of 0.094 for generation Z, whilst the t-statistics for generation Y is 4.286 and a p-value of 0.00. Both p-values are less than the 0.1 percent showing that for generation Z, the null hypothesis is rejected at 10 percent significance level and for generation Y we reject the null hypothesis at both 5 and 10 percent significance level. Therefore, we can conclude that loyalty programmes demonstrate a positive effect on brand loyalty. In addition, a 1 percent increase in loyalty programme advances result in a 0.287 percent increase in brand loyalty for generation Y and 0.315 percent increase generation Z.

4.8 Conclusion of results and findings

It is noticeable that the findings have revealed positive influence of loyalty programmes on customer brand experience, Consumer-Brand engagement and brand loyalty. This revelation is in line with most previous studies conducted. The results demonstrate very robust relationship between variables.

There is also solid evidence suggesting that the instrument utilized and the questions asked were appropriate and the variables assessed were also compatible to the study. This evidence can, therefore, imply that the study results are relevant as well as reliable and can then be generalized.

The next chapter seeks to deliberate or discuss further on the study results and findings presented.

CHAPTER 5. DISCUSSION OF RESULTS AND FINDING

5.1 Introduction

This chapter deliberated on the demographic outcomes of the study participants as well as the seven tested hypotheses, which includes: Loyalty programmes and customer brand experience (CBX), loyalty programmes and Consumer-Brand Engagement (CBE), loyalty programmes and emotional brand attachment, loyalty programmes and brand loyalty; as well as customer brand experience and brand loyalty, Consumer-Brand Engagement and brand loyalty, and finally, emotional brand attachment and brand loyalty.

5.2 Discussion of results

This study sought to establish impact of loyalty programs on brand loyalty was between generation Y and Z in the South African banking space. Specifically, the primary objective of enquiry was establishing if the influence of loyalty programmes on the brand loyalty of the two generations is homogenous or differentiated. The first objective of the study was to establish the influence of customer brand experience on brand loyalty. The study found that customer brand experience is significantly positively correlated to brand loyalty. This result is consistent with the findings of Dawar and Dhaka (2019) wherein the customer brand experience (CBX) exhibited a significant positive linear association with brand loyalty (BL).

While correlation analysis established the existence of a robust linear association between the aforementioned variables, regression analysis found that the impact of CBX on BL was positive but not significant, for both generations Y and Z. This means that if we hold all other factors constant and only consider how consumer brand experience affects brand loyalty, the impact is not statistically significant. This result means that null hypothesis of CBX having no impact on BL cannot be rejected. Ong *et al.* (2018) and Rajumesh (2014) also found a positive effect of consumer brand experience on brand loyalty.

The decomposition of consumer brand experience into sensory, affective, intellectual and behavioural experience is a significant point of departure in terms of conceptual design for the Ong *et al*. (2018) study relative to the current study. As such, decomposition in the current study might help to point the aspects of consumer brand experience that can indicate the components with a significant impact. This is an important consideration because of the fact that both regression models estimated are robust means that the impact of CBX on BL is only significant when considered with the other variables, but not independently.

The second objective of the study was to examine the impact of emotional brand attachment (EBA) on brand loyalty (BL). The study found that a 1 percent increase in EBA leads to 0.14 percent increase in BL for generation Y. The impact of the same variable was not significant for generation Z. This is not atypical of the younger banking clients who have had a comparatively far lesser stay with banks for them to develop any kind emotional attachment to the brand. By nature, attachment is a function on duration of a relationship. About 79.5 percent of generation Z respondents indicated to have been with their primary bank for 5 years or less.

The significant and positive impact of EBA on BL is consistent with *a priori* expectation and thus leads the study to reject the null hypothesis on the impotence of EBA to influence BL. This underscores the importance of creating some level of emotional attachment to the brand. This can be through a marketing narrative or provision of exceptional standards of service that South African will always associate with the brand. This result is consistent with Ghorbanzadeh and Rahehagh (2020) who found that emotional brand attachment is the strongest antecedent of brand loyalty. Consequently, the hypothesis of EBA having no positive influence on BL is rejected. The robust correlation between the two variables also buttresses this conclusion.

The third objective sought to inspect the effect of Consumer-Brand engagement (CBE) on brand loyalty (BL). Initial correlation examination revealed a presence of a strong linear association between the two variables. Subsequent regression analysis indicated that the impact of CBE on BL is positive and statistically

significant for both generations Y and Z. For generation Y, a 1 percent increase in CBE increases BL by 0.509 percent while a 1 increase in CBE leads to a 0.449 percent increase in BL for generation Z. This result is consistent Rather *et. al* (2018) and Hollebeek (2011a) who found that an individual's motivation, emotions, cognitive and behavioural attributes as critical to direct brand interactions. The implication for the South African banking sector is that customer brand engagement interventions and initiatives need not be differentiated for regardless of the whether they target generation Y or Z. The impact of the CBE on BL for cohorts is similar.

The final objective focused on the influence of loyalty programmes (LP) on brand loyalty (BL) for the two generations of interest. Correlation analysis established a strong positive linear relationship between the variables while regression analysis provided an impact assessment. The study found that a 1 percent increase in LP leads to a 0.315 percent increase in BL for generation Z while the response for generation Y is 0.287 percent. Similar results were obtained by (Fook & Dastane, 2021).

Consequently, the null hypothesis of LP not influencing BL positively is rejected. The implication for this result is that banks in South Africa should strengthen loyalty programmes across both cohorts as doing so strengthens brand loyalty. To this end, Szczepańska and Gawron (2011) point out that it is important to recognize that loyalty programmes do not operate as separate entities in an isolated environment. Therefore, their development should be preceded by the careful studying of existing loyalty schemes run by direct competitors as well as customer's needs and expectations.

5.3 Conclusion of Discussion of results

The chapter demonstrated a brief demographic outlining such as age, which is quite vital for this study as it targeted generation cohorts Y and Z as contained in the literature. The study also revealed that all seven hypotheses were supported which is in line with the other prior studies discussed in the literature chapter.

CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

This chapter deliberates on the conclusion and the recommendations resulting from the outcomes and hypothesis conversed in chapters 4 and 5. The chapter also presents some theoretical and marketing inferences, future research and lastly limitations relating to this study.

6.2 Conclusions of the study

The study sought to inspect a role which loyalty programmes can play in building and/or enhancing brand loyalty among youthful generations Y and Z in a developing country such as South Africa. An ever-rising acceptance and admiration of loyalty programmes across industries continues to spark a significant amount of interest from not only researchers, but also consultancy firms and practitioners alike. While exists quite a number of research studies which previously assessed a role of loyalty programmes in driving brand loyalty, customer brand experience, consumer brand engagement and a bond with customers in a Banking sector context (Ong *et al.*, 2018), there is however often no glaring consensus in the research community on the efficacy of loyalty programmes in spurring these afore-mentioned factors.

This research journey has however discovered that all seven hypotheses tested are supported. The study further revealed that loyalty programmes have a significant and positive influence on customer brand experience, consumer brand engagement, emotional brand attachment and brand loyalty which were all identified as having possible intermediating influence between loyalty programmes and brand loyalty. Lastly, the study also revealed that customer brand experience, consumer brand engagement and emotional brand attachment positively influences brand loyalty. The findings, therefore, demonstrate that it would be worthwhile executing a loyalty programme that is intentionally tailored at the youthful consumers in a developing market.

6.3 Recommendations

This study enhances and contributes to the existing knowledge on loyalty programmes and brand loyalty among youthful age cohorts in a context of a developing market such as South Africa. The findings of this study do provide valuable insights to practitioners and/or managers that loyalty programmes can effectively stimulate brand loyalty among youth. Practitioners and/or managers therefore should, through loyalty programmes, formulate bespoke relationship marketing strategies targeted at youthful consumers and those strategies ought to reflect deliberate efforts to drive customer brand experience, Consumer-Brand engagement as well as emotional bond with their brands.

These findings can guide practitioners and/or managers with developing all-encompassing reward programmes deliberately aimed at the youthful consumers in a developing market such as South Africa. The youth market continues to be a considered as a segment that is growing in the South African population. Bespoke loyalty programmes to this youth segment would also ensure that they, over a period of time, remain devoted to the brand and thus creating long term bonds.

The recommendations relating to the objectives listed in chapter 1 will now be deliberated:

To examine the influence of loyalty programmes on customer brand experience among Gen Y and Z in the University of the Witwatersrand student population.

There is evidence from the findings suggesting that loyalty programmes can and/or does stimulate customer brand experience among Generation Y and Z. The brand stimuli and touchpoints, both physical and online, therefore would then play a very significant role in ensuring the effectiveness and success of those loyalty programmes. These vital touchpoints would include, but not limited to, websites, reward partners, reward webpage, servicescape, store atmosphere,

location, loyalty programmes themselves and employees – they should all inspire a certain form of customer brand experience.

It is also recommended that vital efforts of value co-creation process can be realized through integrated and bespoke touchpoints which are especially vital in capturing the youthful age cohorts such as Gen Y and Z. Spena *et al.* (2012) in their study reaffirms the importance of retailer's integrated touchpoints, including loyalty programmes, in capturing and enhancing customer brand experience in line with the revelations from this study.

To examine the influence of loyalty programmes on Consumer-Brand Engagement among Gen Y and Z in the University of the Witwatersrand student population.

This study has, through its findings, demonstrated that loyalty programmes can and/or does positively influence Consumer-Brand Engagement. In light on these findings, it is therefore suggested that organisations or brands should not only meaningful engage potential programme members during the onboarding or recruitment stages as well as during short term campaigns, but ought to regularly engage them in a longer term. Mishra (2020) adds that younger consumers constantly react encouragingly to gamified experiences in all settings, including fitness, education and health. This can be achieved through attractive and bespoke rewards and incentives which be seen to be irresistible in the eyes of programme participants and remain engaged. Discovery Bank immediately comes to mind with their carefully tailored rewards for milestones attained by their rewards programme participants over a period of time.

Gamified loyalty programmes appear to be attracting a lot of interest and gradual adoption by practitioners across most sectors as organisations or brands constantly seek innovative ways of how to keep their customers engaged as confirmed by (Berger *et al.,* 2018 & Mishra, 2020). Gamified interactions in their modern nature, are accepted as being quite interactive and organically enticing as they have a positive relation with cognitive and emotional dimensions of Consumer-Brand Engagement, concludes (Berger *et al.,* 2018).

To examine the influence of loyalty programmes on emotional brand attachment among Gen Y and Z in the University of the Witwatersrand student population.

Emotional brand attachment is arguably one of the most vital elements in relationship marketing as it captures long term bonds between brands/organisations and their customers as confirmed by Hwang (2019). This study is therefore consistent with other previous studies as revealed in a hypothesis that LP (Loyalty or reward programmes) have a positive and significant relationship with customer emotional brand attachment which is strong with above 50 percent.

It is therefore recommended that marketers or practitioners channel their energies to ensuring that they use their loyalty programmes to create long term bonds with their customers and not just solely focus on short term profitability. This recommendation is especially vital for youthful segments such as gen Y and Z which are generally known for their disloyalty.

To examine the influence of loyalty programmes on brand loyalty among Gen Y and Z in the University of the Witwatersrand student population.

The findings of this study demonstrate that loyalty programmes do have a positive influence brand loyalty, which is in line with most previous studies as mentioned in chapter 2. Loyalty programmes and brand loyalty are both premised on a concept of relationship marketing as they both seek to spur long term relationships with brands or organisations and their customers.

It is therefore recommended that organisations should not view loyalty programmes as a convenient tool to advance instant profitability but as a mechanism to build long term sustainable bonds with customers as profits as well as repeat patronage will inevitably follow in any case.

To examine the influence of customer brand experience on brand loyalty among Gen Y and Z in the University of the Witwatersrand student population.

The study has revealed that customer brand experience does influence brand loyalty as discovered by other previous studies highlighted in chapter 2. The recommendation to practitioners or/and marketers in this regard therefore is that each and every single retailer or brand touchpoint, both physical and digital, ought to contribute a long-term patronage of the brand. No single touchpoint must exist in isolation and not be connected to the brand or retailer. The medium to long term results of well-thought and integrated touchpoints experience includes repeat patronage, willingness to pay more and word of mouth.

Nysveen and Padersen, (2015) in fact concedes that, in the banking industry, co-creation partaking and involvement influence customer brand experience, brand satisfaction and consequently brand loyalty, especially for younger consumers.it is therefore recommended that younger consumers such as Gen Z-ers be constantly implored to suggest new ideas, give necessary feedback and to test newly introduced products.

To examine the influence of Consumer-Brand Engagement on brand loyalty among Gen Y and Z in the University of the Witwatersrand student population.

The study has demonstrated that Consumer-Brand Engagement does influence brand loyalty among Gen Y and Z in an emerging market such as South Africa. The recommendation to marketers and practitioners is that they ought to view Consumer-Brand Engagement beyond just transactional relations but as mechanism which enables vital value co-creation and relational participation. Additionally, the Gen Zs particularly want to form part of the actual innovation or invention process through collaborating with brands in order to get anything they need (Kaabachi, 2022). Contrarily contact banking remains attractive to Gen Zs.

Consumer-Brand Engagement has this interactive ability to stimulate customer involvement, participation and expressions which all can be very vital for brands or organisation to gather insights and learnings through those engagements. Kaabachi (2022) concludes that the younger consumers ordinarily prefer personalized interactions and banking experience as a loyalty builder.

To examine the influence of emotional brand attachment on brand loyalty among Gen Y and Z in the University of the Witwatersrand student population.

The findings of this study have revealed that emotional brand attachment positively influences brand loyalty, which is also in line with various previous studies as highlighted in chapter 2.

The rational is that the higher the level of emotional connectedness to the brand, the longer the relationship with the customer. It is recommended that marketers and practitioners channel their energies on creating open and welcoming atmospheres which would in turn make their customers content, comfortable and welcomed across all touchpoints.

6.4 Suggestions for further research

Further research on the same or similar topic may consider exploring qualitative research in order to gain more thorough and in-depth insights and learnings. A qualitative study would also afford participants a unique opportunity to provide their past experiences, ideas, and thoughts which could assist with further enriching the findings due to its open-ended nature. Qualitative research would be even more ideal for the generation Y and Z cohorts as they are known for being expressive and educated. Their views would then add immense value to brands and/or organisations.

Future studies may also advisably closely examine the influence of loyalty programmes on building brand loyalty through customer involvement and participation as two emerging and fascinating relationship marketing elements introduced by Consumer-Brand Engagement. Not only are they both interactive in nature but also because they advocate for value co-creation as well as relational participation which are very vital in relationship marketing theory. Gorlier (2020) adds that building intimate meaningful and long-lasting relationships with customers is the only way for organisations to attain and/or maintain their leading positions in a rather crowded and competitive marketplace.

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APPENDIX A

Actual Research Instrument

Brand loyalty through loyalty programs in the South African banking industry: Perspectives from Gen Y and Z.

Dear Participant,

I am Cleophus Magano, a final year student at the University of the Witwatersrand completing a Master of Management in the field of Strategic Marketing. I would like to cordially invite you to kindly partake in an anonymous survey as part of my research study titled “Brand loyalty through loyalty programs in the South African banking industry: Perspectives from Gen Y and Z” which essentially seeks to investigate the effectiveness of loyalty programs in building brand loyalty in an undifferentiated sector such as banking.

The questionnaire should take you approximately 10-15 minutes to complete. Confidentiality and anonymity of all participants are maintained as the survey does ask for any identifiable information such as names, identity number and other personal details. Participation remains completely voluntary, hence choosing to proceed to and completion will be considered as consent to participate.

Also do note that this evaluation is subjective in nature and there is no right or wrong answer. Your corporation is highly appreciated and thank you in advance for your assistance.

Should you have any questions or concerns relating to this study, kindly could you contact me and/or my research supervisor on the details below.

Yours’ sincerely,

Mr Cleophus Magano (Student number – 2412772)

Email address – 2412772@student.wits.ac.za

Research supervisor – Prof. Thomas Anning-Dorson

Email address – Thomas.dorson.anning@wits.ac.za

Section 1: Screening section

(Q1) Kindly indicate your age (note a legal age to have a bank account in S.A is 18 and above, unless under parental or a legal guardian control)

- ☐ 18-25 (Gen Z)
- ☐ 26-35 (Gen Y)
- ☐ 35-40 (Gen Y)
- ☐ Above 40 years (Gen X)

(Q2) Do you currently reside in South Africa?

- ☐ Yes
- ☐ No

(Q2) Please indicate your gender

- ☐ Male
- ☐ Female
- ☐ Other

(Q3) Which S.A Bank do you currently bank with?

- ☐ ABSA
- ☐ FNB
- ☐ Nedbank
- ☐ Standard Bank
- ☐ Discovery Bank
- ☐ Other (please specify) _____ (Kindly note that this survey is only limited to the five commercial banks of South Africa, including Discovery, which offers loyalty programs and as such you will not be able to continue with this survey. Thank you for your interest to participate)

(Q4) Are you a member of a loyalty program in one of the S.A Banks?

☐ Yes
☐ No (Kindly note that this survey is limited to members of bank's loyalty programs)

(Q5) How long have you been with your primary bank?

☐ Less than a year
☐ 1-5years
☐ Longer than 5 years

(Q6) What percentage of your banking do you do with chosen bank?

☐ Less than 20%
☐ About 50%
☐ More than 50%

Section 2A: Loyalty Program Perceived Value

LPPV	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
My bank has an excellent loyalty program					
The benefits offered by my bank's loyalty program is acceptable					
The time it takes to earn rewards with my bank's loyalty program is acceptable					

Section 2B: Attributes of Loyalty Program

ALP	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
The bank offers better service to program members					
The bank does more for program members than for non-regular customers					
The bank enquires about the personal welfare of program members					
My bank's loyalty program makes me feel like I am being recognized for doing business with the bank					

My bank's loyalty program gives me a sense of belonging					
My bank's loyalty program makes me feel I can trust this bank					
My bank's loyalty program makes me feel as though I am special to the bank My bank's loyalty program makes me feel close to the bank					

Section 3A: Loyalty Programs & Customer Brand Experience

LP & CBX	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
I'm able to easily identify my bank through its loyalty programs					
I'm experiencing my bank differently since I joined its loyalty program (It has that thing)					
Joining loyalty programs have made my bank more appealing to me					
The experience across all loyalty program touchpoints (including partners) is memorable					
I like my bank more because of loyalty programs					

Section 3B: Customer Brand Experience & Brand Loyalty

CBX & BL	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
How I'm experiencing my bank has made me more loyal					
My bank's increased appeal has made me refer people close to me					
My experience with my bank encourages me to transact more or explore more offerings					
I like my bank more as it adequately serves my banking need/s					

Section 4A: Loyalty Programs & Consumer-Brand Engagement

LP & CBE	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
My bank's loyalty program makes me talk about my bank with others					
My bank's loyalty program always makes me interested in learning more about my bank					
I'm always proud to have others know about my bank because of loyalty programs					
My bank's loyalty program makes me visit my bank's website					
I closely follow news about my bank because of its loyalty programs					

Section 4B: Consumer-Brand Engagement & Brand Loyalty

CBE & BL	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
The more I talk to others about my bank, the more loyal I become					
As I learn more about my bank, it makes me spread positive news					
As I visit bank's website, the more I wish to take up more products					
I proudly speak to others about my bank as it is the only bank I choose					
I always go out of my way and follow news about my bank					

Section 5A: Loyalty Programs & Emotional Brand Attachment

LP & EBA	Strongly agree	Agree	Undecided	Disagree	Strongly disagree
My Bank's Loyalty programs have really made me love my bank more					

My Bank's loyalty programs have made my bank so special to me					
Because of loyalty programs, my bank has really become more than just a bank to me					
I can't imagine how I would feel if my bank's loyalty programs were taken away					

Section 5B: Emotional Brand Attachment & Brand Loyalty

EBA & BL	**Strongly agree**	**Agree**	**Undecided**	**Disagree**	**Strongly disagree**
My love for my bank has made me loyal					
My bank is so special to me and is the only one I can ever bank with					
My bank serves all my needs and it has really become more than just a bank to me					

Section 6: Loyalty Programs & Brand Loyalty

LP & BL	**Strongly agree**	**Agree**	**Undecided**	**Disagree**	**Strongly disagree**
I constantly recommend my bank to others because of their loyalty program					
I consider myself loyal to my bank because of loyalty program					
My bank's loyalty programs have made me to never consider switching banks					
I now transact more because of loyalty programs					
I only buy at my bank's loyalty program partners					

APPENDIX B

Consistency matrix

Research problem: This study aims to examine the influence of loyalty programmes on brand loyalty in the South African Banking industry, among the two generations, that being Generation Y and Z.					
Sub-problem	**Literature Review**	**Hypotheses or Propositions or Research questions**	**Source of data**	**Type of data**	**Analysis**
To inspect the influence of South African banks loyalty programs on customer brand experience, among Generation Y and Z.	Spena, T.R., Caridà, A., Colurcio, M. and Melia, M. (2012), "Store experience and co-creation: the case of temporary shop", International Journal of Retail & Distribution Management, Vol. 40 No. 1, pp. 21-40.	H1: Loyalty programmes have a positive influence on customer brand experience	Responses gathered through a Survey in a form of a questionnaire	Ordinal data	Numerical data. Statistical relationships between variables.
To inspect the influence of South African Banks loyalty programs on brand loyalty among Generation Y and Z.	Tanford, S., (2013). The influence of reward program membership and commitment on hotel loyalty. Journal of Hospitality & Tourism Research 34 (3), 285–294. Mimouni-Chaabane, A., & Volle, P. (2010). Perceived benefits of loyalty programs: Scale development and implications for relational strategies. Journal of business research, 63(1), 32-37.	H7: Loyalty programmes have a positive influence on brand loyalty	Responses gathered through a Survey in a form of a questionnaire	Ordinal data	Numerical data. Statistical relationships between variables.

Research problem: This study aims to examine the influence of loyalty programmes on brand loyalty in the South African Banking industry, among the two generations, that being Generation Y and Z.					
Sub-problem	**Literature Review**	**Hypotheses or Propositions or Research questions**	**Source of data**	**Type of data**	**Analysis**
To inspect the influence of South African banks loyalty programs on consumer-brand engagement among Generation Y and Z.	Bruneau, V., Swaen, V., Zidda P. (2018) are loyalty program members really engaged? Measuring customer engagement with loyalty programs. Journal of Business Research, 91, 144-158	H2: Loyalty programmes have a positive influence on consumer-brand engagement	Responses gathered through a Survey in a form of a questionnaire	Ordinal data	Numerical data. Statistical relationships between variables.

Research problem: This study aims to examine the influence of loyalty programmes on brand loyalty in the South African Banking industry, among the two generations, that being Generation Y and Z.					
Sub-problem	**Literature Review**	**Hypotheses or Propositions or Research questions**	**Source of data**	**Type of data**	**Analysis**
To inspect the influence of South African banks loyalty programs on emotional brand attachment among Generation Y and Z.	Beck, J. T., Chapman, K., & Palmatier, R. W. (2015). Understanding relationship marketing and loyalty program effectiveness in global markets. Journal of International Marketing, 23(3), 1-21. Hwang, E., Baloglu S. and Tanford, S. (2019), Building loyalty through reward programs: The influence of perceptions of fairness and brand attachment. International Journal of hospitality management, Vol. 76, Part A, Pages 19-28	H3: Loyalty programmes have a positive influence on emotional brand attachment	Responses gathered through a Survey in a form of a questionnaire	Ordinal data	Numerical data. Statistical relationships between variables.

Research problem: This study aims to examine the influence of loyalty programmes on brand loyalty in the South African Banking industry, among the two generations, that being Generation Y and Z.					
Sub-problem	**Literature Review**	**Hypotheses or Propositions or Research questions**	**Source of data**	**Type of data**	**Analysis**
To inspect the influence of customer brand experience on brand loyalty among Generation Y and Z.	Ong, C. H., Lee, H. W., & Ramayah, T. (2018). Impact of brand experience on loyalty, Journal of Hospitality Marketing & Management, 27:7, 755-774 Iglesias, O., Singh, J.J. & Batista-Foguet, J. (2011) The role of brand experience and affective commitment in determining brand loyalty. Journal of Brand Management, 18(8), 570–582 Mostafa, R.B. and Kasamani, T., (2020). Brand experience and brand loyalty: is it a matter of emotions? Asia Pacific Journal of Marketing and logistics. Vol. 33, Issue 4.	H4: Customer brand experience have a positive influence on brand loyalty	Responses gathered through a Survey in a form of a questionnaire	Ordinal data	Numerical data. Statistical relationships between variables.

Research problem: This study aims to examine the influence of loyalty programmes on brand loyalty in the South African Banking industry, among the two generations, that being Generation Y and Z.					
Sub-problem	**Literature Review**	**Hypotheses or Propositions or Research questions**	**Source of data**	**Type of data**	**Analysis**
To inspect the influence of Consumer-Brand Engagement on brand loyalty among Generation Y and Z.	Leckie, C., Nyadzayo, M. W., & Johnson, L. W. (2016) Antecedents of consumer brand engagement and brand loyalty, Journal of Marketing Management, 32:5-6, 558-578 Verhoef, P.C., Reinartz, W.J. & Krafft, M. (2010) Customer engagement as a new perspective in customer management. Helme-Guizon, A. & Magnoni, F., (2019) Consumer brand engagement and its social side on brand-hosted social media: how do they contribute to brand loyalty? Journal or Marketing Management, Vol. 35, Issue 7-8	H5: Consumer-Brand engagement have a positive influence on brand loyalty	Responses gathered through a Survey in a form of a questionnaire	Ordinal data	Numerical data. Statistical relationships between variables.

Research problem: This study aims to examine the influence of loyalty programmes on brand loyalty in the South African Banking industry, among the two generations, that being Generation Y and Z.					
Sub-problem	**Literature Review**	**Hypotheses or Propositions or Research questions**	**Source of data**	**Type of data**	**Analysis**
To inspect the influence of emotional brand attachment on brand loyalty among Generation Y and Z.	So, J. T., Parsons, A. G., & Yap, S. F. (2013). Corporate branding, emotional attachment and brand loyalty: the case of luxury fashion branding. Journal of Fashion Marketing and Management: An International Journal.	H6: Emotional Brand attachment have a positive influence on brand loyalty	Responses gathered through a Survey in a form of a questionnaire	Ordinal data	Numerical data. Statistical relationships between variables.