

EVOLUTION OF LOYALTY PROGRAMS OFFERED TO CUSTOMERS AND INVESTORS

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Abstract

The subject of this study is loyalty programs. The aim of the article is to draw attention to loyalty in the current economy. The purpose of the article is to examine the evolution of loyalty programs offered to consumers and investors. The study will cover the issue of building a loyal base of clients and investors. To achieve the aim of the study in the article, analysis of the literature, description, comparison, desk research and case study methods were applied. The study presents the author's definition and classification of loyalty programs. The research has demonstrated that there is social acceptance for activities undertaken in the field of loyalty programs. Such loyalty programs tighten financial and non-financial links with stakeholders. At the same time, programs offered to consumers are evolving towards creating an emotional loyalty that resonates with consumers. In turn, programs offered to investors are evolving towards generating financial benefits only on the capital market. However, that means resigning from creating an investor as a consumer through the loyalty program. At the same time, the loyalty program is open to every investor, regardless of the country of origin and type of investor. It can be expected that in the next stage of evolution these will be aware of their rights and environmentally sensitive stakeholders' attitudes and preferences will have to be taken into account to an increasing extent by the company

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INTRODUCTION

The need to build mutually beneficial, long-term relationships between a company and stakeholders is now crucial to long-term operations. Loyalty programs are significantly helpful in this. They are used in marketing in the area of customer loyalty management as well as in finance for investor loyalty management.

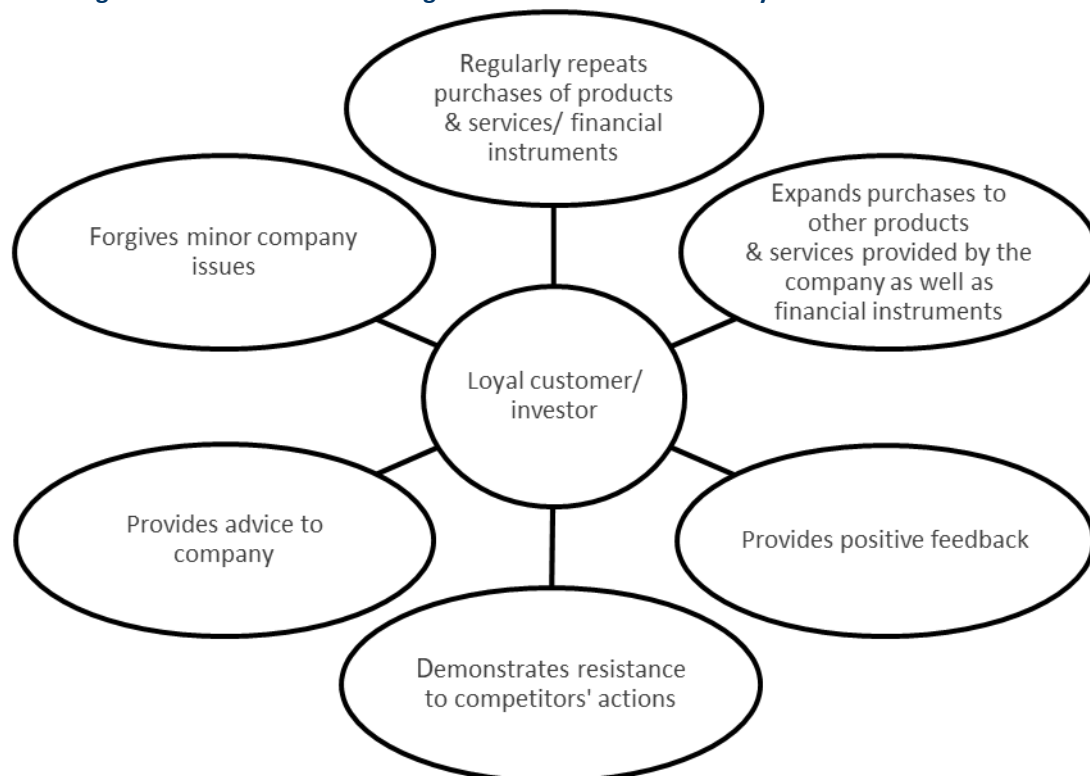
The universality of loyalty programs indicates that they can be an important instrument for building competitive advantage. From the company's perspective, both consumers purchasing its goods and services, as well as investors purchasing corporate financial instruments, are considered customers. The ideal solution from the company perspective is to create a kind of

"coin", in which both sides - consumers and investors, are united in one goal. Loyalty programs enable such a structure - i.e., a combination of both streams financially supporting the company - both in the form of sales revenues as well as capital from issuing financial instruments.

LOYALTY AS AN INVESTMENT

Under conditions of intense competition, acquiring new clients becomes increasingly more expensive and not every new client is loyal (Figure 1). Companies aim to counteract the loss of customers via maximizing the length of their retention period, increasing the level of their attachment, and thus developing loyalty.

Figure 1: Features characterizing attitude and behavior of a loyal customer and investor



Source: Own elaboration.

Actions aimed at increasing the level of loyalty can be treated as an investment that should bring both financial as well as non-financial return (Figure 2).

The results of this research depict how loyal customers generate a number of benefits for the company, and thus how loyalty management should be considered an important part of a company's development strategy. Selected results from various studies are presented below as an example:

1) Loyalty behaviors result in an increase in the number and value of purchases, an increase in the number of

customers and a decrease in price level influence (Varela-Neira, Vazquez- Casielles & Iglesias, 2010);

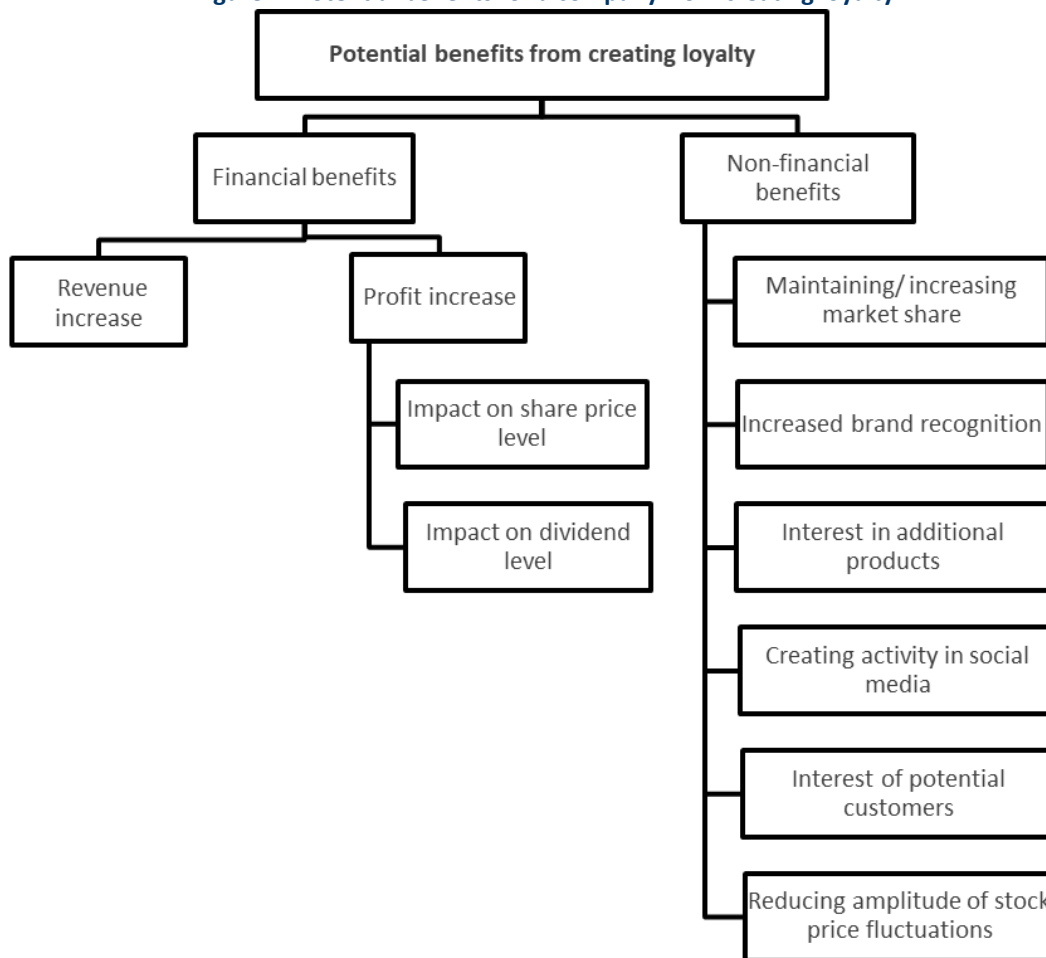
2) Loyal customers guarantee a reduction in marketing costs in the long term (Mascarenhas, Kesavan & Bernacchi, 2006);

3) Customers satisfied with the company are more likely to pay higher prices and are less responsive to price reductions offered by competitors (Buttle, 2009);

4) Customers who have accumulated certain points in the loyalty program are reluctant to give up their relationship with the company (Buttle, 2009);

- 5) Customer profitability tends to increase with the length of the customer's retention period, since customers purchase more as their trust increases (Murphy & Murphy, 2002);
- 6) As much as 80% of the company's future profits come from 20% of current customers (Murphy & Murphy, 2002);
- 7) Reducing the churn rate of customers by 5% increases company profits by at least 25% (Murphy & Murphy, 2002);
- 8) When buyers have a sense of being "special customers", they tend to identify more strongly with the company (Meyer-Waarden, 2008);
- 9) Regular customers spend on average 33% more than new customers (Repeat ..., 2020);
- 10) Returning customers spend 67% more than new customers (Returning ..., 2022);
- 11) The probability of selling a product to an existing customer is 60-70%, while the probability of selling to a new customer is only 5-20% (Charlton, 2012);
- 12) Costs of acquiring a new customer are 6-7 times greater than costs of maintaining the existing client (Hisaka, 2013);
- 13) It is less expensive to retain existing customers than to attract new ones (Altinkemer & Ozcelik, 2009).

Figure 2: Potential benefits for a company from creating loyalty



Source: Own elaboration.

Summarizing the above considerations, these research results confirm the importance of the presented topic, although it should be treated with caution. There is no doubt, however, that constant market disruptions also contribute to loyalty level changes. Thus, loyalty cannot be treated as a constant asset of the company or as an advantage over competition. This is the element that has to be constantly monitored.

DEFINITION AND CLASSIFICATION OF LOYALTY PROGRAMS

Loyalty programs are designed to build economic and emotional barriers that will make it difficult for customers to switch suppliers, and for investors to withdraw from investments. Loyalty programs can be defined as a special offer of a company aimed at increasing the level of loyalty by offering financial and

non-financial benefits. In the case of consumers, the following behaviors are particularly rewarded:

- 1) Frequency of purchases;
- 2) value of purchases.

Moreover, in the case of financial investors, the following are rewarded:

- 1) duration of holding a particular financial instrument;
- 2) number of held financial instruments;
- 3) investments in further financial instruments issued by the company;
- 4) reinvestment of dividends paid by the company;
- 5) recommendation to other investors to buy stocks;
- 6) negative reaction to a tender offer in hostile takeovers;
- 7) balanced response to crises and one-off negative events.

Figure 3 presents the classification of loyalty programs offered to consumers and investors.

Based on the entity to which the loyalty programs are directed, programs offered to consumers and programs offered to investors can be distinguished. There are no programs offered simultaneously to both groups, due to the different requirements of joining such a program. In the case of consumers, only a basic declaration to join the program is required. In the case of investors however, a minimum number of shares during participation in the program is required. Therefore, a brokerage house has to monitor the number of shares held in the investor's investment account.

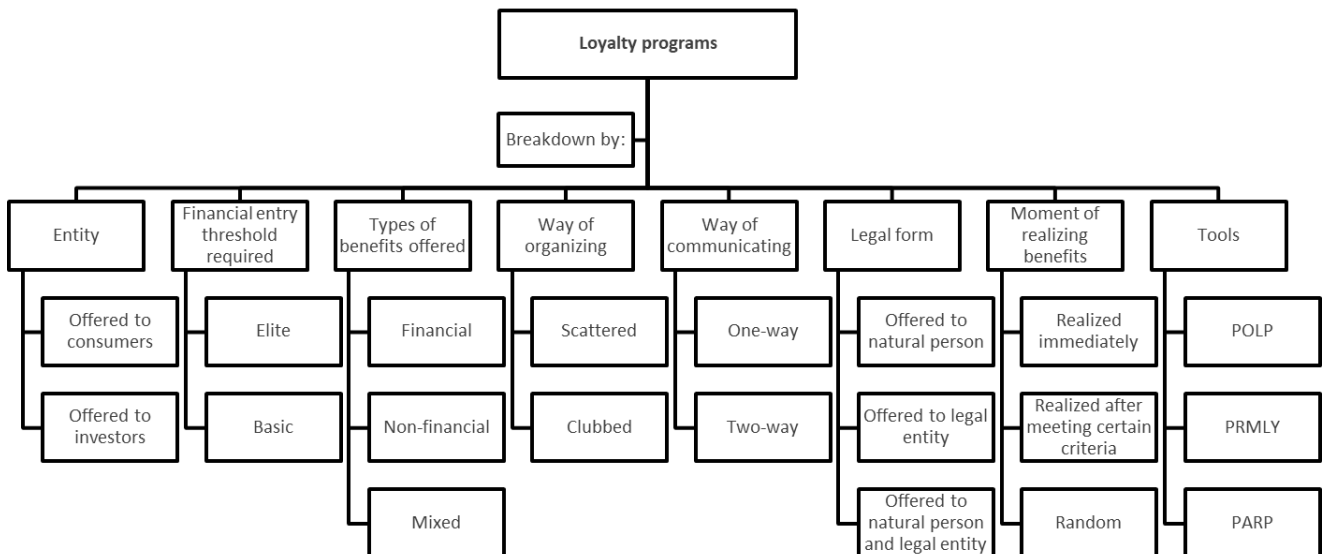
Based on the required financial entry threshold, elite and basic programs can be distinguished. Elite programs are dedicated to affluent and middle-class consumers and investors. They are aimed at reaching the "financial elite" of both consumers and investors. On the other hand, participation in a basic program intended for customers usually does not require any financial outlays, even during the initial purchase. However, in the case of investors, the level of financial commitment requires relatively low financial outlays. Such programs are primarily aimed at increasing the overall number of consumers and investors. The aspects of shareholder loyalty are clearly linked to consumer loyalty. Therefore, shareholders are encouraged to purchase products of the company whose shares they own, and in whose loyalty program they participate. In this way, both a broad and loyal consumer base, as well as a broad and loyal investor base are built simultaneously. Hence, this is the most desired effect.

Based on the type of benefits offered, it is possible to distinguish programs offering the following types of benefits: financial, non-financial and mixed (Dziawgo, 2020).

Financial benefits include in particular:

- 1) discounts on products offered by companies;
- 2) financial and material rewards;
- 3) possibility of reinvesting dividends on favorable terms;
- 4) an additional dividend, depending on the program participation period.

Figure 3: Classification of loyalty programs



Source: Own elaboration.

On the other hand, non-financial benefits include:

- 1) events dedicated to investors, eg. An artistic event, cultural event, sports event or fashion shows;
- 2) presentations and testing of new products;
- 3) dedicated meetings with the management board;
- 4) opportunity to participate in the working groups consisting of clients or investors, which serve in an advisory role or as discussion forum in order to improve communication with consumers or individual investors.

Based on how participation is organized, scattered and concentrated programs - in the form of club participation - are distinguished. In the case of scattered programs - participants cannot interact with each other. In the case of clubs - participants have the opportunity to get to know each other and interact, for example during various types of meetings or via social media provided by the company.

Based on the way of communicating, loyalty programs with one-way flow of the communication stream, i.e., from company to participants - clients or investors as well as two-way communication streams, both from the company and back to the company, are distinguished. Opinions and comments expressed by clients and investors are collected, analyzed and, if necessary, appropriate measures are taken. When opinions expressed by participants or proposed changes are taken into account, or at least analyzed, an increase in the level of perceived satisfaction from participants is to be expected.

Based on the legal form of entities to whom loyalty programs are offered, the following are distinguished: programs offered to natural persons, to legal entities as well as to both natural persons and legal entities. It should be noted that the above-mentioned mixed form is the least common in the case of programs offered to consumers. This occurs due to the diversity of both groups and hence the necessity to treat them differently, in order to be more effective in running such loyalty programs. Historically, loyalty programs offered to investors have generally been targeted to individual investors, which happened due to the nature of the provided benefits. However, currently due to the principle of equal treatment of investors, these programs are offered both to individual and institutional investors. At the same time, the nature of provided benefits was changed to financial - closely related to financial instruments and dividends.

Based on the moment of realizing benefits, the following are distinguished: programs in which benefits are realized immediately (e.g., 5% discount when making payment), programs in which benefits are realized after meeting certain criteria (e.g., collecting a certain number of points) or programs in which benefits are

realized after meeting certain criteria (e.g., collecting a certain number of points) or programs in which benefits are realized as a result of a lottery drawing lots – in this particular loyalty program benefit is delayed and may not occur at all.

From the point of view of the tools that are used to attract and maintain loyal consumers and investors, three types of loyalty programs are to be distinguished: POLP, PRMLY, PARP (Pawlikowska, 2013).

POLP (Price-Oriented Loyalty Programs) are focused on creating loyalty programs using tools from the sales promotion group. Usually, material benefits in the form of an additional gift or financial benefits in the form of a discounted price are offered.

PRMLY (Person Relationship Maintenance Loyalty Programs) are based on personal relationships. Such programs put particular emphasis on creating positive relations with the environment, ensuring positive sentiment and building an overall positive image of the company. These programs are not based on stimulation to act through material benefit, but rather impact consumer/investor attitude, knowledge and emotions towards company. Therefore, the overall tendency to make ongoing purchases or financial commitments is impacted.

PARP (Price And Person Relationship Loyalty Programs) are a combination of the previously described programs, which makes them more flexible. Such flexibility results in popularity among business entities.

Typically, loyalty programs, that are offered to customers, are geographically limited to one country due to accounting and tax issues. However, as per the latest versions of investor loyalty programs, the location of the program is at the company's headquarters (regardless of the number of stock exchanges on which the shares are listed), therefore investors from various countries can participate. Because of this, the idea of equal treatment of investors is implemented in practice – not only applicable among institutional and individual investors, but also among those investors from various countries of capital origin.

ORIGIN AND DEVELOPMENT OF LOYALTY PROGRAMS OFFERED TO CONSUMERS

In 1896, the Betty Crocker company implemented the idea of collecting points and converting them into prizes that were listed in a special catalog (tasty rewards) (Nandal, Nandal & Malik, 2020). After that, American Airlines used a similar concept and proposed a frequent flyer program in 1981.

The origin of today's loyalty programs that are offered to consumers on a large scale is strongly linked

to American Airlines. As a result of deregulation of the American aviation services market in 1978, a number of companies began competing for customers with pricing strategies. Therefore, the offering of numerous companies was almost entirely the same, which prompted research on how to stand out in a highly competitive market. As a result, American Airlines offered a frequent flyer program named "AAdvantage", in which the core benefit was a free flight. Shortly after, a similar program (Mileage Plus) was offered by United Airlines. Soon, all companies in the aviation services market offered their customers similar loyalty programs (Duffy, 1998).

Airline industry loyalty programs have evolved over the years - from a simple "fly with us and eventually fly free" to collecting miles not only from flights, but also from using non-aviation related services with program partners. This includes, among other things, hotel accommodation, car rental, purchased meals, or even investing in investment funds or taking out a mortgage. Accumulated miles are even referred to as "promotional currency", since they can be exchanged for benefits other than just flights.

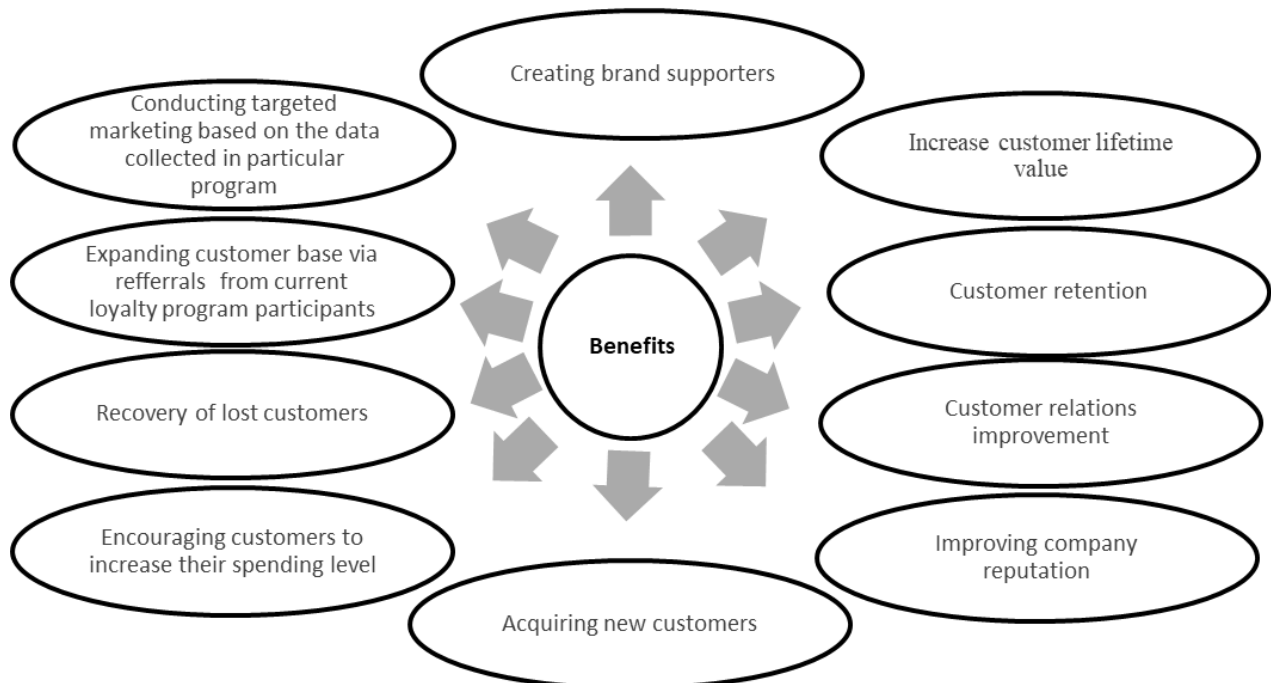
These experiences from the aviation industry were leveraged and implemented across other industries.

Therefore, loyalty programs were offered to customers on a large scale across the global economy. It is estimated that among most developed economies globally, more than half of the adult population participates in at least one loyalty program (Kivetz, 2005).

Moreover, it can be stated that in loyalty programs offered to clients, two types of targets were intended to be implemented - offensive and defensive. Offensive targets were to increase not only sales revenues, but also customer base and market share. On the other hand, defensive goals were to maintain current market position and to retain existing customers via establishing closer relationships with them, thus making it more difficult for existing customers to change suppliers (Figure 4).

In order to participate in customer loyalty program, it is necessary to meet certain criteria specified by the company. Usually, however, these are only minimum requirements, such as completing the declaration of joining the program along with consent to the processing of personal data. However, in such programs an increase in the level of realized benefits after meeting certain criteria is provided, such as exceeding certain purchase value or the duration of participation in the program.

Figure 4: Potential benefits for the company from offering a loyalty program to customers



Source: Own elaboration.

ORIGIN AND DEVELOPMENT OF LOYALTY PROGRAMS OFFERED TO INVESTORS ON CAPITAL MARKET

The concept of investor loyalty programs began to gain popularity in developed economies in the mid-1990s. The origin of shareholder loyalty programs is linked to the privatization process of large European companies, whose shares were introduced to the stock exchanges and were simultaneously offered to employees of those companies. This resulted in the stake of shares ownership by numerous small individual investors. In order to stabilize this group of investors - so that those small individual investors would not sell their shares en masse, contributing to share price destabilization and in order to reduce share price fluctuations - investor loyalty programs, based on loyalty programs offered to consumers, were offered. As a result, the concept of loyalty programs for the capital market was adopted. For participating in the investor loyalty program, it is necessary to meet certain criteria specified by the company. These are as follows:

- 1) completing the declaration of joining the program (along with consent to the processing of personal data);
- 2) obtaining a minimum number of shares to participate in the program;
- 3) maintaining a minimum number of shares in the portfolio throughout the period of participation in the program.

In the case of holding shares, investors benefit from share price increase, dividend payments and granted subscription rights. However, benefits of participating in shareholder loyalty programs should be taken into account. It is important to mention that in the case of benefits resulting from loyalty programs, ownership of shares is being rewarded instead of selling shares. Moreover, the benefits of participating in loyalty programs may as well, to some extent, compensate for the losses incurred due to the share price decrease. Additionally, these benefits are realized on a continuous, not incidental, basis regardless of the economic situation on the stock exchange. It should also be emphasized that share price level depends not only on the company itself, but also on external factors beyond the company's control. Therefore, in this context, the loyalty program becomes significantly more important, since it can be considered a factor that the company can both create and manage on its own.

The purpose of offering loyalty programs is to encourage an investor to purchase financial instruments of a given company, retain them as an investor and increase the level of their financial involvement in a given company. An additional goal is to create a rela-

tionship between the company and the investor as a consumer of the company's products or services. In practice, this means creating an integrated offer, including both financial products offered to investors and products that are linked to the company's core activity, offered to consumers. An investor is potentially a natural consumer of the products offered by the company.

Considering benefits that companies gain from offering loyalty programs to shareholders, it is necessary to mention the stabilization of a particular stake of shares in the so-called free-float. Due to the established thresholds for joining a given program, i.e., the minimum required number of shares, some of these shares traded on the stock exchange are blocked from transactions. Therefore, individual investors become long-term investors. If these investors sell shares (and do not have the required minimum number) they will lose the privileges associated with participation in the loyalty program - both financial and non-financial (participation in additional meetings with the management board, meetings with other investors, access to various cultural and sport events). From the company's point of view, it also translates to an easier and more likely raising of capital through subsequent issues of shares. Such capital is considered the least expensive from a company's point of view - which is usually of significant importance for the company's long-term operation in a competitive environment.

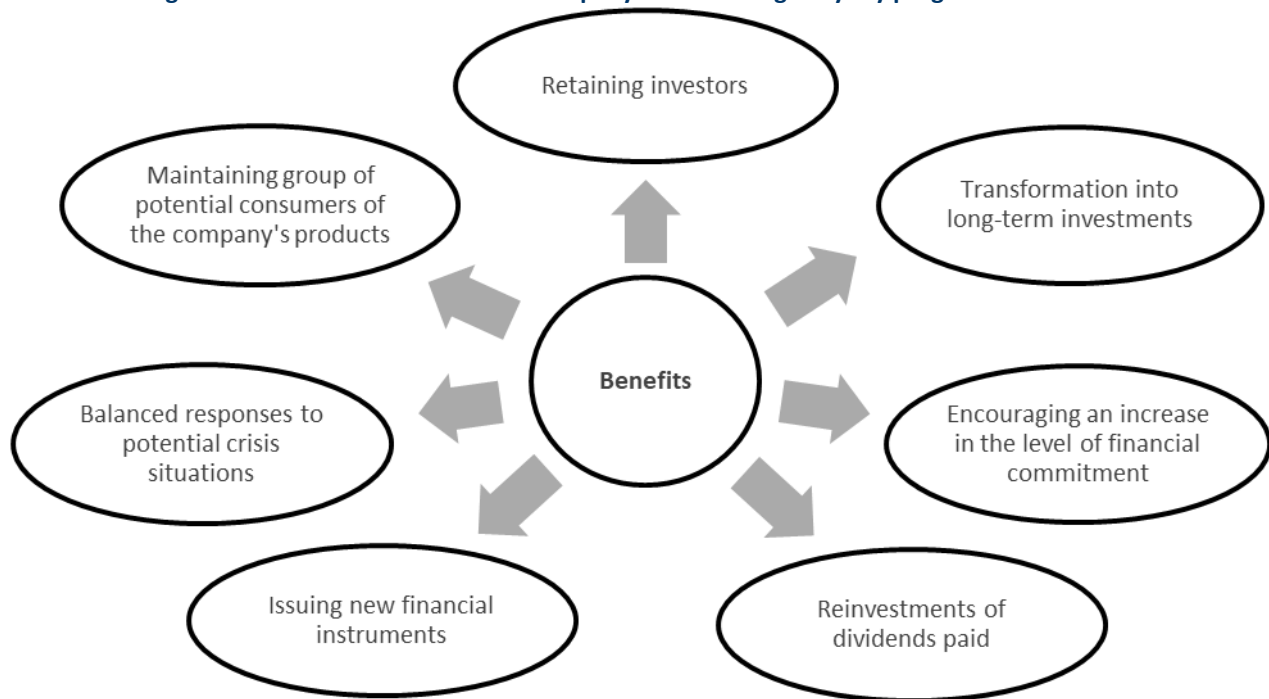
Thus, the purpose of offering loyalty programs is to build and strengthen the relationship with the shareholder as an investor and as a consumer, and therefore stabilize the stake of shares held by this group of investors (Figure 5).

Historically, companies offered shareholders various financial benefits, most often in the form of discounts on the products and services they provided (these benefits are not taxable from the investor's point of view). Currently, however, there is a trend of offering investors free stocks or higher dividends. This ongoing evolution occurs due to the fact that institutional investors began to raise issues of unequal treatment of investors at general meetings of shareholders. Loyalty programs for investors - and the benefits of participating in them - were offered primarily to individual investors, thus making institutional investors feel discriminated against. In the case of investment funds or pension funds, their capital is raised from fund participants, who are also individual investors. Therefore, the argument of unequal treatment of investors resulted in modifications of loyalty programs. At the same time, an argument that offering loyalty programs along with benefits was undoubtedly a cost for the company reducing the overall generated profit level and, as a result, affecting the level of dividend paid, was not

without significance. Thus, the costs were borne by all shareholders, while the benefits were realized only by a certain privileged group. Therefore, loyalty programs offered to investors have been modified to offer benefits (for example, for long-term holding of shares in the portfolio) in the form of:

- 1) offering free shares;
- 2) offering shares with a discount in relation to stock exchange price;
- 3) additional dividends, rewarding time of holding shares;
- 4) favorable conditions for reinvesting the dividend paid.

Figure 5: Potential benefits for the company from offering a loyalty program to investors



Source: Own elaboration.

EFFECTIVENESS OF LOYALTY PROGRAMS

Ever since American Airlines launched the first modern consumer loyalty program in 1981, loyalty programs have been growing significantly. It is estimated that more than half of the American adult population participates in at least one loyalty program (Kivetz & Simonson, 2002). A KPMG study identifies Nike, as a company whose loyalty program members spend almost three times as much as online shoppers (2018 Global...). In another study, KPMG concluded that 85% of the overall growth comes from the company's most loyal customers (Is it time to rethink..., 2016).

According to Liu's (2007) research on consumer loyalty programs, such customers gradually purchased increasingly more goods or services and became increasingly more loyal to the company. In addition, the loyalty program extended their relationship with the company to other business areas. As a result, he recommended business entities run loyalty programs. Because of them, businesses can potentially increase the

number of recurring transactions as well as obtain valuable consumer data. He has also stated that loyalty programs can make program participants more profitable customers for the company.

Research carried out by Meyer-Waarden (2008) led to the conclusion that loyalty card holders make more purchases and have above-average loyalty. Loyalty programs reduce the degree of price sensitivity in consumer subconsciousness and buyers are willing to pay more than usual. Loyalty always increases the number of purchases.

Khan (2014) also confirms that loyalty programs have numerous benefits for the company, such as increased sales revenues and stronger ties between existing customers and the brand.

Based on the conducted research, Mägi (2003) concluded that membership in a loyalty program increases share of expenses in the consumer's portfolio for the company at the expense of competitors, and also increases frequency of visits to a company's given store.

According to Bolton, Kannan and Bramlett (2000), loyalty program members put less emphasis on negative experiences with the company in their purchasing decisions than non-members of the loyalty program. Moreover, they are less likely to compare the company with competitors (since they do not use competitors' products and services). As a result, they are more likely to buy only from the given company.

Kim, Shi and Srinivasan (2001) stated that the main advantage of loyalty programs is their ability to increase the cost of switching suppliers. When consumers join a loyalty program to accumulate rewards faster, they mainly concentrate their purchases on one company.

Nevertheless, it should be emphasized that some studies results suggest that companies effectively acquire new members in loyalty programs but remain unable to activate them. In the United States, companies spend more than \$50 billion annually on loyalty programs (Shaukat & Auerbach, 2011). But although U.S. households belong to an average of 29 programs, they are active in only 12 (Berry, 2015). France shows a similar pattern: 60% of consumers participates in 3 - 10 loyalty programs, but they use only half of their cards (Passebois, Trinquencoste, & Viot, 2012).

In turn, investor loyalty is also interpreted as a factor reducing volatility and cost of capital (Gregory, 1998).

Investor behavior has been also the subject of various studies in the field of behavioral finance in conjunction with psychological and sociological theories (Shefrin, 2002). In those studies, factors impacting investment decisions are analyzed. However, behavior of investors reflecting their loyalty is a less common theme. The results of selected studies in this field are presented below.

Helm (2007) stated that there is no significant influence of reputation on behavioral loyalty, meaning that reputation is not a strong factor that directly impacts investors' future investment intentions or duration of shares ownership. In the eyes of individual investors, reputation is also largely shaped by non-financial factors, such as commitment to social and charitable causes.

Research conducted by Schoenbachler, Gordon, Timothy and Aurand (2004) suggests that individual investors tend to purchase brands from companies in which they own shares. Additionally, investors buy shares of a particular company because they have had some positive experience with the brand managed by that company. These results occurred regardless of the industry. Such actions demonstrate behavioral aspects of brand loyalty, defined in terms of repeated purchases.

CASES OF LOYALTY PROGRAMS OFFERED TO CONSUMERS

Ongoing evolution and current trends in loyalty programs are best depicted with cases. A few of them are presented below, starting with the least complex.

In the majority of cases, loyalty programs offered to consumers in different countries do not differ significantly between each other and are based on collecting points, which can later be exchanged for rewards. Nevertheless, a number of innovations can be observed in the loyalty programs offered to customers. Several unique solutions are presented below.

At the same time, it should be noted that several loyalty programs have moved entirely to the mobile arena, where participant identification is conducted via a virtual card. All interactions with the customer (coupons, messages, data editing) also take place there. However, this may cause the loss of a particular customer group that is not able or does not want (for privacy reasons) to use mobile applications seamlessly. The mobile wallet is one of the latest solutions (eg. Wallet app or Google Pay), in which the consumer is able to store a card or a coupon in the form of a pass, without the need to have the program application.

The ORLEN VITAY program is a "classic" program of collecting points and exchanging them for prizes (<https://www.vitay.pl/>). Simultaneously, the company runs a program for more active members: Super VITAY Club. The condition is to collect 9,000 VITAY points within the next 6 months. This is linked to, among other things, a monthly chance for bonus points.

On the other hand, Leroy Merlin Poland runs two consumer loyalty programs: DOM Program and Leroy Merlin PRO CLUB for Professionals (<https://programdom.leroymerlin.pl/>).

In the case of DOM Program, 1 point is awarded for the amount of PLN 5 spent. The program participant has the right to use the loyalty program discount after collecting at least 500 points. Every 500 points can be exchanged for a 5% discount.

However, in the version for professionals, 2%, 5% and 10% (depending on product types) of the amount spent on each purchase is exchanged for the number of points corresponding to the discount amount.

Żabka Poland has introduced a new loyalty program for consumers based on the żappka application. What is worth emphasizing in this program is the high degree of reward personalization and frequent updates of rewards – up to several times per day. After two hours, current promotions are updated. Another advantage is the product section, which is personalized by artificial intelligence every 24 hours. An additional ben-

efit for users are special points collected for making purchases using the application. Each PLN 1 spent in Żabka is rewarded and collected points can be exchanged for products in-store (<https://www.zabka.pl/aplikacja-zappka/faq/ogolne>).

The chain of Portuguese Biedronka stores in Poland runs a loyalty program for customers named My Ladybug (since 2016), in which over 10 million people participate. Loyalty program cardholders are provided with a number of promotions. Moreover, additional periodic campaigns are carried out, in which stickers received for purchases can be exchanged for toys or books (<https://moja.biedronka.pl/>).

A notable offer that is worth mentioning is the repeated promotion related to discount vouchers for subsequent purchases in 2021 and 2022. The most important feature of this promotion was simplicity – if payed in-store, the voucher was printed immediately. A voucher of PLN 15 was available for each purchase above PLN 99 and a voucher of PLN 5 was provided for each purchase above PLN 69 (excluding alcohol and cigarettes). This voucher had to be used within two trading days from the moment of the receipt. In order to use it, the consumer had to make purchases for the same amount that allowed him to obtain a particular voucher. This promotion was valid for a month, and customers could take part in it every day within the month. This offer was undoubtedly very beneficial for the Biedronka clients. During the period of zero interest rates offered by banks at that time, the company granted a 15% discount.

Nike, in its Nike+ loyalty program, gathered over 100 million users worldwide (<https://www.nike.com/membership>). The company's loyalty program has been constantly evolving, now leveraging emotions to build loyalty. Club members can "order" tailor-made products, which are delivered at the company's expense. In addition, program participants can use training applications with professional advice and dedicated training plans. Moreover, the loyalty program application system monitors their physical activity and rewards consumers for it. Program participants are also prioritized in terms of access to special events and campaigns held by Nike. As a result, the company has successfully built a community brand, while facilitating interactions with people with the same interests at the same time. This is an example of a new generation personalized loyalty program.

EXAMPLES OF LOYALTY PROGRAMS OFFERED TO INVESTORS

In Poland, the oldest loyalty program dedicated to investors has been offered by the Slovakia-based company - Tatry Mountain Resorts. It was introduced on

the Polish market in 2012 (since 2010 on the Slovakian market). In order to participate in the program, owning 25 shares is required. Among the benefits are ski passes (<https://tmr.sk/klub-akcjonariusz-/>).

Over 11 thousand people participate in the program "Orlen in the portfolio" dedicated to individual investors. The condition for participation in the program is ownership of 50 shares and benefits for program participants include discounts on fuel and gas as well as on products offered at petrol stations. According to the statement issued by company representatives, the purpose of offering the investor loyalty program is, among other things, transforming a short-term investor into a long-term investor, as well as making them a brand ambassador (<https://www.youtube.com/watch?v=2Q0SlxCFdqM>). The analysis of the loyalty program shows that customers bypass competitors' gas stations in order to refuel at "their" station. The company is considering extending the benefits by granting bonus shares after 2 years of participation in the loyalty program (<https://www.ornenwportfelu.pl/bezpieczaj-rabaty/>).

Another firm that offered a loyalty program to its shareholders is the insurance company PZU. The "My PZU Shares" program is offered to investors owning at least 100 shares and among key benefits are discounts on insurance (10 and 20%). The main reason behind introducing loyalty program to investors was the shareholder structure - at the end of 2020, the share of individual investors was 8.5% (<https://www.pzu.pl/mojeakcje>).

Accor provides the Accor Shareholders Club dedicated to its' investors. In order to participate in the program, they must own at least 50 shares. Club members are provided with a number of benefits, including a 15% discount on group hotel stays (<https://group.accor.com/en/finance/individual-shareholders/shareholders-club>).

The investor loyalty program offered by L'Oréal is an example of a modern program focused on equal treatment of investors. It provides advantages to investors for long-term stock ownership. Each registered share that is continuously on the investor's account for 2 years results in an increase in the dividend paid by 10% in relation to the dividend paid for the given year. Approximately 450 thousand investors have registered their shares in this program (<https://www.loreal-finance.com/eng/registered-shares-loyalty-bonus>).

An example of an investor loyalty program that has undergone significant evolution is the one offered by Orange (formerly France Telecom). FT's shareholder club had more than a million members at its peak and their representative sat on the board of directors. In order to participate in the program, an investor had to

own 10 shares and had to be a company client. France Telecom created a partner program, similar to a consumer loyalty program, and provided club members discounts on products and services offered by both the company and its partners. Currently, 700 thousand shares have been registered by individual investors. However, the benefits are only provided in France. Members of the Shareholder's Club are provided with a 15% discount on the company's products and services as well as the possibility of participating in various types of events (such as getting free tickets to artistic and sports events). The club's representative no longer sits on the supervisory board, but an advisory team consisting of 13 individual investors has been created and it analyzes the quality of communication with shareholders (<https://club-actionnaires.orange.com/>).

A similar situation occurs in the case of the French company TotalEnergies. The company's shareholder club now only operates in France. It primarily offers the opportunity to participate in various types of events. There is also an investors advisory team in this company (<https://e-cercle.totalenergies.com/>).

Australian Bendigo and Adelaide Bank has also significantly modified the investor loyalty program. Currently, the main benefit is the possibility of reinvesting the dividend in the bank shares - thus avoiding the capitalgaintax(<https://www.bendigoadelaide.com.au/investor-centre/dividends/>). Earlier, however, Bendigo Bank offered a "Shareholder Privileges Package". In order to participate in this program, a shareholder had to own 500 shares. The offered package from 2004 included higher interest rates on deposits, lower interest rates on loans and lower insurance costs. The possibility of reinvesting the dividend (paid twice a year) was also offered - at 5% discount in relation to the stock exchange rate, when purchasing additional shares of the bank for the dividend. It should be emphasized that the offer was dedicated to both individual and institutional shareholders, which distinguished this program from other investor loyalty programs.

CONCLUSIONS

In the current competitive economic environment, meeting consumer needs is no longer sufficient to retain them. Therefore, companies make additional efforts to not lose customers and to attract new ones as well. The same is applicable for investors in the capital market. Loyalty programs are considered a useful tool for maintaining relationships with these stakeholder groups. What both loyalty programs have in common is their purpose - building loyalty, as well as retention of both consumers and investors. Moreover, the loyalty program is a tool that the company can create and manage. Furthermore, Faramarzi & Bhattacharya's

(2021) findings reveal that the introduction of loyalty programs, on average, positively influence company value. Abnormal returns are a reflection of the anticipated changes resulting from loyalty program introduction.

The evolution of loyalty programs offered on the market is clearly visible. In the case of programs offered to consumers – an initial offering of just financial benefits was expanded to include non-financial benefits. Currently there is even a trend of offering only non-financial benefits to consumers. Nike can serve as example, but also Harley Davidson and Apple have been doing that as well. Loyalty programs actively build the brand community. It can therefore be concluded that after the initial building of brand loyalty via quality of goods and services, loyalty is now based on a psychological distinguishing feature related to self-identification with a group of other customers who own the company's product. The cycle of building loyalty has thus entered the next phase from satisfying the needs based solely on product features to an image, which customers can identify with as well as leverage to build their social network. Consumer loyalty has thus evolved from the functional satisfaction of needs to an emotional level that "resonates with consumers". As a result, this enables the customer to self-identify. A given product is more of a symbol for the external manifestation of a consumer's attitudes, preferences, lifestyle, beliefs, desires and self-fulfillment. This is possible because of wide use of the latest technologies and various online communication channels, including social media and customer communities in particular.

In the case of loyalty programs offered to investors, there is a clear trend of offering financial benefits realized only on the financial market but realized by both individual and institutional investors. The length of investment period is rewarded with a bonus that can take the form of either increased value of the dividend, the possibility of reinvesting the dividend in shares at preferable prices or purchasing new shares at a discount. However, this means resigning from creating an investor as a consumer through the loyalty program.

These changes are mainly caused by the expansion of loyalty programs from one country to numerous countries. Accounting and taxation issues vary from country to country. Therefore, instead of a financial discount, it is better to offer, for example, the tailor-made shoes with colors selected by the customer and send them at the company's expense. Similarly, in the case of investors, the loyalty program is open to any investor, regardless of the country of origin and type of entity.

At the same time, it is essential to notice further challenges that companies have to take into account in

their operations. One of the most important ones concern ecological issues. In particular – the ability to adapt towards a sustainable economy based on renewable energy. The concept of sustainable development is strongly promoted by the United Nations and the European Union. As a result, consumers and investors currently expect a pro-active attitude from economic entities regarding, for instance, social life and various activities linked to the planet and humanity. For example, we can cite the data that as many as 77% of consumers choose products that correspond to their personal values (Meaningful Brands 2019).

As a result, the attitude of environmentally aware consumers and investors is becoming increasingly more popular. Such a person follows their personal values, boycotts the products of companies conducting unacceptable actions, loudly expresses dissatisfaction on

various communication platforms, and questions the credibility of the image built as a socially sensitive subject (Dziawgo, 2014). In particular, their doubts concern real motives and effectiveness of actions taken as part of corporate social responsibility (Dziawgo, 2010).

Summing up, based on past and present experiences, further development of loyalty programs, both offered to consumers and financial investors, is to be expected. This will result in further evolution of these programs and it can be expected that such evolution will be stimulated by new communication tools, social media and legal acts. Another likely direction of evolution will be rights-aware and environmentally sensitive consumers and financial investors, whose attitudes and preferences will have to be taken into account increasingly more often by companies.

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