UNIVERSITY OF KWAZULU-NATAL

The effectiveness of a loyalty programme at a leading casino in KwaZulu-Natal

By

Levashni Moodley

Student Number: 971119907

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Supervisor: Prof. Anesh Maniraj Singh

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Acknowledgements

Abstract

Customer loyalty programmes have become an important tool in retaining existing customers and attracting new customers. The casino industry in South Africa is highly competitive and spends a considerable amount of money on customer loyalty programmes. Sibaya Casino and Entertainment Kingdom, situated in KwaZulu-Natal, offers a Most Valued Guest (MVG) loyalty programme, based on a 4-tier structure, which boasts an array of rewards and benefits to members, which becomes more and more lucrative as customers ascend to the highest tier. However, the value of customer loyalty programmes has been questioned, in part, because of the limited empirical research being conducted on the effectiveness of loyalty programmes in the South African casino industry. The aim of this study was to establish whether the considerable money spent by casinos on customer loyalty programmes is a successful mechanism in order to gain customer loyalty and increase profitability. The study sought to determine the effectiveness of loyalty programmes in the casino industry in Kwazulu-Natal. A sample of MVG members were selected on a probability sampling design, from 3 tiers, across the active KwaZulu-Natal based members on the MVG database, who elected to receive email communication. Five hundred and three respondents completed a web-based structured questionnaire, which was a sufficient sample size to generalize the findings to the population. The data collected was analysed using descriptive and inferential statistics. The salient findings from this research were that most MVG members of Sibaya were also loyalty members of competitor casinos; however the majority rated the Sibaya loyalty programme as better than those of its competitors. MVG members were highly motivated and incentivized to reach a higher tier. An anomaly was noted whereby even though there were quite a few respondents who were not satisfied with the MVG programme, they would still recommend it to others. An online rewards system and additional rewards will have a significant positive impact on a MVG member. Finally, MVGs were mostly satisfied with the current MVG communication that they received but further improvements can be made in this regard. The empirical findings provide a useful starting point for recommendations to improve the effectiveness of a casino loyalty programme in South Africa; and for further research in this field.

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List of Acronyms and Abbreviations

BA   British Airways

CNA   Central News Agency

FNB   First National Bank

ICC   International Convention Centre

MVG   Most Valued Guest

ROI^{2}™   return on incentive investment

SAA   South African Airways

SPSS   Statistical Package for Social Sciences

UKZN   University of KwaZulu-Natal

USA   United States of America

CHAPTER 1:

INTRODUCTION

1.1   INTRODUCTION

In recent years customer loyalty programmes have proliferated across many industries in South Africa. South African consumers are frequently exposed to some form of a loyalty programme, thereby promoting the awareness and popularity of these programmes. In the expanding and competitive gaming industry, where product differentiation is practically non-existent, casinos are heavily investing in customer loyalty programmes in order to attract and retain their customers.

In South Africa, gamblers sign-up to a Most Valued Guest (MVG) programme that is tiered, based on their level of spend. The rewards for being a member of this loyalty programme include complimentary food and beverage offerings, accommodation and entertainment discounts and specials and exclusive promotional activities. As customers increase their level of spend at the casino, they progress to the next higher tier, earning more rewards and benefits along the way. In the glitz and glamour of a casino industry, lucrative rewards are offered to loyalty members in order to induce them to increase their frequency and spend at the casino. This will have a direct impact on the profitability of any company that has an effective member programme. The focus of this research study was to establish whether the considerable amount of money spent by casinos on customer loyalty programmes is a successful mechanism in order to gain customer loyalty and increase profitability. This study endeavoured to determine the effectiveness of loyalty programmes in the casino industry.

This chapter outlines the motivation behind the study and the focus of the research topic undertaken. It presents a problem statement and corresponding research questions. Research objectives are presented that address the research problem. Chapter One concludes with a brief overview of this research study.

1.2   MOTIVATION FOR THE STUDY

Casinos spend a considerable amount of money on marketing in order to create customer loyalty. Advertising, public relations and promotions are the key marketing tools in order to promote awareness of the products and services offered to customers. A customer loyalty programme is a valuable and essential mechanism in order to create customer loyalty in the casino industry.

An MVG loyalty programme contributes a substantial portion of the total direct costs of a casino and these costs have been growing substantially each year as more members register on the programme. The cost structure of a loyalty member programme is twofold, with one cost being the points earned by members and the other costs recorded as the rewards redeemed by members. As a loyalty member spends more money at a casino, more points are accumulated and casinos have to record the entire value of loyalty member points as an obligation. Furthermore, all the rewards that are offered to loyalty members also cost the casino money. This cost reduces the profits of a company. It is therefore imperative that there is a direct benefit to the casino from the establishment of loyalty programmes. An MVG loyalty programme would be a pointless and costly tool if the points and rewards offered to loyalty members did not translate to additional revenue for the company in the form of increased money spent at the casino by loyalty members.

This study report will contribute to a greater understanding of how the loyalty members feel about the current MVG programme, thereby enhancing the design and implementation of an effective loyalty programme. The results of this study will benefit the following stakeholders:

- Casinos will have a better appreciation of their members' views, perceptions and understanding of the current MVG programme.

- Loyalty members will benefit from this study, should casinos implement any improvements suggested by them.

- Other casinos can use the results from this study to improve their loyalty member programmes.

- Other companies can use some of the findings from this study to implement a loyalty programme or improve their current loyalty programme

1.3   FOCUS OF THE STUDY

Although loyalty programmes are prevalent in almost every industry, the focus of this study was confined to the casino industry. KwaZulu-Natal is the second largest provincial economy and is the host province to five of the 37 casino licences in South Africa. This study was conducted at Sibaya Casino and Entertainment Kingdom (Sibaya), situated in the eThekwini municipality. The members in the Sibaya loyalty programme, the Most Valued Guest (MVG) loyalty programme, were analysed in order to determine the effectiveness of the loyalty programme. Each member on the programme belongs to one of four reward tiers, namely maroon, silver, gold and the most exclusive tier being the platinum tier. The members were segmented according to these tiers in order to analyse the findings. Maroon cardholders, the largest segment reward tier, were excluded from this study as they are the least profitable tier and therefore little value can be derived from them, at this stage, in order to increase company profitability. This study is the first to explore the effectiveness of a casino loyalty programme and may provide a starting point for further research to be conducted on all loyalty programmes in South Africa.

1.4   PROBLEM STATEMENT

There is a dearth of academic literature on customer loyalty, as detailed in Chapter Two, which have established that a loyal customer is a profitable customer. Further empirical evidence, also discussed in the following chapter, has suggested the positive impact of a successful customer loyalty programme on customer loyalty. However, there is a lack of evidence to substantiate what constitutes a successful customer loyalty programme. The purpose of a customer loyalty programme should be to develop a long-standing customer relationship between the supplier and the consumer and to in

crease sales. It is argued that unless a company is able to satisfy the needs and wants of members' expectations of a customer loyalty programme, any ad hoc attempts to improve the design and implementation of a loyalty programme may not achieve its intended objectives.

The problem that casinos face is how to effectively structure a loyalty member programme that will improve profitability and achieve competitive advantage; through increased spend and increased number of new loyalty members. This study sought to understand the satisfaction levels of members of the MVG programme, members' knowledge of the programme and any additional improvements that would enhance the programme. The question that the study therefore sought to answer is "How satisfied are loyalty members at Sibaya with the Most Valued Guest (MVG) programme?"

1.5   RESEARCH QUESTIONS

- Does the MVG programme induce gamblers to play more at the casino?
- How satisfied are the MVGs with the current casino loyalty programme?
- How can the current MVG programme be improved?

1.6   OBJECTIVES

In order to address the research question, the following objectives were identified to:

- Establish the demographics of the casino loyalty programme members.

- Determine which rewards are most valued by casino loyalty programme members.

- Establish customers' satisfaction with the casino loyalty programme.

- Determine what factors influence brand-switching among casino loyalty programme members.

- Identify additional rewards that are not currently being offered to casino loyalty programme members.

- Establish whether casino loyalty programme members would continue to play at the same level in the absence of a loyalty programme.

- Establish whether casino loyalty programme members are sufficiently incentivised to achieve a higher reward level.

- Determine whether casino loyalty programme members will support an online rewards system.

- Identify how to effectively communicate with casino loyalty programme members.

1.7   RESEARCH METHODOLOGY

This study used a quantitative approach to collect and analyse the data. A self-administered questionnaire was utilised to gather numerical data, which was analysed and presented in graphical form. The numerical data was used to explain the research observations. This was a cross-sectional study, as all the data was collected at a single point in time during a four-week period.

These MVG members were segmented according to MVG card type, namely silver, gold and platinum. The lowest, entry-level card type, maroon, was excluded from this research. The sample frame for this study consisted of the approximately 11 000 silver, gold and platinum MVGs, in the KwaZulu-Natal area, who had elected to receive email MVG communication. This represents 9% of the entire population of the Sibaya MVG database. The actual response exceeded the recommended sample size as per the Krejcie and Morgan model (1970, as cited in Sekaran & Bougie, 2010). Stratified sampling was used to collect data for the study in order to ensure that each segment had an equal probability of inclusion in the sample. The necessary permission to conduct the study was obtained from management at the casino as the casino database was used to obtain the population. This database formed the sampling frame, which the questionnaire was distributed to.

Letters of informed consent were obtained electronically from the MVG members who answered the questionnaire on QuestionPro, an online survey system. The electronic link

to the questionnaire was emailed to MVG members. Once the respondents had completed the questionnaire, the responses were anonymously stored on the QuestionPro database. In order to achieve a high response rate, a follow-up email was sent to the members. The questionnaire comprised of different measurement scales, which included Likert and dichotomous scales to obtain more specific results. Descriptive statistics were used to summarise the data, which included frequencies, the measurement of central tendencies and the measurement of dispersion. Bar graphs and tables were used to present the data. The research design and methodology are discussed in detail in Chapter Three.

1.8 LIMITATIONS OF THE STUDY

The main constraint identified in this study was the time frame in which the research was conducted. The time scale allocated for this project was less than four months. Accordingly, the focus was to identify priority areas in terms of the following:

- The target population. This study excluded the maroon card-holders as they were the lowest profit yielding target group.

- Only approximately 4% of the participants who received the questionnaire completed it.

- Non-MVG members were not included in this study to determine why they were not a member of the MVG programme. Their contribution could have been significant in further evaluating the effectiveness of a casino loyalty programme in attracting new patrons.

1.9 OUTLINE OF THE STUDY

This research was conducted in a manner that provided a logical flow of the research process adopted. The research report consists of five chapters that have been arranged in a sequential pattern as follows:

- Chapter One: presents an introduction to the research problem, the motivation, focus of the study and the research question to be addressed. The objectives and limitations of this study are also identified.

- Chapter Two: provides a literature review that discusses customer loyalty and its relationship with customer loyalty programmes. In addition, this chapter discusses customer loyalty programmes in the casino industry, particularly within a South African context.

- Chapter Three: describes the various research methods adopted for this study as well as the reasoning for employing these methods.

- Chapter Four: is the presentation and analysis of the research findings. These results were interpreted according to the demographics as well as the objectives of the study.

- Chapter Five: ends this study by presenting conclusions and recommendations drawn from this research. The limitations identified are discussed as well as the recommendations for future research.

1.10   SUMMARY

The competiveness of the casino industry is dependent on the frequency of play from gamblers and the amount of money that they spend. There is therefore a critical need to develop customer loyalty in order to attract new customers and to retain existing ones. A literature review is conducted in Chapter Two in order to establish the effectiveness of a loyalty programme in the casino industry in South Africa.

CHAPTER 2:

THE EFFECTIVENESS OF A LOYALTY PROGRAMME AT A LEADING CASINO IN KWAZULU-NATAL

2.1   INTRODUCTION

Customer relationship studies have proliferated in marketing literature due to their close relationship with company profitability and competitor advantage. According to Cedrola and Memmo (2010), loyalty marketing, in particular, has become an important tool in competitive differentiation strategy. Gee, Coates and Nicholson (2008) established that the need for businesses to retain customers is an important issue in the current global marketplace. These authors found that a competitive marketing strategy should focus on customer acquisition and retention by forging loyal and long-term relationships with profitable customers through loyalty schemes. Casinos spend a substantial amount of money on elaborate loyalty programmes that reward customers with complimentary meals, accommodation, entertainment and exclusive gaming benefits in an attempt to foster a lasting relationship with the gambler. In the 2012 financial year end, Sun International spent 12.9% of gaming revenue on MVG benefits and the past 3 year average MVG spend has been 13.7% of gaming revenue.

This literature review is intended to gain insight into the effectiveness of customer loyalty programmes in the casino industry. The first part of this literature review pertains to the importance of customer loyalty in a service industry, the second part focuses on loyalty programmes as a strategic tool to maintain customer loyalty, the third part highlights customer loyalty programmes in a South African context and the final part concludes with customer loyalty programmes in the casino industry.

2.2   DEFINITION OF CUSTOMER LOYALTY

Customer loyalty is a popular concept in marketing literature and is regarded as an essential tool in strategic marketing. Kotler (2003, p.687) determined a formula for customer loyalty as "the purchases from the company by its customers expressed as a percentage of their total purchases from all suppliers of the same products". Baloglu

(cited in Crofts, 2011) listed two dimensions of customer loyalty, namely behavioural loyalty, which is measured by repeated patronage, and attitudinal loyalty, which is measured by customer commitment to a brand or company. Both these factors are critical in assessing the nature of the customers' loyalty and the effectiveness of customer loyalty programmes. Zeithaml and Bitner (2003) stated that loyal customers can be even better customers if they buy more products and services from the company over time. Loyal customers not only provide a solid base for the organisation, they may represent growth potential. Reichheld and Teal (1990, cited in Brunner, Stocklin & Opwis, 2008) noted that loyal customers were an invaluable asset to a firm by contributing to increased profits with reduced marketing efforts. Brunner *et al.* (2008) further mentioned that the customers' experience plays a decisive role in predicting loyalty and organisations should therefore develop different retention programmes tailored to the level of customers' experiences.

The theory of customer loyalty expands to service organisations, like casinos, which typically provide somewhat more intangible products. According to Czepiel and Gilmore (1990, cited in Gremler & Brown, 1996), service providers, like casinos, have the ability to create stronger loyalty bonds with their clients than do suppliers of more tangible goods. Gremler and Brown (1996) upheld that loyalty is greater or more prevalent among service consumers than among goods consumers as there are more opportunities for person-to-person interactions which, in turn, often provide opportunities for loyalty to develop. Murray (1991, cited in Gremler & Brown, 1996) mentioned that loyalty reduces risk and as consumers place more risk on services than goods, customer loyalty is enhanced in the service industry. In addition, Zeithaml (1981, cited in Gremler & Brown, 1996) stated that depending on the services provided, switching between providers is inhibited as there may be certain barriers present which do not exist for goods, further increasing customer loyalty.

2.3   WHY IS CUSTOMER LOYALTY IMPORTANT?

A loyal customer is a profitable customer (Gee *et al.*, 2008). Customer loyalty is desirable since it is much less expensive to retain current customers than to find and develop new ones (Reichheld & Sasser, 1990). With the rapid expansion of global markets, competition

has intensified, which has created pressure on companies to retain existing customers, and even greater pressure to attract new ones. Gustavsson and Lundgren (2005) believed that building customer loyalty through loyalty marketing is a business strategy to increase and maximise the share of customers. Reichheld and Teal (1996, cited in Brunner *et al*., 2008, p.1095) stated that "Loyal customers allow for a continuous stream of profits, reduce marketing and operating costs, increase referrals, and are immune to competitors' promotion efforts". Ngai (2005) reinforced their claim, saying that enhanced customer relationship management (CRM) can ultimately lead to greater customer loyalty, retention and profitability, especially in slow markets where service or product differences are negligible. According to Kumar and Shah (2004, p.317), "the main goal of every company is profitability and one method for a company to achieve this is to gain and maintain loyal customers. A company that gained loyal customers received different types of benefits, the most well-known being that loyal customers were less price sensitive, loyal customers spent more time with the company and loyal customers passed on their positive feelings about the company or the brand to others".

Zeithaml and Bitner (2003) found that service companies are beginning to recognise that not all customers are worth attracting and keeping. These authors advocated the "80/20 rule", whereby 20% of customers produce 80% of sales and profits. Therefore, in order to build and improve upon traditional segmentation, companies need to identify tiers of customers that differ in current and/or future profitability. Zeithaml and Bitner (2003, p.175) expanded the two tiers into further segments, as evidenced in Figure 2.1.
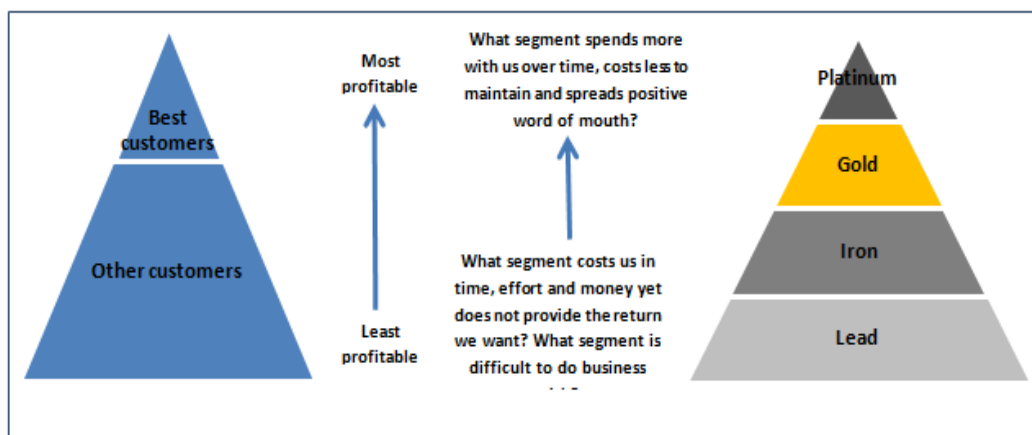
Figure 2.1: The 80/20 customer pyramid and the expanded customer pyramid

Source: Adapted from Zeithaml, V.A. and Bitner, M.J. 2003. *Services Marketing: Integrating Customer Focus across the Firm*. 3rd ed. McGraw Hill, New York, pp. 172-173.

According to Zeithaml and Bitner (2003), by expanding the two tiers of the 80 and 20 percent of customers into four tiers, provided more meaningful data, customer behaviour analysis and reward structures for each segment. This will result in increased profitability by reducing unnecessary costs and rewards in the lower tiers and place more emphasis on the top tiers.

2.4 WHAT IS A CUSTOMER LOYALTY PROGRAMME?

One of the strategies enabling customer loyalty is through an established loyalty programme. These programmes are used across most industries; the most common being the airline, financial, hospitality and retail industries. According to an article in Accountancy SA (2006), loyalty programmes have long been an integral part of many companies' incentive and customer relationship management programmes. The purpose of loyalty programmes is to develop a long-standing customer relationship between the supplier and the consumer and to increase sales (Loyalty programmes…, 2006). Crofts (2011, p.9) suggested that "firms utilize loyalty programmes to increase revenues, profit and market share, identify customers who are profitable and attempt to increase their usage and/or market share, as well as identify new markets and build these markets using information gathered from members of the customer loyalty programmes…and to increase customer loyalty".

As loyalty programmes have a longer-term orientation with the intention being to change the recurring purchase patterns of customers, they can be separated from other marketing efforts, such as advertising and promotions (Sharp & Sharp, 1997). Meyer-Waarden (2008, p.89) defined a loyalty programme "as an integrated system of marketing actions that aims to make customers more loyal by developing personalized relationships with them". The author further stated that loyalty programmes allow for the creation of a relationship between an organisation and its customers that is based on interactivity and individualisation. Gable, Fiorito and Topol (2008) stated that the purpose of a customer loyalty programme is not merely focused on efforts to increase sales; it is also intended to

increase customer retention, which generally produces better financial results such as improved margins. Furthermore, such programmes provide buyers with a large range of rewards to induce them to become frequent buyers and increase the amount spent to ultimately become promoters of the product/service/brand. Gustavsson and Lundgren (2005) confirmed that customer loyalty programmes offer financial and relationship rewards to customers with the purpose of making the customers brand loyal. Uncles, Dowling and Hammond (2003, p.294) stated two goals of customer loyalty programmes, "the first was increased revenues through increasing purchases and the second aim was to build bonds between the brand and the existing customers to maintain the existing customer base". Yi and Jeon (2003) recognised that loyalty programmes were generally implemented by using a benefit mechanism to gain customer loyalty. Gustavsson and Lundgren (2005) noted that the goal of loyalty programmes was to establish a high level of customer retention by providing satisfaction and value to certain customers. All of the above research, directly or indirectly, showed the mutual benefit of a customer loyalty programme to both the organisation (customer loyalty) and to the customer (additional benefits received).

2.5   TYPES OF CUSTOMER LOYALTY PROGRAMMES

Loyalty programmes are structured in such a way that either a specified volume or a specified number of transactions are required for a customer to earn sufficient credits to receive an award. Each time a customer purchases a product or service, award credits are earned which, subject to specified minimum thresholds, may be redeemed in future in the form of awards such as free or discounted products or services (Accountancy SA, 2006).

According to Duvenhage (2012), even though loyalty programmes are uniquely designed for an industry or organisation, they generally use one of four mechanisms to reward members, with each reward type offering its own set of benefits as outlined in Table 2.1.

Table 2.1: Types of loyalty rewards

Types of rewards	Detail of reward	Advantages of the reward type	Examples
Discounts and cash backs	A cash back programme generally gives customers cash back in the form of a credit against an outstanding balance	Discounts offer an immediate monetary reward to members but are generally limited to transactions at specific partners	Edgars club/cash card
Reward currency programmes	The rewards currency is not a reward in itself, but a means to a reward for other products/services	These programmes offer versatility and choice	FNB eBucks
Soft benefits	Involve additional services or exclusive privileges for customers are offered	These programmes offer benefits other than discounts, cash backs and reward currencies	FNB Slow Lounge
Hybrid rewards	Offer a combination of rewards currency, discounts, cash back and soft benefits	Allows consumers to use their rewards currency as a way to extend their purchasing power	Discovery Vitality

Source: Adopted from Duvenhage, J. 2012. Loyalty programmes must make 'cents'. [Online]. Available WWW: www.bizcommunity.com/Article/196/458/82538.html (Accessed 21 January 2013).

According to Duvenhage (2012), the above-mentioned mechanisms are collated into a rewards programme, either in the form of a 'club', where a membership fee is paid, or as part of a free rewards programme. Duvenhage (2012) further maintained that the success of a rewards programme largely depends on how relevant the reward is to the individual, irrespective of whether a consumer prefers a number of frequent, smaller rewards or the facility to collect and collate their reward currency for a luxury item. Finally, Duvenhage (2012) stated that the latest trend in loyalty programmes is to develop 'smart customer behaviour', which benefits both the company and customer. An example includes banking loyalty practices which encourage behaviour changes, such as using electronic banking channels, and in the process a customer can earn more rewards while saving on banking fees.

Berman (2006) depicted a typology of customer loyalty programmes based on different characteristics of the programmes, as shown in Table 2.2 below.

Table 2.2: A typology of loyalty programmes

Programme type	Characteristics of programme	Example
Members receive additional discount at register	Membership open to all Clerk will swipe Each member gets same discount irrespective of purchase history No information on customer name, demo or purchase history No targeted communications	Supermarket programmes Beneficial to small firms as easy to administer and low costs South African example: Pick 'n Pay Smartshopper
Members receive 1 free when they purchase "n" units	Membership open to all. No customer database linking purchases to specific customer	Local car wash, Airport Fastpark South African example: Engen teddy bear promotion
Members receive rebates or points based on cumulative purchases	Seeks to get members to spend enough to receive qualifying discount programme tiers; no personalised communications	Airlines South African example: SAA Voyager
Members receive targeted offers and mailings	Members divided into segments based on purchase history. Requires comprehensive database of demographics & purchase history	Tesco South African example: Nedbank credit card

Source: Adapted from Berman, B. 2006. Developing an effective Consumer Loyalty Program. California Management Review, 49(1), pp. 123-148.

As seen from Table 2.2, offers and rewards can be personalised based on customer purchase history and preferences. The firm's commitment to each type of programme differs, with the largest investment in Type-IV, which is generally linked to a marketing or customer relationship marketing (CRM) strategy.

2.6 WHAT IS THE IMPACT OF CUSTOMER LOYALTY PROGRAMMES?

The reviewed empirical studies on the impact of customer loyalty programmes are uncertain as there is mixed support for loyalty programmes. Meyer-Waarden (2008) stated that loyalty programmes provide gratification to those who require rewards for

purchases and avoid additional costs for those who buy even without them. The findings from the research concluded that loyalty programmes affect purchase behaviour as the purchase behaviour of members is significantly higher than non-members. However, this was not enough to conclude that loyalty programmes increase profitability as the findings also indicated that the heavier, more frequent and more loyal buyers for a store enrolled more readily in loyalty reward schemes (Meyer-Waarden, 2008). Taylor and Neslin (2005, p.298) found that "loyalty programmes increase sales through two mechanisms: points pressure whereby customers increase their purchase frequency to earn rewards (short-term impact) and reward behaviour whereby customers increase their purchase behaviour after they receive the tangible rewards (long-term impact)". Gable *et al.* (2008) found that in the retail industry, loyalty programme participants spent more than non-participants; therefore it provides support for retailers' usage of these programmes. Their findings indicated that the most common benefits used by retailers included "demonstrating having the customers' interest at heart, providing financial incentives to selected customers, sending thank you notes to customers, and identifying customer preferences and recording them to guide future actions".

Research has also shown a relationship between customer satisfaction and loyalty programmes. Wirtz, Mattila and Lwin (2007, p.330) found that loyal programme members who are dissatisfied do not switch, thus these programmes "are effective in increasing customers' perceptions of switching costs and tend to further customer retention". Walsh, Evanschitzky and Wunderlich (2008) agreed that customers without loyalty memberships are less likely to consider repurchasing when they are dissatisfied. Meyer-Waarden (2008) noted that the impact of loyalty programme membership on customer purchase behaviour is important as the purchase activity of card-holders is significantly higher than that of non-members. They observed that a loyalty programme is most effective when the target market is segmented as the marketing expenditure is allocated more successfully to achieve the desired results.

Dreze and Nunes (2008) studied the impact of status on customer loyalty programmes and the benefits of having a tiered reward system. They found that a tiered programme is directly linked to customer status and changes the purchase/consumption patterns of

customers who aspire to achieve the next higher level or maintain their highest levels. Liu (2007) illustrated that loyalty programmes had different effects on consumer behaviour which depended on the consumers' initial usage. This study found that consumers who were heavy buyers at the beginning of the programme benefitted the most; however, this did not increase their loyalty or spending levels. In contrast, consumers who began with small usage levels changed their spending behaviour as much or more than moderate and heavy buyers which supports the argument that loyalty programmes can accelerate consumers' loyalty life cycle and make them more profitable customers.

Henderson, Beck and Palmatier (2011, p.17) highlighted the positive impact of loyalty programmes which "induced change to consumer behaviour due to conferring status to consumers, which generates favourable comparisons with others; building habits, which causes advantageous memory processes; and developing relationships, which results in more favourable treatment by consumers". Cromhout (2012) suggested that the best loyalty programme results are achieved by combining loyalty programmes with brilliant engagement strategies to gather immense customer insights to design effective reward mechanisms. Omar and Musa (2011) contended that a successful loyalty programme emphasised the need for excellent service quality by providing adequate training to staff to ensure a pleasant experience/service encounter to loyalty members.

Ou, Shih and Chen (2011) suggested that to establish good customer loyalty, there should be service quality, relationship quality and good customer relationship management, which must be supported by a customer loyalty programme that provides differentiation. Ou *et al*. (2011) researched the relationship among customer loyalty programmes, service quality, relationship quality and loyalty, as depicted in Figure 2.2.
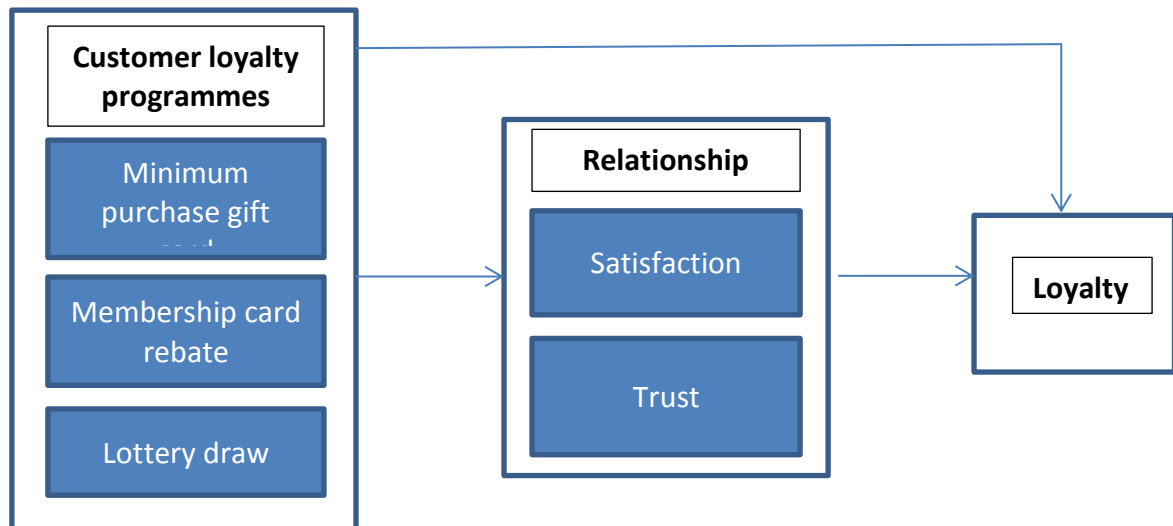
Figure 2.2: Relationships among customer loyalty programmes, relationship quality and loyalty

Source: Adapted from Ou. W., Shih. C., Chen. C., and Wang, K. 2011. Relationships among customer loyalty programs, service quality, relationship quality and loyalty : An empirical study. *Chinese Management Studies*, 5(2), pp.194-206.

Furthermore, Ou *et al*. (2011) found that customer loyalty programmes have a significantly positive impact on customer satisfaction and trust, which creates a positive impact on relationship commitment and quality. This has an indirect impact on loyalty as the higher the customers' relationship commitment, the higher the customer loyalty as customers are more willing to provide positive recommendations by word of mouth. The research further revealed that customer loyalty programmes have a direct positive impact on customer loyalty.

Since the early 2000s, the effectiveness of loyalty programmes has been refuted by some researchers. Cedrola and Memmo (2010) demonstrated that loyalty is not created and supported by a loyalty programme and proved how weak and limited such programmes are. However, the authors went on to state that these programmes can become effective if there is differentiation amongst members and through reduced discounts and increased prize initiatives. Meyer-Warden (2008) suggested that the upsurge in loyalty programmes has diminished the distinctiveness and differentiation in competitive markets. Dreze and Nunes (2008) corroborated this finding and added that some programmes actually rewarded the unfaithful customers by creating loyalty to the programme rather than to

the firm or brand and allowed self-selecting customers to profit without the promise of their loyalty. Uncles *et al*. (2003) contested this and maintained that the opportunity costs of implementing such programmes did not justify this cause and suggested alternatives to reward customers and retain loyalty through establishing new marketing channels, reducing pricing strategy or further product development.

The research also showed that a negative experience with a loyalty programme could discredit the entire company that had implemented it, creating further disloyalty. According to Cromhout (2012), whilst loyalty points create rewards, these points do not equal long-term customer loyalty to an organisation's brand as the points collecting customer may still be uncommitted to the brand. Cromhout (2012) added that true loyalty is not achieved through a few loyalty points and prizes but rather through the long-term customer focus on all aspects of product and service offerings and communication engagement strategies. Furthermore, even if a company has a well-designed and executed loyalty programme, it is meaningless without delivering outstanding products or services. "The best rewards programmes are designed for both reward and convenience…when programme owners use reward points merely as bait, and then make it difficult to redeem awards, they end up in damage control mode with customers rather than reaping the benefits of loyalty" (Knight, cited in Marketing X2005). Galonek (2009) stated that despite the popularity of loyalty programmes, there are not many established return on incentive investment (ROI²™) plans due to insufficient data, perceived complexity of such an exercise or the lack of need for one. Finally, Cromhout (2012) mentioned that some of the best brands in the world, such as Apple, Nike, Coca Cola, do not have any loyalty programmes. Before Coca Cola introduced a Coke Rewards initiative, mainly out of the United States of America (USA) market, it was the world's leading global brand for many consecutive years.

Based on all the above research and the evidence obtained, it can be concluded that loyalty programmes alone do not create profitability. Loyalty programmes that are linked to a firm's marketing strategy, create long-term customer value and reward, are simple and convenient for members to engage in, stay attuned and responsive to their members

and are well-managed will result in greater profitability for the firm. Further research will determine the impact of customer loyalty programmes in a South African context.

2.7   CUSTOMER LOYALTY PROGRAMMES IN SOUTH AFRICA

Although much research on customer loyalty programmes has been conducted, there is a lack of research which has been conducted in the South African environment. Much of the discussion that follows is limited to two separate studies conducted in the South African climate and a few articles on loyalty programmes obtained from online articles.

Research by Cortiñas, Eloraz and M'ugica (2008) revealed that differences in demographic features influenced the degree of loyalty-card usage and may have an effect on the consumers' propensity to join a loyalty programme. South Africa is rich in cultural and social diversity and the impact of these differences on the usage of loyalty programmes still has to be researched. According to Maharaj (2008), even though loyalty programmes in countries such as the United Kingdom and the United States are reaching the maturation stage, these programmes have only recently become a feature of the retailing sector in South Africa, creating huge opportunities for companies wishing to embark on customer loyalty programmes. The study conducted by Maharaj (2008) found that South African consumers had a clear understanding of the purpose of customer loyalty programmes and many were members of at least one programme themselves. The study, however, revealed that membership to customer loyalty programmes did not primarily influence purchasing behaviour as customers were influenced to join the programme for the associated benefits rather than loyalty. According to Maharaj (2008), customers tended to prefer programmes based on their perception of worthwhile rewards and also low membership costs. It was further stated that regular customers were more likely to join loyalty programmes. The results of the study conducted by Maharaj (2008) are consistent with the findings of Meyer-Waarden (2008) and Ou *et al*. (2011), in the preceding discussions, thereby highlighting the similarity between loyalty programmes in other countries with South African consumers. However, there is insufficient research material to unequivocally arrive at this conclusion.

Cromhout (2012) believes that, based on top loyalty trends of 2012, South Africa is positioned on the same platform as global peers in terms of the loyalty programme design and points structures. Olivier (2007) suggested that there were more than 12 million loyalty members currently registered across a host of programmes, representing approximately two million households. However, loyalty programmes have been predominantly aimed at historically advantaged communities. Olivier (2007) further stated that the previously ignored black middle class, which accounted for two million consumers, represented approximately R140-175 billion in spending power annually. This middle class has the potential to double its consumer spending power in the short term and thereby stimulate South African economic growth. The author concluded that this market segment therefore was critical when structuring loyalty programmes. According to Duvenhage (2012), "the increase in rewards programmes in the market and a greater commitment from the companies that run them, has matured the sector and created some healthy competition in the South African loyalty market". In addition, consumers are becoming more perceptive and knowledgeable about rewards programmes which increase their purchasing power and stretch their wallets. Bruggemans (2012) mentioned that South African consumers are reducing their discretionary spending and extending their personal income despite an increase in household income. One of the contributing factors is the increased use of loyalty and rewards programmes which create a source of additional income.

A study of South African loyalty programmes was conducted jointly by Razor's Edge Business Intelligence and World Wide Worx, entitled 'Value in loyalty programmes 2005' (Marketing X, 2005). The rewards programme for the five categories and the most highly rated programmes in each category are listed in Table 2.3 below.

Table 2.3: Winners from the 'Value in loyalty 2005' study

Category programmes	Winner	Type of rewards offered
Financial services programmes	FNB eBucks	Offers the greatest number of earning opportunities in the financial services sector, including earning on home loan balances and cheque account transactions
Frequent flyer programmes	BA Executive Club	Outperformed Virgin's Flying Club because it had more financial services partners, a choice of credit card partners and advantages in rising through tier status
Retail programmes	Exclusive Books Fanatics	Offers a higher earn rate than its main competitor, Clicks ClubCard, despite the unpopularity of the practice of expiring awards after a short period
Multisector programmes	AgriBonus	Rewards high volumes of business spend, giving its members a points earning power that is far above that enjoyed by the other category contenders
Travel and leisure programmes	Southern Sun Frequent Guest	Exceeds the offering of other programmes in many ways and excellent value-added benefits

Source: Adapted from Loyalty programs reign in the rewards. 2005. [Online]. Available WWW: www.moneyweb.co.za/moneyweb-article-detail/loyalty-programs-reign-in-the-rewards?

The loyalty programmes in the 'Value in loyalty programmes 2005' study were evaluated according to 19 criteria, including cash value, reward choice and appeal, and attainability of rewards.

Cromhout (2012) also identified another popular tiered type loyalty programme in South Africa, being Discovery's Vitality programme which was signalled by the *New York Times* and the Harvard Business Review as being a loyalty initiative which truly changed customer behaviour. Cromhout (2012) also listed another successful loyalty programme,

Pick n Pay's Smart Shopper, which had 5.5 million loyalty customers who swiped their smart shopper cards and received one smart point for every R1 spent. The 'Value in loyalty programmes 2005' study further found that, specifically in the frequent flyer and financial services categories, loyalty programmes had dramatically reduced the rewards earned for doing business with partner programmes, in particular credit card partners, in 2010 and 2011. The level of reward has been reduced by 50% by three of the major rewards programmes operating in South Africa, with British Airways (BA) and Virgin Airlines both following the South African Airways (SAA) Voyager programme's lead in increasing the level of spend required for a frequent flyer mile from R5.00 to R7.50. The study also revealed that a few loyalty programmes in South Africa had eliminated a variety of 'easy-come' reward points, such as signing on bonuses. These include Virgin's signing on bonus, Absa Rewards' points for home loan and car financing repayments, and the short-lived ability to earn eBucks points for spending at Central News Agency (CNA) outlets. SAA has been a dominant player in the loyalty arena in South Africa, and therefore its decision to increase the Voyager points required for upgrades and limiting upgrade availability has negatively impacted the value of loyalty programmes in South Africa over the past few years. As rewards are reduced, the cost of membership to the rewards programmes becomes more significant. In this context, numerous credit card users are paying a linkage fee that is higher than the value of the loyalty points they earn. As a result, according to the report, many credit card users spending less than R2000 a month on their cards are paying a premium for frequent flyer and other loyalty points, without realising it. In an article published by Marketing X (2005), Conradie said "It typically costs the client R150 a year to link a credit card to a frequent flyer programme. It takes R25 000 of spend per year to recoup that fee in rewards." There are exceptions, such as the Absa rewards programme which charges only R32 for this benefit, and Investec Dividends which does not impose a linkage fee.

However, other major loyalty programmes are increasing their scope and range of partners. According to Duvenage (2012), loyalty programme members are using more rewards for necessary products and services. As a result, over the past few years First National Bank (FNB) have brought "more partners on board who add everyday value to our members and have noticed a shift in members' spending behaviour...Not only are

members using eBucks as a way to extend their wallets, or as a 'discount', they are also seeing the rewards earned each month as a supplement to their income and are becoming increasingly savvy on how to maximise their earning potential". In 2012, nearly half the total eBucks spent each month were redeemed on necessities such as fuel, airtime, and groceries and over the counter medicines. Another example includes the Infinity rewards programme which has doubled from 1 000 to 2 000 partners, and MySchool from 1 207 to around 2 000 partners since the previous study was conducted. Charities are also being drawn more strongly into the net, following the lead taken by eBucks and Dividends, which have always allowed loyalty points to be exchanged for donations. The Dischem rewards programme, for example, now offers exchanges with donations to the Selwyn Segal Hostel and Meals on Wheels.

The 'Value in Loyalty Programmes 2005' report revealed that most South African programme members do not know how much value loyalty programmes provide. In an article published by All Star Incentive Marketing (2012), Goldstuck said that customers "usually perceive the cash value of rewards as the main benefit, but this is often so difficult to calculate that few members make the effort. Even when the cash value of loyalty points is known, the total worth offered by a programme remains vague". The total value of a rewards programme depended on, among other things, the range and value of rewards offered, the possibility of collecting enough points to earn a reward, the rewards' inherent appeal, and any value-added benefits offered.

Based on the fact that the 'Value in loyalty programmes 2005' study has been one of the few studies conducted on South African loyalty programmes, it can be concluded that South Africa is very active and successful in the loyalty arena. Cromhout (2012) maintained that South African companies needed to accelerate their positioning through focused customer-led engagement strategies for all aspects of their businesses, not just to concentrate on marketing and loyalty points.

2.8   CUSTOMER LOYALTY PROGRAMMES IN THE CASINO INDUSTRY

In the expanding and competitive gaming industry, where product differentiation is practically non-existent, more and more casinos are heavily investing in customer loyalty

programmes in order to attract and retain their customers. Baker (2008) stated in her article that "gambling companies have long been at the forefront of customer loyalty programmes, and theirs are often more comprehensive and effective than those in other industries". Baker (2008) validated that the uniqueness of loyalty programmes in the casino industry is the use of behaviour tracking software technology to assess the data generated by loyalty programme members. Casino loyalty programmes use the transactional data (the games played, the amount of money spent, the time played at a machine), as well as customer demographics, to structure customised offers and rewards. The business intelligence generated by loyalty programmes is used to reward customer loyalty in an effective manner which benefits both the casino and the loyalty member. In his article, Galonek (2009) believed that when used properly, casino incentive programmes can drastically bolster customer loyalty by offering, not only reward points, but an enhanced, highly personalised experience and service driven by data collected about customers.

Research conducted by Barsky and Nash (2007) summarised that "brands with high membership where more than 50% of guests are club members have the most loyal customer base. Members of these programs are not only more likely to return and recommend the casino to others; they are also willing to spend more." Crofts (2011, p.6) established that the implementation of a successful casino loyalty programme must have involvement from staff, management and customers which would assist casinos in designing loyalty programmes that could provide a competitive advantage. Barsky and Tzolov (2010) found that loyalty programmes in America were effective in changing the attitudes and behaviour for selected groups of people and thus casinos need to identify these groups of players to retain their loyalty. It is further suggested that each segment responds differently to the various aspects of the loyalty programmes and therefore there should be a differentiation of the rewards for the different groups. Baynes (2011) maintained that loyalty programmes alone will not generate sufficient brand loyalty for a casino; however, they are also beneficial for utilising the captured player data and are effective as a promotions tool to drive brand awareness. Myron (2008) refuted the view that there is no need for a loyalty programme if the product or service is valuable. He believed that a well-designed loyalty programme could make successful companies even

more profitable. Myron cited the example of Harrah's Entertainment, a casino operator in the United States, who became the largest gaming empire in 2002 due to the positive impact of improved customer information and an effective loyalty programme to reward different segments accordingly.

Unlike the airline and financial service loyalty schemes, most casino loyalty programmes do not partner with other businesses, products or services. The impetus is to create further value by utilising loyalty rewards within a casino property. Rewards earning from casino gaming can be used to obtain benefits on entertainment, food, beverage, accommodation etc., all of which contribute to the revenue of the casino group. Galonek (2009) reported that Foxwood's Resorts Casino in the United States has a Wampum Rewards Mega store as part of the largest ongoing player rewards programme in the industry. The onsite store stocks products that range from house wares to luxury items which loyalty members can "purchase" by redeeming their earned points.

Crofts (2011) argued that the increase in acquisition costs for top-end spenders, also referred to as "high rollers", in casino loyalty programmes have eroded profit margins, sometimes resulting in some players becoming unprofitable. This essentially means that some casinos are rewarding customers in excess of the value of their spend, thereby creating a players' advantage. In addition to this view, Crofts (2011) argued that members often belonged to multiple casino loyalty programmes and this created a price war among the various casinos, which resulted in escalating loyalty programme costs. Conrad (2009) stated that even though almost every casino had a loyalty programme, this does not, by itself, build customer loyalty. Factors such as service quality, efficient staff and convenience of casino location played a pivotal role in contributing to customer loyalty. He added that casinos should avoid spending unnecessary marketing efforts and money on attracting disloyal customers and focus on understanding what the best customers want. This finding was corroborated by research conducted by Huang, McCain and Tie (2008), which examined the effectiveness of loyalty programmes in the casino industry, with a framework outlined in Figure 2.3.
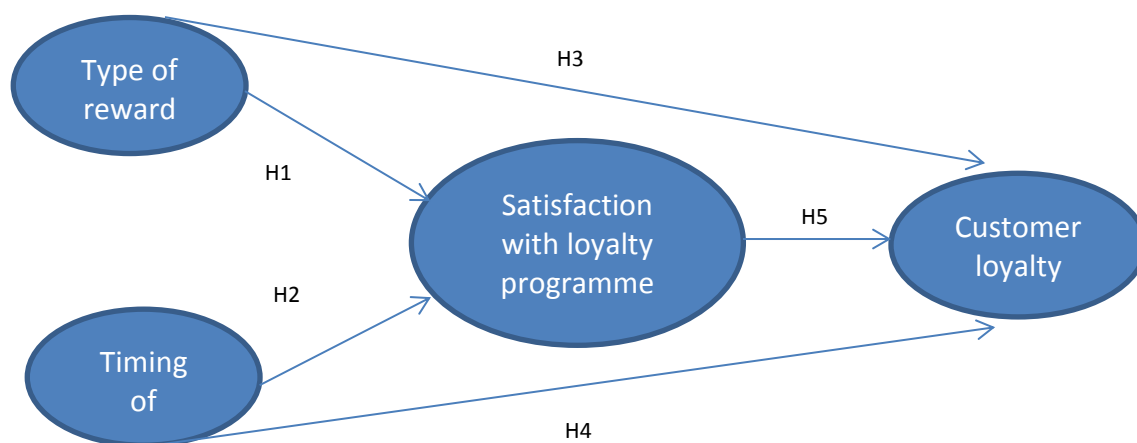
Figure 2.3: A conceptual model for the relationship between a loyalty programme and customer loyalty

Source: Adapted from Huang, H., McCain, S.C. and Tie, B. The effectiveness of loyalty programme in the casino industry. [Online]. Available WWW:www.pc.parnue.ee/~htooman/EuroChrie (Accessed 2 February 2013).

Based on Figure 2.3, Huang *et al*. (2008) established that the type of reward has a direct effect on both satisfaction with a loyalty programme and customer loyalty (H1 and H3); however, satisfaction with a loyalty programme did not lead to customer loyalty (H5). The timing of the reward was irrelevant (H2 and H4).

Casino loyalty programmes exist in almost every competitive casino (Baker, 2008). Due to the fact that there is minimal product differentiation in the industry, the loyalty programmes are also very similarly structured, based on a tiered system, with segmentation based on the value of the member's play at the casino.

2.9 CUSTOMER LOYALTY PROGRAMMES IN THE CASINO INDUSTRY IN SOUTH AFRICA

Upon inspection of journals, articles and websites, limited empirical research have been conducted on loyalty programmes in South Africa. This could be attributed to the fact that it is still a new industry in South Africa, having only been legalised in 1994. There are four major casino operators in South Africa, which include Tsogo Sun Gaming, Peermont Global, London Clubs International and Sun International (CASA, 2013). There are currently 37 licensed casinos in South Africa. All of these casino operators have loyalty programmes which are similar in structure. Sun International is the leading casino operator in the southern hemisphere with a 42% share of the South African casino market

and operates 22 casinos in southern Africa, including 13 of the 37 casino licences issued in South Africa (CASA, 2013). Sun International has a tiered MVG loyalty programme which rewards members with points for playing on slots and tables at any Sun International Casino (Sun International, 2013). As members earn more points, they progress through the MVG card status, from maroon (entry level) through silver and gold all the way to platinum, with the benefits and rewards increasing along each tier.

Based on Sun International loyalty programme information available (Sun International, 2013), MVG card-holders are entitled to "Free membership, earn MVG points for playing on slots and tables, redeem MVG points for accommodation, food and drinks and merchandise or by playing them back on slots machines and tables, exclusive accommodation discounts, discounts on green fees at Sun International golf courses, selected invitations to special Sun International events, exciting MVG offers and discounts delivered directly to your door, MVG lounge and Privé privileges (where available) for platinum and gold cardholders and Additional MVG benefits at each casino property" (Sun International, 2013). Table 2.4 outlines the points required for each MVG tier.

Table 2.4: Sun International MVG rewards table

Card status	Points required	Slots minimum turnover	American Roulette & Poker minimum turnover	Blackjack minimum turnover
Platinum	4500	R500 per 1 point * 4 500 = R2 250 000	R2 000 per 1 point * 4 500 = R9 000 000	R2 500 per 1 point * 4 500 = R11 250 000
Gold	475	R500 per 1 point * 475 = R237 500	R2 000 per 1 point * 475 = R950 000	R2 500 per 1 point * 475 = R1 187500
Silver	50	R500 per 1 point * 50 = R25 000	R2 000 per 1 point * 50 = R100 000	R2 500 per 1 point * 50 = R125 000
Maroon	0	N/A	N/A	N/A

Source: Adapted from Sun International MVG Programme. [Online]. Available WWW: www.suninternational.com/Destinations/Casinos/MVG/Pages/default.aspx (Accessed on 20 January 2013).

None of the casino loyalty programmes in South Africa are based on an online loyalty reward programme; whereby loyalty members redeem their own rewards, either by using the company website or kiosks at the casino itself. This system would result in joint

benefits for both the company and customer, by reducing payroll costs of the MVG staff at the casino and encouraging greater control of the points earned by the customer.

2.10   SUMMARY

Based on the research available, there appears to be a positive relationship between customer loyalty and customer loyalty programmes. However, loyalty programmes alone do not achieve customer loyalty and similarly customer loyalty is not achieved solely by offering loyalty programme rewards to customers. There are more advocates in favour of loyalty programmes as studies show that there is a positive correlation between being on a loyalty programme and the amount of expenditure and the length of relationship between a customer and the firm. However, the success of these programmes depends on the careful planning and implementation of them, which should focus on customer segmentation, staff service excellence, market distinction and differentiation benefits and correct data collection to ensure proper decisions are made regarding the programmes.

Loyalty programmes have become a key component of the South African industry and their structure and design are similar to global programmes. Despite the limited research available, research has also shown that there is a potential untapped black middle income segment in South Africa which can be further explored. A major shortfall noted is that there is no available literature on the effectiveness of customer loyalty programmes in the casino industry in South Africa.

This study has attempted to answer the question: "How effective is a loyalty programme at a leading casino in KwaZulu-Natal?" As limited research has been conducted in this field in South Africa, the results will benefit all casinos that have a loyalty programme in South Africa. Chapter Three will detail the research methods used in order to address this unanswered issue and will provide justifications for the type of methods chosen.

CHAPTER 3:

RESEARCH METHODOLOGY

3.1   INTRODUCTION

South African casino gamblers sign-up to a Most Valued Guest (MVG) loyalty programme that is tiered, based on their level of spend. The rewards include complimentary meals, accommodation and entertainment vouchers and exclusive promotional activities. Despite this investment, the preceding chapter provided validation for further research to be conducted to support whether the MVG programme is an effective tool to attract new customers and retain existing ones. The literature review further revealed that an ineffective MVG programme is a "health-hazard" to a business and can actually result in disloyal customers. An organisation needs to assess whether the considerable money spent on customer loyalty programmes could be better utilised in other marketing areas such as adverting and public relations. Further to that, there is a lack of evidence that indicates why loyal gamblers join other casino MVG programmes, even though they gamble most frequently at a particular casino. Finally, there is no indication of the current rewards that are most preferred by customers and other types of rewards, not offered, that will benefit them. The problem that casinos face is how to effectively structure an MVG programme that benefits both the customer and the company. This will improve customer satisfaction, company profitability and competitive advantage, through increased spending and increased numbers of new loyalty members. This chapter highlights the research methods used in order to address these unanswered issues and a justification for the type of methods chosen.

3.2   DEFINITION OF RESEARCH METHODOLOGY

To begin, a contrast between research and research methodology must be distinguished. According to Sekaran and Bougie (2010), research is simply the process of finding solutions to a problem after a thorough study and analysis of the situational factors.

Kothari (2008) identified the following broad groupings of research study objectives:
- Explorative – to gain familiarity or new insights into a phenomenon.

- Descriptive – to accurately portray the characteristics of a particular individual, situation or group.

- Diagnostic – the frequency with which something occurs or which is associated with something else.

- Hypothesis testing – to test a causal relationship between variables.

- Case studies.

Descriptive research was conducted for this research study in order to determine how to improve the MVG programme at a leading casino in Kwazulu-Natal. As part of this research study, information was obtained to understand the current MVG programme, determine shortfalls and areas for improvement and finally attempt to find solutions that adequately address the shortfalls and implement improvements.

According to O'Leary (2004), research methodology is a framework related to a set of definitive assumptions used to conduct research studies. Thus, research methods aim at finding solutions to research problems whereas research methodology aims at the employment of the correct procedures to find out solutions. Figure 3.1 illustrates the research methodology framework which was adopted in order to further the aim and objectives of this study.

A more detailed discussion of each of these steps in the process is discussed hereafter.

Questions to consider:	Components of research design:	This study:
What is the aim & objectives of the research?	Define the research problem	Effectiveness of a casino loyalty programme
What information is needed?	Selection of variables	MVG tiers and rewards
What constraints have been identified?	Determine research data biasness	4 month period at only one casino
Who are the participants and where is the location of the study?	Identifying population parameters and sample frame	MVG members Casino database
What sampling design has been used & what is the sample size?	Probability sampling vs nonprobability sampling	Stratified random sampling grouping MVG card types into segments
What data collection methods have been used?	Descriptive, Applied, Quantitative, Empirical Primary data vs secondary data	Online self-administered questionnaire
What data analysis methods have been used?	Descriptive & inferential analysis	Graphical (graphs, charts) and numerical (mean, frequencies, proportions)

Figure 3.1: The research methodology framework adopted for the study

3.3   AIM AND OBJECTIVES

Simply put, the aim of a research study is a statement of what the research sets out to achieve while the objectives are specific issues to be looked at which are related to achieving the overall aim.

3.3.1   Aim

Despite the large investment made in a customer loyalty programme, there is no evidence available to support whether the considerable money spent on customer loyalty

programmes could be better utilised in other marketing areas such as adverting and public relations. The aim of this study was to fill the gap found in the literature review by critically analysing the effectiveness of the MVG programme in a leading casino in South Africa. This would ascertain whether it is a successful marketing tool to acquire and retain customers and thereby create customer loyalty.

3.3.2   Objectives

The objectives for this research study were to:

- Establish the demographics of casino loyalty programme members.

- Determine which rewards are most valued by casino loyalty programme members.

- Establish customers' satisfaction with the casino loyalty programme.

- Determine what factors influence brand-switching among casino loyalty programme members.

- Identify additional rewards that are not currently being offered to casino loyalty programme members.

- Establish whether casino loyalty programme members would continue to play at the same level in the absence of a loyalty programme.

- Establish whether casino loyalty programme members are sufficiently incentivised to achieve a higher reward level.

- Determine whether casino loyalty programme members will support an online rewards system.

- Identify how to effectively communicate with casino loyalty programme members.

3.4 APPLYING THE RESEARCH METHODOLOGY FRAMEWORK

Once the research topic had been selected, after evaluating the research problems and defining the aims and objectives of the research, the research methodology framework needed to be established. This process is outlined hereafter.

3.4.1 Selection of variables

The main variable identified for this research is the type of loyalty card i.e. platinum, gold, and silver, that members hold. The reason for the card type being the main variable is that the MVG programme is designed to offer rewards and benefits specific to each card type. The platinum tier is the most exclusive tier as these members are the most lucrative tier for a casino in terms of their level of spending. As such, casinos pay more attention to this tier by offering them more select promotions and offers than the other card types. A cross-tabulation of this variable with other variables, namely the types of rewards offered to each tier, the demographics of the MVG member and the satisfaction levels of the MVG members, will determine if any relationships exist between the variables.

3.4.2 Selection of type of study

The basic types of research may be classified as descriptive or analytical, applied or fundamental, quantitative or qualitative and conceptual or empirical. The differences are outlined as follows.

i.   Descriptive vs. analytical: Descriptive research is undertaken in order to ascertain, describe and understand the characteristics of the variables as they exist at present. The researcher has no control of the variables and can only report what has happened or is happening (Kothari, 2008). Sekaran and Bougie (2010) stated that the information gained may be vital before considering any corrective steps. In analytical research, the researcher has to use and analyse the information already available to make an evaluation of the material.

ii. Applied vs. fundamental: Applied or action research aims at finding a solution for an immediate problem, whereas fundamental or basic research is done to add to the body of knowledge which is concerned with generalisations and formulation of theory (Kothari, 2008).

iii. Quantitative vs. qualitative: Quantitative research is based on the measurement of quantity or amount (Kothari, 2008). For example, in quantitative research, the data is gathered through structured questions in a questionnaire which can be measured and analysed. The data is more efficient and able to test hypotheses, but may miss contextual detail (Neill, 2007). The findings are conclusive and usually descriptive in nature. Qualitative research is based on phenomena related to quality or kind. Qualitative data is generated from broad answers to questions in interviews, responses to open-ended questions, through observation and available information gained from various sources (Sekaran & Bougie 2010).

iv. Conceptual vs. empirical: Conceptual research is based on some abstract idea(s) or theory, whereas empirical research relies on experience and is data based research which comes up with conclusions and which can be replicated and verified by observation or experiment (Viranna, 2012).

This research study comprised a blend of descriptive, applied, quantitative and empirical research due to the following reasons:

- Descriptive research as the variables described in Section 3.3.1 could not be controlled by the researcher. The aim of the research summarised the characteristics of the current MVG programme and the current gamblers.

- Applied research study as the aim of the study, discussed above, was used to determine how to improve the current MVG programme at a leading casino in Kwazulu-Natal.

- Quantitative research as all the information that was obtained was measured and analysed to determine whether any relationships exist between the variables identified.

- Empirical research as the findings from the research could be verified by conducting the same research on another sample of MVG customers.

3.5   CONSTRAINTS

It is imperative to determine the limitations under which a study is conducted as these constraints ultimately impact the research methodology selected. In this study, the main constraint noted was the time frame in which the research was conducted. Approximately four months of research time was allocated for this project. In order to maximise this limited time frame, the key consideration was the identification of priority areas relating to the target population, the type of research to be employed and the research instrument that would best facilitate the collection and analysis of data during this time period.

A further constraint was that this research was conducted in a specific geographic area, Durban, and the findings from this research may not apply to casinos operating in a different geographic location. For example, the Johannesburg area has many more casino alternatives to choose from and therefore operates under a more competitive environment than Durban. This may skew the results, especially in addressing the objective of factors influencing brand-switching among casino loyalty programme members.

3.6   RESEARCH DESIGN

Once the variables in a problem situation have been identified and the theoretical framework has been designed, this is followed by the research design. This phase is the 'blueprint' for data collection and is designed to answer the research question.

During research design, issues regarding the purpose of the study, location of the study, the population and sampling design, data collection methods, measurement of the data and analysis of the data are established. The objective of good research design should be to minimise bias and maximise the reliability of the data (Kothari, 2008).

3.7   PARTICIPANTS AND LOCATION OF STUDY

According to Sekaran and Bougie (2010), sampling begins with precisely defining the target population which is itself defined in terms of elements, geographical boundaries,

and time. For this research, to establish the effectiveness of a loyalty programme at a leading casino in Kwazulu-Natal, the target population was all loyalty programme members registered in that casino. The physical database with information of the MVG members served as the population. The parameters (characteristics of the population) chosen are the different MVG card members registered at the casino, namely platinum, gold and silver MVG members. Only those MVG members that have selected that they wish to be communicated with via email facilities were eligible to participate in this research. Maroon card MVG members were excluded as their frequency of visits and amount of spend are not substantial enough to classify these card types as loyal members that are worth researching at this stage. The sampling frame was therefore all silver, gold and platinum MVGs who elected to receive email MVG communication. An element is a single member of the population on which the measurement is taken; in this case it was each MVG member that was sampled.

3.8   SAMPLING

Sekaran and Bougie (2010) defined sampling as the process of selecting items from the population so that the sample characteristics can be generalised to the population. Once the population and sampling frame has been identified, the sampling design needs to be determined. The sample identification and selection process is an integral process in research design and can be either probability or non-probability sampling. In probability sampling the elements in the population have some known non-zero chance or probability of being selected as sample subjects (Sekaran & Bougie, 2010). In non-probability sampling, the elements do not have a known or predetermined chance of being selected as subjects (Sekaran & Bougie, 2010). Therefore probability sampling allows the research to be generalised across the population and non-probability sampling is limited in this regard, even though it offers convenience and timely information.

For this research, probability sampling design was selected as a database of all MVG members existed and each member had an equal chance to participate in the research. Keller (2012) defines the various forms of probability sampling which include:

- Simple random sampling is the simplest method, in which each person is chosen at random from the total population, so that there is an equal opportunity for selection.

- Stratified random sampling, where the population is first divided into subgroups or strata and a given number or a proportion of respondents from each strata are selected at random.

- Systematic sampling is a variant of random sampling except that some system, order or list is introduced to select the participants, for example, every fifth person is chosen.

- Cluster random sampling

- involves the random sampling technique applied to groups, as selecting individuals may be inconvenient or unethical.

Stratified random sampling (the most efficient sampling design) was selected for this research as differentiated information was needed for each reward tier as it would ensure that each MVG member had an equal opportunity of being included. The population (MVG members) was first divided into meaningful segments (platinum, gold and silver); thereafter subjects were drawn randomly to the number of elements in each segment. The advantage of this sample design is that for the same sample size, each important segment of the population is better represented, and more valuable and differentiated information can be obtained with respect to each group.

Anderson (2004) contended that there is insufficient clarity about what the best sample size is for a given population. According to Keller (2012), sample sizes greater than 30 and smaller than 500 are suitable for the majority of research studies. Sekaran and Bougie (2010) summarised the factors affecting decisions on the sample size as a function of the following factors:

- The research objective
- The extent of precision desired
- The acceptable risk in predicting that level of precision
- The amount of variability in the population

- The cost and time constraints

- The size of the population.

The recommended sample size for this study was obtained from the generalised scientific guideline for sample size decisions developed by Krejcie and Morgan (1970, as cited in Sekaran & Bougie, 2010). By applying this model to the total population of platinum, gold silver and maroon MVG members which consisted of approximately 130 000 members, a sample size of 384 was recommended.

3.9   DATA COLLECTION

Following the completion of the research design, the next step is the selection of an appropriate data collection method. The type of data required largely determines the collection method to be employed as primary data is obtained for the first time by the researcher and secondary data has already been collected by someone else and has passed through the statistical processes (Kothari, 2008). Thus for the purpose of this research, primary data was collected. Keller (2012) described various tools for primary data collection, which include direct observation, experiments, and three types of surveys - personal interviews, telephone interviews and self-administered surveys. It was further stated that there are four main methods for data collection which include personal interviews, mail, phone and online. The advantages and disadvantages of these methods are tabulated in Table 3.2.

Table 3.2: Advantages and disadvantages of the four data collection methods

Method of administration	Advantages	Disadvantages
Personal interviews	More information can be obtained, greater flexibility and observation method can be applied	Time consuming, expensive, possible bias, inaccessible to all respondents
Telephonic interviews	Faster, more flexible and cheaper than above. Wider reach and high degree of confidence of data	Possibility of bias. Little time for respondents to consider answers

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		Low rate of return.
Mail/post surveys	Low cost. Free from interviewer bias. Wider reach	Slowest method. Responses may be lost in the post. Inflexibility once posted
Online interviews	Inexpensive to distribute. Self-administered. Low probability of data errors. Instant feedback. Data captured instantaneously	Not accessible to those without email/internet. Possibility of inaccurate demographic data

Source: Adapted from Kothari, C. 2008, Research Methodology: Methods and techniques, New Age International Publishers, New Delhi, viewed 18 May 2013, http://tinyurl.com/4yyzacu *Questionnaire*

This study used the online interview data collection method, described in Table 3.2 and a questionnaire was designed as a tool to facilitate the gathering of data. Sekaran and Bougie (2010) mentioned that when the researcher is aware of what is required and how to measure the identified variables, a questionnaire is the most efficient method of data collection. The research instrument for this study consisted of an online questionnaire survey as this is an inexpensive method of conducting a survey and the number of people to be surveyed was large. Despite the popularity of a questionnaire as a research collection tool, there are some drawbacks to this method, as outlined in Table 3.3.

Table 3.3: The advantages and disadvantages of questionnaires

Advantages	Disadvantages
Less expensive and less time spent	Distribution tool can be costly
Larger number of respondents can be reached	Response rates can be low or incomplete
The respondents have time to answer	Responses to questions may be influenced by the respondent's ability to read all the questions
Greater anonymity	Less opportunity to clarify issues if the questions are not understood
The data is pre-coded	The questions limit and shape the nature of the answers

Source: Adapted from Blaxter, L., Hughes, C. and Malcolm, T. (2001). *How to research*. 2nd edition. Buckingham, Great Britain: Open University Press.

Despite the shortcomings described in Table 3.3, the main rationale for administering an online questionnaire was due to the fact that the majority of MVG members at the casino preferred email as a form of communication as opposed to mail and telephone calls.

3.9.1   Questionnaire design

A key consideration in designing this research questionnaire (Appendix 2) was to ensure that all the research objectives were met. The questionnaire was accordingly divided into the following logical sections:

- Section A: Demographic details of respondents (Questions 1-7).

- Section B: The types of rewards offered and most valued by respondents (Questions 8-11).

- Section C: Respondents' satisfaction with the MVG programme (Questions 12-14).

- Section D: Factors influencing brand-switching among MVG members (Questions 15-20).

- Section E: Additional rewards that should be introduced at the casino (Questions 21-22).

- Section F: The impact of removing the MVG programme (Question 23).

- Section G: The extent to which MVG members are incentivised to reach a higher tier (Questions 24-31).

- Section H: The impact of an online rewards system (Questions 32-35).

- Section I: The MVG communication strategy (Questions 36-40).

In designing the questionnaire, the researcher paid careful attention to the following:

- The length of the questionnaire was kept as short as possible.

- The questions were short, simple and unambiguous.

- No leading questions were asked.

- The number of open-ended questions was limited to only one (Question 42 Appendix 2).

- A variety of measurement scales were used which included dichotomous, multiple choice response, Likert scale and rating scales.

3.10 PRETESTING AND VALIDATION

Pretesting and validation are important steps in the design of the research instrument in order to detect and eliminate weaknesses in the questionnaire before it is administered.

Before the questionnaire was distributed, a pre-test was conducted by the marketing manager and the customer relationship manager at the casino. A replica of the designed questionnaire was sent to these two people in the organisation to ensure that the correct terminology was used, the instructions were clear, the questions were understandable and that all material objectives and related questions were identified and addressed. Once their recommended changes were made to the questionnaire, it was redistributed to a second test group which consisted of ten colleagues from the third-year MBA class and the researcher's supervisor. The feedback of these pre-tests is noted as follows:

- The questionnaire was too long and four questions that were not material to the content were subsequently removed.

- The rating of preferences, for example 1 to 4 with 1 being most liked and 4 being least liked, was confusing and therefore instructions related to those questions were changed to provide more clarity.

- There were too many rating scale questions and some of them were subsequently changed to multiple choice questions as rating questions take time and require more effort from the respondent.

- Spelling and grammatical errors were corrected.

- The questionnaire took approximately 15 minutes to complete.

- The layout and logic flow of the questionnaire was appropriate.

Validation measures the accuracy, completeness and correctness of the research instrument (Sekaran & Bougie, 2010). Validity is obtaining evidence that the instrument used to measure an objective does indeed measure the intended objective. The feedback received from both the staff at the casino and the researcher's supervisor provided content validity by ensuring that the questionnaire measures what it claims to measure. Face validity was obtained by circulating the questionnaire to the ten MBA colleagues to obtain assurance that there is a logical link between the questions and the objectives identified.

Finally, before the questionnaire was sent out to respondents, permission was obtained from the general manager of the casino, after having sight of the questionnaire. With his approval, the questionnaire was ready to be administered.

3.11 QUESTIONNAIRE ADMINISTRATION

Dornyei and Taguchi (2010) advocated that the online administration of questionnaires will proliferate as they offer the following benefits:

- Easier access to a wider geographical population.

- Timeous as the software is able to code and capture data that previously had to be administered personally.

- Cost savings as no postage is necessary if being sent via email and no human resource costs are incurred.

- More visually appealing questionnaire as graphics and colour can be included.

- It facilitates easier response actions, for example, drop down menus.

- More convincing assurance for the anonymity of respondents.

- The progress of the response rates can be monitored and multiple attempts can be made to contact respondents.

This study made use of a web based online software programme hosted by QuestionPro in order to gather primary research data. Both the questionnaire and informed letter of consent (Appendix 1) were created on QuestionPro. The email details of all the platinum, gold and silver MVG members from the casino database were exported from the MVG database to QuestionPro by using an upload file. The questionnaire was then distributed to the MVG members by email, with the electronic survey link attached, which gave the MVG members direct access to the QuestionPro website once selected. Participation in the research was voluntary and to ensure a high response rate, the purpose of the research study was provided and contact details for both the researcher and customer relationship manager were provided. The progress of the respondents was tracked on a weekly basis and after two weeks of the first email being sent out, a reminder email was sent to all respondents that had not yet completed the questionnaire. All responses were captured directly on QuestionPro by the respondents and no manual questionnaires were obtained.

3.12   ANALYSIS OF DATA

QuestionPro was used for dual purposes; it had to administer the questionnaire and had to integrate the online survey data for analysis. Sekaran and Bougie (2010) stated that the data obtained from the questionnaire need to be statistically coded in order to determine variation and this process involves assigning numbers to responses so that the data can be grouped into categories. QuestionPro automatically captured data as and when every respondent clicked on the survey link. The software program enabled a numerical code to be assigned to each variable which could then be exported to another program, for example Statistical Package for Social Sciences (SPSS) or cross reference with another variable to determine any correlation relationships (QuestionPro, 2011). The data was then edited to eliminate any blank responses and inconsistent data. All incomplete surveys were removed from the final analysis to arrive at a final data sample to be analysed.

The analysis of data can be categorised as descriptive or inferential statistics. Keller (2012) defined descriptive statistics as methods of organising, summarising, and presenting data in a convenient and informative way using graphical and numerical techniques. Keller

(2012) defined inferential statistics as methods used to draw conclusions or inferences about characteristics of a population based on sample data. This study used both data analysis methods.

3.12.1 Descriptive analysis

Graphical techniques are used to present data in the form of graphs, pie charts and tables. Numerical techniques are used to present data in the form of percentages, proportions, frequencies and measures of central tendency and dispersion.

3.12.2 Inferential analysis

The researcher analysed whether any relationships exist between two variables or whether they are independent of each other. According to Keller (2012), this can be statistically confirmed by the chi-square (X^2) test, which indicates whether or not the observed pattern is due to chance and thereby establish whether any relationships exist. Any p-value less than 0.05 is an indication that a significant relationship exists between two variables and that it did not happen by chance.

3.13 ETHICAL CONSIDERATIONS

Saunders *et al.* (2003, as cited by Singh, 2012) defined research ethics as the appropriateness of a researcher's behaviour in relation to the rights of the participants of the study. If research data is collected without the knowledge and consent of the participant, this would constitute unethical behaviour. Furthermore, if data is obtained from a company resource, for example a list of all customers from an organisation's database, ethical behaviour would warrant the researcher to obtain permission from the responsible person of that organisation. Various ethical actions were performed during this research study. Firstly, ethical clearance (Appendix 4) was obtained from the University of KwaZulu-Natal's (UKZN) research office. A gatekeeper's letter (Appendix 3) was obtained from the general manager of the casino where the study was conducted in order to obtain consent to conduct the study among the MVG members but no consent was given to publish the results. Finally, informed consent was obtained in the preamble to the questionnaire (Appendix 1).

3.14   SUMMARY

Chapter Three described the research methodology, research design and statistical techniques used for this study. A discussion was presented for the selection of certain methodologies, designs and techniques used in the research. The details of the research instrument employed in this study, an online self-administered questionnaire, its administration, data collection and validity were discussed. Finally, the data analysis techniques have been outlined in this chapter. Chapter Four will detail the presentation and discussion of the research results obtained from the completed questionnaires.

CHAPTER FOUR:

ANALYSIS AND DISCUSSION OF RESULTS

4.1   INTRODUCTION

This chapter presents, interprets and summarises the primary data that was gathered from the MVGs at Sibaya Casino and Entertainment Kingdom (Sibaya). The opening part of this chapter outlines the demographic profile of the respondents and thereafter it focuses on the findings related to each objective of the study. Conclusions and discussions presented in the literature review in Chapter Two will be used to validate the research findings, where applicable.

Of the 132 730 MVGs registered in the Sibaya database, only 503 participants completed the questionnaire which is a sufficient sample size to generalise the research findings according to the Krejcie and Morgan model (1970, as cited in Sekaran & Bougie, 2010). The data from the incomplete questionnaires was removed from the final list of respondents. The average time taken to complete the questionnaire was 20 minutes which was more than the predicted time of 15 minutes. The limitation of this analysis is that due to the lack of research available on casino loyalty programmes, parts of the discussion are restricted to the findings from this study and cannot be cross-referenced with other findings. Descriptive and inferential statistics have been used to present the results.

4.2   MOST VALUED GUEST TIERS

Sun International has a tiered MVG loyalty programme which rewards members with points for playing on slots and tables at any Sun International Casino. As members earn more points, they progress through the MVG card status levels, from maroon (entry level) through silver and gold all the way to platinum, with the benefits and rewards increasing along each tier. Maroon card-holders were excluded from this study as the frequency of their visits and the amount of spending are not substantial enough to classify these card types as profitable members that are worth researching at this stage. Casinos focus on advertising and promotions to attract and retain maroon card holders. Due to their

infrequent visits to the casino and minimal level of spend, maroon card holders are not defined as loyal customers and it would therefore cost a casino more money to retain this segment by offering MVG benefits. Once they are promoted to the silver tier, they become more attractive customers to retain. The sampling frame therefore only consisted of three tiers of the MVGs that were on the database at May 2013 and who elected to receive email communication. This population represented 9% of the entire database of MVGs. Table 4.1 illustrates the segmentation of the respondents in proportion to the actual MVG members at Sibaya.

Table 4.1: Most Valued Guest tiers to receive email communication

	Platinum	Gold	Silver	Total
Population size	1 437	11 760	25 830	**132 720**
Population proportion	**1%**	**9%**	**19%**	
Sampling frame size	705	4 018	6 546	**11 269**
Sampling frame proportion	**6%**	**36%**	**58%**	
Sample size	56	222	225	**503**
Sample proportion	**11%**	**44%**	**45%**	

The Krejcie and Morgan model (1970, as cited in Sekaran & Bougie, 2010) recommends a sample of 384 respondents from a population size greater than 75 000. The 503 respondents that completed the questionnaire comprised of 11% platinum, 44% gold and 45% silver MVG members, which is a fair proportion of the total population size. The data obtained from this research can therefore be generalised across all three MVG tiers. A substantial analysis of the research that follows draws reference to the individual tiers in the form of cross-tabulation calculations. This was done in order to determine if any relationships exist within each tier.

4.3   DEMOGRAPHICS

The demographics of customer segments are critical in an organisation as they provide a basis for meaningful information. By segmenting the database, casinos can provide targeted rewards and promotions aimed at a particular segment.

Table 4.2 depicts the basic demographics of the MVGs at Sibaya based on age, gender and race. The segments were also further analysed according to relationship status, whether the MVGs had children and if they responded that they did have children, the age of their children.

Table 4.2: Demographics of Most Valued Guests

	Characteristic	Percentage
Age	18-24 years	4%
	25-34 years	16%
	35-59 years	66%
	60 years and older	14%
Gender	Male	49%
	Female	51%
Race	African	2%
	Coloured	3%
	Indian	71%
	White	22%
	Asian	2%
Relationship status	Single	9%
	Married	73%
	Divorced	4%
	Widowed	5%
	In a relationship	9%
Children	Yes	77%
	No	23%
Age of children	<1 year	2%
	1-5 years	10%
	6-10 years	15%
	11-15 years	16%
	15-18 years	11%
	>18 years	46%

It is evident from Table 4.2 that 80% of MVGs are 35 years and older, with the highest proportion being between the ages of 35-59 years (66%) and the smallest proportion of MVGs being the 18-24 year segment (4%). The ratio of males to females is fairly equal which is consistent with both the gender population of the MVG database as well as the 2011 KwaZulu-Natal Census data. According to the Census 2011 data (Statistics South Africa, 2013), population distribution figures in KwaZulu-Natal show that the province still has the highest Indian/Asian population in South Africa, constituting 7% of the province's population. Around 88% of KwaZulu-Natal's population are African/Black, 1% are Coloured and 4% are White. This corroborates the high number of Indian MVGs at Sibaya, which make up 71% of the sample size, followed by White MVGs which comprise 22%. Whilst the African population is the largest in the province, it is interesting to note that they only comprise 2% of the total respondents.

Table 4.2 further illustrates that the lifestyle segment of MVGs is mainly married with children. There is an almost equal distribution of children that are under 18 years and those that are older than 18 years.

According to Riley (2012), psychographic segmentation or behavioural segmentation divides the market into groups according to customers' lifestyles as a person's behaviour may change as they pass through different stages of life. This distinction is important as a family with young children is likely to have a different lifestyle to a much older couple whose children have left home. The four main stages in a typical lifestyle are:

- Dependent (children still living at home with parents);
- Pre-family (with their own households but no children);
- Family (parents with at least one dependent child); and
- Late (parents with children who have left home, or older childless couples).

Table 4.2 reflects that the lifestyle segment of Sibaya MVGs will therefore fall into the "Family" and "Late" segments outlined above.

4.4 OBJECTIVES OF THE STUDY

Questions were designed to reach a finding for each objective identified. The responses to these questions were analysed using graphical analysis and where necessary, correlations with independent variables were studied.

4.4.1 Objective one: To determine which rewards are most valued by MVG members

A variety of rewards is offered on the current MVG reward programme and was outlined in the questionnaire. In order to determine which rewards are most valued to the MVG, it was necessary to establish whether the MVGs are aware of all of the offers available to them. Rewards are offered based on the tiers; with the most exclusive rewards being offered to platinum guests only. Table 4.3 illustrates the rewards offered and the importance MVGs attach to each reward.

Table 4.3: Importance of Most Valued Guest rewards

Rewards offered	Not aware of this discount	Not important at all	Not important	Important	Very important	Total
Accommodation discounts	-	-	3%	13%	84%	100%
Special MVG offers and promotions	1%	1%	2%	13%	83%	100%
Free entry into all casinos	-	1%	4%	12%	83%	100%
VIP Parking	-	-	4%	16%	80%	100%
Food and Beverage discounts	-	-	5%	23%	72%	100%
Points playback	2%	3%	9%	20%	66%	100%
Invitations to special events	3%	2%	7%	26%	62%	100%
MVG Partner card	3%	2%	14%	19%	62%	100%
Green fees discounts	7%	27%	32%	15%	19%	100%

It is evident from Table 4.3 that the top five most valued benefits are the accommodation discounts (97% importance), special MVG offers and promotions (96% importance), VIP parking (96% importance), free entrance to casinos (95% importance), and food and beverage discounts (95% importance). There is no literature available to support this finding. It is unique to the study and therefore adds to the body of knowledge in this field.

It is not surprising that the green fees discount had a 59% rating of unimportant as Sibaya does not have a golf course. This result would rate higher in value at a Sun International casino that has a golf course, for example Sun City and Wild Coast Sun.

Even though the platinum MVG members made up the smallest proportion of the MVG database, the most amount of money is spent by this tier, as they are the most profitable tier. This has been corroborated in the 80/20 rule Pareto Principle (Zeithaml & Bitner, 2003), as discussed in Chapter 2. Platinum MVGs are entitled to five additional exclusive benefits. Table 4.4 illustrates the special rewards that are offered solely to the platinum MVG guests.

Table 4.4: Importance of exclusive platinum MVG rewards

	Rewards offered	How important are the following rewards to you?					
		Not aware of this discount	Not important at all	Not important	Important	Very important	Total
Platinum Rewards	MVG lounge and Privé privileges	7%	3%	8%	15%	67%	100%
	Complimentary food & beverage whilst playing	13%	6%	13%	21%	47%	100%
	Dream holidays	16%	7%	14%	21%	42%	100%
	Dedicated hotel check-in and cash desk facilities	16%	7%	17%	24%	36%	100%
	Quarterly Privé magazine	14%	8%	22%	27%	29%	100%

It is evident from Table 4.4 that the most valued special platinum benefit is the MVG lounge and Privé privileges (82% importance). All the remaining rewards, with the exception of the quarterly Privé magazine fall into the 60% importance range, with no outright preference of importance among these three rewards. Only the quarterly Privé magazine scored below the 60% range (56% importance) indicating that it is not a high value reward. It is concerning to note that for every type of special reward offered, some platinum MVG guests are unaware of these rewards.

Table 4.3 and Table 4.4 highlight the concern that there is a lack of awareness of all the MVG rewards, especially among the platinum guests. Where respondents were unaware of the awards, it is necessary to establish a reason for this lack of awareness.

Table 4.5: Reasons for the lack of awareness of MVG rewards

Which statement best describes your knowledge of the MVG rewards?	Why are you unaware of some/all of the MVG rewards?			
	I have not received any communication	Benefits are only applicable to a higher tier	These benefits do not interest me	Total
I am aware of most of the MVG rewards	12%	30%	3%	**46%**
I am aware of some of the MVG rewards	17%	30%	2%	**48%**
I am unaware of all of the MVG rewards	2%	3%	1%	**6%**
Total	**31%**	**63%**	**6%**	**100%**
n = 503		X^2 = 8.023		p = 0.236

It is apparent from Table 4.5 that the main reason for the lack of awareness is due to the fact that the unknown benefits did not apply to the tier of the respondent (63%). However, a substantial number of respondents (31%) felt that a lack of communication was also a contributing factor.

It is equally important to establish the reasons why MVGs value being a member of the casino loyalty programmes. The four reasons why MVG members belong to a casino loyalty programme are rewards offered, recognition from other players, recognition from Sibaya staff and service received from Sibaya staff.

The MVGs were asked to rank how they valued each of these, with 1 being the most valued and 4 being the least valued. The results are depicted in Table 4.6.

Table 4.6: Ranking the value of being a Most Valued Guest

Rank	Value of being an MVG member	Mean
1	Rewards offered	1.70
2	Recognition from Sibaya staff	2.59
3	Service received from Sibaya staff	2.50
4	Recognition from other players	3.21

Table 4.6 indicates that the rewards offered were the most valued benefit of being an MVG member (mean = 1.70) followed by the service received from Sibaya staff (mean = 2.50). This is consistent with the findings by Omar and Musa (2011) who contended that a successful loyalty programme emphasised the need for excellent service quality to ensure a pleasant experience/service encounter to loyalty members. Recognition from Sibaya staff was of lesser value (mean = 2.59) and recognition from other players (mean = 3.21) was of least value to an MVG member. It is evident that MVGs are more concerned with self-gain, based on their rewards and the service that they receive from Sibaya staff, than recognition from others.

4.4.2   Objective two: To establish customers' satisfaction with the casino loyalty programme

A considerable amount of money is invested in the MVG programme in order to attract new guests and retain existing ones and thereby creating a form of customer loyalty. Gustavsson and Lundgren (2005) noted that the goal of loyalty programmes is to establish

a high level of customer retention by providing satisfaction and value to certain customers.

Table 4.7 illustrates how MVGs rate the current MVG programme and how likely they are to recommend the programmes to others.

Table 4.7: Rating and recommending the Most Valued Guest programme

How do you rate the current MVG programme at Sibaya?	Would you recommend the Sibaya MVG programme to others?				
	Very unlikely	Unlikely	Likely	Very likely	Total
Significantly exceeds my expectation	-	-	1%	5%	**6%**
Exceeds my expectation	-	-	3%	9%	**12%**
Meets my expectation	-	1%	25%	22%	**49%**
Falls short of my expectation	-	3%	17%	9%	**29%**
Significantly falls short of my expectation	1%	1%	1%	1%	**4%**
Total	**1%**	**5%**	**47%**	**46%**	**100%**
n = 503		X^2 = 158.249			p = 0.000

It is evident from Table 4.7 that almost half (49%) of the MVGs believe that the casino loyalty programme meets their expectation, 18% of the respondents indicated that the MVG programme exceeds their expectation and the remaining 33% viewed it as below their levels of expectation. Almost half of the participants (47%) are likely to recommend the MVG programme to others, a further 46% are very likely to recommend the programme to others, with the remaining 6% indicating that they are unlikely to recommend the MVG programme to others. This is inconsistent with the findings of Ou *et al*. (2011) which established that the higher the customer satisfaction, the more willing are they to provide positive recommendations by word of mouth. An anomaly has been noted, in that, even though 33% of the participants believe that the MVG programme falls short of their expectation, only 6% said that they are unlikely to recommend the programme to others.

Those respondents who selected that the MVG programme falls short or significantly short of their expectations (33% in total) were asked to identify potential areas for improvement. This result is presented in Table 4.8.

Table 4.8: Improvement areas in the Most Valued Guest programme

Improvement areas	No improvement needed	Improvement needed	Significant improvement needed	Total
Points should not expire	1%	9%	90%	100%
Improve the type of rewards offered	2%	18%	80%	100%
Reduce queues at MVG desks and kiosks	8%	25%	67%	100%
Simpler way to calculate points earned	9%	25%	66%	100%
Create a process to redeem own rewards	13%	30%	57%	100%
Improve the current process to redeem points	10%	40%	50%	100%
Better communication	16%	43%	41%	100%
Improve the efficiency of Sibaya staff	18%	41%	41%	100%
Greater awareness of the programme	11%	60%	29%	100%
Simplify the registration process	53%	30%	17%	100%

Based on the results in Table 4.8, there is an overwhelming need to make substantial improvements to the MVG programme across all areas. The only area where more than half the MVGs feel that no improvement is needed is in the MVG registration process. A total of 99% of the respondents believed that the points that they accumulate should not expire. The current process is that MVG points expire a year from the date that they are earned, if not redeemed during that year. A large majority (87%) of the participants believed that a process should be created to redeem their own rewards which will be discussed further under objective four. A further 84% of the respondents were of the

opinion that better communication is needed and 89% also indicated that greater awareness of the MVG programme is needed; this will be addressed under objective eight. Finally, 81% of the respondents felt that improvements need to be made in the efficiency of Sibaya staff. This is validated by the findings from Crofts (2011, p.6) who established that the implementation of a successful casino loyalty programme must have involvement from staff; as well as Omar and Musa (2011) who emphasised the need for excellent service quality by providing adequate training to staff.

4.4.3 Objective three: To determine what factors influence brand-switching among MVG members

A Sun International MVG card entitles members to rewards and benefits across all other casino and hotel properties within the group; adding to the value of benefits for MVG members and creating intercompany pollination and synergies. A breakdown of the frequency of visits to these properties is depicted in Figure 4.1.
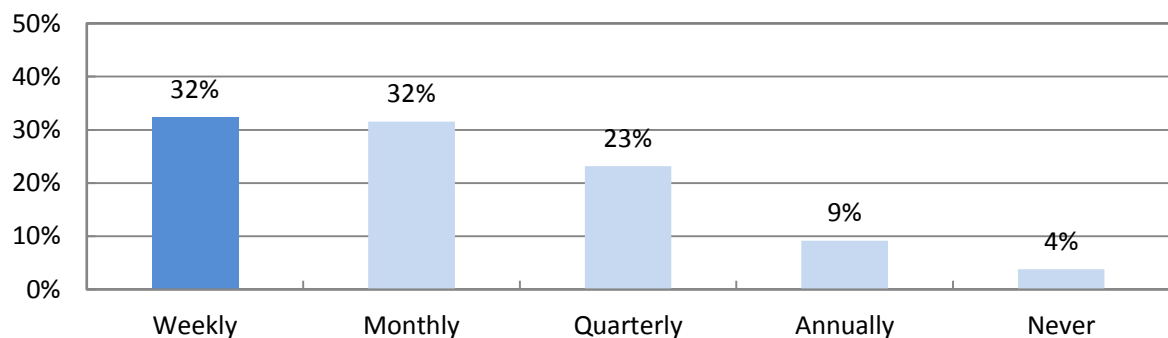
Figure 4.1: Frequency of visits to other Sun International casinos

Figure 4.1 depicts that more than 96% of Sibaya MVG customers visit other Sun International casinos and hotels, 32% visit other Sun International casinos at least weekly and monthly, with the remaining 23% and 9% visiting quarterly and annually respectively. Only 4% of respondents do not visit other properties within the group. The most frequently visited casino within the Sun International group is Wild Coast Sun (70%), with no other casino having a dominance of visits by Sibaya MVGs. Based on geographical location, this finding is not surprising as it is the closest Sun International casino to Sibaya,

being 188km apart. Gustavsson and Lundgren (2005) confirmed that customer loyalty programmes offer financial and relationship rewards to customers with the purpose of making the customers brand loyal. The results in Figure 4.1 indicate that Sibaya MVG members are also loyal to other Sun International properties, thereby building brand loyalty.

Conrad (2009) stated that almost every casino had a loyalty programme. Research questions were also asked to gauge whether Sibaya MVG members were loyalty members of other casinos, outside of the Sun International group. A total of 67% of MVGs indicated that they belong to other casino loyalty programmes, which confirms the findings of Palmer and Mahoney (cited in Crofts, 2011) who argued that members often belong to multiple casino loyalty programmes. Table 4.9 lists those casinos where the MVGs also have a loyalty membership.

Table 4.9: Most Valued Guests who are registered with other casino loyalty membership programmes by tier

		Which other casino loyalty programmes are you a member of?						
		Suncoast	Golden Horse	Blackrock Newcastle	Tusk Umfolozi	Monte Casino	Other	Total
What is your MVG status?	Silver	22%	6%	-	1%	**5%**	4%	**38%**
	Gold	24%	9%	2%	5%	**6%**	4%	**50%**
	Platinum	5%	3%	-	1%	**2%**	1%	**12%**
	Total	**51%**	**18%**	**2%**	**7%**	**13%**	**9%**	**100%**
n = 618				X^2 = 15.343				p = 0.427

Table 4.9 highlights that 51% of these MVG members belonged to Suncoast casino. Based on geographical location, this finding is not surprising as it is the closest competitor casino to Sibaya, being 22km apart. The next largest proportion (18%) were members of Golden Horse casino, situated in Pietermaritzburg, which is the second closest casino to Sibaya, being 92km away. A further 9% of the respondents were members of the remaining two casinos in Kwazulu-Natal, being Blackrock casino and Tusk Umfolozi situated in Newcastle and Richards Bay respectively. A total of 22% of the respondents were MVG members of

casinos outside of Kwazulu-Natal. A cross-tabulation between MVG tier and memberships at other casino loyalty programmes found that MVG tier does not impact the number of loyalty programmes that a member will belong to. In the platinum tier, all 11% of the total platinum respondents were members of competitor casino loyalty programmes.

Based on these findings, it can be concluded that MVG members, despite their reward tier, will not remain loyal to only one casino loyalty programmes and will join other programmes; with geographic location being a key factor.

Wirtz *et al*. (2007, p.330) found that loyal programme members, who are dissatisfied, do not switch to a competitor brand. It is therefore imperative that a loyalty programme is more superior to that of the competitor. The 67% respondents that belonged to MVG programmes of competitor casinos were asked to compare the Sibaya MVG programme to the other MVG programmes. The results as presented in Figure 4.2.
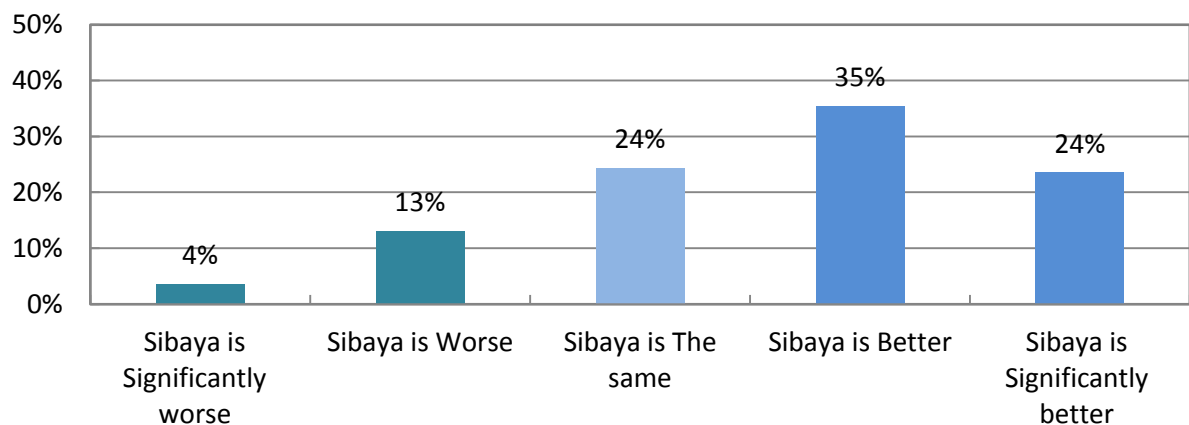
Figure 4.2: Rating the MVG programme at Sibaya compared to other casinos

It is evident from Figure 4.3 that the majority (59%) of respondents who had other casino MVG memberships rated the Sibaya MVG programme better than the competitors and 24% rated them to be the same.

The 17% respondents that felt other loyalty programmes were better were asked to rank why other casino loyalty programmes were better than the Sibaya MVG programme,

where 1 has the most significant difference and 8 has the least significant difference . The results are illustrated in Table 4.10.

Table 4.10: Ranking why competitor casino loyalty programmes are better than the Sibaya MVG programme

Rank	Value of being an MVG member	Mean
1	They offer better accommodation discounts than Sibaya	3.23
2	They offer better food and beverage discounts than Sibaya	3.25
3	They have better MVG promotions than Sibaya	3.93
4	I get more invitations to special events and shows offered at other casinos than Sibaya	4.00
5	I am treated better at other casinos	4.54
6	They communicate better regarding the MVG programmes than Sibaya	5.38
7	It is easier to redeem MVG points at other casinos than Sibaya	5.77
8	Their MVG programmes are simpler to understand than Sibaya	5.91

Based on the results presented in Table 4.10, it is evident that there is not a substantial difference between the rewards at competitor loyalty programmes and Sibaya MVG programme, with the mean being 4.5. Most participants felt that other loyalty programmes offered better accommodation discounts (mean = 3.23) followed by those respondents who felt that better food and beverage discounts were offered at competitor loyalty programmes (mean = 3.25). Despite having fewer room inventories than Sibaya, Suncoast casino offers cheaper room rates for MVG members and this could be a contributing factor for this result. Furthermore, Suncoast casino has a larger variety of food and beverage outlets than Sibaya so this could negatively impact some respondents' attitude towards the food and beverage options at Sibaya.

4.4.4 Objective four: To identify additional rewards that are not currently offered to casino loyalty programme members

Identifying potential rewards that can add variety to the current offerings will result in an improved rewards programme. Table 4.11 depicts how MVG members ranked the

introduction of new benefits that are not currently offered, where 1 is most preferred and 5 is the least preferred potential reward.

Table 4.11: Ranking potential of Most Valued Guests discounts and benefits

Rank	Value of being an MVG member	Mean
1	Discounts and benefits at the fast-food outlets at Sibaya (Nandos, Debonairs & Steers)	2.35
2	Discounts and benefits at other entertainment venues in Durban (ICC, uShaka etc.)	2.95
3	Discounts and benefits at Mangwanani Spa at Sibaya	3.00
4	Discounts and benefits at sporting venues in Durban (cricket, rugby, soccer matches etc.)	3.08
5	Discounts and benefits for conferencing and banqueting facilities at Sibaya (Sibaya Imbizo Conference Centre, Sondela etc.)	3.61

Gable *et al*. (2008) stated that a successful customer loyalty programme should provide buyers with a large range of rewards to induce them to become frequent buyers and increase their spending. There are currently three fast food outlets, namely Nandos, Steers and Debonairs and a spa, Mangwanani Spa, situated at Sibaya. These are all franchised operations which are not owned, managed nor operated by Sibaya. There are currently no MVG discounts, benefits or promotions that are offered to MVGs utilising these outlets. Based on Table 4.11, the majority respondents ranked the discounts and benefits at the fast-food outlets at Sibaya as the most value-add additional reward that can be introduced to the programme (mean = 2.35). This is followed by discounts and benefits at other entertainment venues in Durban as the second most valued reward (mean = 2.95) that will entitle them to benefits at other entertainment venues, for example, the International Convention Centre (ICC) shows and uShaka Marine World. Sibaya has a spa centre on site, Mangwanani African Spa, which is also not owned, managed and operated by Sibaya, and this was ranked the third best potential reward by the respondents (mean = 3.00). Following this, discounts and benefits at sporting venues were ranked as the fourth most valued potential rewards (mean = 3.08) and the least

value adding reward was discounts and benefits at conferencing and banqueting facilities at Sibaya (mean = 3.61).

The respondents were then asked to assess how these rewards would affect their current behaviour. Figure 4.3 illustrates the change in MVG behaviour from the introduction of potential rewards.
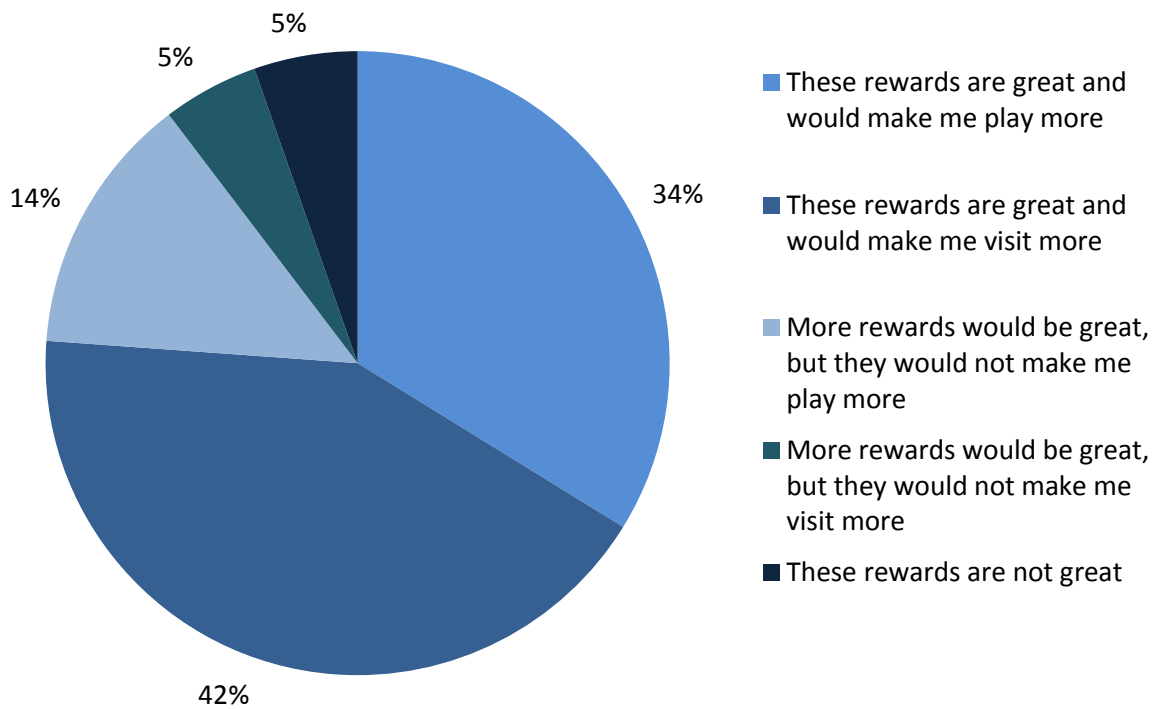

Figure 4.3: The change in Most Valued Guest behaviour from introducing additional rewards

The majority of respondents (95%) said that these rewards were great. Of them, 42% said these potential rewards would make them visit more and 34% said that these rewards would make them play more. A further 14% of them felt that these rewards would not make them play more and the remaining 5% said that these rewards would not make them visit more. Only 5% of the respondents felt that these rewards were not great. This corroborates the findings of Duvenage (2012), who stated that FNB have noticed a positive shift in members' spending behaviour by including additional reward partners in

their "eBucks" loyalty programme. Based on these findings, it can be concluded that these additional potential rewards will positively impact both the MVG member by offering a greater variety of rewards, and Sibaya, as profitability will increase from more visits and play from MVGs.

4.4.5   Objective five: To establish whether casino loyalty programme members would continue to play at the same level in the absence of a loyalty programme

One way to assess the effectiveness of loyalty programmes, is by establishing whether loyalty programmes increase profitability. This can be measured by the increased spend by MVG customers. Figure 4.4 presents the impact of the MVG programme on the level of customer play, which directly impacts the profitability of the casino.
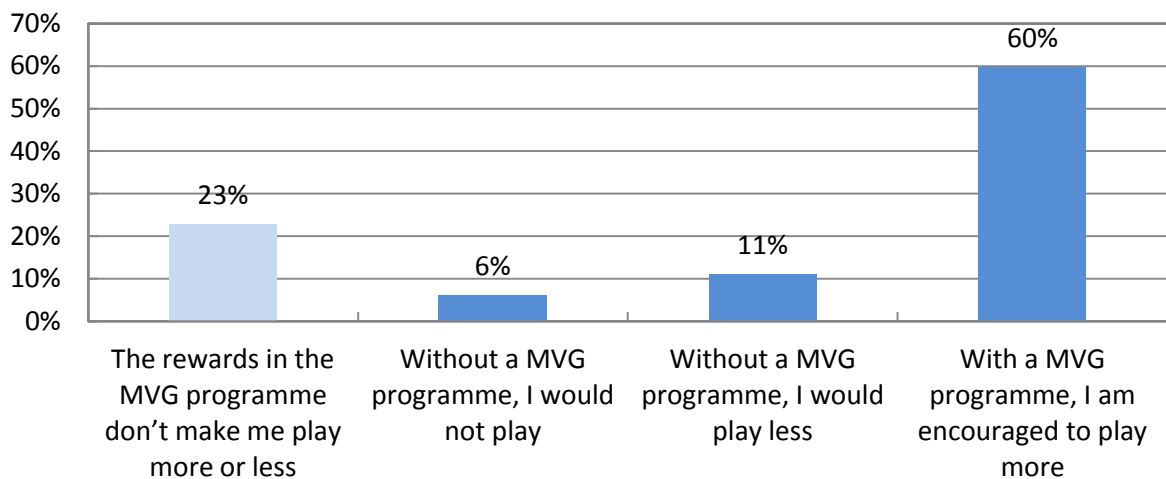

Figure 4.4: The impact of the MVG programme on the level of customer spend

Based on the evidence presented in Figure 4.4, the MVG programme has a positive impact on 77% of the respondents' playing habits. The majority (60%) of the participants responded that they were encouraged to play more with an MVG programme, 11% of the respondents elected that they would play less without an MVG programme and 6% said that they would not play in the absence of an MVG programme. This corroborates the findings of Gable *et al.* (2008) who found that loyalty programme participants spent more than non-participants and Taylor and Neslin (2005, p.298) who established that

customers increase their purchase frequency to earn rewards. Approximately one fifth (23%) of the respondents said that their level of play was unaffected by the MVG programme. This finding is also aligned with Dreze and Nunes (2008) who concluded that the purchase/consumption patterns of customers who aspire to achieve the next higher level or maintain their highest levels are increased.

Based on this finding, it is evident that the Sibaya MVG programme has a positive impact on customer play, thereby increasing the profitability of the company.

4.4.6   Objective six: To establish whether casino loyalty programme members are sufficiently incentivised to achieve a higher reward level

A total of 28% of the respondents selected the "No" option when asked if they were aware of each of the four MVG tiers. This indicates that there is a lack of awareness of all four tiers that exist in the MVG programme. Table 4.12 illustrates the MVG knowledge of all the different reward levels across each reward card types.

Table 4.12: Knowledge of all the Most Valued Guest reward card type by tier

	Yes	No	Total
Maroon	83%	17%	100%
Silver	86%	14%	100%
Gold	85%	15%	100%
Platinum	73%	27%	100%

Based on Table 4.12, it can be established that the results for the three tiers, excluding platinum, were fairly consistent; however, the lack of awareness of the platinum tier is almost double than the other tiers. All MVG members who sign up for the loyalty programme are issued a maroon card. As their level of spend increases, they progress towards the next tier being silver, gold and platinum respectively. Increased customer profitability can be achieved if MVG members are sufficiently incentivised and motivated to reach the next higher tier, if members wish to retain their current reward tier or members are concerned about dropping to a lower tier. In order to be motivated to reach

a higher tier, MVGs need to be aware of the following factors: all the reward tiers, their current MVG points and the points need to reach the next higher tier. If MVG members are not aware of the higher tiers, they will not be incentivised or motivated to attain this tier. The 28% of respondents who selected the "No" option were asked for reasons to explain the lack of knowledge. The results are detailed in Figure 4.5.
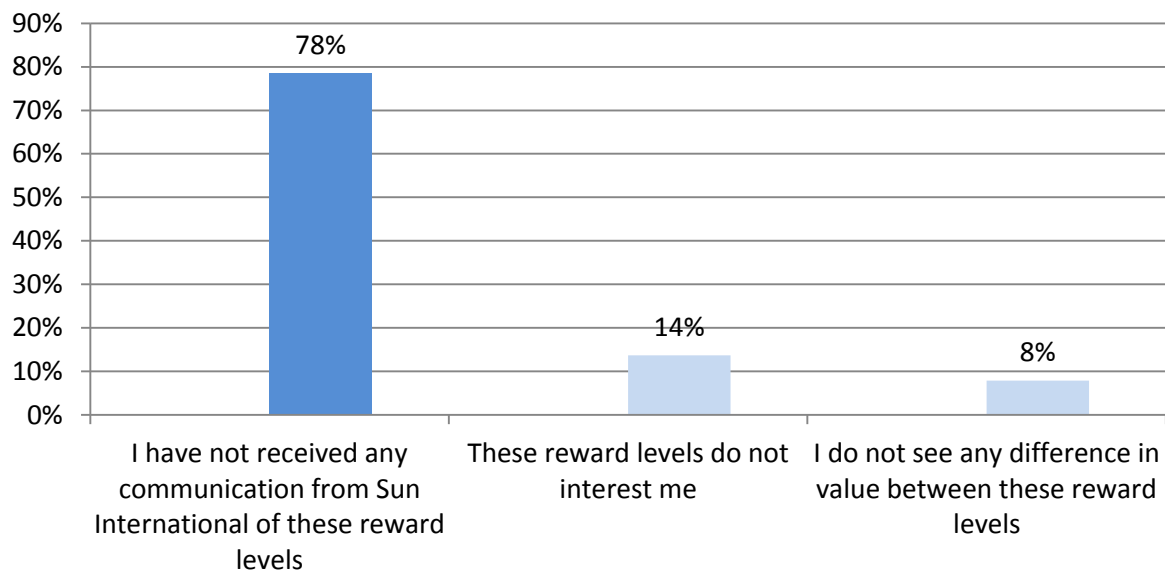

Figure 4.5: Reasons for the lack of knowledge of all four MVG tiers

Based on Figure 4.5, 78% blamed the lack of communication from Sun International as the main reason for not being aware of all the reward card types. The remaining 14% felt that the reward levels did not interest them and 8% felt that they did not see any difference between these reward levels. This corroborates the findings of the 23% of the respondents who said that their level of play is unaffected by the MVG programme in Figure 4.4.

Members can only reach the next tier if their MVG points increase. In order to be incentivised to do so, they need to know their current MVG points. A total of 178 of the 503 respondents (35%) were not aware of their current MVG points. Figure 4.6 outlines the reason for their lack of knowledge of their current MVG points.
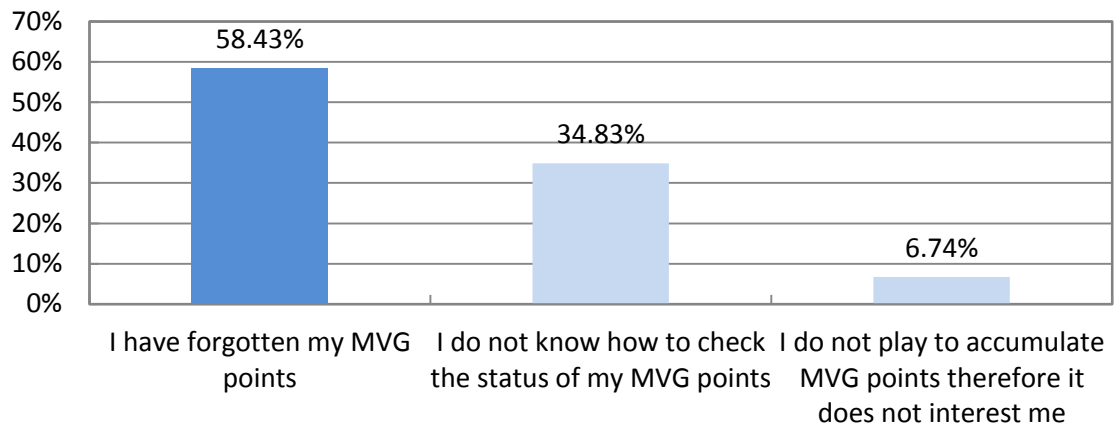
Figure 4.6: Reasons for the lack of awareness of current MVG points

Based on Figure 4.6, 58% had forgotten their points, 35% did not know how to check the status of their MVG points and 8% were unaffected by MVG points as it does not interest them.

Members can only reach the next higher tier if their MVG points increased. In order to be incentivised to do so, they need to know the MVG points required to reach this higher tier. A total of 318 of the 503 (63%) respondents were not aware of the points needed to reach the next higher reward tier. Figure 4.7 outlines the reasons for their lack of awareness needed to reach the next reward level.
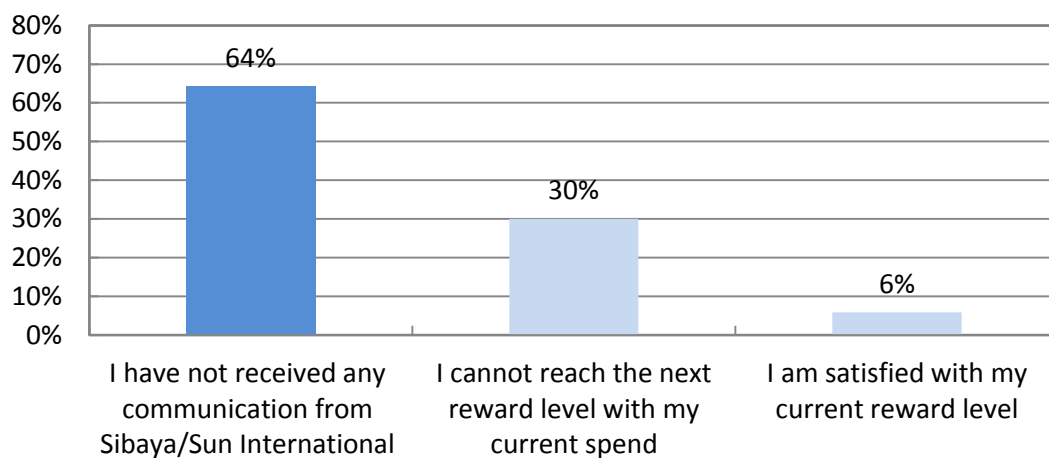

Figure 4.7: Reasons for the lack of awareness needed to reach the next reward level

It is evident from Figure 4.7 that 64% respondents had not received any communication, 30% believed that they could not reach the next reward level on their current spend and 6% were satisfied with their current reward level.

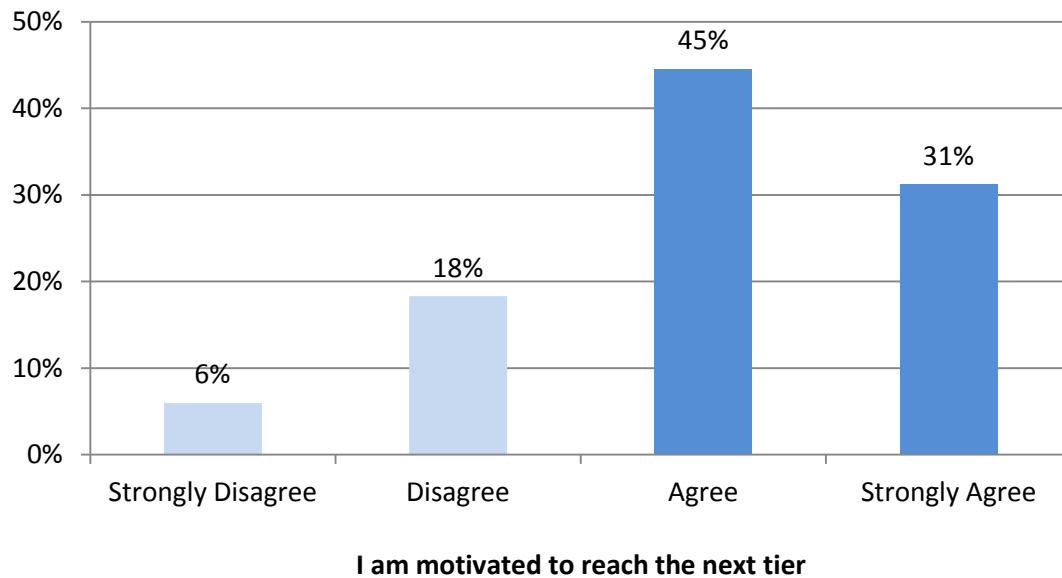Respondents were asked if they were motivated to reach the next tier (Figure 4.8).

I am motivated to reach the next tier

Figure 4.8: Assessing whether Most Valued Guests are motivated to reach the next tier

As noted in Figure 4.8, 381 of the 503 (76%) respondents are motivated and strongly motivated to reach the next reward tier. The reasons for being motivated to reach the next tier are ranked in Table 4.13.

Table 4.13: Ranking motivation factors for reaching a higher tier

Rank	Value of being an MVG member	Mean
1	Better rewards	1.22
2	More prestigious	2.22
3	Better service from Sibaya staff	2.55

As evident from Table 4.10, the majority of respondents ranked better rewards as the most important motivating factor in reaching a higher tier (mean = 1.22), followed by

more prestige being an important factor (mean = 2.22) and finally better service from Sibaya staff as the least important reason for being motivated (mean = 2.55).

Based on the above findings, the majority of MVG members are incentivised to reach a higher tier mainly due to the better rewards anticipated.

4.4.7   Objective seven: To determine whether casino loyalty programme members will support an online rewards system

The internet has become the most operative communication tool due to its speed, geographical reach and accessibility. It has changed the way that businesses function by creating efficiencies and more user-friendly processes. There are no casinos in South Africa that currently have an online rewards system. MVG members were asked whether they had access to an internet facility and 96% responded that they did. Respondents were also asked to rank whether they would support an online rewards system and the results are presented in Figure 4.9.
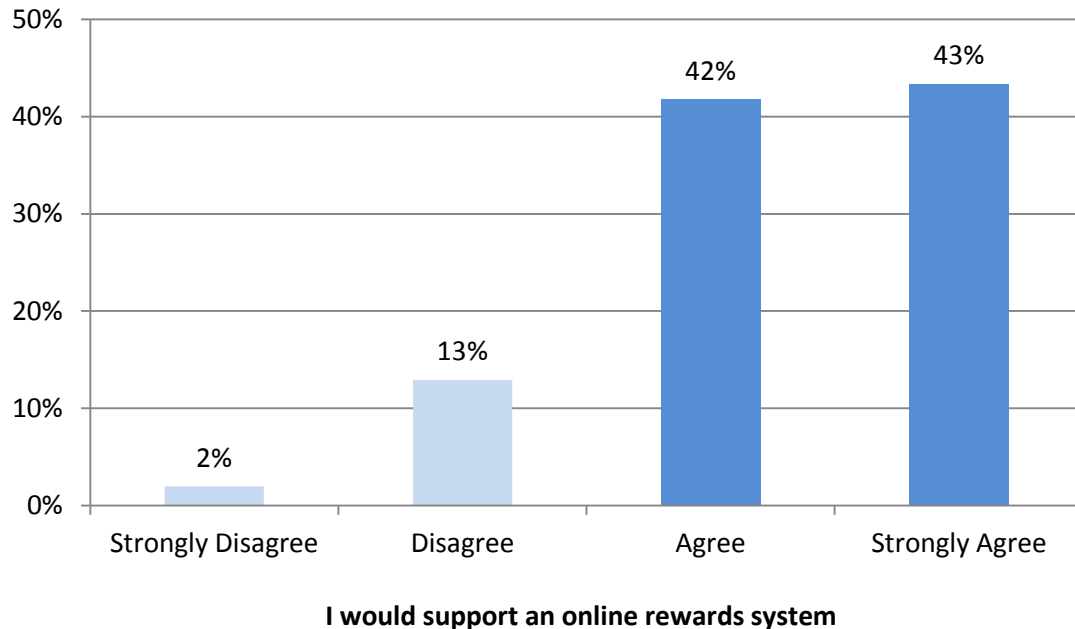

I would support an online rewards system

Figure 4.9: Support for an online rewards system

Based on Figure 4.9, a combined 85% of respondents would support an online rewards system, with the remaining 15% disagreeing to supporting an online rewards system. Respondents were asked if they would access their MVG records more regularly with an online MVG website and 83% responded that they would. Respondents were then asked whether they would make more use of an online rewards facility than the MVG desks and kiosks (Figure 4.10).
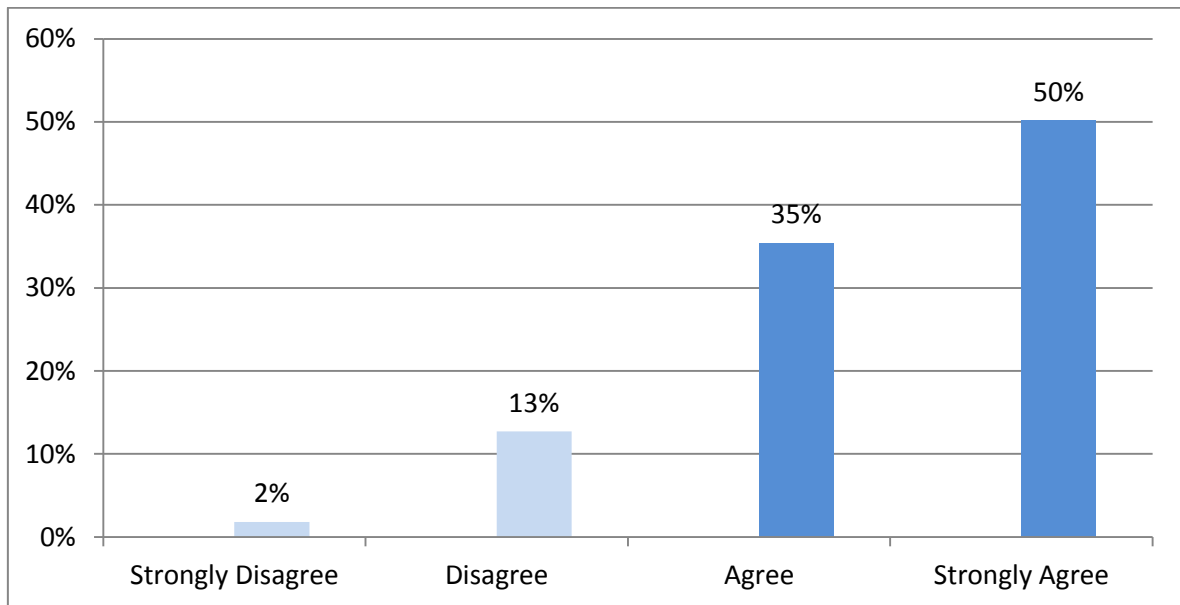
I would make more use of an online reward facility than the MVG desks and kiosks

Figure 4.10: Preference between on online rewards facility and the MVG desks and kiosks

Based on Figure 4.10, 85% responded that they would make more use of an online rewards facility than the MVG desks and kiosks.

Based on this finding, there is strong support for an online rewards tool and this will be more frequently utilised than the current system.

4.4.8 Objective eight: To identify how to effectively communicate with casino loyalty programme members

Cromhout (2012) maintained that a successful loyalty programme should include a sound communication engagement strategy. The respondents were asked a series of questions to assess their satisfaction with the current frequency of MVG communication, satisfaction with the current MVG content and preference of communication medium.

Table 4.14 outlines the MVG satisfaction with the frequency of communication by each tier in order to assess whether there are any different requirements among the tiers

Table 4.14: Satisfaction with the frequency of MVG communication by tier

		How satisfied are you with the current frequency of MVG communication?				
		Very satisfied	**Satisfied**	**Unsatisfied**	**Very unsatisfied**	**Total**
What is your MVG status?	Silver	3%	28%	11%	3%	**45%**
	Gold	5%	28%	10%	1%	**44%**
	Platinum	1%	7%	3%	-	**11%**
	Total	**9%**	**63%**	**24%**	**4%**	**100%**
n = 503			X^2 = 6.404			p = 0.699

Sibaya currently communicates with the MVGs on the following basis: Platinum MVGs: average six times per month; Gold MVGs: average four times per month; Silver MVGs: minimum twice a month; and Maroon MVGs: minimum once a month. Based on Table 4.11, there is no significant relationship between MVG status and satisfaction with the frequency of MVG communication. The majority of MVGs (72%) were satisfied or very satisfied with the frequency of MVG communication and the remaining 28% indicated that they were unsatisfied or very unsatisfied with the frequency of MVG communication. These 28% respondents were then asked to select how often they would like to be communicated with and the findings have been summarised in Table 4.15.

Table 4.15: Ideal frequency of MVG communication by tier

| What is your MVG status? | How often would you like to be communicated with MVG information? | | | | | |
		Weekly	Monthly	Quarterly	Annually	Never	Total
	Silver	16%	23%	5%	1%	-	**45%**
	Gold	15%	24%	4%	1%	-	**44%**
	Platinum	5%	5%	1%	-	-	**11%**
	Total	**36%**	**52%**	**10%**	**2%**	**-**	**100%**
n = 503				X^2 = 3.3			p = 0.993

Based on Table 4.15, there is no significant relationship between MVG status and the ideal frequency of MVG communication. MVGs prefer to be communicated with on a monthly basis (53%), followed by a preference for weekly communication (36%).

Even though most respondents were satisfied with the frequency of MVG communication, the content of the MVG communication also needed to be assessed (Figure 4.11)
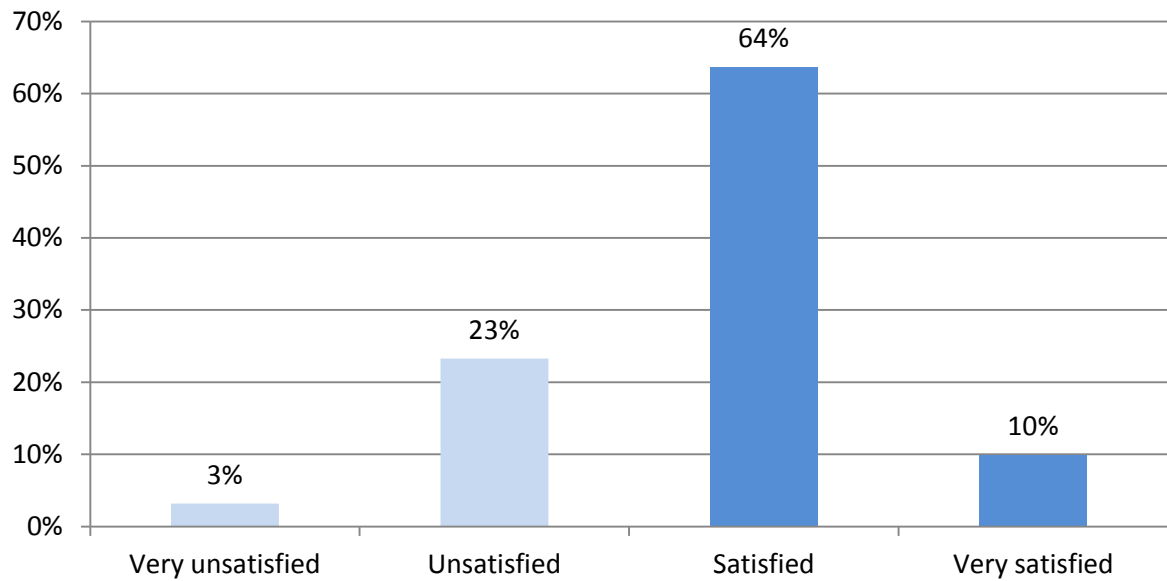
Figure 4.11: Satisfaction with MVG content

Based on Figure 4.11, it is evident that the majority of respondents (74%) were either satisfied or very satisfied with the MVG content, with the remaining respondents (26%) being either unsatisfied or very unsatisfied with the content of information. The respondents were asked to rank the importance of the MVG content and the results are presented in Table 4.16.

Table 4.16: Importance of MVG information content

Rank	Value of the information content	Mean
1	MVG discounts & promotions	2.35
2	Regular update of MVG points	2.58
3	When I am in danger of being downgraded to a lower reward level	2.84
4	Points needed to reach the next higher reward level	2.94
5	General casino information	4.28

Based on Table 4.16, there is no outright type of information content that is important, with similar scores for all the options (average mean = 2.98). None of the 5 options received a mean of 1 or close to 1, which shows that none of these types of information

content stood out. However, it is quite apparent that the general casino information is of least importance to MVG members (mean = 4.28) and they would prefer communication mainly about MVG specific information.

The respondents were asked to select their preferred communication mediums and the findings are presented in Figure 4.12.
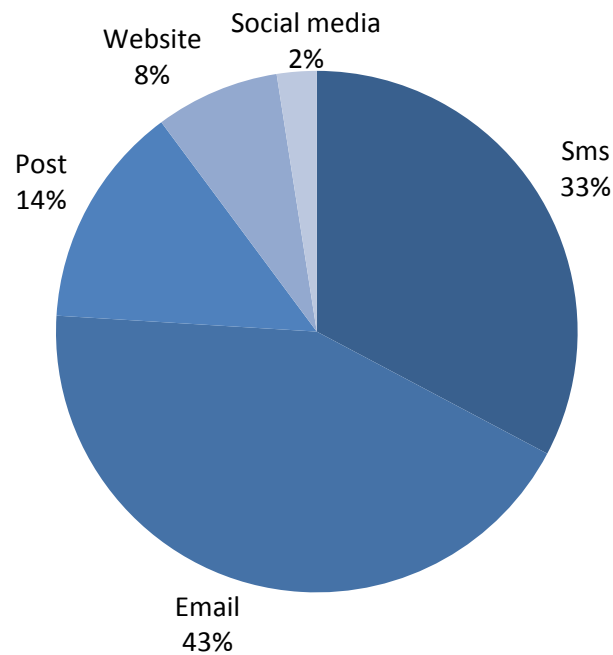

Figure 4.12: Preferred communication mediums

Figure 4.12 clearly indicates that email (43%) was the preferred form of communication medium, followed by sms (33%). A small percentage of respondents chose social media as a preferred communication medium and this could be mainly attributed to the age group of the majority of MVGs, who are older people not exposed to social media.

4.5   SUMMARY

The findings from this study are quite significant as it has revealed several key findings. It has identified the rewards most valued by MVGs as well as potential rewards that will be most beneficial to MVGs. Improvement areas have been noted in order to increase customer satisfaction with the MVG programme. The study has revealed that MVG members are not loyal to Sibaya solely as the majority of them have memberships at other casino loyalty programmes. However, the MVG programme at Sibaya is rated better

than the competitors' loyalty programmes. The results from this study have validated that a casino loyalty programme increases customer profitability as MVGs are motivated to play more due to being a part of the programme and also motivated to reach a higher reward level. The study has revealed that there is an overwhelming support for an online rewards system which is preferred to the current manual rewards system. Finally, this study has revealed a lack of awareness in key areas of the MVG programme due to limited communication and improvements to the current MVG communication process have been identified.

Based on the above findings, the following chapter (Chapter Five) outlines the conclusions drawn and recommendations suggested. The limitations of the study have also been identified and suggestions for further research are concluded in Chapter Five.

CHAPTER FIVE:

CONCLUSIONS AND RECOMMENDATIONS

5.1   INTRODUCTION

In the expanding and competitive gaming industry, where product differentiation is practically non-existent, casinos are investing heavily in customer loyalty programmes in order to attract and retain their customers. The literature has indicated that customer loyalty can be achieved through the implementation of a successful customer loyalty programme. The success of this programme is dependent on how satisfied the customers are with the design and implementation of the programme. The objectives identified for this study attempted to contribute information to establish the effectiveness of a loyalty programme at Sibaya casino. This chapter focuses on the conclusions drawn from this study, recommendations based on the findings, the limitations identified, and recommendations for further research.

5.2   KEY FINDINGS

The main research question and sub research questions outlined in Chapter One were designed so that they were aligned with the objectives of this study. The findings of each objective are discussed in detail below.

5.2.1   The demographics of Most Valued Guests

The findings of this study reflect that the majority of members are in the middle age group between 35-59 years, with an equal proportion between the genders, and the Indian race group dominate the membership of the MVG programme. The lifestyle segment of MVGs reflects that the majority were married with children; approximately half of this segment with children under 18 years and the other half being over 18 years.

These findings are critical in aligning the company marketing strategy to ensure that this customer segment is considered for future promotional activity and may have an impact on the type of rewards offered to loyalty members.

5.2.2 Objective one: To determine which rewards are most valued by casino loyalty programme members

The findings suggest that MVG members value almost all rewards that are currently on the MVG benefits. Golf green fee discounts are not rated as highly as a reward and there is limited demand for the quarterly Privé magazine that is offered to platinum members. There is a lack of awareness of all rewards offered among all MVG tiers which is largely due to the fact that most of these benefits only apply to the higher tiers and members receive insufficient communication about these rewards. The reason that the majority of MVGs enjoy being a member of the casino loyalty programme is due to rewards and benefits that they receive with a substantial number of MVGs rating the recognition from the Sibaya staff as adding value to their membership.

These findings will be able to assist management in the design of the types of rewards to include in future MVG programmes that add value to the members. Furthermore, in order to manage the high costs associated with MVG rewards, management can assess those rewards that offer little value to their members and remove them from the loyalty programme rewards with minimum negative impact to both the company and the member.

5.2.3 Objective two: To establish customers' satisfaction with the casino loyalty programme

Based on the findings of objective two, it can be argued that the majority of MVGs are satisfied with the Sibaya loyalty programme and are likely to recommend it to others. This substantiates the findings from Ou *et al*. (2011) which concluded that satisfaction is linked to the word of mouth referrals of a loyalty programme to others. Areas of improvement in the MVG programme were noted; with an overwhelming majority citing the expiration of MVG points as their biggest concern and a need to improve the current rewards offered. MVGs also indicated that there should be a simpler way to manage how points are earned and spent. The findings further suggest that the current process to redeem points needs to be improved and there is a strong support for an online reward system.

These findings will be able to assist management in assessing key improvement areas that will add to the overall satisfaction of the MVG experience.

5.2.4 Objective three: To determine what factors influence brand-switching among casino loyalty programme members

The findings from this study revealed that almost all of the MVGs visited other Sun International casinos, thereby indirectly building brand loyalty. This study also added to findings in the literature that purported every casino has a loyalty programme as all five casinos in KwaZulu-Natal have a loyalty programme. Based on the results from this study, it is apparent that more than half of the Sibaya MVGs are not loyal solely to Sibaya as they are also members of other competitor casino loyalty programmes. The pleasing result to note is that the Sibaya MVG programme is rated better by more than half of the MVGs who also have memberships at competitor casinos. The popularity of other casinos is dependent on geographical location, with MVGs mostly frequenting the casinos in closest proximity to Sibaya.

These findings are indeed concerning and have significant implications for the competitive marketing strategy of the casino.

5.2.5 Objective four: To identify additional rewards that are not currently offered to casino loyalty programme members

The results for objective four indicate that the majority of MVGs would increase their level of play or visits to the casino if Sibaya partnered with outside companies to introduce additional rewards. This supports the findings from literature that noticed a positive shift in members' spending behaviour by including additional reward partners to a loyalty programme. Furthermore, this finding can be aligned to the results from objective two, where MVGs would like improvements to the current rewards offered.

These findings have a direct impact on increasing customer profitability. By choosing rewards partners that can add value to the MVG programme, will mutually satisfy both the member and the company.

5.2.6   Objective five: To establish whether casino loyalty programme members would continue to play at the same level in the absence of a loyalty programme

The findings presented in objective five corroborate the claim that loyalty programme participants spend more money as a result of having a membership and that these customers increase their purchase frequency to earn rewards.

This finding validates the basic need for a loyalty programme and emphasises the potential repercussions of removing a loyalty programme, which can have a detrimental impact on the casino's profitability.

5.2.7   Objective six: To establish whether casino loyalty programme members are sufficiently incentivised to achieve a higher reward level

The findings from this objective reveal that the majority of members are incentivised to reach a higher tier. However, a fair number of MVG members were not aware of all the tiers in the MVG programme, neither were they aware of their current MVG points or the MVG points needed to reach the next tier. This could potentially limit their rise to a higher tier. The most important reason that MVGs are motivated to reach the next tier is mainly driven by better rewards. MVGs felt that more prestige is an important reason for wanting to achieve a higher tier.

The findings from this result can have a positive impact on the MVG communication strategy for the casino as improved communication can create the awareness that is currently lacking among MVGs. Also, cognisance needs to be taken that MVGs value prestige and the recognition of this can improve their satisfaction with the MVG programme.

5.2.8   Objective seven: To determine whether casino loyalty programme members will support an online rewards system

Given the findings presented under objective seven, it is evident that almost all MVG members have access to an internet facility and the vast majority would support an

online rewards system. The results also indicate that this tool would be more frequently utilised than the current process where manual intervention is needed by MVG staff.

This finding can assist the casino to enable a more technologically-advanced solution to create a better rewards system that benefits both the company and the MVG.

5.2.9   Objective eight: To identify how to effectively communicate with casino loyalty programme members

It is clear from the findings of objective eight, that MVGs are mainly satisfied with the current frequency of MVG information, with more than half preferring weekly communication.   The MVGs were also satisfied with the current content of MVG communication and did not find general casino information to be of any importance to them. The findings further established that the most preferred form of communication was through email, followed by sms communication. A small portion of the MVGs elected social media platforms as a communication tool. These findings, which can be aligned to objective six, will assist in creating an effective MVG communication strategy for a company.

Overall, the objectives of the study have been achieved, based on the summary of the results and findings outlined. This study provides significant and valuable information regarding loyalty programmes in the casino industry in South Africa. The results of this study may be employed to develop an MVG strategy that addresses the wants and needs of loyalty members. This will lead to greater customer satisfaction for an MVG member and thereby create increased profitability for a company.

5.3   RECOMMENDATIONS ARISING FROM THIS STUDY

The findings from this study have provided empirical evidence that certain gaps exist with regards to the effectiveness of the current casino loyalty programme at Sibaya. Based on this, certain recommendations have been proposed that may improve the effectiveness of the MVG programme.

5.3.1 Lifestyle segment marketing strategy

It is evident from the results that the majority of MVGs were families with children. More marketing strategies should be focused on this segment. This can be achieved by introducing more family-related MVG offers. This lifestyle segment has a propensity for entertainment offerings. Sibaya currently does not have a large entertainment offering for children; with the games and entertainment arcade (Magic Company) being the only source of entertainment for children under 18 years of age. Other potential facilities are the restaurants, night club (Krakatoa) and theatre (iZulu theatre). Sibaya therefore needs to extend the existing facilities in order to attract the family segment MVGs. Examples of this can include:

- family meal and beverage discount vouchers where children can eat for free or at a discounted price;

- family shows to be hosted at the iZulu theatre;

- matinee club shows to be hosted at Krakatoa night club.

For future consideration, should Sibaya pursue an expansion and development strategy, more entertainment offerings must be a key priority in order to attract this segment of the MVGs. This can include facilities such an ice-rink, miniature golf, ten-pin bowling and a cinema house.

5.3.2 MVG communication strategy

Sibaya needs to become more efficient in communicating with MVG members by creating greater awareness of the programme, reducing the queues at the MVG desks and managing MVG staff to deliver superior customer service.

Throughout the study a lack of communication was noted in the following areas:

- educating the MVGs of the existing reward tiers;
- informing the MVGS of all the rewards currently offered on the MVG programme;

- updating the MVGs on their current points and the points needed to attain each tier.

In order to address the above deficiencies, Sibaya should have a specific MVG communication strategy that is aligned to its marketing strategy. The communication strategy needs to consider that the majority of MVGs have elected to receive communication via emails and sms, on a weekly and monthly basis, and the content should be MVG related and not on general casino information.

Management should consider hosting a monthly "MVG communication day" where MVGs are invited to have personal workshops and seminars with MVG staff. They can be educated about the programme and advised of any latest MVG offerings. This event could offer give-aways and other incentives to attract participants.

Monthly notifications should be sent to MVGs who are close to either attaining a higher level or dropping to a lower level in order to incentivise them to play more to reach the next level or to prevent them from losing the current level to a lower level.

5.3.3 Online rewards system

This study has provided conclusive evidence that MVGs would welcome and prefer an online rewards system. Although there is an upfront capital cost to incur, management should consider other areas that can achieve savings. An online rewards system can prove to be another useful and effective communication tool for MVG information and can also result in MVG staff reduction; thereby creating a long-term cost-saving initiative for the company. Furthermore, there is currently some subjectivity in allocating discounts to MVGs as holiday and food and beverage discounts have to be facilitated by MVG staff. An online system will ensure a fair process where everybody at the same reward level will be entitled to the same benefits, which they can manage on their own.

5.3.4 Additional tier

The results from this study show that 73% of the platinum MVGs are motivated to attain a higher tier, despite this being the highest tier. This supports a recommendation for a new

"diamond" tier, higher than the platinum tier. This will be a premium tier offering exclusive rewards such as free or discounted international trips to Sun International casinos situated overseas. This will also create more prestige among this class of MVG members, which was found to be an important factor in achieving a higher tier.

5.3.5   Additional rewards

Unlike other industries, like the financial and airline industries, which can easily partner with non-competitor companies, casinos are somewhat limited in finding suitable partners. As the casino industry is perceived to be a "sin" industry, some companies may not desire to partner with Sibaya. Also, any business would not want to partner with another company where loyalty members are spending their rewards at a competitor establishment instead of in-house. Management need to carefully consider potential outside reward partners who are prepared to partner with the Sibaya loyalty membership programme. These may include alcohol and tobacco companies that currently partner Sibaya.

This study has effectively revealed that MVGs would like to see an increase in the rewards currently offered, especially food and beverage discounts at the fast-food restaurants and the spa located at Sibaya. Management should structure an agreement with these tenants to provide discounts to MVG members. Sibaya currently has a sponsorship agreement with the local rugby team (Sharks), and a potential opportunity exists for MVG members to get discounted entrance or season-tickets to rugby matches. Similar sponsorship opportunities need to be investigated in determining additional rewards that can be introduced in order to improve the MVG programme. As approximately half of the MVGs are females, potential rewards should have more focus on those that are desired specifically by women, for example spa days and cooking classes hosted by prominent chefs. Furthermore, as approximately 70% of MVGs are of Indian race, Sibaya should have more Indian cultural shows and events that will appeal to this demographic segment.

5.4   LIMITATIONS OF THE STUDY

It is important for the researcher to identify limitations of the study as this may assist future studies in the field. There is a paucity of literature of academic merit relating to the effectiveness of loyalty programmes in South Africa. No studies have been found to specifically address issues of casino loyalty programmes and this has made it difficult to make comparisons with the findings from other studies.

The limitation of this study is that it is a cross-sectional research design and as such is unable to encapsulate the dynamic nature of the consumer behaviour in the casino industry. The time frame to conduct this study was over a four month period.

The sample frame for this study only included the silver, gold and platinum tiered MVGs that are based in KwaZulu-Natal and who elected to receive email communication. This represents only 9% of the entire population of the Sibaya MVG database. As a result, this study excluded the maroon card-holders, those MVGs who elected to not receive email communication and those MVGs who reside outside of KwaZulu-Natal.

Although this study used a stratified random sample design, the analysis was based on a disproportionate sampling design. As the smallest number of MVGs is in the platinum tier and the largest in the silver tier, the study did not attain a proportionate number of respondents from each tier. A more appropriate design would have been to obtain a proportionate stratified where the sample size is in proportion to the population size. This analysis would provide for more accurate information across the whole population of MVGs.

The study was limited to MVG members at only one casino in KwaZulu-Natal, who may not be representative of the total demographics of KwaZulu-Natal and South Africa as a whole. As each province in South Africa operates under different provincial gaming rules and regulations, the design of the MVG programme may not be similar. Also, the different regions operate under varying degrees of a competitive market. Gauteng, for example, has a much more competitive casino environment, with many competitor casinos in close

proximity, as compared to KwaZulu-Natal. The results could differ from the findings of this study.

Finally, no comparisons of the MVG programmes among the five casinos in KwaZulu-Natal were drawn, due to time constraints. More substantial findings would have been drawn on the differences in the types of rewards, service received and overall effectiveness of the MVG programmes among competitor casinos. This would have resulted in more detailed recommendations being concluded in order to design the most effective casino loyalty programme.

5.5   RECOMMENDATIONS FOR FURTHER RESEARCH

The recommendations for further research are based on the findings and limitations identified in this study. This is the only study identified that specifically addressed the issue of the effectiveness of a loyalty programme in a South African casino. Despite its limitations, this study has resulted in empirical evidence that found that MVG programmes in a casino industry are effective in creating and increasing company profitability. Recommendations for future studies are outlined below.

It is recommended that future research studies are longitudinal in nature and compare and contrast the impact of effecting improvements suggested by MVGs in order to determine whether their customer satisfaction experience is improved. The study should aim to provide evidence that an increase in customer satisfaction over a period in time will lead to increased customer spend which will ultimately increase profitability for the company.

Future studies should be performed using the entire MVG database. This study should include those MVGs who were excluded from this sample frame; maroon MVGs based outside of KwaZulu-Natal and do not receive email communication. It should be a proportionate stratified random sampling design. This will ensure that the sample size is in direct proportion to the population size. This analysis would provide for more accurate information across the whole population of MVGs.

Future research should explore the extent of membership and influence of customer loyalty programmes in other geographical areas within South Africa. This study examined the effectiveness of a loyalty programme within the Durban casino sector. Other studies, looking at similar variables, can be conducted in the Gauteng region, or Cape region. Researchers could explore if there are any significant differences in the effectiveness of casino loyalty programme in the different geographical areas.

This research study revealed that customer loyalty membership does have an influence over the majority of card-holders, with regard to their spending behaviour. A further research study could examine the main influence on spending behaviour amongst KwaZulu-Natal consumers and the influence ascribed to customer loyalty programmes, in conjunction with these other factors, such as location, convenience and rewards offered.

This research study only considered the MVG programme at Sibaya casino. Future research can be conducted and compared across members from competitor loyalty programmes in KwaZulu-Natal. Such a study would provide empirical evidence as to which loyalty programme proves to be most effective within the casino industry. This information would be useful to all casino organisations considering improving their customer loyalty programme.

Finally, future research can be conducted and compared across members and non-members of an existing casino loyalty programme, at Sibaya casino. Such a study would provide empirical evidence on the effectiveness of customer loyalty programme membership, within the casino industry. This information would be useful to organisations considering introducing a customer loyalty programme in the KwaZulu-Natal market.

5.6   SUMMARY

Despite the limitations noted, the research objective has been satisfied and the study has raised several important issues. This lays the foundations for the way in which casinos in South Africa design and implement loyalty programmes. It has been established that a successful casino loyalty programme that offers rewards that are valued by members, has

a solid communication strategy and provides efficient services from MVG staff, will provide a competitive advantage and increase company profitability. Based on the empirical findings of the study, valid inferences have been made on the effectiveness of the MVG programme at Sibaya. It can be concluded that, despite the fact that Sibaya has an effective MVG programme, improvements to the programme can be made to increase customer satisfaction which will ultimately result in increased profitability for the casino.

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Appendix 1 Informed Consent

Informed Consent Letter 3C

UNIVERSITY OF KWAZULU-NATAL

GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

Dear Sibaya Most Valued Guest

Thank you for participating in my research topic entitled The effectiveness of a loyalty programme at a leading casino in Kwazulu-Natal. The aim of this study is to determine how Sibaya Casino and Entertainment Kingdom can improve the current MVG programme and thereby add more value to you, our customer.

Your participation in this survey is voluntary. You may refuse to participate or withdraw from this survey at any time with no negative consequence. Confidentiality and anonymity of records identifying you as a participant will be maintained by Sibaya Casino and Entertainment Kingdom and the outcome of the survey will be maintained by the Graduate School of Business and Leadership, UKZN. This survey should take approximately 15 minutes to complete.

If you have any questions about this survey or the procedures, you may contact me, Lee Moodley (Financial Manager at Sibaya Casino and Entertainment Kingdom, on 031 580 5131.

Thank you very much for your time and support. Please start with the survey now by clicking on I Agree followed by Continue.

You must accept the terms to continue with the survey.

Investigator's signature_____

Date_____

This page is to be retained by participant

Appendix 2 Questionnaire

1. What is your MVG status?
    1. Maroon
    2. Silver
    3. Gold
    4. Platinum

2. Which age category do you belong to?
    1. 18-24 years
    2. 25-34 years
    3. 35-59 years
    4. 60 years and older

3. What is your relationship status?
    1. Single
    2. Married
    3. Divorced
    4. Widowed
    5. In a relationship

4. Do you have any children?
    1. Yes
    2. No

5. What age category does your child/children belong to (Select all that apply)?
    1. <1 year
    2. 1-5 years
    3. 6-10 years
    4. 11-15 years
    5. 15-18 years
    6. >18 years

6. What is your gender?
    1. Male
    2. Female

7. Which race group do you belong to?
    1. African
    2. Coloured
    3. Indian
    4. White
    5. Asian
    6. Other

8. How important are the following rewards to you? :

	Very important	Fairly important	Not important	Not important at all	Not aware of this reward
Accommodation Discounts	❏	❏	❏	❏	❏
Food and Beverage Discounts	❏	❏	❏	❏	❏
Green Fees discounts at Sun International resorts with a golf course	❏	❏	❏	❏	❏
Play points back	❏	❏	❏	❏	❏
Invitations to special Sun International events	❏	❏	❏	❏	❏
Special MVG offers and promotions	❏	❏	❏	❏	❏
Free entry into all Sun International Casinos	❏	❏	❏	❏	❏
MVG Partner Card	❏	❏	❏	❏	❏
VIP Parking	❏	❏	❏	❏	❏
MVG Lounge and Privé privileges (for Gold & Platinum card holders)	❏	❏	❏	❏	❏
Complimentary food & beverage whilst playing (for Platinum card holders)	❏	❏	❏	❏	❏
Sun International's quarterly Privé Magazine (for Platinum card holders)	❏	❏	❏	❏	❏
Dedicated hotel check-in counter and cash desk facilities where applicable (for Platinum card holders)	❏	❏	❏	❏	❏
Platinum Dream Holidays (for Platinum card holders)	❏	❏	❏	❏	❏

9. Which statement best describes your knowledge of the MVG rewards indicated in the previous question?
    1. I am aware of all the MVG rewards
    2. I am aware of most of the MVG rewards
    3. I am aware of some of the MVG rewards
    4. I am unaware of all of the MVG rewards

10. You have selected that you are unaware of some/most/all of the MVG rewards. Why are you unaware of these rewards (Select all that apply)?
    1. I have not received any communication from Sun International regarding these rewards
    2. These benefits are only applicable to a higher reward level than I am currently on
    3. These benefits do not interest me

11. Please rank what you value most about being a MVG member, where 1 is most valued and 4 is least valued:
- Rewards offered
- Recognition from other players
- Recognition from Sibaya staff
- Service received from Sibaya staff

12. How do you rate the current MVG programme at Sibaya?
1. Significantly exceeds my expectation
2. Exceeds my expectation
3. Meets my expectation
4. Falls short of my expectation
5. Significantly falls short of my expectation

13. Please indicate whether improvements are needed in the following areas:

	Significant improvement needed	Improvement needed	No improvement needed
Create greater awareness of the programme	❏	❏	❏
Improve the current process to redeem of rewards	❏	❏	❏
Simplify the MVG sign up/registration process	❏	❏	❏
Better communication to MVG members	❏	❏	❏
Improve the type of rewards offered	❏	❏	❏
Improve the efficiency of Sibaya staff	❏	❏	❏
Create a system/process to redeem own rewards	❏	❏	❏
Points should not expire	❏	❏	❏
Creating a simpler and more understandable way to calculate points earned	❏	❏	❏
Reducing the queues at the MVG kiosks and MVG desk	❏	❏	❏

14. Would you recommend the Sibaya MVG programme to others?
1. Very likely
2. Likely
3. Unlikely
4. Very unlikely

15. How often do you visit other Sun International casinos?
1. Weekly
2. Monthly
3. Quarterly
4. Annually
5. Never

16. Please rank which other Sun International casino/s you visit most, with 1 being most visited and 6 being least visited:
- Wild Coast
- Sun City
- Grand West
- Carnival City
- Boardwalk
- Other Sun International casino/s

17. Are you a MVG member of other casino loyalty programmes?
1. Yes
2. No

18. Which other casino loyalty programmes are you a member of (Select all that apply)?
1. Suncoast (Durban)
2. Golden Horse (Pietermaritzburg)
3. Blackrock (Newcastle)
4. Tusk Umfolozi (Richards Bay)
5. Monte Casino (Fourways Johannesburg)
6. Other

19. How would you rate the MVG programme at Sibaya compared to other casinos?
1. Sibaya is Significantly better
2. Sibaya is Better
3. Sibaya is The same
4. Sibaya is Worse
5. Sibaya is Significantly worse

20. Please rank why other casino loyalty programmes are better than the Sibaya MVG programme, where 1 has the most significant difference and 8 has the least significant difference:
- They offer better accommodation discounts than Sibaya
- They offer better food and beverage discounts than Sibaya
- I get more invitations to special events and shows offered at other casinos than Sibaya
- They have better MVG promotions than Sibaya
- I am treated better at other casinos
- They communicate better regarding the MVG programmes than Sibaya
- Their MVG programmes are simpler to understand than Sibaya
- It is easier to redeem MVG points at other casinos than Sibaya

21. Please rank the following potential rewards that will add value to the MVG rewards, where 1 is most preferred and 5 is least preferred:
- Discounts and benefits at other entertainment venues in Durban (ICC, uShaka etc.)
- Discounts and benefits at sporting venues in Durban (cricket, rugby, soccer matches etc.)

- Discounts and benefits for conferencing and banqueting facilities at Sibaya (Sibaya Imbizo Conference Centre, Sondela etc.)
- Discounts and benefits at the fast-food outlets at Sibaya (Nandos, Debonairs & Steers)
- Discounts and benefits at Mangwanani Spa at Sibaya

22. Please choose the statement that most reflects the way you feel about the above rewards?
    1. These rewards are great and would make me play more
    2. These rewards are great and would make me visit more
    3. More rewards would be great, but they would not make me play more
    4. More rewards would be great, but they would not make me visit more
    5. These rewards are not great

23. Please choose the statement that most reflects the way you feel about the Sibaya MVG loyalty programme?
    1. With a MVG programme, I am encouraged to play more
    2. Without a MVG programme, I would play less
    3. Without a MVG programme, I would not play
    4. The rewards in the MVG programme don't make me play more or less

24. Are you aware of the following four MVG reward levels:

	Yes	No
Maroon	❏	❏
Silver	❏	❏
Gold	❏	❏
Platinum	❏	❏

25. Why are you unaware of these levels? (Select all that apply)?
    1. I have not received any communication from Sun International of these reward levels
    2. These reward levels do not interest me
    3. I do not see any difference in value between these reward levels

26. Are you aware of your current MVG points?
    1. Yes
    2. No

27. Why are you unaware of your current MVG points? (Select all that apply)?
    1. I have forgotten my MVG points
    2. I do not know how to check the status of my MVG points
    3. I do not play to accumulate MVG points therefore it does not interest me

28. Are you aware of the points needed to reach your next reward level?
   1. Yes
   2. No

29. Why are you unaware of the points needed to reach your next reward level? (Select all that apply)?
   1. I have not received any communication from Sibaya/Sun International
   2. I cannot reach the next reward level with my current spend
   3. I am satisfied with my current reward level

30. I am motivated to reach the next higher reward level
   1. Strongly Agree
   2. Agree
   3. Disagree
   4. Strongly Disagree

31. Please rank why you are motivated to reach a higher reward level in order of preference, where 1 is most important and 3 is least important:
   • Better rewards
   • More prestigious
   • Better service from Sibaya staff

32. Do you have access to an internet facility?
   1. Yes
   2. No

33. I would support an online website to redeem my points
   1. Strongly Agree
   2. Agree
   3. Disagree
   4. Strongly Disagree

34. Would you access your MVG records more regularly with an online website?
   1. Yes
   2. No

35. I would make more use of an online rewards facility than the MVG desk and MVG kiosks
   1. Strongly Agree
   2. Agree
   3. Disagree
   4. Strongly Disagree

36. How satisfied are you with the current frequency of MVG communication?
   1. Very satisfied
   2. Satisfied
   3. Unsatisfied

4. Very unsatisfied

37. How often would you like to be communicated with MVG information?
    1. Weekly
    2. Monthly
    3. Quarterly
    4. Annually
    5. Never

38. How satisfied are you with the content of the MVG information that is communicated?
    1. Very satisfied
    2. Satisfied
    3. Unsatisfied
    4. Very unsatisfied

39. Please rank what you would like to be informed of, with 1 being most important and 5 being least important:
- Regular update of MVG points
- Points needed to reach the next higher reward level
- When I am in danger of being downgraded to a lower reward level
- MVG discounts & promotions
- General casino information

40. I would like to be informed of MVG information through the following medium/s? (Select all that apply)?
    1. Sms
    2. Email
    3. By post
    4. Website
    5. Social media (Facebook and Twitter)

41. Do you have any further suggestions to improve the MVG programme at Sibaya?
    1. Yes
    2. No

42. Comments/Suggestions that will improve the MVG programme at Sibaya:

Appendix 3 Gatekeeper's Letter

8th March 2013

UKZN Graduate Business School and Leadership
University of KwaZulu-Natal
Westville
3630

Dear Sirs

PERMISSION TO CONDUCT RESEARCH

I Melville Vogel the undersigned, hereby give permission for Levashni Moodley to conduct research at Sibaya Casino & Entertainment Kingdom towards her dissertation entitled **"The effectiveness of a casino loyalty programme at Sibaya Casino"**. She may collect data from our staff/customers provided that it does not interfere with the normal operations of the business.

I am aware that dissertations and subsequent academic papers based on this data will be available in the public domain, the following conditions apply in this regard:

- ☑ The work may be freely published in the public domain
- ☐ The work may be published in the public domain provided the company is kept anonymous
- ☐ The work may not be published in the public domain within five years of completion

Yours faithfully

Melville Vogel
General Manager

Appendix 4 Ethical Clearance

UNIVERSITY OF
KWAZULU-NATAL

INYUVESI
YAKWAZULU-NATALI

7 May 2013

Ms Levashni Moodley 971119907
Graduate School of Business and Leadership
Westville Campus

Protocol reference number: HSS/0284/013M
Project title: The effectiveness of a loyalty programme at one of the leading casino group

Dear Ms Moodley

Expedited approval

I wish to inform you that your application has been granted Full Approval through an expedited review process.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. Please note: Research data should be securely stored in the school/department for a period of 5 years.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Professor Steven Collings (Chair)

/px

cc Supervisor: Professor Anesh Maniraj Singh
cc Academic leader: ins<?>: Dr SA Bodhanya
cc School Administrator: Ms W Clarke and Ellen Mohamed

INSPIRING GREATNESS

Appendix 5 English Editor's Certificate

USB

Universiteit van Stellenbosch Bestuurskool
University of Stellenbosch Business School

June 2013

To whom it may concern

Student:	Levashni Moodley
Student number:	971119807
Degree:	Master of Business Administration
Title:	The effectiveness of a loyalty programme at a leading casino in KwaZulu-Natal
Graduation:	2013

This is to inform you that Ronél Gallie of the University of Stellenbosch Business School did the technical editing of the abovementioned research report and Jeanne Enslin, freelance language editor who is on the USB list of editors, did the language editing.

We trust that the work done to the abovementioned research report is satisfactory

Kind regards

R Gallie
Technical editor

Jeanne Enslin
Language editor