Probability-based Loyalty Programs Increase Engagement



PRESENTER:

Adrian R. Camilleri

CO-AUTHORS:

Liyin Jin Ying Zhang Linda D. Hollebeek

BACKGROUND

- The goal of this project was to determine if including **uncertainty** into a loyalty reward program can increase its effectiveness.
- The uncertainty related to when the reward was going to be awarded.
- We drew on research from the gamification literature to build predictions that the so-called "probabilistic" reward programs would increase engagement and purchases due to higher:
 - **Engagement**: Degree of a customer's interactions and connections with a brand or brand object, such as a reward program.
 - Fun: Broadly positive, enjoyable, affective experience that can occur with either high or low arousal.
- We also predicted that an "increasing" program one in which the chance of winning the reward increased after each purchase and unsuccessful lottery – would be the most effective program.

METHODS

- We ran 1 field and 5 online experiments.
- In each experiment, we compared a traditional reward program with one or two probabilistic reward programs.
- All programs had the same expected number of purchases to earn the free reward:
 - The traditional program offered a reward after 6 purchases.
 - The probabilistic programs offered a reward after 9 purchases but also gave a chance to instantly collect all stamps after each purchase, after which the card was expired.
- In Experiments 2, 3, and 4, we measured the moderator: risk propensity.
- In Experiments 5 and 6, which were preregistered, we measured the mediators: engagement and fun.
 - We also explored other emotions:
 - Positive: Optimism, joy, and excitement.
 - Negative: Anger, discontent, and sadness.
 - Context-specific: Surprise.





	Туре	Sample		Independent Variable			Moderator	Madiator	Donondont
0.		Size	Source	Traditional	Flat Probabilistic	Increasing Probabilistic	Variables	Variables	Variables
	Field	400	Chinese consumers	\checkmark	\checkmark	_	_	_	Return rate; Purchases
	Online	247	Australian students	\checkmark	\checkmark	-	Risk propensity	-	Purchases
	Online	271	Australian students	\checkmark	_	\checkmark	Risk propensity	-	Purchases
	Online	229	Australian students	\checkmark	\checkmark	\checkmark	Risk propensity	_	Purchases
	Online	201	Prolific: UK, USA, CA, AU	\checkmark	\checkmark	-	_	Engagement; Fun	Purchases
	Online	219	Prolific: UK, USA, CA, AU	\checkmark	\checkmark	\checkmark	-	Engagement; Fun; Emotions	Purchases

Traditional	Flat Probabilistic	Increasing Probabilistic
Traditional	Flat Probabilistic In	creasing Probabilistic
**** **** **** **** Absorption Attention	 **** 	**** **** **** **** Enthusiam Fun
	Variable	

