

Can rewarded engagement lead to more loyalty?

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About the EMC Academic Group

The European Marketing Confederation (EMC) is the organisation responsible for the bringing together marketing, sales and communication associations across Europe.

The aim of the EMC is to share best practice as well as promote and develop marketing, sales and communication as a fundamental business process.

The EMC's Academic Group was created to provide practising marketers with access to simple and straightforward academic marketing research, which could be used to enhance their own marketing strategies.

The group is made up of a pan-European network of senior marketing academics and practising marketers, who translate the latest marketing research into practice.

Through their articles, marketers operating at the coalface of the profession can learn about the latest trends and developments affecting their sector.

Each month EMC member associations publish articles summarising the key aspects of each piece of research they have analysed, so that practising marketers can choose to implement changes within their own organisations based on informed research.

We'd like to thank the latest contributor to this edition.



Professor Yolanda Jordaan

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Professor Jordaan has a PhD Marketing Management and is currently professor and Head of the Department of Marketing Management at the University of Pretoria in South Africa.

Yolanda was the first academic to receive a reward from the South African direct marketing industry for her contribution to marketing education in South Africa. She is one of the founding members of the South African Consumer Satisfaction Index which was launched in South Africa in September 2012.

Yolanda has lectured at universities in the United States, Australia and the Netherlands. She is a recipient of the Mellon Foundation Award for research excellence. The university has also honoured her with an exceptional young researcher award and a Laureate Award for education innovation.

Her current research interests comprise; information privacy, services marketing, relationship marketing, consumer behaviour and higher education marketing.

Can rewarded engagement lead to more loyalty?



Many companies implement loyalty programmes to create a competitive advantage and increase the share-of-wallet with their customers.

However, most have realised that loyalty programmes alone do not guarantee loyal customers, and that there is a big difference between belonging to a loyalty programme, and actively participating in a loyalty programme. This makes it important to know what customers really want out of a loyalty programme.

To explore this further, a recent study (2017) looked at a new approach to increase consumers' use and perceptions of brands and their loyalty programmes, by not only

rewarding their transactions, but also their social media engagement with the brand.

The authors analysed five types of social media engagement: participation in a quiz; in a competition; in a game; posting a travel review; and liking or commenting on the current posts on a Facebook group.

The members that engaged on the Facebook group were rewarded for their participation through loyalty points (indirect monetary reward) or a free train journey (direct non-monetary reward).

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The results of their study led them to the conclusion that members with social media engagement (Facebook page engagement rewarded with loyalty points) showed higher loyalty intentions toward the loyalty programme and the brand, than members who did not engage on social media.

In addition, the results indicated that the size of the reward had no effect on loyalty programme members' motivation to engage with a brand on social media. However, a larger reward did positively influence the programme member's loyalty toward the loyalty programme.

Another factor under investigation as part of the study was the customer's extrinsic or intrinsic motivation to take part in a loyalty programme, engage with a brand on social media and ultimately be loyal towards a brand.

Extrinsically motivated loyalty programme members, that is to say, those driven by the prospect of receiving external rewards such as monetary payment, reported higher levels of loyalty toward the brand than to the loyalty programme. Intrinsically motivated loyalty programme members were found to be more loyal toward the loyalty programme than toward the brand.



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Taking the results of this research, marketing managers should not underestimate the value of using monetary rewards, such as loyalty points, if seeking brand engagement on social media, or implementing engagement activities that satisfy intrinsic motivations to participate in a loyalty programme.

As in any competitive industry, the key to loyalty is getting customers to keep supporting your brand - and for decades a loyalty programme has been the answer.

However, with the increased number of loyalty programmes available to customers, it has become critical to differentiate one programme from another.

Therefore, a loyalty programme that includes rewarded customer engagement

presents an effective way to improve the attitude and loyalty perceptions of existing loyalty programme members toward both the brand and the loyalty programme. Such programmes can even be used to persuade non-members to join the loyalty programme.

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Source:

Rehnen, L., Bartsch, S. Kull, M. and Meyer, A. 2017. Exploring the impact of rewarded social media engagement in loyalty programs. *Journal of Service Management*, Vol. 28, Nr. 2, 305–328.

Following on from this article about whether reward engagement leads to more loyalty when used in conjunction with social media, we spoke to EMC Academic Group Professor, Yolanda Jordaan, about why she chose to focus on this subject.

1. Customer loyalty programmes have been used for decades, but what was it about this particular piece of research that attracted you to share it?

This research piece was selected because of the role that customer engagement (a relatively 'new' concept) can play in loyalty programmes (a relatively 'old' concept).

There is evidence to suggest that engaged customers represent more revenue to a company, allowing opportunities to build stronger relationships with customers, and leading to increased loyalty.

This brings forth the question of whether to reward customers for their engagement, and if so, how to reward customers for this engagement to ensure active participation in loyalty programmes.

This particular piece of research shows the impact of rewarded customer engagement on the loyalty of members of a loyalty programme.

2. What effect can social media have on brand engagement in the context of loyalty programmes and brand loyalty?

It is important for marketing managers to understand that brand engagement on social media can influence the level of interaction and experience sharing of the customer with the company and the brand.

This is because we know that consumers rely on several online sources (including social media platforms) to make purchasing decisions.

Thus, social networks carry a 'social currency'; meaning it carries value for consumers in that they share brand-related information with others as part of their everyday social interaction.

Brand engagement extends beyond this social currency by allowing customers to interact with others by discussing brands on the social media platforms, increasing brand loyalty, and ultimately active loyalty participation.

3. What can marketing managers learn from this research, and what are the challenges they might face when attempting to implement such loyalty programmes as part of their social media strategies?

The results from this study show that rewarded engagement has a positive impact on customer behaviour.

The rewarded customer engagement proved to be an effective approach to improving the attitudes of members of the loyalty programme towards the company brand.

However, it is important for marketing managers to note that customers need to be intrinsically motivated to partake in the loyalty programme.

It is therefore important that marketing managers implement an appropriate type of interaction in their loyalty programmes.

If such rewards can be successfully implemented, rewarded social media engagement in a loyalty programme has the added benefit of becoming a potential source of market intelligence.

Contact us

We hope that you enjoy reading this edition. If you have any questions about the issues raised in this paper, please don't hesitate to contact us.

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