

Cultivating True Loyalty in an Emerging Market: Does Reward Timing Really Matter?

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Abstract

Businesses often overlook the importance of reward timing in loyalty programs, especially in emerging-market retailers facing increasing customer switching. This study investigates local customer expectations regarding reward timing using a quantitative, cross-sectional approach. A survey completed by 222 active users of an African-based Fast-moving consumer goods (FMCG) retailer's loyalty program (offering instant and delayed rewards) was analysed using partial least squares structural equation modelling and the Sobel test for mediation. Results indicate a preference for instant rewards over delayed ones. By focusing on the FMCG sector in growing emerging economies and applying Vroom's expectancy theory in a non-managerial context, this study offers valuable insights into context-specific reward timing strategies and highlights the significance of expectation alignment.

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1. Introduction & Research Problem

Numerous companies allocate a considerable number of resources to build sustainable relationships with their customers (Yang et al., 2018). Although loyalty programmes have been designed and widely used to assist in this regard, research confirms that unfortunately, this tactic is not always well executed, resulting in the ends not being met (Yoo et al., 2018).

Ngobo (2017) says that despite the existence of loyalty programmes within the retail sector, customer loyalty levels are dwindling at alarmingly high rates. This trend is even more prominent in the fast-moving-consumer-goods (FMCG) sector where retailers tend to focus on the sale of goods (Sundström and Hjelm-Lidholm, 2020), resulting in operations being carried out with a short-term perspective on the customer relationship (Menidjel et al., 2017). This lack of customer-centricity is reportedly dominating the retail sector of developing countries in particular, compared with other service sectors of such economies (Izogo, et al., 2016). With modern-day empowered consumers having more demands, an array of choices, and greater knowledge at their fingertips (Davis, 2022), they are no longer inclined to stay as loyal as they once were, seeking more than just the performance of a brand to continue buying (Pedowitz, 2021). As a result, creating and maintaining customer loyalty is immensely more complex than it used to be in years gone by (Khadka and Maharjan, 2017). Magatef and Tomalieh (2015) disclose that the behaviour of consumers switching brands can actually be intensified by a poorly executed loyalty programme, especially when it comes to a lack of reward relevance, a rigid reward structure, and unappealing reward timing. Reward timing, in particular, tends to be a misunderstood and misapplied component of a loyalty programme (Noble et al., 2014).

Amar (2015) discovered that by rewarding the customer at the most applicable time, the end-user values the purchasing experience far more, feeling as though a business truly understands the functional and emotional needs of the consumer, which consequently serves as the foundation of true loyalty. True loyalty can be described as a state where a customer has a positive behavioural response and an attitudinal commitment towards a company (Wang et al., 2021). Businesses can only achieve true loyalty by meeting the customer's functional needs while building an emotional (attitudinal) connection with the consumer (Owen, 2019). Based on consumer-psychology research, timing is of the essence when it comes to fostering relational commitment and connection. Melton (2018) goes on to state that if a reward comes at the right time, it can create a memorable experience, which in return, leads to a potential long-term relationship with a company. Consequently, this study aimed to investigate what consumers prefer in terms of reward timing. As noted by Chen, Mandler and Meyer-Waarden (2021) the bulk of research in terms of loyalty programmes has been conducted in developed economies. Inferring that the emerging market needs would be similar to those in their developed counterparts may lead to mismanagement of resources (Paul, 2019); since consumer's behaviour is largely influenced by the environment in which consumers live in (Lim et al., 2023).

By selecting the correct model of timing, could emerging market FMCG businesses improve results of their respective loyalty programmes? Although there are studies that have incorporated reward timing as a variable within their empirical frameworks (Chen et al., 2021), as of yet, no models have been developed to guide practitioners within the FMCG retail sector of developing countries in terms of reward timing (instant vs. delayed), in particular. These considerations provided the impetus for the current study, which intended to address the following research question:

RQ1: Which method of reward timing is most effective in satisfying consumers and, in turn, fostering true loyalty in the FMCG retail sector of emerging markets?

To address this research question, the remainder of the paper is structured as follows: Firstly, an overview of the relevant literature regarding drivers of human attitudes and behaviours, particularly in a loyalty context. The relevance of the research is explained in the form of hypotheses. The methodology and results are then described. Lastly, the discussion and managerial implications are presented, as well as the limitations and directions for future research.

2. Theoretical Grounding of the Study

Based on a meta-analysis study conducted on three decades worth of loyalty programme research, the authors noted that more than a third of studies in this context fail to embed their focal relationships upon grounding theories (Chen et al., 2021). An additional meta-analysis in the field of retailer loyalty further revealed that most studies examine loyalty drivers in parallel and fail to consider multiple theoretical groundings for the possible interactions and relationships among the different drivers (Liu-Thompkins et al., 2022).

Chen et al. (2021) notion that prior reviews paint a fragmented and incomplete picture. The authors go on to query the effectiveness of a single theoretical lens to account for the complexity of customer loyalty, which is multifaceted in terms of role-player involvement, design and context. Against this background, in this study the researchers have opted for a multi-theoretical perspective to account for this complexity and, in turn, to address the research question at hand.

2.1. Expectancy theory: Understanding the antecedents.

According to Van Eerde and Thierry (1996), rewards can motivate, shape and control customer behaviour. Specifically, as per Vroom's Expectancy Theory of Motivation (Vroom, 1964), a person will deliberately behave in a certain way as a means to benefit from expected outcomes (Nguyen and Prentice, 2022). This reveals that consumers will not intentionally display loyalty for the pure sake of benefitting the business; instead, the chosen behaviour derives from the benefits the individual expects to receive themselves (Prentice et al., 2020).

Vroom attributes an individual's motivation as the product of three core factors. Firstly, expectancy accounts for a consumer's expectations of a probable outcome, in relation to the effort an individual

must put in (Zboja et al., 2020). This means that matching rewards to customer expectations (in terms of value and timing) can change the motivation a customer has, and in turn, their behaviour; if they believe the benefit outweighs the effort (Linz et al., 2015). The second factor of instrumentality represents the influence of a given behaviour on an outcome, while the final factor accounts for valence in terms of an affective orientation towards a specific outcome (Zboja, 2020). This is where the satisfaction and true loyalty nexus are brought into the picture. By utilising this theory, the researchers could understand that it is not just about rewarding customers to attain the desired behaviour, but rather ensuring that the reward matches the customer's expectation. Meeting and exceeding customer expectations are fundamental cornerstones of achieving customer satisfaction (Menidjel and Bilgihan, 2022; Oliver, 1981). By strategically timing interactions that meet customer expectations, businesses can satisfy customers better and, in turn, instil a desired behaviour of true loyalty, in this case (Gupta et al., 2018).

Interestingly, Vroom's expectancy theory (1964) of motivation has been applied in different areas of management (Zeng et al., 2018; Namwong et al., 2017). However, Chopra (2019) discovered a gap in terms of utilising this theory in understanding consumer motivation-based behaviour in the context of the retail industry.

2.2. True loyalty theory: The desired outcome

The theory that underpins true loyalty was coined by Dick and Basu (1994), who emphasise the importance of viewing loyalty, in its truest form, as an attitude-behaviour continuum. This continuum is fundamental in facilitating consistency, which is needed to form sustainable relationships (Gupta et al., 2018).

Based on this theory, cultivating a true relational commitment between a customer and a business requires nurturing an emotional commitment (attitude), as well as facilitating the number of repeat purchases a customer makes (behaviour), which collectively contribute to the bottom-line of a company (Khadka and Maharjan, 2017). Historically, businesses would focus on the latter and solely invest in initiatives that triggered transactional behaviours, such as repeat buying, repeat visits, and like (Baloglu et al., 2017). However, without addressing emotional commitment, the relationship becomes unsustainable, and consumer switching, inevitable (Baloglu et al., 2017).

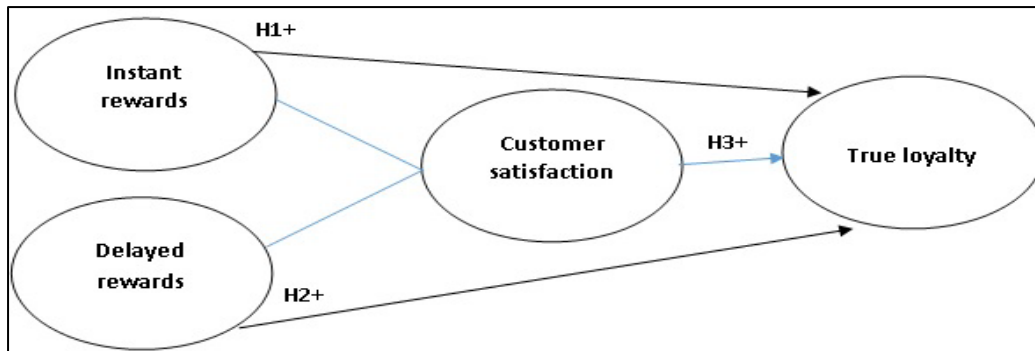


Figure 1: Research Model
Source: Authors' own construction.

3. Hypotheses Development

3.1. Reward timing and true loyalty

Instant rewards can be defined as the benefits and/or inducements a customer receives upon purchasing, to create a feeling of belonging (Sukoco *et al.*, 2015). Instant rewards are often associated with a lower value and can include scratch cards, peel-off coupons, in-pack coupons, and/or a discount at the point of purchase (Meyer-Waarden, 2015). Instant rewards are proven to influence a consumer's immediate behaviour, more so than their attitudes (which take time to form and change). Delayed rewards, in contrast to instant rewards, are obtained after accumulative purchasing periods. As a result, with delayed rewards, customers can only claim their incentives after several consecutive purchase actions have been completed (Meyer-Waarden, 2015; Sukoco *et al.*, 2015). Delayed rewards can be tangible or intangible, and are often associated with a higher value than instant rewards (Keh and Lee, 2006). A delayed-gratification styled rewards programme can thus be used to persuade customers and motivate them to commit in terms of attitudes and continued buying behaviour toward the company in the long-term.

Although delayed rewards are the more conventional approach used by retailers, consumers perceive this type of reward offering to be complicated (Fawcett *et al.*, 2012). In juxtaposition, consumers associate instant rewards with higher perceived value due to their participatory simplicity (Hörold *et al.*, 2017). Consumers engaging with instant rewards encounter a sense of achievement and instant gratification which, in the process, trigger an emotional brand-customer connection (Lambert and Goh, 2020). This trend is prevalent in emerging markets, where consumers display a lack of patience stemming from infrastructural developmental issues (including but not limited to connectivity problems and scheduled loadshedding causing electricity interruptions). If systems are offline, delayed rewards become difficult to track and manage, whereas instant rewards require less system-related infrastructure and are somewhat easier to distribute to consumers (Fromhart and Therattil, 2016). These factors influence a consumer's perceived effort expectancy, which resultantly impact ones chosen behavioural outcomes (Chopra, 2019).

Taking the said customers' perspective into account, the researchers hypothesise that instant rewards will have a stronger influence on consumer's true loyalty in the emerging market context of FMCG retailers. Upon this premise, the following hypotheses are presented:

H1: Instant rewards have a stronger, significantly positive influence on true loyalty than delayed rewards.

H2: Delayed rewards have a weaker, significantly positive influence on true loyalty than instant rewards.

3.2. The mediating role of customer satisfaction

A consumer's state of satisfaction is determined by a conscious or subconscious evaluation of one's encounter with different types of stimuli, in this case, time-based loyalty rewards (Hsu et al., 2021). During this evaluation, a consumer weights a business's perceived performance against ones' expected performance, as explicated by the expectancy theory (Tait et al., 2018; Tang et al., 2017; Oliver, 1977). The outcome of this comparison is a level of confirmation or disconfirmation, which results in a mental sensation of satisfaction or dissatisfaction, respectively (Khalifa, 2022; Krüger, 2016).

Various studies have confirmed the antecedent role of satisfaction in fostering revisit or repeat buying behaviour, which is fundamental to loyalty (Fernandes and Barfknecht, 2020; Liao et al., 2017; Park, 2019). However, customer satisfaction remains a debatable topic, due to its dynamic nature in the turbulent business environment of today. For example, in industries with minimal competition, where consumers have fewer alternatives from which to choose, many consumers will most likely be retained without necessarily being highly satisfied. Alternatively, there are instances where consumers are highly satisfied, yet are not loyal (Shah et al., 2020). This verifies that satisfaction does not always have a direct effect, and in turn, is insufficient to predict loyalty on its own (Khadka and Maharjan, 2017). Researchers (Anabila et al., 2020; Choi and Kandampully, 2019; Hassan and Shamsudin, 2019) have instead contended that satisfaction serves as an intervening variable, successfully mediating the relationship between the elements of the business offering (in this case, rewards) and the behavioural outcomes of the consumer. Against this background, this study aimed to investigate the mediating role of satisfaction in the FMCG retail sector of emerging markets, by considering the following hypothesis:

H3: Customer satisfaction positively and significantly mediates the relationship between reward timing (instant vs. delayed) and true loyalty.

4. Research Methodology

This study embraces a positivist research paradigm to investigate the intricate relationships between the variables and develop effective solutions for loyalty-based marketing challenges in the FMCG retail sector. The chosen research design is descriptive in nature, enabling the evaluation of hypotheses and providing a comprehensive understanding of the subject matter. To effectively test the stated hypotheses and address the research question at hand, a formal, cross-sectional quantitative approach is adopted. To ensure the robustness and validity of the study, specific procedures and source specifications are meticulously employed, as discussed in detail below:

4.1. Target population and sampling

To guarantee precise hypothesis testing within this study, it is essential to carefully choose a population that has experienced both immediate and delayed loyalty-based rewards, all while being exposed to the same emerging-market FMCG retailer. This meticulous selection process ensures a fair and direct comparison, enabling the derivation of meaningful conclusions and facilitating an accurate "apples-to-apples" analysis. Furthermore, by eliminating potential confounding factors such as retailer differences and variations in loyalty programs, the study's findings can be attributed to the specific variables under investigation with greater confidence.

The population of this study therefore comprised of active users, over the age of 18 (the legal age of consent), of the loyalty programme of a particular African-based FMCG retailer. The loyalty programme of the chosen retailer makes use of both instant- and delayed-reward timing approaches, which allowed the researchers effectively to test consumers' satisfaction and subsequent behaviours in this regard, as the selected population would have been exposed to both reward-timing approaches. Instant rewards offered by the retailer are comprised of instant cashbacks and discounts, as well as collectables, to name but a few. The delayed rewards of the retailer are based on a point accumulation system, where customers earn 1 point for every R2.00 that is spent. The accumulated points can then be redeemed for a larger cashback or partner rewards (in various industries such as travel, entertainment, etc.).

In the absence of a sampling frame, due to the Protection of Private Information Act (POPIA) in South Africa, the researchers opted for a convenience sample of this population. Based on the Business Insider Report (2021), the chosen FMCG retailer has an estimated 9 million registered loyalty programme members. Using the Raosoft calculator, set at a 90% confidence level, with a 5% margin of error, a sample size of 271 consumers was the target.

4.2. Data collection and instrumentation used

A total of 500 questionnaires were distributed at the outlets of the FMCG retailer across Bloemfontein in the Free State and Queenstown in the Eastern Cape of South Africa. These provinces were selected based on convenience and proximity to the researchers of this study. Screening questions were added to the survey to ensure that participants were over 18 years old and reward-programme members. All ethical standards of academic research were taken into account and ethical clearance had been granted by the GHREC of the University of the Free State.

Following a comprehensive literature review, the questionnaire was developed using multi-scale items adapted from previous studies and measured using a 7-point Likert scale. Table 1 presents the various indicators which were adapted and used for this study, together with their respective sources. Preliminary data screening was conducted, before the main analysis (Field, 2013). Any cases with missing values or statistical issues were removed, resulting in 222 cases suitable for further analysis.

Table 1: Variables and Indicators

Item	Statement	Source
Delayed rewards <i>Five items as DRI-5</i>	The DR provided by this retailer's LP are more attractive than rewards provided by other supermarket loyalty programmes.	Sukoco <i>et al.</i> , (2015)
	The DR provided by this retailer are rewards I want.	
	The DR motivate me to make use of this retailer's LP.	
	It is easy to redeem the points accumulated on this retailer's loyalty card.	
	I prefer to receive points that I can accumulate and redeem later.	
Instant rewards <i>Five items as IRI-5</i>	The IR provided by this retailer's LP are more attractive than rewards provided by other supermarket LPs'.	Keh and Lee (2006)
	The IR provided by this retailer are rewards I prefer	
	The IR I receive, motivate me to shop at this retailer as opposed to other supermarkets.	Sukoco <i>et al.</i> , (2015)
	I prefer to receive my rewards immediately upon purchase.	
	I prefer a reward where I can receive an instant discount on a certain product.	
Satisfaction <i>Three items as SI-3</i>	I am happy with this retailer's LP.	Filipe <i>et al.</i> , (2017)
	When making use of the IR, my expectations are always met.	
	This retailer's DR always meet my expectations.	
True loyalty <i>Eight items as ALI-4 & BLI-4</i>	I have a strong preference for this retailer's LP.	Hu <i>et al.</i> , (2010)
	I like this retailer's LP more than the other LP provided by other supermarkets.	
	I will stay loyal to this retailer's LP, no matter what occurs.	Keh and Lee (2006)
	I will stay loyal to this retailer's brand, no matter what occurs.	
	I would recommend this retailer's LP to friends and relatives.	
	I intend on encouraging others to make use of this retailer's LP.	
	I am likely to return to this retailer's stores because of their LP.	Ok <i>et al.</i> , (2011)
	I intend to use the benefits offered by this retailer as often as I can in the future.	

Note: True loyalty(TL) comprises attitudinal and behavioural loyalty measures, combined into one construct.

Source: Own compilation

4.3. Data analysis and interpretation

This study made use of partial least squares path analysis, also classified as variance-based structural equation modelling (PLS-SEM), and its SmartPLS 4.0. software (Ringle et al., 2015). Since this technique combines factor analysis and multiple regression analysis, it is used to test structural relationships between measured variables and latent constructs. Based on the model specifications of this study and the associated hypotheses 1 to 3, using SEM, empowered the researchers to estimate the multiple and interrelated dependence between the dependent, mediating, and independent variables, in a single analysis (Chin, 1998). Additionally, PLS is renowned for predictive power regarding small sample sizes, with no associated model identification issues. Moreover, PLS-SEM minimised unexplained variance and maximised R2 values (Anning-Dorson and Nyamekye, 2020).

5. Results and Findings

5.1. Assessment of the measurement model

To assess the convergent validity, all indicator items in the measurement model namely the Cronbachs Alpha, composite reliability (CR), and average variance extracted (AVE) values were calculated. The Cronbach Alpha and CR values should be greater than 0.7 and AVE scores should exceed 0.5 (Hair et al., 2011). As reflected in Table 2, all constructs meet the aforementioned Cronbachs Alpha and CR thresholds, thereby verifying the reliability of the measurement model.

Table 2: Measurement model assessment results

Construct	Item	Mean	Standard deviation	Cronbach Alpha	Composite Reliability (CR)	AVE
Delayed rewards (DR)	DR1	4.85	1.499	0.735	0.801	0.461
	DR2	4.91	1.727			
	DR 3	5.11	1.592			
	DR 4	5.38	1.567			
	DR 5	5.10	1.638			
Instant rewards (IR)	IR 1	4.94	1.351	0.755	0.804	0.528
	IR 2	4.93	1.612			
	IR 3	5.14	1.482			
	IR 4	5.05	1.679			
	IR 5	5.31	1.506			
Satisfaction (S)	S1	5.42	1.388	0.771	0.867	0.684
	S2	4.78	1.376			
	S3	4.81	1.489			
True Loyalty (TL)	AL1	5.28	1.377	0.917	0.934	0.641
	AL2	4.93	1.449			
	AL3	4.70	1.462			
	AL4	4.53	1.539			
	BL1	5.50	1.300			
	BL2	5.37	1.287			
	BL3	5.33	1.457			
	BL4	5.57	1.305			

Source: Own compilation

The AVE values are also all accepted meeting the 0.5 requirement, except for the construct of delayed rewards that has a value of 0.461. However, Huang et al. (2013), as well as Shau (2017), report that an AVE of less than 0.5 may be accepted if the composite reliability of the construct is higher than 0.6. To assess the discriminatory validity of the measurement model, cross-loadings were analysed. As indicated in Table 3, every item of measurement has a weaker correlation with all of the other constructs, except for the measurements it is theoretically associated with Henseler *et al.* (2015). These findings provide sufficient evidence of discriminant validity which serves to validate the constructs of the measurement model.

Table 3: Cross-loadings

	Delayed Rewards	Instant Rewards	Satisfaction	True Loyalty
DR1	0.690	0.189	0.349	0.382
DR2	0.758	-0.044	0.388	0.347
DR4	0.718	0.072	0.419	0.404
DR5	0.737	0.356	0.435	0.532
DR7	0.621	-0.100	0.225	0.216
IR1	0.337	0.772	0.378	0.429
IR2	-0.056	0.647	0.224	0.204
IR3	0.156	0.868	0.380	0.516
IR5	-0.171	0.561	0.082	0.115
IR6	-0.031	0.478	0.074	0.092
S2	0.530	0.387	0.865	0.734
S3	0.255	0.469	0.830	0.586
S4	0.535	0.132	0.785	0.507
AL1	0.489	0.448	0.678	0.900
AL4	0.493	0.406	0.473	0.731
AL5	0.390	0.353	0.460	0.710
AL6	0.303	0.371	0.440	0.701
BL1	0.489	0.402	0.674	0.783
BL5	0.481	0.424	0.670	0.865
BL6	0.458	0.428	0.663	0.873
BL7	0.479	0.393	0.667	0.815

Source: Own compilation

5.2. Assessment of the structural model

To test the hypotheses, the bootstrapping function provided the path coefficients and their significance, based on a sub-sample of 5000. The results of the assessment of the structural model are summarised in Table 4. Empirical findings reveal that all three hypothesised paths yielded statistically significant results at the 95% confidence level.

In terms of explanatory power, coefficient of determination values (R^2) clarify how much of the total variance in the dependent variable(s) is accounted for or explained by the independent variable(s). Interestingly, without the presence of the mediator (customer satisfaction), reward timing only

accounted for 65% ($R^2 = 0.650$) of the variance in ‘true loyalty’. In juxtaposition, once the mediator was brought into the picture, the explained variance of ‘true loyalty’ increased to 81% ($R^2 = 0.810$). Moreover, the hypothesised role of reward timing on customer satisfaction accounted for 60.6% ($R^2 = 0.606$). The reported R^2 values can be classified as a “medium to large” effect (Cohen, 2013), confirming that the overall predictive validity of the model is good.

Findings emerging from this study extend our understanding of the significant direct influence that reward timing (instant vs. delayed) has on true loyalty ($\beta = 0.244$, $p = 0.000$; $\beta = 0.241$, $p = 0.000$). Instant rewards were proved to have a marginally stronger influence on true loyalty, than delayed rewards do, supporting H1 and H2. Cohen (2013) states that a β value of greater than 0.2 and less than 0.5 is classified as a medium influence. Moreover, this study was able to uncover that instant rewards have a larger significant influence on a consumers’ satisfaction levels ($\beta = 0.567$, $p = 0.000$) than delayed rewards do ($\beta = 0.384$, $p = 0.000$). The addition of customer satisfaction as a mediator enhances the overall predictive validity of the model, hence assisting academics and researchers in understanding how true loyalty can be fostered.

5.3. Mediation analysis

The existence of the mediating effect (H3) was examined following the Sobel test of mediation, based on the Sobel-test formula ($SE_{ab} = \sqrt{(b^2 SE_a^2 + a^2 SE_b^2 + SE_a^2 SE_b^2)}$). The findings confirm that both instant and delayed rewards indirectly influence true loyalty. As hypothesised, the higher the level of customer satisfaction, the higher the likelihood becomes that instant rewards rather than delayed rewards lead to true loyalty ($t(200) = 6.549$, $P = 0.000$; $t(200) = 4.224$, $P = 0.000$). Since the direct effects are significant, full mediation has not occurred. However, the empirical evidence proves that both direct and indirect effects are significant, validating partial mediation (Nitzl *et al.*, 2016).

Table 4: Path analysis results

Path	Coefficient	t-value	p-value	Hypotheses
Hypothesized paths				
Instant rewards → True Loyalty	0.244	5.093	0.000	H1
Delayed rewards → True Loyalty	0.241	5.358	0.000	H2
Non-hypothesized paths				
Instant rewards → Customer Satisfaction	0.567	10.591	0.000	
Delayed rewards → Customer Satisfaction	0.384	7.548	0.000	
Customer Satisfaction → True Loyalty	0.900	37.374	0.000	
Sobel Test Results (H3 Mediation)				
	Input	Test statistic	Std. error	p-value
Instant rewards → Customer Satisfaction → True Loyalty	a. 0.519 b. 0.601 Sa. 0.067 Sb. 0.049	6.549	0.048	0.000
Delayed rewards → Customer Satisfaction → True Loyalty	a. 0.310 b. 0.632 Sa. 0.070 Sb. 0.045	4.224	0.046	0.000

Source: Own compilation

6. Discussion

Existing research into customer loyalty programmes has predominately focused on mature markets in WEIRD (Western, Educated, Industrialized, Rich and Democratic) economies (Chen et al., 2021; Izogo et al., 2016). Chen et al., (2021) emphasise that the theories developed from this existing body of knowledge are insufficiently adapted for local circumstances and businesses elsewhere. Moreover, with fierce competition permeating the retail space, attaining customer satisfaction has become more complex to ascertain (Izogo et al., 2016). Following a “one-size-fits-all” approach based on findings from a mature market could lead to misguidance in this regard, potentially disrupting the business-customer relationship (Paul, 2019). This paper presents an empirically tested conceptual model of what FMCG retailers in developing countries can do to satisfy consumers and foster true loyalty. Some unique outcomes were generated and are discussed herein.

The results (H1 and H2) reveal that although both instant and delayed rewards are statistically significant in building true loyalty; instant rewards proved to be marginally more influential in the retail context. These findings corroborate that of Yi and Jeon (2003), who reported a variance in the effectiveness of reward timing strategies depending on the consumer’s level of involvement during the purchase situation. Delayed rewards were justified in high-involvement settings, whereas instant rewards become more effective in low-involvement settings. Considering the somewhat generic, perishable nature of the products sold across FMCG retailers (Kenton et al., 2021), it is understandable why consumers perceive instant rewards to be more value-enhancing in this context (Yi and Jeon, 2003). Furthermore, Keh and Lee (2006) emphasise how various settings can affect the effectiveness of the reward-timing strategy of a business. With their focus on the service sector, the opposite rang true, revealing the power of delayed rewards in fostering loyalty. This highlights the context-specific effectiveness of reward timing approaches.

For the aforementioned reward-timing recommendations to cultivate true loyalty effectively, Mbango and Phiri (2015) advise that customer satisfaction plays a central role. Interestingly, in a meta-analysis study conducted by Chen et al. (2021), the researchers only found a total of 42 of the 117 assessed articles (35.9%) include mediation. The mediators considered were predominantly related to the design characteristics of a loyalty programme or the characteristics of the customer, seldom satisfaction. By incorporating satisfaction as a mediator, researchers and practitioners can develop a customer expectation-based understanding of the process through which the independent variable (in this case, reward timing) affects the dependent variable (true loyalty), and in turn, make customer-centric predictions (Aglar and De Boeck, 2017). Similar outcomes emerged from research by Issock et al. (2019), as well as Mbango and Phiri (2015), where the mediating role of customer satisfaction altered the relationship dynamics between antecedent variables and behavioural outcomes of repurchase intent, word-of-mouth, and customer loyalty.

This study thereby provides nuanced insights into possible underlying mechanism conditions, by placing customer satisfaction centre stage. Once customers see that the reward strategy aligns with their expectations, their assessment (which determines the degree of satisfaction) then mediates the outcome of true loyalty (H3). By significantly enhancing a user's overall satisfaction with the retailer's loyalty program through various value-added features (such as timing considerations), higher rates of true loyalty were reported. These findings resound with Christian *et al.* (2021), who found that the level of satisfaction a consumer experiences in the present, influences the promise of loyalty in the future on both an affective and a behavioural level.

7. Conclusions and Contributions

In recent years, businesses have been primarily focused on survival due to the Covid-19 pandemic and the ensuing economic crisis (Adam and Alarifi, 2021). As a consequence, marketing practices have become disconnected from the consumer, primarily due to their shallow and transactional nature (Colón *et al.*, 2019). While some businesses might survive with single-purchase buyers, the only businesses likely to thrive are those who attain ongoing customer satisfaction, and in turn, loyalty (Chambers, 2020). As advised by Colón *et al.* (2019), retailers aiming to overcome these challenges, will need to transform the inner workings of their business-customer relationship model. The theoretical and empirical findings of this study provide clarity in this regard.

Theoretically, this study addresses a significant issue in the customer loyalty literature, which is the lack of a solid theoretical foundation. Without such a foundation, research on behavioral phenomena lacks direction, focus, and robust conceptualizations, making it challenging to interpret findings (Smaldino, 2020). To overcome this limitation, the study expands the application of Vroom's Expectancy Theory beyond its original scope of employee motivation, providing insight into fundamental human behavioural tendencies (Vroom, 1964).

It is human nature to assess the effort: benefit ratio, seeking to engage in behaviours (in the loyalty context these could include true loyalty dimensions of repeat buying and brand advocacy) that will lead to a desirable outcome for the consumer (satisfaction). All of which depend on how much the consumer values or desires the rewards on offer (Treiblmaier and Petrozhitskaya, 2023). To enhance consumer loyalty, businesses should focus on strengthening the expectancy by clearly communicating the benefits of loyalty, ensuring instrumentality by providing tangible and meaningful rewards, and enhancing valence by strategically timing reward interactions to align with consumers' preferences and needs (Izogo *et al.*, 2016). This theoretically grounded approach not only emphasises the mediating role of satisfaction but also underscores its critical influence on shaping and fostering long-term loyalty.

Empirically, this study goes on to verify that the best path forward for FMCG retailers, in emerging markets, is to focus on instant rewards. In a world where consumers anticipate instant gratification in many aspects of their lives, it is no wonder that consumers expect to see aspects of loyalty programmes

follow suit. To advance management practices, Brown (2020) advocates that retailers should avoid generic instant discounts as a strategy, and rather opt for innovative loyalty programmes based on the principle of customer-centricity. One effective approach is to incorporate gamification elements into loyalty programs, such as bingo, spinning wheels, or collectibles, while following an omni-channel strategy for allocating these instant rewards (Hollebeek *et al.*, 2021; Hwang and Choi, 2020).

Over and above, this study provides evidence of the comparative explanatory effect of each of the two reward-timing approaches that businesses have at their disposal. As noted by Toor (2020), consumers want to feel taken care of along their path to purchase, both at present and in the future. This shows that although instant rewards proved to be more significant, both reward-timing approaches serve a purpose. Instant rewards make consumers feel as though their immediate and pressing needs are met, creating enjoyment in the present purchase; whereas delayed rewards make consumers feel as though the business will maintain their efforts in the long run, eliciting a future purchase perceptible (Bartels and Urminsky, 2015). The researchers thereby recommend that a predominately instant-based reward strategy can be complimented and made more sustainable, with touches of delayed rewards.

Lastly, following the call of extant literature (Chen *et al.*, 2021), researchers are encouraged to investigate how loyalty programmes can be designed and executed in various market settings, including emerging countries. Interestingly, the International Monetary Fund (IMF) estimates that in the coming years, 70% of global growth will be primarily driven by emerging markets. This has resulted in many companies shifting their focus towards developing countries to offset the weak economic growth in developed economies (Colón *et al.*, 2019). Since relationship-marketing formation should not be generalised across sectors and regions, the conceptual model put forward provides clarity to both academics and practitioners in terms of how rewards can be timed within the FMCG sector of emerging economies to enhance customer satisfaction and ultimately, true loyalty. This empowers emerging market business role-players to refine their offerings effectively, catering to their audience's needs and preferences without wasting resources on the 'bells-and-whistles' that consumers do not value.

8. Limitations and future research avenues

As with any empirical study, limitations are unavoidable and the researchers thereby invite future studies to address the identified gaps. Firstly, the empirical analysis focused on data collected from users of the loyalty programme of a franchised FMCG retailer. Considering that franchises have centralised marketing support at their disposal (Panda *et al.*, 2019), it would be interesting to see whether a non-franchised SME-based FMCG retail context yields different outcomes. We encourage future studies to test our model across FMCG retailers of varying sizes within emerging economies, to establish the generalisability of the finding which at this point may be influenced by operational and budget differences. Moreover, with the rise of omni-retailing, future research studies could delve into

how rewards can be timed, structured, and distributed across various omnichannel touchpoints, best to facilitate the consumers' experience with the retailer.

Noting that most studies in the field of customer loyalty have provided limited insights into the possible underlying mechanism and boundary conditions, future research may consider simple moderation, moderated mediation, and/or mediated moderation effects, further to uncover additional variables or relationships that are incidental to fostering true loyalty. Despite the stated limitations, this study was able to validate the influential role of reward timing. Retailers who overlook the power of timing may, in turn, lose sight of attaining customer satisfaction and ultimately true loyalty.

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