

# Enhancing Loyalty Program Effectiveness by Stimulating Member Activity along the Customer Journey

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## **Abstract**

Loyalty programs are frequently used to manage customer relationships in retailing, with mixed effectiveness. Specifically, the alarming 54% of inactive loyalty program members pose an existential managerial challenge. Relying on a mixed-method approach in collaboration with a grocery retailer, this research investigates customer activity along the customer journey in loyalty programs, defined as the intensity of members' usage of and interaction with the program's features during prepurchase, purchase, and postpurchase stages. A qualitative study identifies programs' lifestyle fit and ease of use as key drivers of member activity. A quantitative survey establishes the positive impact of members' activity on program-related attitudes and behaviors. In particular, activating members during the prepurchase stage fosters favorable responses. The findings offer guidelines for enhancing loyalty program effectiveness by stimulating member activity with relevant, easy-to-use program features.

**Keywords:** *loyalty programs; customer journey; grocery retailing*

**Track:** Retailing & Omni-Channel Management