



Midlands State University

Faculty of Commerce

Department of Marketing Management

**THE IMPACT OF LOYALTY PROGRAMS ON CUSTOMER REPEAT PURCHASE:
A CASE OF THE HOSPITALITY SECTOR IN HARARE.**

By

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Dedication

To my sons Tawanayasha and Tadisa, for their patience, love and support. My Mother and sisters for their support which has been instrumental in the completion of this journey

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A special thank you to my supervisor for his countless hours on reading, encouraging and most of all patience thorough the entire process. I would like to acknowledge and thank the hotels I worked with and their customers. I would like to acknowledge the efforts of everyone who was involved in shaping this dissertation

.

Abstract

The primary aim of the study was to determine the impact of loyalty programs on customer repeat purchase with specific reference to the hospitality sector in Harare. In particular, the study sought to determine the effect of customer rewards on customer loyalty within specific hotels in Harare as well as establish the influence of rebates on customer repeat purchase behaviour. In addition, the study intended to determine the effect of point system on customer retention and also establish the effect of loyalty card programs on customer retention. In order to achieve these objectives the study reviewed a corpus and extant existing literature pertaining to the impact of loyalty programs on customer repeat purchase. The literature review also acted as the foundation for coming up with appropriate research methodology. Due to the nature of the research objectives which sought to establish relationships between study variables a quantitative research design was found to be necessary. The study sample size was 278 and this was statistically calculated at 5% level of significance using the sample size determination table. Structured questionnaires were used for the collection of relevant primary data from customers. The collected data was collated, coded and entered Statistical Package for Social Sciences (SPSS) version 24. According to the correlation and regression findings of the current study all the loyalty programs were important in building customer repeat purchase behaviour. That means that customer repeat purchase behaviour can be achieved by the hotels through all the loyalty programmes under study. The correlation results showed that customer rewards has a positive relationship with customer loyalty with a correlation coefficient of 0.649 at 5% level of significance. Pearson correlation also concluded that that there is positive relationship between point systems and customer retention with correlation coefficient of $r = 0.553$, $p < 0.004$ at 5 % level of significance. The study findings give the hotels in Harare the opportunity to create a better loyalty programmes that would benefit current and potential customers. There is the need for marketers of the hotels to continue using all types of customer loyalty programmes due to their vivid effect on both customer retention and repeat purchase behaviour. Loyalty card programs should be emphasized since it had greater impact as compared to other loyalty programmes. The hotels should introduce more loyalty programmes that would segment customers according to their demographic characteristics and preferences. With the interesting findings from the study, it would very exciting to have similar studies in other sectors such as retail supermarkets and commercial banks in order to have comparable results.

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CHAPTER ONE

INTRODUCTION

1.0. Introduction

Loyalty programs have been gaining popularity in the hospitality business due to its ability to provide customers with incentives such as point redeemable for prize or discount (Ernst and Young ,2015;McKinsey, 2017).The fiercely competitive hotel business environment has forced the companies to focus extensively on customer retention of their existing customers. With high customer acquisition cost organisations have been compelled to re-orient their marketing strategies to keep existing customers while attracting new ones. at the same time, research findings have also supported the view that it costs up to five times more to acquire a new customer than to retain an existing customer and a 5% reduction in the customer defection rate can increase profits by 25% to 85% depending on the industry (Nielsen, 2016; Purnasari and Yuliando, 2015; Zakaria, Dzulkipli and Osman, 2014). All these factors have forced hotel managers to think of some program to develop long term value-laden relationship with their existing customers and retain them with an ultimate aim of achieving organizational goals. In the ever increasingly cutthroat hotel sector, it is important to obtain and maintain loyal customers and distinguish from the rest to maintain profitability. The broad aim of the study is to investigate the impact of loyalty programs on customer repeat purchase for the hospitality sector in Harare. The following chapter delineates the background to the study and problem statement. It also presents research objectives, research questions and significance of the study. The scope of the study, limitations and definitions of key terms are also outlined in detail.

1.1. Background of the Study

Loyal customers not only boost the value of the organization, but they also help to maintain a low cost compared with attracting new customers (Kreis and Mafael, 2014). Indeed, companies no longer rely on merely being “product centric” and strive to become more “customer centric” by incorporating various customer relationship management tools and systems and focusing on

customer attentive business approaches. Thus, loyalty marketing has become indispensable and many companies have recognized the fact that keeping customers is just as important as creating them (Ou, Shih, Chen and Wang, 2011).

Hotels in Zimbabwe had been faced with a myriad of challenges characterized as market saturation and maturity. Customers have also massive sources of information on which to base their selections and many more alternatives to choose from, leading many hotels to experience difficulty in increasing market share (Mpinganjira, 2014). More so, the hotels had been experiencing decreases in market share with occupancy rate falling from 46% in 2012 to 24% in 2015 (CZI Report, 2015). Resorts, government training centres, lodges, guest houses, restaurants and motels also emerged as the major threat of substitutes in the industry. This had been caused by convergence within the industry and thus, negatively impacted on the industry's attractiveness and profitability. Worse still, this had been piqued by falling standard of quality of services with hotels such as Rainbow Towers becoming a shadow of its former self (Chinomona and Mahlangu, 2015). The diagram below shows the guest occupancy rate for the hotel which have been drastically decreasing for the main hotels between 2012 and 2015:

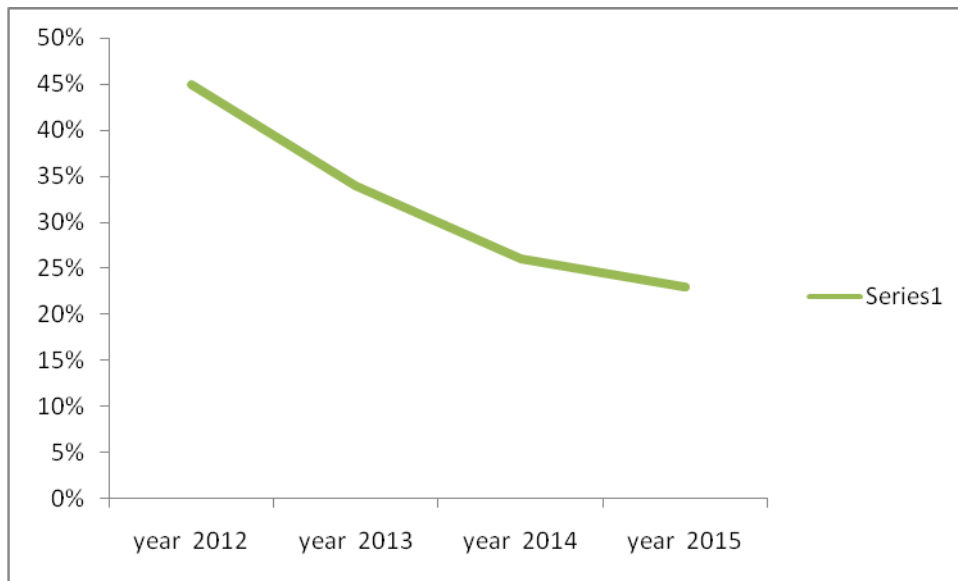


Figure 1.1. Guest Occupancy Rate for Hotels in Harare, source CZI Report (2016)

In addition to falling occupancy rate market share, the ever increasing requests for more qualified products and services by customers had caused hotels to understand that the only way

of survival in the market is to deliver better quality and retain customers. There is, therefore, the need to improve customer retention for the organisations to perform positively. In this regard, loyalty programs have become an integral part of hotels such as Rainbow Towers, Monomotapa Crown Plaza and Holiday Inn as they fight to gain market share. The loyalty programs have been haphazardly introduced by the hotels. As such the study sought to investigate the impact of loyalty programs on customer repeat purchase.

1.2. Statement of the Problem

Due to increasing global market competition, many hotel companies had been facing challenges in retaining their customers. In the case of hospitality services sector in Harare, many organisations had been trying to woo customers for patronage at a time when customers had been constantly been switching from one service provider to another. However, the hotels had been struggling to retain customers because of the highly competitive market characterized by escalating demands of consumers for better services (Nkechi, 2010; Mpinganjira2015). As such, there is the need for the organisations to have loyal customers who would serve as “fantastic marketing force” by providing recommendations. Moreover, the highly competitive environment calls for the creation and maintenance of brand loyalty. Thus, the study sought to determine the impact of loyalty programs on customer repeat purchase.

1.3. Research Objectives

The primary aim of the study was to investigate the impact of loyalty programs on customer repeat purchase for the hospitality sector in Harare. Specifically, the study seeks to achieve the following research objectives:

1. Determine the effect of customer rewards on customer loyalty.
2. Establish the influence of rebates on customer repeat purchase behaviour.
3. Determine the effect of point system on customer retention.
4. Determine the effect of loyalty card programs on customer retention

1.4. Research Questions

The study intended to answer the following research questions:

1. What is the effect of customer rewards on customer loyalty?
2. What is the influence of rebates on customer repeat purchase behaviour?
3. What is the effect of point system on customer retention?
4. What is the effect of loyalty card programs on customer retention?

1.5. Research Hypothesis

In line with the above stated research questions, the following hypotheses for the study were tested:

H1: There is a significant impact of point system on customer retention

H2: There is positive relationship between rebates and customer repeat purchase behaviour.

H3: There is positive relationship between loyalty card programs and customer retention.

H4: Gift Card or Certificates have a positive association with customer retention.

1.6. Justification of the Study

The study had several implications to theory, methodology and practice and these are explained below:

1.6.1. Theoretical Contributions

Current literature shows the overwhelming geographical bias of the synthetic reviews in the field of loyalty programs and customer repeat purchase intentions. Most empirical studies showing the impact of loyalty programs on repeat purchases had been carried out in countries such as Australia (Terblanche, 2015); Spain (Kreis and Mafael, 2014; Zakaria, Dzulkipli and Osman, 2014); France (Martin, Mortimer and Andrews, 2015); China (Han and Hyun, 2015; Hsu, Chang and Chuang, 2015) and United States of America (Cortinas, Elorz and Mugica, 2008; Hardesty

and Bearden, 2009; Kopalle and Neslin, 2013) where the number of hotels at the customer's disposal are significantly higher than in Zimbabwe. Accordingly, in order to bridge this literature gap in the hotel industry an investigation into the impact of loyalty programs on repeat purchases in the hotel services sector was urgently required. The dearth of data also meant that findings from the study would be useful for academicians as they could gain insights and suggestions for future research.

More so, the previous studies on the impact of loyalty programs on repeat purchases had produced mixed results, with many different variables being assessed. Scholars such as Lemon and von Wangenheim (2009) and Verhoef, van Doorn and Dorotic (2011) established a positive correlation between loyalty programs and customer repeat purchases whilst Drèze and Nunes (2009); Lacey and Sneath (2016) and Yuping (2007) concluded that the relationship between these variables was negative. The conflicting results call into question the need for further studies on the impact of loyalty programs on repeat purchases in the hotel services sector.

1.6.2. Methodological Contributions

Majority of the studies which had been conducted to investigate the impact of impact of loyalty programs on repeat purchases in the hospitality services sector had been largely qualitative in nature (Jai and King, 2015; Ayadi, Giraud and Gonzalez, 2013). Thus, the study sought to provide a quantitative contribution to the subject of loyalty programs and customer repeat purchase behaviour. Unlike previous researches studies which focused on either qualitative research designs or mixed methodology, this study adopted a purely positivist quantitative research and there was statistical inferences through hypothesis testing.

1.6.3. Practical Contributions

Findings from the study would provide hospitality companies the necessary guidelines to understand what loyalty programs mostly influence consumer repeat purchase behaviour. This would help the organizations to win customers from competitors to the marketers. More so, the findings from the study would not only deliver valuable implications for marketing practitioners but also reveal some major directions for future research on loyalty programs.

In addition, it is expected that results from the study would aid managers in adjusting service system design elements and amenities so as to meet or even exceed customer demands. Moreover, this would also enable marketing managers for the respective organisations to identify the loyalty programmes which have influence on customers. Furthermore, the findings would enable management to make better decisions on growing loyalty programmes usage and consequently gives insights on which mediator has the strongest influence on the efficiency and success of loyalty programmes.

1.7. Research Assumptions

The study's research assumptions were made as follows:

1. It is assumed that a statistical proportion of the Harare consumer population will be open and responsive with regard to completing the questionnaire
2. It is assumed that the marketing management of the selected hotels for collecting the research data will allow for the questionnaire to administered on their premises;
3. It is assumed that the opinions and insights, gathered from the participants will be representative and applicable to the majority of consumers within the hospitality sector of Harare.
4. All hotels under study had similar loyalty programmes.

1.8. Delimitation of the Study

The scope of the study was divided into geographical, theoretical and time delimitations and these are explained below.

1.8.1. Geographical Scope

The study was carried out in the central business district of Harare, Zimbabwe and involved customers and employees from selected hotels. The choice of the city of Harare was largely influenced by the fact that it is the capital city where these hotels are based with headquarters situated there. Additionally, the city of Harare also acts as the epicentre for hospitality business and accommodates diverse customers from other parts of the country.

1.8.2. Theoretical Scope

The study's theoretical scope sought to provide a clear understanding of existing knowledge base in the problem area and was based on authoritative, recent, and original sources such as journals and books. As such, the following theoretical constructs were distilled, synthesized and discussed: loyalty programs and customer repeat purchase. The study also discussed the effect of customer rewards on customer loyalty; the influence of rebates on customer repeat purchase behaviour; the effect of point system on customer retention and the effect of loyalty card programs on customer retention.

1.8.3. Time Scope

In terms of the period under consideration, the study spanned from 2011 to 2017. This was the time when there had been the unprecedented adoption of loyalty programs by hotels in the face of hyper competition.

1.9. Limitations

It should be important to note that no study would be complete without admitting the limitations that would be faced. The study uses a cross-sectional survey data for selected hospitality companies in Harare. A richer understanding of the relationships between this study's research constructs might be expected if longitudinal data is utilized. A longitudinal research design might present the evidence of causation which could not be achieved through the use of cross-sectional survey designs. Therefore, future studies might consider this research direction.

1.10. Definition Of Terms And Abbreviations

Coupon: A certificate that gives the consumer a price reduction on a specific product.

Customer commitment: The aspiration to sustain a valuable bond with a company or brand.

Customer Loyalty: the strength of the relationship between an individual's relative attitude and repeat patronage. The relationship is seen as mediated by social norms and situational factors.

Customer Loyalty Programme (CLP): A Customer Loyalty Programme is defined as an integrated system of marketing actions that aims to make customers more loyal by developing personalized relationships with them.

Repeat Purchase: Sharp and Sharp (1997) define repeat purchase as a behaviour that encourages excess purchases.

1.11. Chapter Summary

The chapter delineated the background to the study and problem statement. It also presented research objectives, research questions and significance of the study. The scope of the study, limitations and definitions of key terms were also outlined in detail. The following chapter 2 discusses literature review relating to the study.

CHAPTER TWO

LITERATURE REVIEW

2.0. Introduction

The chapter reviews corpus and extant existing literature pertaining to the impact of loyalty programs on customer repeat purchase. The major focus of the chapter is to review theoretical and empirical literature on loyalty programmes and customer repeat purchases. The chapter begins with a brief taxonomy of customer loyalty programs and this is followed by review of loyalty programs theoretical underpinnings. Next, the impact of loyalty programs on customer repeat purchase is discussed. The chapter also discusses the relationship between customer rewards and customer loyalty, the association between rebates and customer repeat purchase behaviour and the link between point systems and customer retention. The chapter also reviews literature on the association between loyalty card programs and customer retention as well as the relationship between gift card or certificates and customer retention. The study's conceptual model is also outlined. The chapter concludes with a discussion of the literature research gap that needs to be filled.

2.1. Taxonomy of Customer Loyalty Programs

There is no general agreement on the conceptual definition of loyalty programs proposed by various researchers. Indeed, customer loyalty programs have been defined in various ways by different researchers. According to Ayadi, Giraud and Gonzalez (2013), customer loyalty program can be described as “an integrated system of marketing actions that aims to make member customers more loyal”. Another similar definition by Jai and King (2015) describe loyalty programs as structured marketing efforts which reward, and therefore encourage loyal behaviour”. Hsu, Chang and Chuang (2015), on the other hand, formally describe a loyalty program as an integrated system of marketing actions which seeks to make customers more loyal through the development of personalized relationships with them. These programs will be used as instruments for increasing and enhancing consumers' perceptions of the organisations overall

offering. In other words, loyalty programs are beneficial in enhancing of the overall value of the product or service as they motivate loyal buyers to make their next purchases.

Kopalle and Neslin, (2013) explain that loyalty programs are often implemented to reward the customers for their patronage, when customers enter a lasting relationship with the organization. As noted by Acatrinei and Puiu (2012), loyalty programs are various marketing activities which consist of tiered service levels, dedicated support contacts reward cards, gifts and other methods for enhancing customers 'attitudes and behaviours. Another congruent definition by Hedesström, Andersson, Gärling and Bie (2012) describe customer loyalty program as "any institutionalized incentive system that attempts to enhance consumers' consumption behaviour over time." From the above definition, loyalty programs are meant to enhance overall value for a given product or service and motivate loyal customers to make their next purchase. Thus, with the assistance of loyalty programs, organisations will be able to increase the share of the customers' total purchase. More so, the aim of any loyalty programs is usually to reward loyal and frequent buyers. The study will adopt the definition by Acatrinei and Puiu (2012) which describe loyalty programs as various marketing activities which consist of tiered service levels, dedicated support contacts reward cards, gifts and other methods for enhancing customers 'attitudes and behaviours.

It should be noted that customer loyalty programs have become so robustly popular that it is estimated that companies spend more than \$2 billion on them annually (Bakti and Sumaedi, 2013; Kotler, Bowen and Makens, 2016; Miller, Skudiene and Reardon, 2013). As such, customer loyalty programs have become key ingredients for customer relationship management in various organisations. According to McCall and Voorhees (2014), companies such as Starbucks and Safeway have been adopting rewards program due to their effectiveness. Indeed, there has been a surge of loyalty programs across industries, including hotels (Yoo and Seo, 2014), financial services (Hu, Huang and Chen, 2010; Tanford and Baloglu, 2013), gas stations (Martin, Mortimer and Andrews, 2015), airlines (Aktepe, Ersöz and Toklu, 2014) and retailers (Acatrinei and Puiu, 2012; Suh, Dang and Trent; Alhaery, 2013). The success of any loyalty program lies in the ability of organisations to provide customers with specific rewards. As

articulated by Lee, Capella, Taylor and Gabler (2014), loyal customers enable organisations to generate more profit in the long run because of reduced operating costs and increased profit margin.

With hyper competition, many organisations are developing and improving loyalty programs to deter customers from defecting to competitors. These loyalty programs can be differentiated into hard and soft benefits. The hard loyalty programs provide something free that would cost the customer money. Examples include discounts, collateral products, points, miles and gifts (Abdul, Gaur and Peñaloza, 2012). On the other side of the coin, soft loyalty programs seeks to provide additional benefits for customers such as value added services and make them feel more exciting and special (Barkaoui, Berger and Boukhtouta, 2015; Lemon and von Wangenheim, 2014). Examples of soft loyalty programs include preferential treatment, tailored messages, recognition and communications. Soft loyalty programs are important in building personal relationship between customers and organizations.

Before introducing any loyalty programs it is of profound importance for organisations to first understand the life-style of their customers so as to create total satisfaction. As elucidated by Drèze and Nunes (2009) the value of loyalty programs to customers differ from customer to customer and at any point in time. For instance, customers may prefer monetary reward over hedonic rewards whilst some customers may prefer luxury rewards. In the same context, Lacey and Sneath (2016) argue that some customers require loyalty programs that provide immediate rewards. Thus, it is important for organisations to design loyalty programs that are in line with a particular customer segment.

2.2. Theoretical Underpinnings

In an attempt to investigate the impact of loyalty programs on customer repeat purchase, the study focuses on four normative theories as debated by different scholars and practitioners. The theories discussed in this section include theory of reciprocity; social comparison theory; equity theory and customer loyalty effect model. This section ends with a reflection on the theoretical discussion including the theoretical model that will be adopted for the study.

2.2.1. Theory of Reciprocity

The theory of reciprocity, propounded by (Cialdini 2009), argues that customers usually engage in comparisons whereby they weigh what they get with what expectations from that relationship with others. For instance, if a customer receives a reward from an organisation; he or she will favourably compare with expectations about the give and get in a relationship. This will usually result in either grateful or ungrateful customer feeling (Jung and Yoon, 2013). As pointed out by Goldstein, Forman and Butryn (2014), customer gratitude comes after understanding the influence of rewards on their favourable comparisons. Thus, as the customer becomes aware of getting a benefit, such as a gift from a department store's loyalty program, this will prompt feelings of gratitude. As postulated by Foroza, Zadeh and Gilani (2013), this shows "the emotional appreciation for benefits received, accompanied by a desire to reciprocate". In this regard, an investment in a relationship may result in a strong affective response that would exhibit gratefulness feelings as well as appreciation for rendering the benefit.

When customers experience feelings of gratitude they would want to behave reciprocally (Cialdini 2009; Goldstein, Forman and Butryn, 2014). Gratitude represents a typical affective reaction when a person receives some benevolence (Palmatier, 2009). Studies by Forgas, Moliner, Sánchez and Palau (2010) also assert that there is an effect of rewards on gratitude. In the same vein, Czellar and Luna (2010) argue that customer gratitude strongly links relationship investments with performance. Special reward gives the customer a sense of superior status relative to the other, "ordinary" customers and this is accompanied by an affirmative identity and favourable social comparisons.

2.2.2. Social Comparison Theory

The Social comparison theory (Festinger 1954) postulates that humans naturally do have an urge to compare themselves with others, sometimes without even being aware that they are doing so. These social comparisons can be downward, lateral or upward and allow people to draw inferences about their own position and rank. According to Nor, Rosidah and Muhammad (2011), usually the favourability of these assessments strongly affects subjective wellbeing.

It should be noted that the aim of the social comparison theory pertains to status perceptions (Gomez, Arranz and Cillian, 2013). When a customer believes that he or she is getting better treatment than other customers there will be the feeling of a superior status. On the other hand, if a customer feels that she or he is being treated worse than others there will be a feeling of unfairness (Keh and Lee, 2010). Thus, customers compare input and outcome ratios which will determine the extent of customer unfairness.

2.2.3. Equity Theory

The equity theory argues that human beings expect to receive benefits that are proportional to the efforts they would have contributed (Adams 1965; Basso, Clements and Ross, 2009; Leenheer, van Heerde and Smidts, 2013; Ziliani and Bellini, 2014). When comparing the input–outcome ratios, customers evaluate their relationship with a company on the basis of the appropriateness of their own ratio of efforts to benefits. In addition, customers also compare the balance between their ratio and the ratios of other customers and this is known as external equity (Agchi and Xingbo, 2011). According to Gable, Fiorito and Topol (2008), the considerations of equity or inequity are directly related to fairness judgments. Indeed, the perceptions of inequity usually result in feelings of unfairness and that often evokes strong negative customer reactions (Kreiss and Mafael, 2014). The equity theory describes customer unfairness as the degree to which the ratio of his or her received outcomes relative to inputs.

According to the theory, employees perceive a practice to be fair when their input-output ratio is equal to that of a referent (Greenberg, 1996; Mondy and Noe, 2008). In other words, when employees are paid in accordance to individual effort, it is most likely that they perceive fairness in the ratio. Conversely, perceptions of inequity would cause employees of an organisation to take actions in order to restore equity. According to Amin and Khan (2009) some of the actions include quitting or lack of cooperation and these are not helpful to achieve organizational goals.

Equity theory also propounds that people make inferences about two distinct categories of unfairness or injustice and this can either be distributive or procedural (Adams 1965). It should be pointed out that distributive injustice pertains to the unfairness of the outcome whilst procedural injustice reflects the unfairness of the process (Melancon, Noble and Noble, 2011;

Rothschild and Gaidis, 2012). Thus, when people view their own input–outcome ratio as inequitable, in comparison with others, they feel anger or tension and respond by adjusting their own. As such, customer loyalty programs are likely to trigger unfairness perceptions, due to cross customer comparisons. Empirical studies on targeted promotions indicate that negative effects on bystanders arise from their unfairness concerns (Drèze and Nunes, 2009; Kwong, Soman and Ho, 2010; Rothschild and Gaidis, 2012).

2.2.4. Customer Loyalty Effect Model

The customer loyalty effect model states that the three important factors that form the forces of loyalty in organizations are customers, employees, and investors. According to the theory, the key to organisational success is not profit but, instead, the creation of value for customers (Wirtz, Mattila and Lwin, 2013). As postulated by Kwong, Soman and Ho (2010) customer loyalty and repeat purchase are inextricably associated with creation of value. As an effect, loyalty programs should be able to indicate whether or not an organisation has been able to delivered superior value. As a cause, loyalty programs are vital in the creation of chain reaction.

According to Chandrashekar, Rotte, Tax and Grewal (2007), organisational market share will astronomically grow as the organisation will sweep in best customers through building repeat sales and referrals. When the company's value proposition becomes strong, it will be of utmost importance for organisations to concentrate investment on the most profitable and potentially loyal prospects (Bose and Roy, 2010; Singh and Imran, 2012). Furthermore, as long-term employees get to know their long-term customers, they learn how to deliver more value, which further reinforces both customer and employee loyalty. In agreement, Shaw (2015) argues that increased efficiency of dealing with loyal customers will help in generating cost advantage that is will be difficult for competitors to match. Thus, growing number of loyal customers will generates profits for organisations. In conclusion, the customer loyalty effect model demonstrates that a company willing to provide loyalty programs will be able to have organizational competitiveness through incessant customer repeat purchases.

In light of the above discussed theoretical models, the present study will adopt the customer loyalty effect model in understanding the impact of loyalty programs on customer repeat purchase. The theory vividly explains how loyalty programs will result in an increase in purchase frequency in consumers through the incentives offered by loyalty programs.

2.3. Impact of Loyalty Programs on Customer Repeat Purchase

The impact of loyalty programs on customer repeat purchase among various researchers and academics in the field of marketing has not been amenable. These studies do not offer consistent results on the relationship between customer loyalty programs and repeat purchase. Many researchers collide in proving the efficiency of loyalty programs in causing repeat purchase behaviour change among consumers.

Meta analysis studies by Haq (2013) on the cellular phone service providers in Pakistan found that customer loyalty programs positively influence company choice and, in turn, price sensitivity and customer retention rates. In addition, Charoensettasilp and Wu (2013) studied attitude and needs of Thai People in selecting domestic low-cost airlines and the findings concluded that loyalty programs increased repeat purchasing among a substantial proportion of customers. Suh, Dang and Trent (2013) studied loyalty programs of an online grocery and drug store merchant in order to check for long term effect on customer retention. The study concluded that the loyalty programs under the study were successful in increasing annual purchases for many customers. A quantitative study by Goldstein, Forman and Butryn (2014) found that loyalty programs enacted a sense of belonging and a feeling and this precipitated repeat purchase behaviour. Another study by Bohner and Dickel (2011) found that loyalty programs impacted positively on the affective loyalty behaviour of customers. In a similar study on Tesco loyalty cardholders of Dundee, Baran, Strunk and Galka (2009) found that having a loyalty card positively affected customer repeat purchase and also vividly increased the purchase volumes.

However, studies by Dwivedi, Merrilees and Herington (2012) on loyalty-intentions in the Australian supermarket industry did not find that there was no evidence to demonstrate an increase in depth or purchase frequency in consumers through the incentives offered by loyalty

programs. The study concluded that it is difficult to change repeated purchase models customers. A similar conclusion was reached by Demoulin and Zidda (2011) findings in rural India which suggested that only a small group of consumers change their purchase patterns due to participation in loyalty programs. Meanwhile, another study by Hsu, Chang and Chuang (2015) on online group-buying in Taiwan concluded that majority of customers purchased regularly before belonging to reward programs. In the same vein, Arbore and Estes (2013) believe that in retail stores loyalty programs only modifies the behaviour of a small part of consumers. Additionally, For instance, quantitative studies by Xie and Chen (2014) on Chinese 5 star hotels dismally failed to prove that specific loyalty programs brought about significant changes in repeat purchase.

The above literature seems to be inconclusive regarding the actual impact of customer loyalty programs on repeat purchase behaviour. Some studies have concluded that customer loyalty programs have little or no impact on behaviour. However, other scholars concluded that customer loyalty programs have a positive impact on repeat purchase.

2.4. Customer Rewards and Customer Loyalty

According to Drèze and Nunes (2009), customer rewards positively affect target customers through gratitude and status. This is also eluded by Kwong, Soman and Ho (2010) who suggest that customer rewards are important determinants of both repurchase intention and customer loyalty. This is because customer rewards results in behavioural intentions such as resistance to better alternatives, repurchase intention and the vigour to recommend other customers. More so, Lacey and Sneath (2016) argue that customer rewards significantly influences the responses of customers linked with memory, attention, processing, search, brand commitment, and satisfaction. For Zhaohua, Yaobin and Jinlong (2014), reward programs add to excellent service with easy and quick earned rewards and take the consumers' minds off the price. In this regard, customers will not hesitate to buy any product or service purchase even at the cost of spending more.

However, Bohner and Dickel (2011) believe that reward programs have only weak effects on purchase behaviour and these authors question the profitability of schemes that engage in massive card diffusion. Similarly, panel data analysis on Indian apparel retailers by Mayser and

von Wangenheim (2013) found mixed support for the impact of loyalty cards on lifetimes. From the above discussion, there is no agreement among researchers on the relationship between customer rewards and customer loyalty. This calls for the need for further studies on the subject.

2.5. Loyalty Programmes and Customer Satisfaction

Customer satisfaction has been viewed as an important aspect of an organisation's value delivery process. In this regard, both researchers and practitioners recognize as the main antecedent of loyalty that would influence organizational profitability (Berinsky, Huber and Lenz, 2012; Jain and Singhal, 2012; Maysers and von Wangenheim, 2013). Therefore, it can be argued that satisfaction should have a positive effect on both loyalty dimensions and hence customer loyalty. As postulated by Cohen, Prayag and Moital (2013), service organisations can only utilize their marketing tools and programmes to create customer loyalty with customers who are satisfied, which leads to understanding that customer satisfaction cannot be ignored or substituted as dissatisfied customers can do real harm. This is also corroborated by Yi and Jeon (2013) who argue that the value derived from participating in a loyalty programmes positively influences satisfaction levels. Indeed, satisfaction levels with loyalty programmes are directly influenced by benefits of belonging to the programme.

It has also been argued that successful recovery of service problems can positively affect positive word of mouth and purchase intentions. Foroza, Zadeh and Gilani (2013) argue that that poor service recovery may result in customer defection. On the other hand, moderate or high service recovery significantly increases the possibility of customer satisfaction and purchase intentions. Ernst and Young (2015) also opine that the customer's perceived justice about the resolution process would affect satisfaction with the recovery and overall satisfaction with the firm, which would directly affect purchase intention. More so, Reichheld (2009) put forth that 85% of customers who move away from the product or service are actually satisfied or very satisfied customers. A meta-analysis of customer satisfaction by Kuo, Chang, Cheng and Lai (2013) found that customer satisfaction explains less than twenty five percent of the variance in repeat purchase which is considered to be major cue for customer loyalty. The study also noted that there is a strong possibility of other factors excluding satisfaction that have an effect on loyalty.

It should be noted that satisfied customers tend to have higher usage of services, and possess stronger repurchase intention. According to Acatrinei and Puiu (2012), greater customer satisfaction leads to greater intent to repurchase. This is supported by Kellar and Preis (2011) who argue that high level of customer satisfaction will decrease the perceived need to switch service provider, thereby increasing customer repurchase and enhancing profitability of the organization. Henig and Klee (2012) further argue that customer satisfaction will positively influence commitment.

2.6. Rebates and Customer Repeat Purchase Behaviour

Rebates are among the most popular retention strategies and marketing tools used by various organisations, including hotels, to retain and attract customers (Schiffman, Kanuk and Hansen, 2008; Wei-Ming, Chia-Mei, Chin-Yuan and Kuo-Chang, 2011). In corroboration, Reeves (2009) postulates that organisations now recognize the fact that it can cost as much as three to five times to attract a new customer than to keep existing customer satisfied. As such, well designed customer rebate programs would not only enhance relationship between existing customers but will also increase customer life cycles and strengthen customer loyalty.

An exploratory study conducted by Nadiri, Hussain and Erdogan (2008) on the North Cyprus national airline revealed that rebates for customers had a significant effect on customers' share-of-purchase and share-of-visits. Likewise, another study by Soelasih and Kartini (2012) on commercial domestic passengers of low cost carrier flight in Indonesia found that membership card rebates had a significant positive impact on customer loyalty and repeat purchase behaviour. Again, Carev (2015) investigations on guest satisfaction and guest loyalty study for hotel industry revealed that membership card rebates resulted in customers having high purchase intensities and patronizing the company's products frequently. Along the same line of thought, Keh and Lee (2010) expound that rebates also act as exit barriers for customers who would have been well vested in the program. Similarly, panel data analysis by McAlexander, Kim and Roberts (2013) on various Hilton hotels indicated that that 49% of customers would not stay at a hotel without rebate membership cards. The study also concluded that customers with rebate membership cards spend three times more at the Hilton hotels than they did before joining the program.

From the preceding discussion, it can be argued that hospitality companies can retain more customers by the use of rebates as loyalty programs. Besides, rebates also act a profitable marketing activity that can reduce dissatisfaction and reinforce customer satisfaction. Thus, it is crucial for companies in the hospitality industry to build loyal customers through the use of rebates since repeat business constitutes a large percentage of room and food sales.

2.7. Point Systems and Customer Retention

Points system is a common loyalty program used by organisations whereby frequent customers earn points. The earned points usually translate into some type of reward such as discount, gifts, or special customer treatment (Baran, Strunk and Galka, 2009; Nor, Rosidah and Muhammad, 2011). According to Hedesström, Andersson, Gärling and Bie (2012), point systems are most appropriate for businesses that encourage frequent, short-term purchases. Indeed, this type of loyalty programs allow customers to accumulate points in order to eventually gain free rewards when they make repeated purchases with an organisation. As pointed out by McCall and Voorhees (2014), point systems appeal to customers on a cost-benefit analysis if they are convenient. Organizations such as Starwood hotel allow customers to redeem their accumulated points at any airline of their choice (Zhaohua, Yaobin and Jinlong, 2014). In the same vein, Zhang (2015) claims that point system lead to customer satisfaction which in turn, would influence retention. The key issue of point systems is to provide customers with reasons to patronize an organisation's products and services rather than those of counterparts. Along similar lines, Agudo, Crespo and del Bosque (2012) demonstrate that point systems offered by companies charging higher prices are valued more by consumers. However, this proposition is not empirically tested and is likely to be constrained by model assumptions about market conditions and consumer behaviour.

Furthermore, Zhaohua, Yaobin and Jinlong (2014) opine that points system create incentive for additional purchases and these are generally profitable features of successful business. In other words, customers with lower points or on the border of reaching the next level will usually spend more to secure the higher status level. In agreement with the above, Kotler, Bowen and Makens (2016) concur that points system tend to increase the switching costs of the customer. As a member of a points system, customers tend to make repurchases from a single organisation in

order to rapidly accumulate rewards. In the case of hotels, customers will use a single company because of the perceived benefits of customer points system. Validating the scale in the Zimbabwean context, customers will purchase their services from a particular hotel repeatedly.

2.8. Loyalty Card Programs and Customer Retention

Customer Loyalty Cards can be described as structured long-term marketing effort meant to provide incentives to repeat customers (McCall and Voorhees, 2014). According to Bakti and Sumaedi (2013), a loyalty card program is an incentive plan that allows a retail business to gather information about its customers. The aim of loyalty card programs will be to build emotional relationships that generate benefits among customers. In many cases, the process commence with giving the individualized plastic card to the customers and this is given for free in exchange with personal information including customer's name, address, phone number, number of household members (Ranganathan, Madupu and Brooks, 2013). The primary objective of loyalty cards is to modify customer repeat behaviour by stimulating product or service usage and retain customers by increasing switching costs aimed at creating a win-win situation for the initiating company and customers (Yoo and Seo, 2014). Another goal of a loyalty card program is to build repeat business by offering participating customers something that is not available to non-participating customers.

As noted by Miller, Skudiene and Reardon (2013), loyalty card programs encourages customers to return to their respective shop or retail outlet in order to save money, receive special extras and earn additional products/services in appreciation for their loyalty. In a study by Kaur and Soch (2013) on the influence of club loyalty card memberships for casinos, it was revealed that casino brands with a high membership have the most loyal customer base. A similar study in the airline industry of Malaysia, Jan, Abdullah and Smail (2013) found that customer loyalty fell sharply among brands that had fewer customers enrolled for their membership programs. Furthermore, Kuo, Chang, Cheng and Lai (2013) found that card holders in a loyalty program were less price sensitive to regular prices, spent more, and purchased more items than those not part of the loyalty program. When consumers are satisfied with the rewards they receive from the loyalty card program, they are more loyal and less sensitive to price than cardholders that are unsatisfied.

However in contrast with the preceding empirical findings, studies by Kellar and Preis (2011) in medium-technology industries concluded that loyalty card members behaved the same as non-card members with a few exceptions. The study also pointed out that loyalty card program was ineffective because of the oversaturation of loyalty cards in the industry. The overabundance of loyalty programs in the market coupled with the diversity of competition keeps customers options open for where they shop (Kellar and Preis, 2011). This is also explained by Ou, Shih, Chen and Wang (2011) with the imitation effect, where in competitive markets, competitors match the innovations of other companies to stay on top. If a good program is out there, it is likely to be imitated, thus minimizing the effect of the initial program. In line with these findings, Terblanche (2015) argue that loyalty card programs are most effective when customers have only one loyalty card and do not have competitors' cards. This, however, does not guarantee success, as Kreis and Mafael (2014) noted that a large percentage of customers who enrol in a loyalty program, are not in fact card loyal. This is also supported by Tanford and Baloglu (2013) who argue that an additional problem for club card loyalty is that customers are members of many different loyalty programs, even within same industry. This can be seen as a disloyal move by the customer, and the retailer therefore has gone the extra mile to meet the customers' needs and always try to construct the best offers.

These mixed findings on the effect of loyalty card programs and customer retention have stimulated heated debate on whether loyalty card memberships encourage customers to shop around and discourage repeat purchase behaviour. Thus, empirical evidence about the strength and direction of the effects of customer loyalty programs on customer repeat purchase behaviour has remained limited and contradictory. The conflicting results call into question the need for further studies in the subject area.

2.9 Gift Card or Certificates and Customer Retention.

According to McAlexander, Kim and Roberts (2013), gift card or certificates are meant to the behaviour of customers by tying free gift cards or chances to win free gift cards to a chosen action. In this regard, gift card or certificates are very effective in increasing the number of repeat customers, or increasing the volume of individual purchases. Because of the unique attributes of gift card or certificates, these promotions usually result in increased sales with a far

higher conversion rate than other promotional gift offers. As postulated by Meyer-Waarden and Benavent (2007), more than 76% of consumers will be interested in “purchasing or testing a product based upon receiving an incentive gift card for doing so.” Likewise, Soelasih and Kartini (2012) also observe that more than 74% of consumers are more likely purchase from stores offering gift card promotions.

Moreover, gift cards and certificates may stimulate feelings of pride about having “won” something without having to pay a normal price. Furtherance, customers will also appreciate rewards that pertains to their sense of being preferred customers. As expounded by Baker (2013), direct rewards such as gift cards and certificates have a higher impact on customer retention than indirect rewards. Schiffman, Kanuk and Hansen (2008), also established evidence that gift cards and certificates have a higher impact on loyalty for satisfied customers. The value of these gift cards and certificates is high enough to retain customers for both FMCG non- FMCG products.

The numerous loyalty programs offered by different retail stores give consumers many options to accumulate “points” and the effects of the programs may be nullified. This is explained by Dowling and Uncles (2007) with the imitation effect, where in competitive markets, competitors match the innovations of other companies to stay on top. In line with these findings, loyalty programs are found to be most effective when customers have only one loyalty card, and do not have competitors ‘cards (Mägi, 2013). This however does not guarantee success, as Mauri (2013) pointed out that a high percentage of customers who enrol in a loyalty program, are not in fact card loyal. The loyalty program should motivate customers to alter their purchasing behaviour and overall attitude to the store (Demoulin and Zidda, 2008).

2.10. Customer Relationship Management and Loyalty Programs

Customer relationship management focuses on creating, sustaining and growing long-term relationships with customers (Solanki 2011). Though a means to increasing revenue and profit, it is also a strategy which focuses the organisation towards fulfilling the customers’ needs. These needs can be established and be fulfilled with the incorporation of a customer database into the workings of the organisation which allows access to past purchase details as well as other

important customer segmentation information (Perreault, Cannon and McCarthy 2010). The use of such loyalty programs would provide valuable customer data needed to run successful customer relationship management initiatives (Liu 2007). According to Barnard (2010), loyalty programs enhance brand loyalty by cultivating an on-going relationship between a marketer and its customers. The loyalty can occur at four different levels which are cognitive, affective, conative and behavioural. According to Pepe (2011), attitudinal loyalty covers the affective and cognitive aspects and indicates the tendency to demonstrate certain behaviours.

According to Uncles (2013), loyalty leads to a relationship that can be expressed in terms of behaviour. The reasons why organisations may choose to adopt a loyalty program include retaining customers and limiting their movement to competitors, increasing customer loyalty, collecting data regarding consumer shopping behaviour and enhancing commitment (Kivetz and Simonson 2012; Rowley 2015). Yi and Yeon (2009) also contend that the reasons for participating in loyalty programs include prestige or recognition and the exclusive treatment that accompanies them. In the same vein, Liu (2007) states that the psychological feeling of appreciation and personal recognition is not all that customers want. Other psychological benefits include a sense of involvement or partaking in something greater than the purchase (Dowling and Uncles, 2007). Hence, the type of reward on offer has the ability to create or destroy value for the customer and subsequently either increase or decrease the switching costs from an organisation.

Commitment is seen as the main driver responsible for repatronisation and bringing about customer loyalty. Commitment itself entails involvement, identification and loyalty. The use of loyalty programs as part of the CRM strategy has been one way of alleviating the lack of customer commitment and increasing the switching costs (Beerli, Martin and Quintana 2012; Kim, Shi and Srinivasan 2011; Wendlandt and Schrader 2007). Loyalty programs are said to increase the customer's perception of switching costs and ultimately foster customer retention. For example, one such switching cost as opined by Taylor and Neslin (2011) is the foregone opportunity to accumulate sales points that contribute to rewards. As members of loyalty programs are rewarded for repeated patronage, they are in effect unconsciously bound to supporting a specific brand or retailer (Sharp and Sharp 2007). Although the benefits to having a

loyalty program appear to outweigh the negatives; there are various barriers to entry which should be considered. These barriers include expensive implementation and the need to signing up partners (Jensen, 2011).

Schoenbachler (2004) note that loyalty does not end with the customer buying the brand, this customer also tends to refuse switching thus increasing spend on the brand or with the retailer they loyal to. For example, loyal shoppers spend up to four times more than customers who switch-buy. Customer loyalty increases the market share of the preferred brand as consumers repeatedly purchase the brand or from the retailer with which the loyalty lies (Chaudhuri and Holbrook, 2011). In addition to this, loyal customers also tend to make use of other services that the business to which they are loyal might present (Anisimova, 2007). But contrary to the foregoing, Sharp and Sharp (2007) contend that loyalty programs show little evidence of behavioural change in consumers. This is similar to Rothschild and Gaidis' (2004) view that loyalty programs only seem to create short-term behavioural changes which do not bring about attitudinal or commitment changes. These negative findings on loyalty programs can be attributed to the polygamous nature of consumers and the competitive nature of organisations (Ghodeswar, 2008; Dowling and Uncles 2007). The focus on the relationship between consumers and service/goods providers has increased in academic marketing literature and practice in the last decade with acknowledgement of its importance. Growing number of studies conducted on the effect of loyalty programs on customer loyalty have produced mixed results, with many different variables being assessed. Taylor and Neslin (2009) argue that loyalty programs increase sales in through "points pressure" and "reward behaviour". Other studies were shown to have unflattering results with weak effects of loyalty programs. Sharp and Sharp (2007) studied the effects of an expansive loyalty program in Australia and concluded that card members behaved the same as non-card members with a few exceptions. The results signify that the program was ineffective because of the oversaturation of loyalty cards in grocery retail. The overabundance of loyalty programs in the market coupled with the diversity of competition keeps customers options open for where they shop.

2.11. Conceptual Framework and Hypothesis Development

In light of the preceding theoretical analysis, the study was able to build a conceptual model that links customer loyalty programs with repeat purchase behaviour. The conceptual framework is proposed that consists of all the identified loyalty program elements discussed and repeat purchase. These include customer rewards, rebates, point system and loyalty card programs. These elements, which appear most in the literature, are embedded within the robust customer loyalty programs and are relatively essential in repeat purchase behaviour. Thus, the customer loyalty elements in this study are measured as a multi-dimensional construct whereby loyalty programs are taken as proxy for customer repeat purchase intentions. The basic process of how the study conceptual framework functions is illustrated in Figure below:

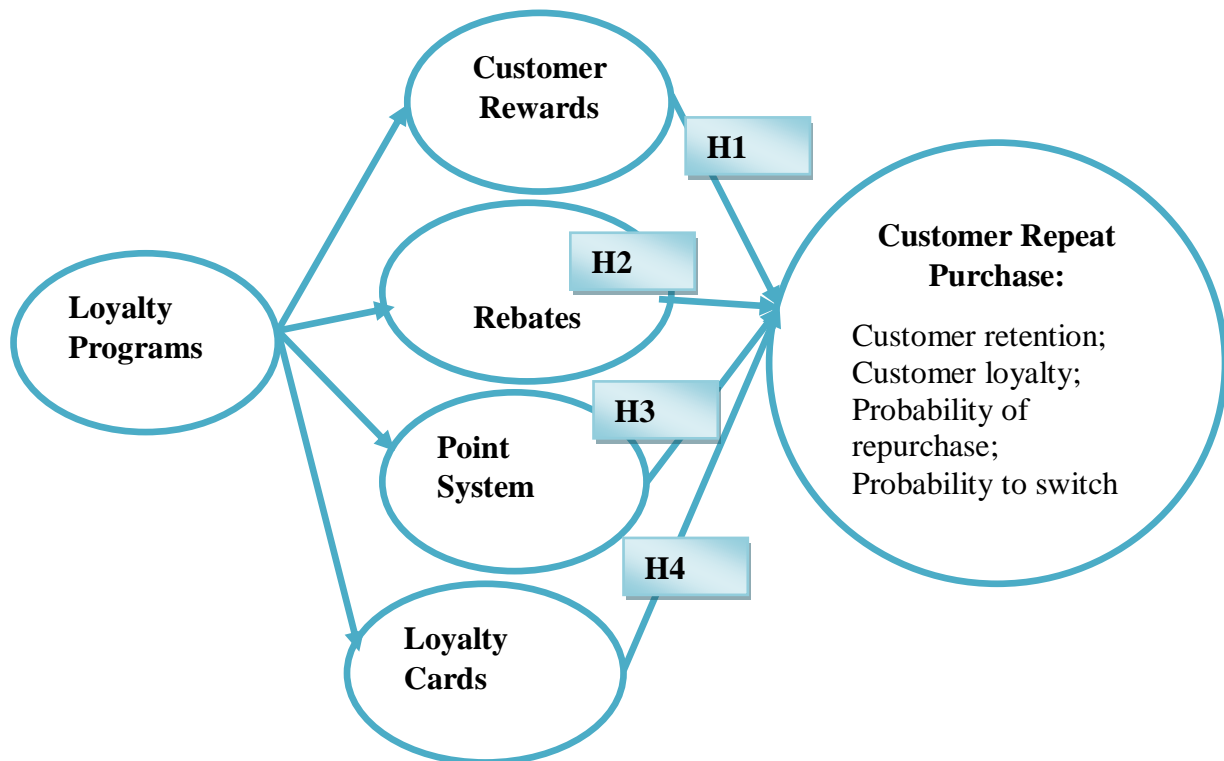


Figure 2.1. Conceptual Framework

2.12. Research Gap

Conceptually, the literature on the impact of loyalty programs on customer repeat purchase offered inconsistent and inconclusive findings. Some of the studies reviewed argued that there is

a positive and significant relationship between the two variables whilst other studies established negative correlation. More so, the study also found that various scholars collided in proving the efficiency of loyalty programs in causing repeat purchase behaviour change among consumers. Thus, the study will seek to provide a conclusive answer on the association between customer loyalty programs and repeat purchase behaviour. Although there is a voluminous literature on the impact of loyalty programs on repeat purchase behaviour there is scarce data in developing countries especially Zimbabwe. Given this context, it is imperative that in Zimbabwe the impact of customer loyalty programs on repeat purchase behaviour need to be investigated. Zimbabwe is culturally and economically different from the Asian, United States of America and other developed western European countries (Kotler, Wong, Saunders and Armstrong, 2010; Ou, Shih, Chen and Wang, 2011; Shaw, 2015). Therefore, intuitively the perceived benefits derived by Zimbabweans from a loyalty program might not be exactly the same for that of the customers in developed countries. Therefore, this will immensely contribute to the extant body of knowledge in this emerging field and will help the loyalty business as a whole by better understanding the market.

2.13. Chapter Summary

The chapter reviewed literature on the theory and practice of customer loyalty programs and its association repeat. The major focus of the chapter was to review theoretical and empirical literature on loyalty programmes and customer repeat purchases. The chapter began with a brief taxonomy of customer loyalty programs and this was followed by review of loyalty programs theoretical underpinnings. Next, the impact of loyalty programs on customer repeat purchase was discussed. The chapter also discussed the relationship between customer rewards and customer loyalty, the association between rebates and customer repeat purchase behaviour and the link between point systems and customer retention. The chapter also reviewed literature on the association between loyalty card programs and customer retention as well as the relationship between gift card or certificates and customer retention. The study's conceptual model was also outlined. The chapter concluded with a discussion of the literature research gap that needs to be filled.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0. Introduction

The chapter intends to give an overall perspective on how the research was carried out. The chapter begins with the research philosophy explaining the broad perspective on epistemological and ontological considerations. The major aspects of research design, research strategy and sampling techniques are also addressed. The chapter also discusses research instruments, data collection procedure and administration, validity and reliability, ethical considerations and data presentation and analysis tools. The respondent's selection and the choice of instrumentation scales will also be detailed. Overall, the chapter will provide overall perspective of how the study was conducted with justifications.

3.1. Research Philosophy

Positivism was adopted for the study because of its ontological assumptions of representationalism and objectivism. Using positivist research philosophy helped the researcher to generalize and apply beyond the situation in which the study was originally conducted. In addition, the use of positivism assisted the researcher in generating testable hypotheses through deductivism. In line with, Leedy and Ormrod (2010), the use of positivist mode of inquiry helped the researcher in expanding more output for the study since it sought to determine how study variables would cause change in causal relationships. As such, the object of the study was to investigate the link between loyalty programs and customer repeat purchase.

Considering that customer loyalty is an innate quality that is ubiquitously present in the external world and can be affected by loyalty programs, positivism was most appropriate for the study. More so, the concept loyalty programmes is not based on the meanings customers place on these programs, but rather can be measured and based through the findings of the already existing literature (Berinsky, Huber and Lenz, 2012). In line with Israel and Hay (2006), the use of

positivism would help the researcher in minimizing biases and any values that could contaminate the research process. The use of positivism in the study would help in the generation of knowledge that is externally valid. As such, positivism provided a self-corrective tool that checked credibility of primary data credibility and reduced the distortion due to researcher subjectivity.

3.2. Research Design

In order to achieve the research objectives, the study followed the line of reasoning based on quantitative research design. Due to the nature of the research objectives which sought to establish causality and relationships a quantitative research design was found to be necessary. This is because quantitative research designs concern positivistic beliefs of causality, generalization and replication. Considering that the study sought to collect factual data and reduce the research problem into simplest possible element, a quantitative research design was deemed appropriate. More so, the research required the use of empirical and hypothesis testing as suggested by Easterby-Smith, Thorpe and Jackson (2012). This would allow the researcher to identify which loyalty programs generate a higher level of customer repeat purchases. More so, a quantitative research design was adopted because of its ability to replicate the findings with transparency. In line with sentiments by Zikmund, Babin, Carr and Griffin (2010), a quantitative research design would be able to detect the fine differences between respondents. Therefore, this would allow the researcher the opportunity to categorize loyal customers using demographic variables.

In line with suggestions by Denzin and Lincoln (2011), the use of a quantitative research design would explicate the study problem by collecting numerical data and analyze using statistical tools. As its modus operandi, a quantitative research design would measure the behavioural characteristics of study participants and attempt to generalize the findings to the whole population. It should also be noted that the use of a quantitative research design would not only help in understanding the research phenomenon but also clarifying the means of analyzing its causes (Bryman and Bell, 2011). In this regard, the study was influenced by a deterministic outlook aimed at producing testable hypothesis. Above all, the use of a quantitative research

design would allow the researcher to use consistent measurements that would stand the test of time and is free from researcher biasness.

3.3. Research Strategy

In order to meet the research objectives set in chapter 1, a survey strategy was chosen for the study. According to Collis and Hussey (2011), a survey research strategy involves the structured collection of data from a sizeable population. Surveys were selected for the study since they provide numerical description of attitudes or opinions and draw generalisations from the data provided (Hair, Babin, Money and Samouel, 2011). In line with Bryman and Bell (2011), a research strategy would allow generalization of the findings to the study population. The study would therefore be generalized to the hotels in Harare.

The benefit of using a survey research strategy was that it could be adapted to each of the respondents needs, as could complete the survey anonymously (Clarke, 2011; Easterby-Smith, Thorpe and Lowe, 2012). More so, the use of a survey strategy would make it easier for the researcher to administer the questionnaires at a faster rate than would have been possible given the time available. From a quantitative perspective, the use of survey research strategy would allow the possibility of attitude measuring and targeting the active customers who joined loyalty programs instead of all the customers.

3.4. Study Population

The population of the study was broadly defined as active customers derived from all the selected hotels in Harare. These respondents' profiles were older than 20 years and had experienced some types of loyalty programmes. The reason for this was to ensure a large enough population. The study population is estimated at 1000 customers in Harare (ZTA Report, 2016). Thus, the choice of the population for the study was driven by the need to extract informed and relevant information from the research participants. This would be significant in making conclusions and recommendations at the end of the study.

3.4.1. Sample Size

From the study population of 1000 customers it was essential to select a sample size that could be representative of the whole target population. There are various methods used to determine sample size and these include rules of thumb, average size samples from previous similar investigations or statistical method. For the study, the sample size was calculated using the sample size determination table by Eastman and Bailey (2006). The table below shows the sample size determination table:

Table 3.1| Sample size determination table

Population	Sample Size
1000	278
950	274
800	260
700	254
600	234
500	217
400	196
300	169
200	132
190	127
180	123
170	118
160	113

Source: Eastman and Bailey (2006).

Using the above table, the targeted population of 1000 hotel customers would statically require at least 278 participants at 5% level of significance. After ascertaining the sample size, it was now important for the researcher to pick the exact participants using the appropriate sampling techniques.

3.5. Sampling Methods and Techniques

Stratified sampling was used in the study and this was appropriate to collect sufficient information from the total population and make appropriate statistical inferences. The major objective of stratified sampling was to increase precision without increasing cost. Accordingly, the study sample was divided into a number of homogeneous, non-overlapping groups, called strata. These homogenous strata include four selected hotels in Harare. As such, each hotel was regarded as a stratum in the population. The allocation of each stratum was done using proportional sampling and this was calculated using the following formula:

$$n_i = n * N_i / N$$

Where, n_i = Number of members in the sample from strata i for $i = 1, 2, \dots, 5$

N_i = Number of members in the population from strata i for $i = 1, 2, \dots, 5$

N = Number of members in the entire population

n = Sample size.

Table 3.2. Proportional Sampling

Sample Size	Stratified Sampling $n_i = n * N_i / N$
Hotel A	57
Hotel B	53
Hotel C	56
Hotel D	58
Hotel E	54
Total	278

Within the identified strata, simple random sampling technique was then adopted. Since the expectation of the study was to generalize the collected data to hospitality companies in Harare, simple random sampling was appropriate. The advantage of simple random sampling was that it permitted the estimation of the sampling error which could be minimized and calculated (Warburton, 2010; Talmy, 2010). In line with, Bryman and Bell (2011), simple random sampling would help in eliminating the human factor in the sampling and each participant had an equal chance to be selected.

3.6. Sources of Data

The two main sources of data were primary and secondary data. These are explained in detail below.

3.6.1 Secondary Data

Secondary data was obtained from government agencies, statistical bureaus, tourism department and private research companies. Specifically, secondary was obtained from Zimbabwe Tourism Authority, Zimstats and market research agencies and this was used to discuss the research constructs and similar relationships as in the study model. In addition, secondary data were gathered from books, journals, articles, newspapers, internet and website.

3.6.2 Primary Data

Primary data consisted of first hand data collected for the set research purpose. This data was directly collected from the original source by the researcher through the use of various research instruments methods. For this study, survey questionnaires were used to collect primary data in line with research objectives.

3.7. Research Instrument

Structured questionnaires were used for the collection of relevant primary data from customers. The benefits of the questionnaires were that they allowed for the collection of a huge amount of primary data within the given time period. The use of the questionnaire as the research instrument helped in capturing the attitudinal data of study respondents. More so, questionnaires

were used for the study since they are widely regarded as cheap and effective way of gathering data from a large sample (Collis and Hussey, 2011; Kothari, 2011). Furthermore, survey questionnaires were used for the study because they were simple to administer where a lot of information could be extracted from the statistical analysis. Use of questionnaires would allow the study respondents to ask if there were any difficulties. In addition, the use of structured questionnaires helped in maintaining the objectivity of the study whilst ensuring that the answers directly addressed the issues at stake. Moreover, the respondents had some autonomy to respond to questions which avoided biases when the researcher had to talk to particular individuals. Furthermore, written questionnaires enabled the busy customers to complete them at their own convenience thereby ensuring a higher response rate for the study.

Questions used to measure the effect of customer rewards on customer loyalty were based on Jain and Singhal (2012) and furthered by Mayser and von Wangenheim (2013). Questions relating to the influence of rebates on customer repeat purchase behaviour and the effect of point system on customer retention were adapted from Garnefeld, Eggert, Helm and Tax (2013). Finally, the effect of loyalty card programs on customer retention was gauged with measures used by Cohen, Prayag and Moital (2013) and McKinsey (2017). A 5 point Likert scale was used measure the relationship between loyalty programmes variables and customer repeat purchase. The Likert scale gave the respondents the opportunity to indicate the degree of agreement or disagreement to a series of provided statements. The 5 point Likert scale gives the respondents more options to choose from (Saunders, Lewis and Thornhill, 2012). In all cases, it had point 1 indicating strong disagreement, 2 indicating disagreement; 3 showing neither agreement nor disagreement; 4 indicating agreement and 5 indicating strong agreement (Creusen, Hultink and Eling, 2012; Yin, 2011). The overall mean for each of the variables (both independent and dependent) provides a summative disposition of respondents' views towards that particular variable thereby embracing both positive and negative views. In lieu of this, a mean above 2.5 signalled positivity in the overall tendency of respondents relative to that particular variable. On the contrary, a mean below 2.5 indicated of negative perception of respondents towards that variable. The advantage of the Likert scale was that it made the questionnaire easy to construct

and administer and that was relatively easy for the respondent to understand how to use the scale (Scandura and Williams, 2013).

A pre-test of the questionnaire was conducted whereby a total of ten people completed the questionnaire. The goal of the pre-test was to see how long the questionnaire took to complete as well as making sure all of the questions were understood clearly. The pilot test also ensured that the questions were clear and simple enough for the participants. The pre-test was also useful in gauging the time required to complete the survey as it is one of the reasons for a low response rate (Kothari, 2011). Based on the feedback from the pilot study questionnaire, modifications were made to further simplify the terms that were not clear.

3.8. Data Collection Procedure and Administration

After having determined the most suitable research strategy, it was necessary to decide on how the data would be collected. The questionnaires were administered through the use of drop and pick method. The main advantage of the drop and pick method was that it resulted in significantly higher response rates (Denzin and Lincoln, 2010; Ergu and Kou, 2012). The other advantage of drop and pick was that the respondents were given enough time to answer the questionnaire since the researcher would come later to pick them. Furthermore, the pick and drop method allowed the researcher to collect data from a large representative sample at relatively low cost per datum. As noted by Plano Clark and Creswell (2013), using a drop and pick method would increase the response rate to more than 70%.

The questionnaires were delivered in person by the researcher to the hotels under study. The researcher first made coordination visits with the human resources managers in the respective departments and this assisted in clarifying the contents of these questionnaires to facilitate the sample group in its filling. To enable the participants to fully understand the context of the survey, an introductory brief was attached to the first page of the questionnaire. The cover letter also stated that participation is completely voluntary, with assurance of strict confidentiality. The introductory brief was short and had clear sentences and aimed at explaining the overall situation to the participants. The brief also contained contact information for participants to reach the

researcher in case of misunderstandings and also emphasized the anonymity of all data gathered. During the dropping of the questionnaires, the researcher established rapport with the respondents to encourage them to respond to the data collection instruments accurately. Where necessary, the researcher assisted the respondents in order to ensure more accurate findings. This was advantageous in that it allowed rapport with study participants (Bryman and Bell, 2011).

The researcher set a target of twenty one days to receive back the questionnaires. If the study respondents did not complete the questionnaires after two weeks, the researcher made follow ups through a phone call and these questionnaires were collected at a later time that would be conveniently arranged. More interesting was that most of the participants returned the questionnaires within the stipulated period. The distribution of questionnaires began from 23 August 2017 to 13 September 2017.

3.9. Validity and Reliability

Before the distribution of the questionnaire, it was of paramount importance to determine the reliability and validity of all the scales. The study first utilised the Kaiser-Meyer-Olkin (KMO) to measure sampling adequacy and whether the partial correlations among variables are small. The Bartlett's test of sphericity was also used to determine whether the correlation matrix is an identity matrix. According to Bryman and Bell (2011), KMO measures the sampling adequacy and should be greater than 0.5 for a satisfactory factor analysis to proceed. Likewise, if any pair of variables has a value less than this; it is advised to consider dropping one of them from the analysis. The IBM Statistical Package for Social Science (version 24) statistical software was used to analyze the data. The results are tabulated below:

Table 3.3. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.876
Bartlett's Test of Sphericity	Approx. Chi-Square	1420.714
	df.	276
	Sig.	0.000

From the above table, the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.876 and this was satisfactory for proceeding factor analysis. Bartlett's test of Sphericity was also conducted and p value of 0.000 shows that it was possible to continue with the factor analysis of loyalty programs.

A reliability test was then performed on the study's constructs (customer rewards, rebates, point system, loyalty cards and customer repeat purchase) using the Cronbach's Alpha test. According to Rubin and Babbie (2010), measures whether the collected data will be good enough to be endured even more using advanced statistical procedures. Tavakol and Dennick (2011) point out that the Cronbach's alpha values should lie between 0.7 and 0.95 to be acceptable. A value lower value than 0.7 can depend on a low amount on questions or too heterogeneous variables. The table below shows the Cronbach's alpha values:

Table 3.4. Cronbach Alpha

Construct	Number of items	Cronbach Alpha
Customer Rewards	5	0.76
Rebates	5	0.84
Point System	5	0.71
Loyalty Cards	5	0.79
Customer Repeat Purchase	5	0.83

From the above table, it can be seen that the Cronbach alpha values for the study variables such as customer rewards (0.76); rebates (0.84); point system (0.71); loyalty cards (0.79) and customer repeat purchase (0.83) were more than acceptable and recommended Cronbach's alpha values. Thus, the scales in the questionnaires satisfactorily measured the constructs for the study.

Research quality for the study was also measured using validity. To increase validity in this study, questions from previous researches were used so the relationship between loyalty programs and repeat purchase would be credible. For the purpose of this study, the study constructs (customer rewards, rebates, point systems and loyalty cards) and impact on customer repeat purchase were checked with the help of validated scales developed by Jain and Singhal (2012) ; von Wangenheim (2013); Garnefeld, Eggert, Helm and Tax (2013); Cohen, Prayag and Moital (2013) and McKinsey (2017). The validity of these constructs was checked with the help of agreement among these researchers. Finally, the questionnaire was subjected to a pilot test before distribution to all the study participants. Additionally, expert judgment from various marketing practitioners and academics in the hospitality sector was also utilised during the study. This was complemented by the pilot testing of the questionnaire and that had helped in eliminating any ambiguities. All these helped the researcher to have confidence in the validity of the questionnaire and it was fit for the collection of primary data.

3.10. Ethical Considerations

The main ethical issues involved in this study were respondents' rights to self-determination, anonymity and confidentiality. The researcher had to interact deeply with the participants, thereby entering their personal domains of values. As such, the researcher had an obligation to respect the rights, needs, values and desires of the respondents. All primary data collected from the respondents were treated with utmost confidentiality without any disclosure of their personal identity. The researcher promised confidentiality and did not ask for the names of the respondents. In line with Gilgun (2014), all the study respondents were assured that the primary data obtained from the study would be kept confidential and hence they could feel confident to express their opinion without fear and concern. The researcher also ensured that anonymity of the participants was maintained through the removal of any identifying characteristics before the

dissemination of information. It was also assured that all collected data would be analyzed and reported only in aggregate form.

Before the distribution of the questionnaire, all the participants were informed of the purpose, nature and data collection methods. In addition, the researcher also explained the roles for the respondents and the researcher. In line with this, the researcher first obtained the consent from the respondents in writing. Despite all the above-mentioned precautions, it was made clear to the participants that the research was for academic purpose only and their participation was absolutely voluntary. The researcher also provided contact details and personal email in case there was any concern which might be raised during the research. The questionnaire data were kept confidentially and respondents were assured of their right to withdraw at any time. The names of the respondents were not recorded and so all the data were rendered anonymous.

3.11. Data Presentation and Analysis Tools

The collected data was collated, coded and entered Statistical Package for Social Sciences (SPSS) version 24. The statistical program was used to analyze the demographic characteristic of the respondents and to obtain the result by frequencies and percentage. Since the study was quantitative in nature, the findings were presented in simple descriptive statistics involving some tables and bar charts. These were chosen because it made it possible to investigate the relationships of interest. More so, the study used descriptive statistics to analyze the collected primary data included percentage, frequency, mean and standard deviation. Additionally, inferential statistical examination was used to investigate the relation among different variables of the study to see the dependency or effect of one variable on other. Additionally, computed mean and standard deviation were also used to determine the agreement level of respondents.

The technique of frequency distribution and Pearson correlation was used. With the help of frequency distribution, it can be predicted that how many people or what percentage of people support or are in favour of a particular idea. Pearson correlation techniques measured the relationship between the two variables of loyalty programs and customer repeat purchase. In

particular, the strength of a linear relationship between the variables was measured. The correlation coefficient (r), ranges from +1.0 to -1.0. If the value equal to 0, there is absolutely no association between two variables. If the value is +1.0, there is a perfect positive linear relationship. Yet, -1.0 is represented a perfect negative (inverse) linear relationship. The direction of the relationship between two variables is used to determine whether there is negative or positive relationship between the two variables (Hair, Bush and Ortinau, 2009).

3.12. Chapter Summary

This chapter has presented, analysed and justified the key methods used for the main parts of this dissertation. This chapter focused on the research design and methodologies used by this research. A description of the population, sampling methods used, measuring instruments, procedure, statistical analysis as well as consideration of ethics was covered. The chapter explained the research methodology used for the study beginning from the research design, sample selection, research instrument and the procedure adopted. The research design chosen for the study was quantitative which made use of quantitative tools and methodologies. Some ethical considerations were also mentioned and the chapter further provided an explanation of the statistical procedures used to analyze the primary data. The next chapter will present and discuss the results of the data analysis.

CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS

4.0. Introduction

The following chapter presents the primary data findings collected from the survey study pertaining to the impact of loyalty programs on customer repeat purchase. The data was collected from the fieldwork using a survey questionnaire. The data will be presented, analysed and tabulated using SPSS version 24.0 analytical tool. The chapter will begin by highlighting the study's response rate and then analyze the demographic characteristics of the respondents. Thereafter, the chapter analyzes the responses in relation to the influence of rebates on customer repeat purchase behaviour, effect of point system on customer retention and effect of loyalty card programs on customer retention.

4.1. Response Rate

A total of 278 survey questionnaires were randomly distributed to the selected 5 hotels in the central business district of Harare. The study managed to realize a response of 194 questionnaires. This represented a response rate of 69.78% and was deemed acceptable to make meaningful analysis and conclusions. The results are tabulated below:

Table 4.1. Response Rate

Organization	Distributed questionnaires	Returned Questionnaires	Response Rate
Hotel A	57	44	77.19%
Hotel B	53	30	56.60%
Hotel C	56	43	76.79%
Hotel D	58	37	63.79%
Hotel E	54	40	74.074%
Total	278	194	69.78%

From the above findings, it can be seen that the study's response rate of 69.78% was high enough to make reliable analysis and conclusions in relation to the impact of loyalty programs on customer repeat purchase. Important to note, all the hotels under study registered high response rate for the study. The response rate of 69.78% agrees with suggestions by Mugenda and Mugenda (2012) who suggest that a response rate should fall between 20% and 94% in order to have reliable and acceptable conclusions. This is also corroborated by Yin (2011) who argues that any response rate above 60% is adequate enough to make meaningful primary data analysis.

4.2. Reliability Test

A reliability test was performed on the study's constructs (customer rewards, rebates, point system, loyalty cards and customer repeat purchase) using the Cronbach's Alpha test. According to Rubin and Babbie (2010), measures whether the collected data will be good enough to be endured even more using advanced statistical procedures. Tavakol and Dennick (2011) point out that the Cronbach's alpha values should lie between 0.7 and 0.95 to be acceptable. A value lower than 0.7 can depend on a low amount of questions or too heterogeneous variables. The table below shows the Cronbach's alpha values:

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4.3. Test for Sample Adequacy

The study first utilised the Kaiser-Meyer-Olkin (KMO) to measure sampling adequacy and whether the partial correlations among variables are small. The Bartlett's test of sphericity was used to determine whether the correlation matrix would be an identity matrix. According to Bryman and Bell (2011), KMO measures the sampling adequacy and should be greater than 0.5 for a satisfactory factor analysis to proceed. Likewise, if any pair of variables has a value less than this; it is advised to consider dropping one of them from the analysis. The IBM Statistical Package for Social Science (version 24) statistical software was used to analyze the data. The results are tabulated below:

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	df.	276
	Sig.	0.000

From the above table, the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.876 and this was satisfactory for proceeding factor analysis. Bartlett's test of Sphericity was also conducted and p value of 0.000 shows that it was possible to continue with the factor analysis of loyalty programs.

4.4. Demographic Data of Respondents

The researcher first sought to determine the biographic data of the sample used for collecting primary data. In particular, background information relating to the respondents' age, gender, monthly income, marital status and educational qualifications were analyzed. All these are explained in the following section.

4.4.1 Gender of Respondents

According to the survey findings, 53% of the respondents were females whilst 47% were males. These findings are diagrammatically illustrated below:

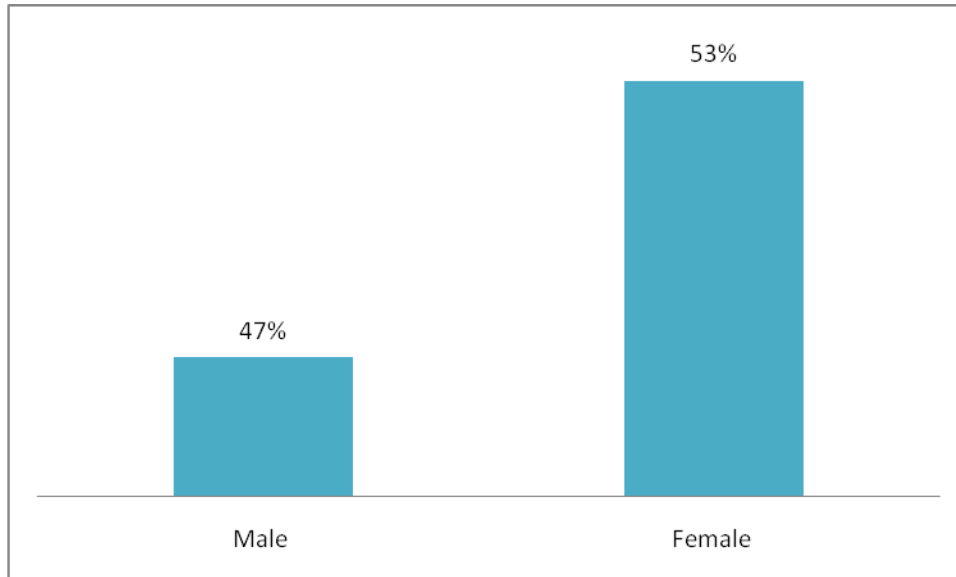


Figure 4.1. Gender of Respondents

From the survey findings, it can be deduced that majority of the customers for the hotels under study are women. More so, this is not coincidental, as women tend to be more involved with loyalty programs than men. The marginal difference between the two genders can be attributed to the high degree of brand loyalty which is apparent in the female population in comparison to their male counterparts. This is also noted by Berinsky, Huber and Lenz, (2012) who argue that loyalty program membership are higher women not only in hotels and restaurants but also in financial services, beauty, grocery shops and media and entertainment. Studies by Jain and Singhal (2012) in the Indian apparel market also indicated that women are more likely than men to be interested in loyalty programs. Another study by McCall and Voorhees (2010) in Canada showed that four in every seven women carry at least three loyalty cards. Thus, the differences in gender raise interesting questions about how sexes may differ in their relationships to loyalty programs. It may be deduced that loyalty programs drive women to use a particular brand.

4.4.2. Age of Respondents

Regarding the ages of the respondents, the survey results showed that only 4% were aged below 20 years, 34% were aged between 20 years and 30 years and 45% were aged between 31 years and 40 years. In addition, 13% fell within the 41 years to 50 years age category and 4% were more than 51 years of age. These findings are illustrated below:

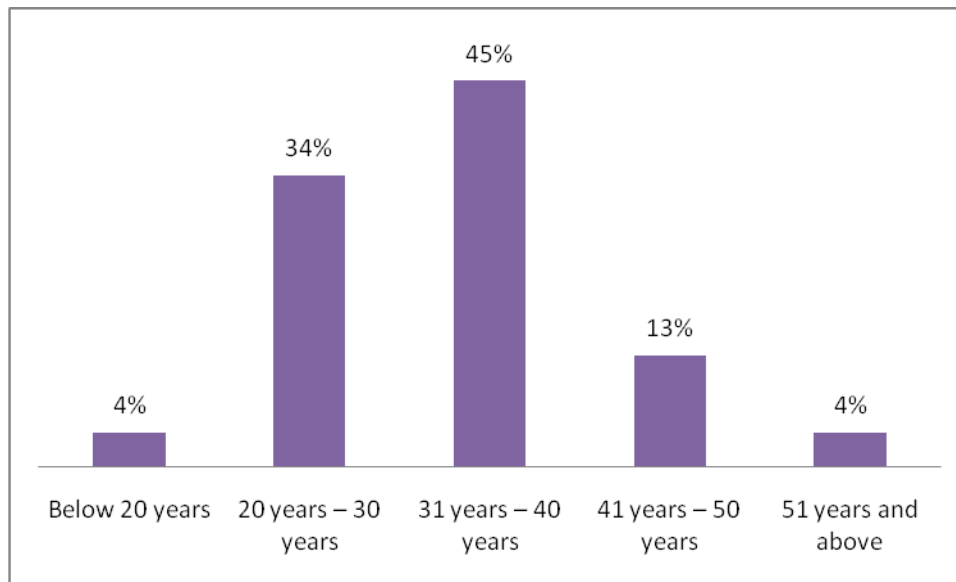


Figure.4.2 Age Of Respondents

From the findings, it can be deduced that majority of the study respondents (83%) were not more than 40 years of age. This is an economically active and young group consisting of mainly millennials and Generation K. According to Mayser and von Wangenheim (2013), the age group between 20 years and 40 years would likely buy in shops that offer loyalty programs since values for money is their driver. This age group is also most likely to be fully engaged to a brand if there are loyalty programs and are willing to switch from their favourite brand if they find a similar product with loyalty programs (Cohen, Prayag and Moital, 2013; Foroza, Zadeh and Gilani, 2013). In addition, this is also an age range of young adults that are in tune with loyalty programs in not only the hospitality but other services sectors as well. Thus, the customers in this age group are usually conscious about loyalty programs. Other previous studies have also shown that there has been biggest increase in loyalty memberships in the 20-40 years old consumer group (Chinomona and Dubihlela, 2014; Purnasari and Yuliando, 2015). This is also corroborated by Terblanche (2015) who elucidates that older individuals tend to be more

polygamous largely because they tend to have more disposable time and thus the option to frequent more hotels.

4.4.3. Academic Qualifications of Respondents

The researcher also sought to determine the level of education for the study respondents. According to the findings, 11% had secondary education, 28% had diplomas and 39% possessed undergraduate degrees. In addition, 22% had masters degrees and no one had a doctorate degree qualification. The findings are illustrated below:

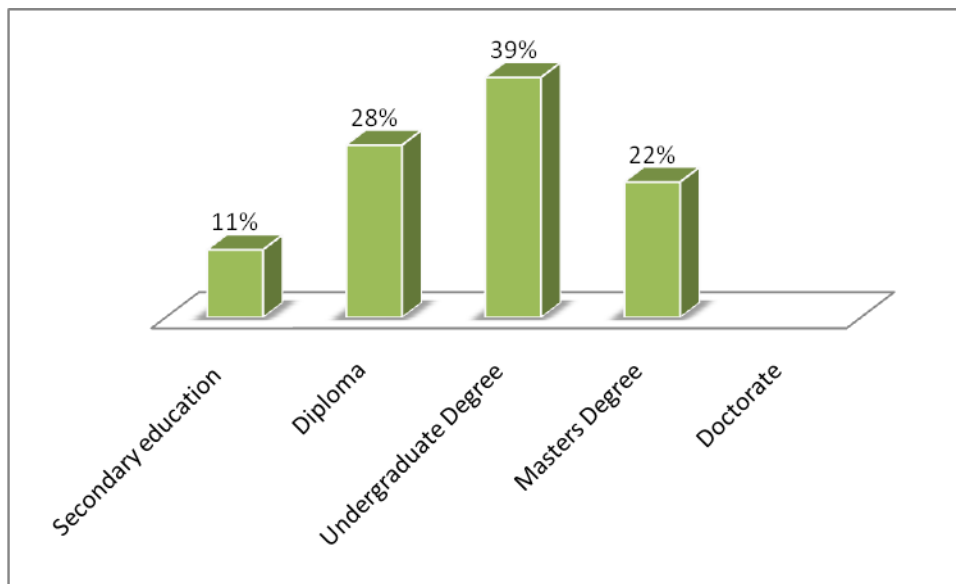


Figure 4.3. Academic Qualifications of the Respondents

From the above findings, it can be seen that majority of the respondents (61%) had at least a university degree. As such, they were educated enough to understand issues pertaining to the impact of loyalty programs on customer repeat purchase: in the hospitality sector. This would provide credibility that the findings from the survey were collected from respondents who understood and could interpret the questionnaire on their own. According to Charoensettasilp and Wu (2013), it is important for any study that the respondents are able to comprehend the contents of the questionnaire. More so, the high academic qualifications show that the customers from the selected hotels had knowhow and know what about loyalty programs and customer repeat purchase. Hence, it can be argued that majority of customer under study were literate enough to answer questions pertaining to loyalty programs and customer repeat purchase for the

respective hotels under study. More so, the proportion of respondents with loyalty programs memberships also increases with the level of education (Charoensettasilp and Wu, 2013; Nielsen, 2016).

4.4.4. Monthly Income

Regarding the monthly income of the respondents, 9% earned less than \$500, 23% earned between \$500 and \$999 and 36% earned between \$1000 and \$1499 per month. In addition, the survey findings indicated that 22% of the respondents earned between \$1500 and \$1999 whilst 10% earned \$2000 and above. These findings are illustrated graphically below:

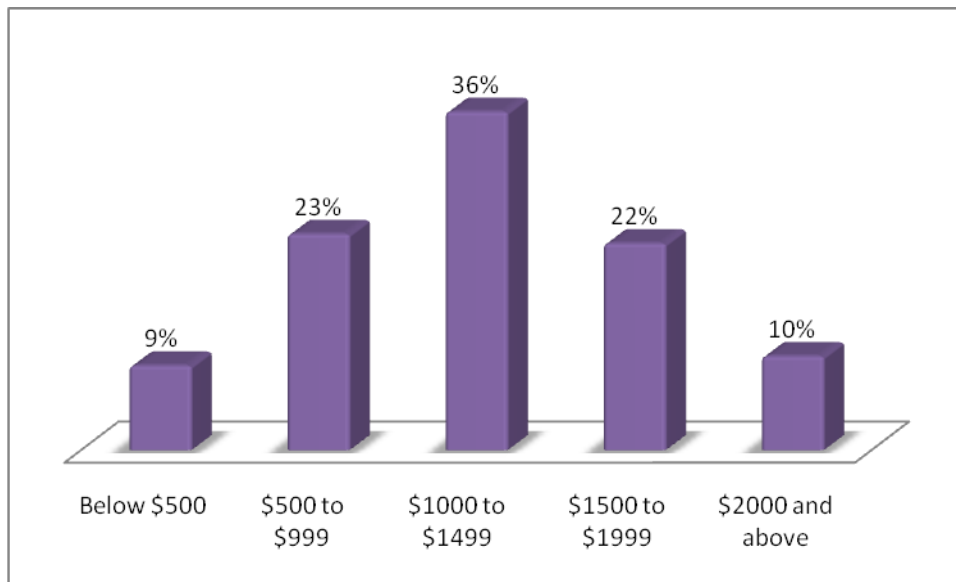


Figure 4.4 Monthly Incomes of Respondents

The findings from the above do indicate that 68% of the respondents earned a monthly salary of at least \$1000. Thus, majority of the respondents ranged from middle to high income earners. This group of customers is usually interested in receiving rewards and recognition for their loyalty rather than price discounts. This is also stated by Acatrinei and Puiu (2012) and Mpinganjira (2014) who argue that high-income earning customers would prefer rewards and recognition they get from loyalty programs as one of their favourite things.

4.5. Frequency of Visit to the Hotels

According to the survey findings, 17% of the customers visited the respective hotels once a month, 32% visited 2 to 4 times per month and 47% visited the hotels 5 to 10 times per month. The study also revealed that 4% of the respondents visited their respective hotels for more than 10 times per month. These findings are indicated diagrammatically below:

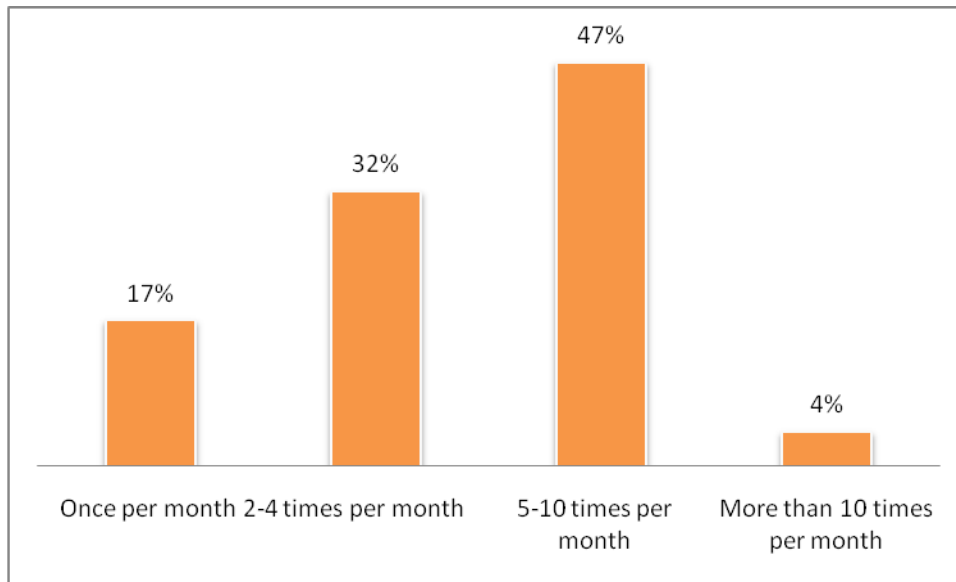


Figure 4. 5. Frequency of Visit to the Hotels

The above findings do show that majority of the respondents (84%) would visit the respective hotels at least twice a month. Thus, the study respondents can be classified as having general comprehension of the hotels' loyalty programs and their relationships with repeat purchase.

4.6. Effect of customer rewards on customer loyalty

The researcher used descriptive statistics in the form of mean scores and standard deviation was used to understand issues relating to the effect of customer rewards on customer loyalty. The mean scores would show the extent of agreement or disagreement on the statements provided. From the mean scores, values ranging from 4.00 would mean that the respondents had agreed with the statements that have been provided. As such, the high mean scores would mean that the respondents agreed with the statements provided. More so, any mean scores less than 3.00 would imply that the respondents did not agree with the statements provided in the survey

questionnaire. Likewise, the mean scores which ranged from 3.000 and 3.900 would mean that respondents were not sure about the provided statements. At the same time, high standard deviation values would imply that there was variation in the participants' response whilst lower standard deviation would indicate that there was low variation in participants' responses.

From the survey findings, the statement "I often focus on the hotel promotion activities such as customer rewards" had the highest mean score of 4.8809 and a standard deviation of 0.0978. Likewise, the statement "I am emotionally attached to the customer rewards programmes offered by the hotel" had the lowest mean score of 4.1807 and standard deviation of 0.4275. Generally, most of the mean scores pertaining to the effect of customer rewards on customer loyalty were in the high zone of approval. The standard deviation values which were less than 1 mean that the distribution of individual data values was close to the mean value. It, therefore, can be concluded that this was a normal (good) distribution since it yielded a standard deviation below 1 point. All the descriptive statistics findings pertaining to the effect of customer rewards on customer loyalty are tabulated below:

Table 4.4. Descriptive Statistics: Effect of customer rewards on customer loyalty

	N	Min.	Max.	Mean	Std. Deviation
I often focus on the hotel promotion activities such as customer rewards	194	1.00	5.00	4.8809	.0978
I am satisfied with the reward offered by the hotel	194	2.00	5.00	4.5716	.3641
I am emotionally attached to the customer rewards programmes offered by the hotel	194	2.00	5.00	4.6830	.0216
If the customer reward programs are stopped, it would be a significant loss for me	194	2.00	5.00	4.1807	.4275
I encourage friends and relatives to join the hotel's customer reward programs	194	2.00	5.00	4.6711	.1457
Valid N (listwise)	194				

From the above descriptive statistics, it can be inferred that the customers are quite satisfied with the reward programmes offered by the hotels (mean = 4.6830) such that they would feel that it

will be a significant loss if these are stopped (mean = 4.1807). From the study, it can also be concluded that majority of the hotel customers would prefer promotion activities such as customer rewards (mean = 4.8809) and they would encourage friends and relatives to join the hotel's customer reward programs if necessary (mean = 4.6711). These findings agree with Drèze and Nunes (2009) who argue that customer rewards can positively affect target customers through gratitude and status. This is also eluded by Kwong, Soman and Ho (2010) who suggest that customer rewards are important determinants of both repurchase intention and customer loyalty. For Zhaohua, Yaobin and Jinlong (2014), reward programs add to excellent service with easy and quick earned rewards and take the consumers' minds off the price. In this regard, customers will not hesitate to buy any product or service purchase even at the cost of spending more. This is because customer rewards results in behavioural intentions such as resistance to better alternatives, repurchase intention and the vigour to recommend other customers.

4.7. Influence of Rebates on Customer Repeat Purchase Behaviour

Regarding the descriptive statistics on the influence of rebates on customer repeat purchase behaviour, the statement "I am satisfied with the rebates that the hotel company has provided" had the highest mean score of 4.8065 and standard deviation of 0.5862. This was followed by the statement "I intend to continue visit this hotel in future as long as the rebates are available" with a mean score of 4.7742 and a standard deviation of .6843, likewise, the statement "When I go to the hotel I receive a discount coupon that I use to buy more goods and services" had the lowest mean score of 4.0951 and standard deviation of 0.0396. Basically, it is important to note that all of the mean scores relating to the influence of rebates on customer repeat purchase behaviour were in the high zone of approval as they were above 4.0000. In the same context, the standard deviation values were all less than 1 and this mean that the distribution of individual data values was close to the mean value. Thus, this was a normal distribution as it yielded a standard deviation below 1 point. The descriptive statistics relating to the influence of rebates on customer repeat purchase behaviour findings are shown in the following table:

Table 4.5. Descriptive Statistics: influence of rebates on customer repeat purchase behaviour.

	N	Min.	Max.	Mean	Std. Deviation
When I go to the hotel I receive a discount coupon that I use to buy more goods and services	194	1.00	5.00	4.0951	.0396
I intend to continue visit this hotel in future as long as the rebates are available	194	2.00	5.00	4.7742	.6843
I would not switch to a competitor as long as the rebates are available.	194	2.00	5.00	4.7322	.0743
I am satisfied with the rebates that the hotel company has provided.	194	2.00	5.00	4.8065	.5862
This hotel's rebate system lived up to my general expectation of it.	194	2.00	5.00	4.3792	.2674
Valid N (listwise)	194				

From the table above, it can be inferred that the hotel customers would continue visiting in future as long as the rebates are available (mean = 4.7742). In this regard, it was revealed that the customers would not switch to a competitor as long as the rebates are available (mean = 4.7322) since they will be receiving discount coupons used to buy more goods and services (mean = 4.0951). In addition, the descriptive statistics also revealed that were not only satisfied with the rebates that the hotels provide (mean = 4.8065) but the rebate system lived up to expectations (mean = 4.3792). This agrees with Reeves (2009) who concludes that well designed customer rebate programs would not only enhance relationship between existing customers but will also increase customer life cycles and strengthen customer loyalty.

4.8. Effect of Point System on Customer Retention

The descriptive statistics showed that the statement “The point system program is extremely important to me” had the highest mean score of 4.8907 and a standard deviation of 0.3275. This was followed by the statement “I sometimes do bulk purchases at the hotel to earn more points” which had a mean score of 4.7529 and standard deviation of 0.5641. The statement “I will consider the Hotel my choice for purchases as am rewarded with bonus redeemable points” had the lowest mean score of 4.2169 and standard deviation of 0.8978. Generally, all the mean scores relating to the effect of point system on customer retention were in the high zone of approval as

they were above 4.0000. In the same context, the standard deviation values were all less than 1 and this mean that the distribution of individual data values was close to the mean value. Thus, this was a normal distribution as it yielded a standard deviation below 1. The table below shows the descriptive statistics relating to the effect of point system on customer retention.

Table 4.6. Descriptive Statistics: Effect of Point System on Customer Retention

	N	Min.	Max.	Mean	Std. Deviation
I will consider the Hotel my choice for purchases as I am rewarded with bonus redeemable points	194	1.00	5.00	4.2169	.8978
I sometimes do bulk purchases at the hotel to earn more points	194	2.00	5.00	4.7529	.5641
I would recommend this point system offered by the hotel to others.	194	2.00	5.00	4.5730	.52163
The point system program is extremely important to me.	194	2.00	5.00	4.8907	.3275
I intend to continue visiting this hotel in future as long as the point systems are available	194	2.00	5.00	4.4078	.8457
Valid N (listwise)	194				

From the above survey findings, it can be inferred that point system programs was viewed by most customers as extremely important (mean = 4.8907) and they would continue visiting the respective hotels in future as long as the point systems were available (mean = 4.4078). The survey also indicated the customers would consider the hotels as the choice for purchases with bonus redeemable points (mean = 4.2169) and would consider bulk purchases in order to earn more points (mean = 4.7529). The above survey findings concur with McCall and Voorhees (2014) who argue that point systems appeal to customers on a cost-benefit analysis if they are convenient. In the same vein, Zhang (2015) claims that point system lead to customer satisfaction which in turn, would influence retention. Thus, hotels which allow customers to redeem their accumulated points provide customers with reasons to patronize products and services.

4.9. Effect of Loyalty Card Programs on Customer Retention

According to the descriptive statistics, the statement “As a loyalty card holder I will consider the hotel my first choice for purchases as I am rewarded with points” had the highest mean score

of 4.7981 and a standard deviation of 0.4218. This was followed by the statement “I will recommend and encourage my friends and relatives to be loyalty card holders” which had a mean score of 4.6892 and standard deviation of 0.5006. Moreover, the statement “The loyalty card is beneficial to me in terms of offers, gifts” had the lowest mean score of 3.9993 and standard deviation value of 0.9091. All in all, it can be stated that the all the mean scores relating to the effect of loyalty card programs on customer retention were high above 4.0000 indicating that the respondents generally concurred with the statements provided. In addition, the standard deviation values which were less than 1 mean that the distribution of individual data values was close to the mean value. Thus, this was a normal distribution as it yielded a standard deviation below 1. The table below shows the descriptive statistics relating to the effect of loyalty card programs on customer retention.

Table 4.7 Descriptive Statistics: Effect of loyalty card programs on customer retention

	N	Min.	Max.	Mean	Std. Deviation
As a loyalty card holder I consider myself a loyal customer of the hotel	194	2.00	5.00	4.0962	.0614
As a loyalty card holder I will consider the hotel my first choice for purchases as I am rewarded with points	194	2.00	5.00	4.7981	.4218
I will purchase more from the hotel to earn more points	194	2.00	5.00	4.6082	.5271
I will recommend and encourage my friends and relatives to be loyalty card holders	194	2.00	5.00	4.6892	.5006
The loyalty card is beneficial to me in terms of offers, gifts etc.	194	1.00	5.00	3.9993	.9091
Valid N (listwise)	194				

From the descriptive statistics table, it can be argued that to a greater extent, majority of the customers consider themselves as loyal customers (mean = 4.0962) and would recommend and encourage friends and relatives to be loyalty card holders as well (mean = 4.6892). Moreover, the study also showed that majority of loyalty card holders will consider their respective hotels as first choice for purchases as they were rewarded with points and they would opt to purchase more in order to earn more points (mean = 4.7981). Interestingly, the customers also concurred that the loyalty card were of profound benefit in terms of offers and gifts (mean = 3.9993). These

findings affirm that Customer Loyalty Cards do affect customer retention and this is consistent with Kuo, Chang, Cheng and Lai (2013) who argue that there are various economic benefits of retaining customers using loyalty cards which include guarantees of base profits as existing customers and growth in per-customer revenue.

4.10. Correlation Analysis

The researcher used Pearson correlation analysis to determine the relationship between loyalty programs and customer repeat purchase. In particular, Pearson correlation would determine the strength of relationship between the study variables. The correlation values range from -1 to 1 and a positive value shows that the variables are positively related whilst a negative value indicates that the variables are negatively related. The interpretations for all the correlation values are stated below:

$r = .10$ to $.29$ or $r = -.10$ to $-.29$	small
$r = .30$ to $.49$ or $r = -.30$ to $-.49$	medium
$r = .50$ to 1.0 or $r = -.50$ to -1.0	large

Figure 4.6. Correlation guidelines (source: Rubin and Babbie, 2010)

The table below shows the relationship among independent variables (point systems, rebates, loyalty card programs, gift cards and certificates) and the dependent variables.

Table 4.8. Correlation Analysis		Point Systems	Rebates	Loyalty Card Programs	Gift Cards & Certificates	customer retention	Repeat Purchase
Point Systems	Pearson Correlation	1	-.236**	-.095	-.250**	.649*	.614*
	Sig. (2-tailed)		.000	.280	.004	.000	.000
	N	194	194	194	194	194	194
Rebates	Pearson Correlation	-.236**	1	-.329**	-.114*	.571*	.553*
	Sig. (2-tailed)	.000		.000	.194	.002	.004
	N	194	194	194	194	194	194
Loyalty Card Programs	Pearson Correlation	-.095	-.329**	1	-.421**	.686*	.690*
	Sig. (2-tailed)	.280	.000		.000	.000	.002
	N	194	194	194	194	194	194
Gift Cards & Certificates	Pearson Correlation	-.250**	.114	-.421**	1	.599*	.654*
	Sig. (2-tailed)	.004	.194	.000		.000	.002
	N	194	194	194	194	194	194
Customer Retention	Pearson Correlation	.649*	.571*	.686*	.599*	1	.451*
	Sig. (2-tailed)	.000	.001	.000	.000		.000
	N	194	194	194	194	194	194
Repeat Purchase	Pearson Correlation	.614*	.553*	.690*	.654*	.451*	1
	Sig. (2-tailed)	.000	.004	.030	.078	.000	
	N	194	194	194	194	194	194

** . Correlation is significant at the 0.01 level (2-tailed).

. Correlation is significant at the 0.05 level (2-tailed).

From the above table point system has a positive and strong correlation with customer retention ($r = 0.649$, $p < 0.000$) at 5% level of significance. This invariably means that any increase in the hotels' customer retention. This confirms a study conducted by Kellar and Preis (2011) in a casual restaurant where customers prefer immediate point systems. The study also concluded that cumulative point systems would allow repeat buying and thus allow customers to purchase more frequently. This is also pointed out by Terblanche (2015) who elucidated that point systems enhance retention as they encourage repeat buying and in large volumes in an attempt to reach point redeemable stages. In the same vein, Lacey and Sneath (2016) argue that point systems

significantly influences the responses of customers linked with memory, attention, processing, search, brand commitment, and satisfaction. For Zhaohua, Yaobin and Jinlong (2014), point systems add to excellent service with easy and quick earned rewards and take the consumers' minds off the price. In this regard, customers will not hesitate to buy any product or service purchase even at the cost of spending.

The Pearson correlation also revealed that there is positive relationship between rebates and customer repeat purchase behaviour with correlation coefficient of $r = 0.553$, $p < 0.004$ at 5 % level of significance. These findings imply that if the hotels in Harare increase and improve their rebates for customers then there will be equally improved repeat purchase behaviour. The findings agree with an exploratory study conducted by Nadiri, Hussain and Erdogan (2008) on the North Cyprus national airline which revealed that rebates for customers had a significant effect on customers' share-of-purchase and share-of-visits. Likewise, another study by Soelasih and Kartini (2012) on commercial domestic passengers of low cost carrier flight in Indonesia found that membership card rebates had a significant positive impact on customer loyalty and repeat purchase behaviour. Along the same line of thought, Keh and Lee (2010) expound that rebates also act as exit barriers for customers who would have been well vested in the program. It can be argued that hospitality companies in Harare can retain more customers by the use of rebates as loyalty programs. Besides, rebates also act a profitable marketing activity that can reduce dissatisfaction and reinforce customer satisfaction.

Furthermore, loyalty card programs showed a positive and significant relationship with customer retention ($r = 0.686$, $p < 0.002$) at 5% level of significance. These results indicate that any improvement in the loyalty card programs for the hotels under study this would result in improved customer retention. The above results are consistent with the empirical findings by Forozia, Zadeh and Gilani (2013) on Middle East Tourists at 3star Hotels in Malaysia which concluded that loyalty card programs result in higher level of customer satisfaction which lead to greater customer retention. Thus, the findings showed that loyalty card programs and customer retention are conceptually connected and have positive significant relationship. The above findings agree with Miller, Skudiene and Reardon (2013) who note that loyalty card programs

encourage customers to return to their respective shop or retail outlet in order to save money; receive special extras and earn additional products/services in appreciation for their loyalty. Another study by Kaur and Soch (2013) on the influence of club loyalty card memberships for casinos was revealed that card holders in a loyalty program were less price sensitive to regular prices, spent more, and purchased more items than those not part of the loyalty program. Thus, loyalty card programs can modify customer repeat behaviour by stimulating product or service usage and retain customers by increasing switching costs aimed at creating a win-win situation for the initiating company and customers.

The study also revealed that there is a positive correlation between Gift Card or Certificates and customer retention ($r = 0.599$, $p < 0.000$) at 5% level of significance. This means that any positive improvement in Gift Cards and Certificates for the hotels under study this would result in improved customer retention. The above findings agree with Zakaria, Dzulkpli and Osman (2014) who state that gift cards and certificates may stimulate feelings of pride about having “won” something without having to pay a normal price. As expounded by Baker (2013), direct rewards such as gift cards and certificates have a higher impact on customer retention than indirect rewards. Schiffman, Kanuk and Hansen (2008) also established evidence that gift cards and certificates have a higher impact on loyalty for satisfied customers. Furtherance, customers will appreciate rewards that pertains to their sense of being preferred customers. The value of these gift cards and certificates would be high enough to retain customers for the hotels.

4.11. Regression Analysis

In order to understand the impact of loyalty programs on customer repeat purchase, the researcher run a linear multiple regression test using SPSS version 24.0. The findings from the regression model are tabulated below:

Table 4.9. Model Summary

Model	R	R ²	Adjusted R ²	Std. error of the estimate	Change statistics		
					R Square Change	F Change	Sig. F Change
1	.729 ^a	.687	.522	.0810	.784	29.711	.000

a. predictors: (constant) customer repeat purchase behaviour

From the table above, R acts as the square root of R² and shows the correlation between the predicted and the observed values of dependent variable. In addition, R² shows the proportion of the variance in the dependent variable (customer repeat purchase) which can be explained by independent variables such as point systems, rebates, loyalty card programs, gift cards and certificates. In addition, the adjusted R² is the adjustment of R² that would penalize the addition of any extraneous predictors to the regression model (Martin, Mortimer and Andrews, 2015; Ziliani and Bellini, 2014). On the other hand, the Std. Error of the Estimate shows the root mean squared error. In other words, it acts as the standard deviation error term. The F-statistic is the Mean Square (Regression) divided by the Mean Square (Residual).

From the findings, the correlation coefficient of all types of loyalty programs (point systems, rebates, loyalty card programs, gift cards and certificates) was estimated at $r = 0.729$. The adjusted R² coefficient of determination which shows the variation between in the dependent variable due to changes in the independent variable was $R^2 = 0.522$. This shows that about 52.2% of customers' repeat purchase behaviours in the hotels can be explained by the 4 types of loyalty programs such as point systems, rebates, loyalty card programs, gift cards and certificates. The remaining 47.8% would refer to other factors out of interest of the present study. In addition, the findings showed that the model for the study was significant at the F statistics ($F = 29.711$) and ($\text{Sig} = 0.000$) at 5% level of significance. This shows that the whole model was significant. In other words, this means that there is an overall effect for all the loyalty programs under study on customer repeat purchase behaviour.

Furthermore, the regression model was used to allow a simultaneous analysis of the effect of more than 2 variables. The results from the findings are shown in the following table tabulated below:

Table 4.10. Analytic Model Coefficients

Model	Unstandardised coefficient		Standardised coefficient	t	Sig.
	B	Std. error	Beta		
Constant	4.874	.581		2.894	.002
point systems	.662	.573	.174	1.403	.003
rebates	.570	.588	.439	1.228	.007
loyalty card programs	.793	.692	.289	1.874	.002
gift cards and certificates	.648	.638	.305	1.692	.000

From the findings, it was established that the study showed a statistical significant relationship with $p < 0.002$. Moreover, the findings revealed that a unit increase in point systems would result in customer repeat purchase behaviour by a factor of 0.662. In addition, a unit increase in hotel rebates would lead to an increase in customer repeat purchase behaviour by factor of 0.570 and a unit increase in loyalty card programs would result in increase of customer repeat purchase behaviour by a factor of 0.793 and a unit increase in hotel gift cards and certificates would lead to increase in customer repeat purchase behaviour by factor of 0.648. From the findings, point systems ($p = 0.003$), rebates ($p = 0.003$), loyalty card programs ($p = 0.007$) and gift cards and certificates ($p = 0.000$) were all significant in predicting customer repeat purchase behaviour in hotels since the p values were less than 0.05. Thus, the findings vividly show a positive relationship between loyalty programs and customer repeat purchase behaviour and the magnitude of the correlation was significantly large. This shows that as loyalty programs increase, repeat purchase behaviour tends to get stronger. These findings are supported by Singh and Imran (2012) who found that loyalty programs would effect repeat purchase behaviour to 5 star hotels in Indonesia. The findings also corroborate previous survey studies by Jang and Mattila, (2015) that concluded that repeat purchase behaviour can be achieved through the establishment of loyalty programs such as point systems, rebates, loyalty card programs, gift

cards and certificates. More so, loyalty programs would develop more customer visits to the hotels more often and become committed to these organisations.

4.12. Evaluation of Research Hypothesis

The study had four research hypotheses which were tested using the Pearson correlation and regression analysis. These are explained below:

4.12.1. H01: *There is a significant impact of point system on customer retention*

The first hypothesis focused on the elements of point system and customer retention. From table 4.8.it was shown that the coefficient of point system is significant ($p = 0.000 < 0.005$) in relation to customer retention of the hotels in Harare. Moreover, the correlation coefficient of 0.649 indicates that the relationship between point system and customer retention is positive and significant. Thus, at 5% level of significance we accept the hypothesis that there is a significant impact of point system on customer retention on the basis of the sample data.

4.12.2. H02: *There is positive relationship between rebates and customer repeat purchase behaviour.*

As shown in table 4.8, the coefficient of rebates is significant at ($p = 0.004 < 0.005$) in relation to customer repeat purchase of the hotels in Harare. In addition, correlation revealed that there is positive and significant relationship between rebates and customer repeat purchase behaviour with correlation coefficient of $r = 0.553$. Table 4.10 also shows the effect of rebates on customer repeat purchase behaviour ($t = 1.228$, sig. = .007) which is significant. As such, at 5% level of significance we accept the hypothesis that there is positive relationship between rebates and customer repeat purchase behaviour on the basis of the sample data.

4.12.3. H03: *There is positive relationship between loyalty card programs and customer retention.*

Findings from table 4.8 exhibited that loyalty card programs were statistically significant on customer retention with $p = 0.002 < 0.05$. More so, loyalty programs had the highest correlation

coefficient of $r = 0.686$. Table 4.10 shows the effect of loyalty card programs on customer repeat purchase ($t = 1.874$, $\text{sig.} = 0.002$) which is significant. Thus, at 5% level of significance we accept the hypothesis that there is positive relationship between loyalty card programs and customer retention on the basis of the sample data.

4.12.4. H04: *Gift Card or Certificates have a positive association with customer retention*

In line with the findings presented in table 4.8, it is established that gift cards or certificates significantly influence customer retention ($p = 0.000 < 0.05$). The findings also showed that there is a positive correlation between Gift Card or Certificates and customer retention with a correlation coefficient of $r = 0.599$. Table 4.10 shows the effect of type kind of point systems on customer repeat purchase behaviour: point systems ($t = 2.894$, $\text{sig.} = 0.002$) which is significant. Thus, the hypothesis that gift card or certificates have a positive association with customer retention is accepted.

4.13. Chapter Summary

The chapter analysed the primary data findings collected from the study sample under consideration. It started by analyzing the response rate, the demographic variables and all the responses were analysed in both tables and graphs. Descriptive statistics, correlation and regression analysis of both independent and dependent variables under study were conducted using SPSS software package version 24. The study gave a comprehensive account of the responses in terms of study variables and the corresponding statistical analysis. The following chapter 5 discusses the conclusions and recommendations for the study.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0. Summary

The primary aim of the study was to determine the impact of loyalty programs on customer repeat purchase with specific reference to the hospitality sector in Harare. In particular, the study sought to determine the effect of customer rewards on customer loyalty within specific hotels in Harare as well as establish the influence of rebates on customer repeat purchase behaviour. In addition, the study intended to determine the effect of point system on customer retention and also establish the effect of loyalty card programs on customer retention. In order to achieve these objectives the study reviewed a corpus and extant existing literature pertaining to the impact of loyalty programs on customer repeat purchase. The major focus was on review theoretical and empirical literature on loyalty programmes and customer repeat purchases. The literature review also acted as the foundation for coming up with appropriate research methodology. The study adopted a positivist research approach in order to generalize the findings and apply beyond the situation in which the study was originally conducted. Due to the nature of the research objectives which sought to establish relationships between study variables a quantitative research design was found to be necessary. A survey research strategy was selected for the study since it provided numerical description of attitudes or opinions and draw generalisations from the primary data collected. The study sample size was 278 and this was statistically calculated at 5% level of significance using the sample size determination table. Structured questionnaires were used for the collection of relevant primary data from customers since they allowed for the collection of a huge amount of primary data within the given time period. The collected data was collated, coded and entered Statistical Package for Social Sciences (SPSS) version 24. The statistical program was used to analyze the demographic characteristic of the respondents and to obtain the result by frequencies and percentage. Pearson correlation techniques measured the relationship between the two variables of loyalty programs and customer repeat purchase. In order to understand the impact of loyalty programs on customer repeat purchase, the researcher run a linear multiple regression test. In addition, the regression model was used to allow a simultaneous analysis of the effect of more than two variables for the study.

5.1. Conclusions

According to the correlation and regression findings of the current study all the loyalty programs were important in building customer repeat purchase behaviour. That means that customer repeat purchase behaviour can be achieved by the hotels through all the loyalty programmes under study. The following conclusions were made in line with the research objectives:

5.1.1. Objective 1: Determine the effect of customer rewards on customer loyalty.

- From the above descriptive statistics it can be concluded that the hotel customers were quite satisfied with the reward programmes offered by the hotels to the extent that they would be unhappy these are stopped. The descriptive also showed that the customers would happily would encourage friends and relatives to join the hotel's customer reward programs if necessary and become loyal as well.
- With the help of Pearson correlation analysis that was made, it can be concluded that the objective regarding the effect of customer rewards on customer loyalty a positive relationship was found between the variables. The correlation results showed that customer rewards has a positive relationship with customer loyalty with a correlation coefficient of 0.649 at 5% level of significance. Thus, it can be concluded that there is correlation between these concepts and that the hotels enhance loyalty by focusing on attaining higher degree of customer rewards.

5.1.2. Objective 2: Establish the influence of rebates on customer repeat purchase behaviour.

- The second research objective sought to determine how rebates would influence customer repeat purchase behaviour. From the above descriptive statistics findings, it can be concluded that majority of the hotel customers viewed point system programs as extremely important and they would continue visiting the respective hotels in future as long as they were available.
- Notable was that the customers would consider the hotels as the choice for purchases with bonus redeemable points and would consider bulk purchases in order to earn more points.

- The Pearson correlation concluded that there is positive relationship between rebates and customer repeat purchase behaviour with correlation coefficient of $r = 0.553$, $p < 0.004$ at 5 % level of significance. This shows that rebates positively influence repeat purchase behaviour among customers for the hotels under study.

5.1.3. Objective 3: Determine the effect of point system on customer retention.

- The descriptive statistics concluded that point system programs were extremely important for customers and they would continue visiting their respective hotels in future as these were available.
- The descriptive statistics also concluded that customers would continue coming to the hotels as long as they get bonus redeemable points. More interestingly, the study also concluded that the customer would even consider bulk purchases in order to earn more points. This clearly indicates that point system was effective in maintaining customer retention.
- Using findings from Pearson correlation, it can be concluded that there is positive relationship between point systems and customer retention with correlation coefficient of $r = 0.553$, $p < 0.004$ at 5 % level of significance. This means that point systems used by the hotels have a direct effect on customer retention.

5.1.4. Objective 4: Determine the effect of loyalty card programs on customer retention

- The descriptive statistics concluded that to a greater extent, majority of the customers consider themselves as loyal and would recommend and encourage friends and relatives to join as well. Moreover, the study also showed that majority of loyalty card holders will consider their respective hotels as first choice for purchases as they were rewarded with points and they would opt to purchase more in order to earn more points.
- The study also concluded that loyalty cards were of profound benefit to hotel customers in terms of offers and gifts. These findings affirm that Customer Loyalty Cards do positively affect customer retention. The study concluded that customer loyalty cards increased customer purchase intensity and positive word of mouth as the holders of

loyalty cards recommended and encouraged their friends and colleagues to their choice of hotels.

- The correlation analysis concluded that loyalty cards had the major effect on customer retention with a correlation coefficient of $r = 0.686$, $p < 0.002$) at 5% level of significance. These results indicate that any improvement in the loyalty card programs for the hotels under study would result in improved customer retention.

5.2. Recommendations

The study threw some light into the minds of hotel management with respect to the impact of loyalty programmes on customer repeat purchase behaviour. The study findings give the hotels in Harare the opportunity to create a better loyalty programmes that would benefit current and potential customers. In light of the above findings and conclusions, the following recommendations are suggested:

- There is the need for marketers of the hotels to continue using all types of customer loyalty programmes due to their vivid effect on both customer retention and repeat purchase behaviour. In particular, loyalty card programs should be emphasised since it had greater impact as compared to other loyalty programmes.
- The hotels should introduce more loyalty programmes that would segment customers according to their demographic characteristics and preferences. In particular, management of the hotels may devise customer loyalty strategies for particular segments on income and purchasing power parity. These loyalty programs should be easy to redeem points or be able to convert their accumulated points into merchandise, discounts or other services.
- Since majority of hotels are moving towards customer loyalty programs, the only differentiating feature will be the overall customer benefits that would be obtained. This would mean that hotels whose loyalty programmes provide more benefits to customers are likely to be ahead of competition. Thus, the hotels should undertake to have constant improvements on their loyalty programmes to remain super competitive.

- The hotels may also consider developing loyalty programs which would meet the needs and requirements of the youths.
- There is the need to put in place limits on the length of time that rewards could be redeemed and used. This feature would also remind customers that they are actually being rewarded for their patronage, and it will be accomplished by the rewards claimed.

5.5. Limitations and Areas of Further Research

The study used a cross-sectional survey data for selected hospitality companies in Harare. A richer understanding of the relationships between this study's research constructs might be expected if longitudinal data is utilized. A longitudinal research design might present the evidence of causation which could not be achieved through the use of cross-sectional survey designs. Therefore, future studies might consider this research direction. It should also be noted that, from the outset, the study was basically only limited to the hospitality sector in Harare. With the interesting findings from the study, it would very exciting to have similar studies in other sectors such as retail supermarkets and commercial banks in order to have comparable results. Moreover, it would be interesting as well to replicate these study foreign hotels and their customers. This would help in documenting any differences across countries. The study also used 5 point Likert scaled items to determine the impact of loyalty programs on customer repeat purchase. Further studies can use 7 point or 10 point Likert scales to get a truer picture of where a customer stand and how they become loyalty because of loyalty programmes.

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Appendix A: Consent Form

Informed Consent for Dissertation: THE IMPACT OF LOYALTY PROGRAMS ON CUSTOMER REPEAT PURCHASE: A CASE OF THE HOSPITALITY SECTOR IN HARARE

Dear Respondent

The researcher Chipo Shoriwa is an MSU Master of Commerce Degree in Marketing student carrying out a research on **“THE IMPACT OF LOYALTY PROGRAMS ON CUSTOMER REPEAT PURCHASE: A CASE OF THE HOSPITALITY SECTOR IN HARARE.”** I would like to invite you to participate in this study. Your participation will include completing questionnaires where you are required to answer certain questions about the impact of loyalty programs on customer repeat purchase in the hospitality service sector. The process will last for approximately 5-10 minutes. Once the data has been collected, analysed and conclusions made you will receive feedback with regard to the research.

Your identity will be protected and you will remain anonymous. This study will be shared with my supervisor and co-supervisor as they will also have access to the data. The dissertation that results from this work will be published in hard copy. You have the right to withdraw from the study at any time, and are free to ask any questions and clarify any issues regarding the study. I appreciate you giving me your time for the study.

Thank you

Chipo Shoriwa (R168077Y)

Please sign below if you are willing to participate in the dissertation research outlined above.

SIGNATURE _____ **DATE** _____


WITNESS _____ **DATE** _____

Appendix B: Questionnaires for Customers

Introduction

The researcher Chipo Shoriwa (R168077Y) is an MSU Master of Commerce Degree in Marketing student carrying out a research on “**THE IMPACT OF LOYALTY PROGRAMS ON CUSTOMER REPEAT PURCHASE: A CASE OF THE HOSPITALITY SECTOR IN HARARE.**” Your open views and opinions are of paramount importance for achieving the objectives of the study. I kindly request you to respond to the questions below. Your participation in this study is voluntary and you should not write your name on this questionnaire. Your responses will be treated as strictly confidential and data from this research will be used for academic purposes only.

Instructions

1. Put your tick in the box or boxes provided to indicate your opinion as in the box below
[].
2. For open ended questions, fill in the space provided below each question. Use short sentences or words that you think will express your view adequately.

SECTION A: DEMOGRAPHIC DETAILS

- | | | |
|--|----------------------|-----|
| 1. Gender: | Male | [] |
| | Female | [] |
| 2. Please indicate your marital status | | |
| | Single | [] |
| | Married | [] |
| | Divorced/ separated | [] |
| | Widowed | [] |
| 3. Please indicate your age group: | | |
| | Below 20 years | [] |
| | 20 years – 30 years | [] |
| | 31 years – 40 years | [] |
| | 41 years – 50 years | [] |
| | 51 years and above | [] |
| 4. Please indicate your level of education | | |
| | Secondary education | [] |
| | Diploma | [] |
| | Undergraduate Degree | [] |

Masters Degree []

Doctorate []

5. Indicate your monthly income category:

Below \$500 []

\$500 to \$999 []

\$1000 to \$1499 []

\$1500 to \$1999 []

\$2000 and above []

5. What is the frequency you visit to this hotel?

Lower than Once per month []

Once per month []

2-4 times per month []

5-10 times per month []

More than 10 times per month []

SECTION B: THE EFFECT OF CUSTOMER REWARDS ON CUSTOMER LOYALTY.

The following is a list of attributes related to the effect of customer rewards on customer loyalty. Indicate the extent to which you agree or disagree by ticking the number that best reflects your agreement with the following statements. The items are measured using a 5 point Likert scale that ranging from 1 (Strongly disagree) to 5 (Strongly agree). Key: Use SD = strongly disagree, D = disagree, NS = not sure, A = agree and SA = strongly agree as key for this and other questions.

		SD	D	N	A	SA
CRCL1	I often focus on the hotel promotion activities such as customer rewards					
CRCL2	I am satisfied with the reward offered by the hotel					
CRCL3	I am emotionally attached to the customer rewards programmes offered by the hotel					
CRCL4	If the customer reward programs are stopped, it would be a significant loss for me					
CRCL5	I encourage friends and relatives to join the hotel's customer reward programs					

SECTION C: INFLUENCE OF REBATES ON CUSTOMER REPEAT PURCHASE BEHAVIOUR.

The following is a list of attributes related to the top-management commitment for total quality management practices and quality performance. Indicate the extent to which you agree or disagree by ticking the number that best reflects your agreement with the following statements. The items are measured using a 5 point Likert scale that ranging from 1 (Strongly disagree) to 5 (Strongly agree). Key: Use SD = strongly disagree, D = disagree, NS = not sure, A = agree and SA = strongly agree as key for this and other questions.

		SD	D	N	A	SA
RCRP1	When I go to the hotel I receive a discount coupon that I use to buy more goods and services					
RCRP2	I intend to continue visit this hotel in future as long as the rebates are available					
RCRP3	I would not switch to a competitor as long as the rebates are available.					
RCRP4	I am satisfied with the rebates that the hotel company has provided.					
RCRP5	This hotel’s rebate system lived up to my general expectation of it.					

SECTION D: EFFECT OF POINT SYSTEM ON CUSTOMER RETENTION.

The following is a list of attributes related to effect of point system on customer retention. Indicate the extent to which you agree or disagree by ticking the number that best reflects your agreement with the following statements. The items are measured using a 5 point Likert scale that ranging from 1 (Strongly disagree) to 5 (Strongly agree). Key: Use SD = strongly disagree, D = disagree, NS = not sure, A = agree and SA = strongly agree as key for this and other questions.

		SD	D	N	A	SA
PSCR1	I will consider the Hotel my choice for purchases as am rewarded with bonus redeemable points					
PSCR2	I sometimes do bulk purchases at the hotel to earn more points					
PSCR3	I would recommend this point system offered by the hotel to others.					

PSCR4	The point system program is extremely important to me.					
PSCR5	I intend to continue visiting this hotel in future as long as the point systems are available					

SECTION G: EFFECT OF LOYALTY CARD PROGRAMS ON CUSTOMER RETENTION

The following is a list of attributes related to training and education for total quality management practices and organisational performance. Indicate the extent to which you agree or disagree by ticking the number that best reflects your agreement with the following statements. The items are measured using a 5 point Likert scale that ranging from 1 (Strongly disagree) to 5 (Strongly agree). Key: Use SD = strongly disagree, D = disagree, NS = not sure, A = agree and SA = strongly agree as key for this and other questions.

		SD	D	N	A	SA
LCCR1	As a loyalty card holder I consider myself a loyal customer of the hotel					
LCCR2	As a loyalty card holder I will consider the hotel my first choice for purchases as I am rewarded with points					
LCCR3	I will purchase more from the hotel to earn more points					
LCCR4	I will recommend and encourage my friends and relatives to be loyalty card holders					
LCCR5	The loyalty card is beneficial to me in terms of offers, gifts etc.					

Any other Comments

.....

**Thank you for your time!
 End of questionnaire**