

**Exploring the Unintended  
Consequences of Loyalty  
Programs within the UK  
Gambling Sector**

**Dr Violet Justine Mtonga**

**Dr Cecilia Ordóñez Diaz**



# Agenda

1. Purpose of the Research
2. Background
3. Theoretical bases of the Research
4. Research Methodology
5. Initial findings
6. Initial conclusions
7. Potential contribution



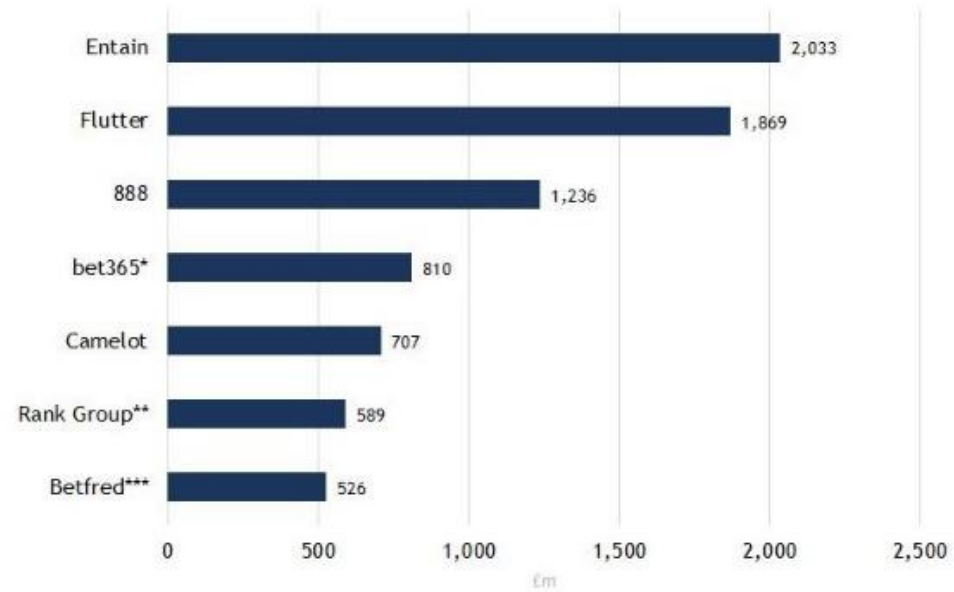
# Background of the Research Problem

Previous studies suggest there are over 150 loyalty schemes within the UK, which equates to the circulation of over 40 million cards (*Meyer-Waarden et al., 2013; Cary, 2013*).

Some research also suggests that nearly 95% of UK consumers have at least one loyalty card with 78% being members of two or more programs (*Meyer-Waarden & Benavent, 2009; Meyer-Waarden, 2013; Cary, 2013*)

To the researchers' knowledge, there has been little research directed towards understanding the unintended consequences of loyalty programs in the UK gambling sector (*Forte, 2013; Frow et al., 2015; Mtonga, 2018*).

# Leading Gambling Operators in the UK

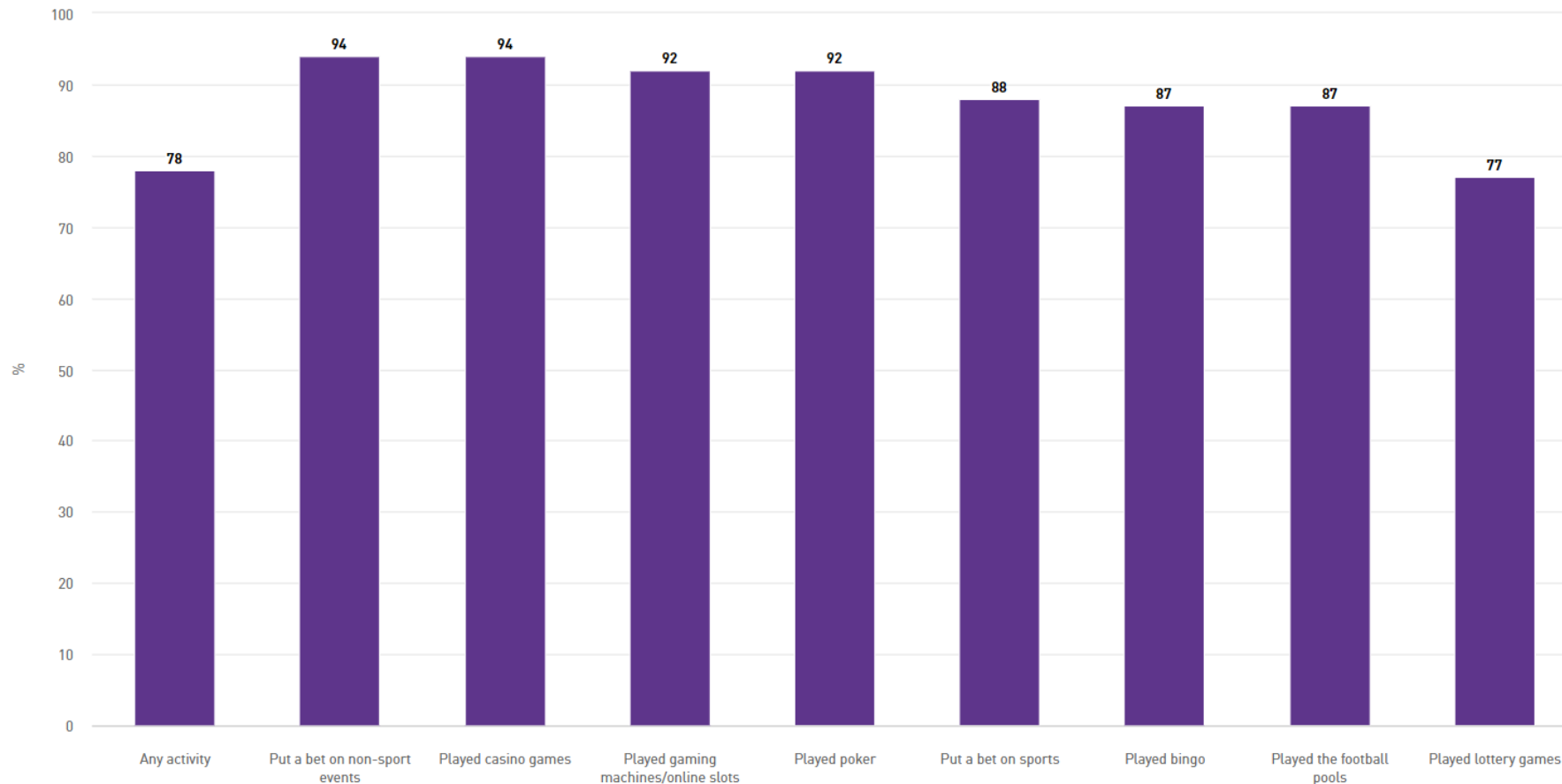


\* est/year to 31 March \*\* year to 30 June \*\*\* year to 27 September 2021

Source: Company accounts/Mintel

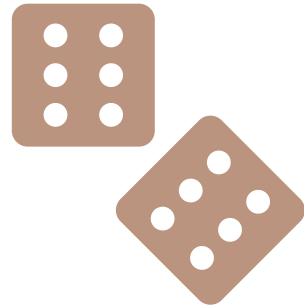
# UK Gambling Account Holders

UK: gambling account holders, by participation in gambling activities, 2024



Source (Mintel 2024)

# Research Objectives



**1)** Understand the perceptions and obtain experiences among loyalty program members within the UK land-based gambling sector.



**(2)** Examine the extent, and in what ways, loyalty programs can lead to unintended consequences among UK land-based gambling consumers.

# Theoretical Background

- To help understand the complex phenomena of the adoption and use of loyalty programs, this study is underpinned by the **Social Exchange Theory (SET)** of relationships entrenched in the exchanges of resources, rewards, and costs for mutual benefit.
- SET postulates that people form a relationship through cost-benefit analysis.



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# Qualitative Data Collection

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**Approach:** In-depth interviews



**Sample:** 14 customers and 12 employees

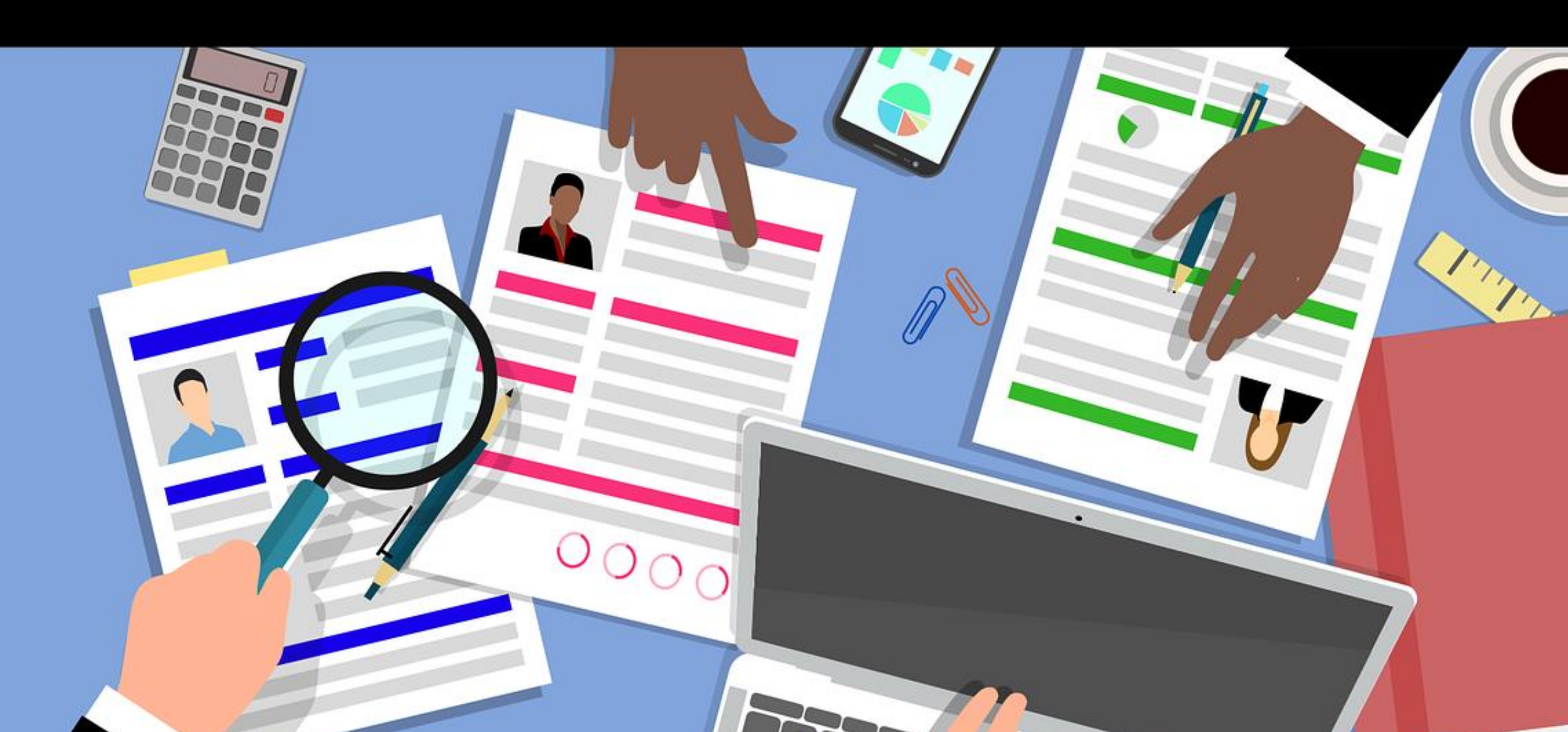
# Data Analysis



**Thematic analysis**



**Cluster analysis**

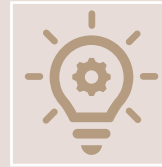


# Initial Findings

# Verbatim Quotes:



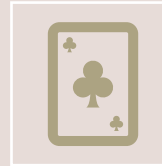
*"I use my loyalty card as a reference to watch how much I spend so I can control my habits. Yes, I do cut back on my betting, if I have a £5 free bet and I know I have wagered £500" (LCHM 4)*



*"It thrills me to think that I will soon receive a free bet! It's encouraging to know that a free bet is finally arriving after days or even weeks of gambling, and it makes it much more worthwhile if you win on a free bet" (LCHM 6)*



*"I was simply an ordinary housewife taking care of my family while working. Then, roughly two years ago, I registered with (...) to get a loyalty card. I'm really addicted right now. Since I can't place a wager without the loyalty card, I now visit the bookies on a daily basis. It's just a little fun; I'm not hurting anyone! However, perhaps it isn't so enjoyable when you have to get out of bed in the middle of the night to make a phone bet. I will never know how I've managed to keep it quiet from my fella!" (LCHF 2)*



*"My betting got worse after signing up for them loyalty cards, without a word of a doubt. Without a word of a lie!! Because even now if I don't have money, I still go in the bookies to give my card to other punters who are throwing money around and it goes on my card. Then when I reach a fiver or sometimes even a tenner, I place a bet on and if I win, that's the start then" (LCHM 8)*

# Verbatim Quotes:



*"There has been the occasional customer who has truly broken down in tears at the counter after spending his entire pay. He is too afraid to inform his wife that the kids won't have anything for a month because of his reckless spending! However, the most we can do is essentially give them a drink and ask if they would like to self-exclude. We are at a loss for anything more to improve the situation. We are unable to approach them and request that they cease spending excessive amounts of money on that machine. I mean, the majority of them will tell you to get lost because it is unrelated to you."*  
**(STF 3)**

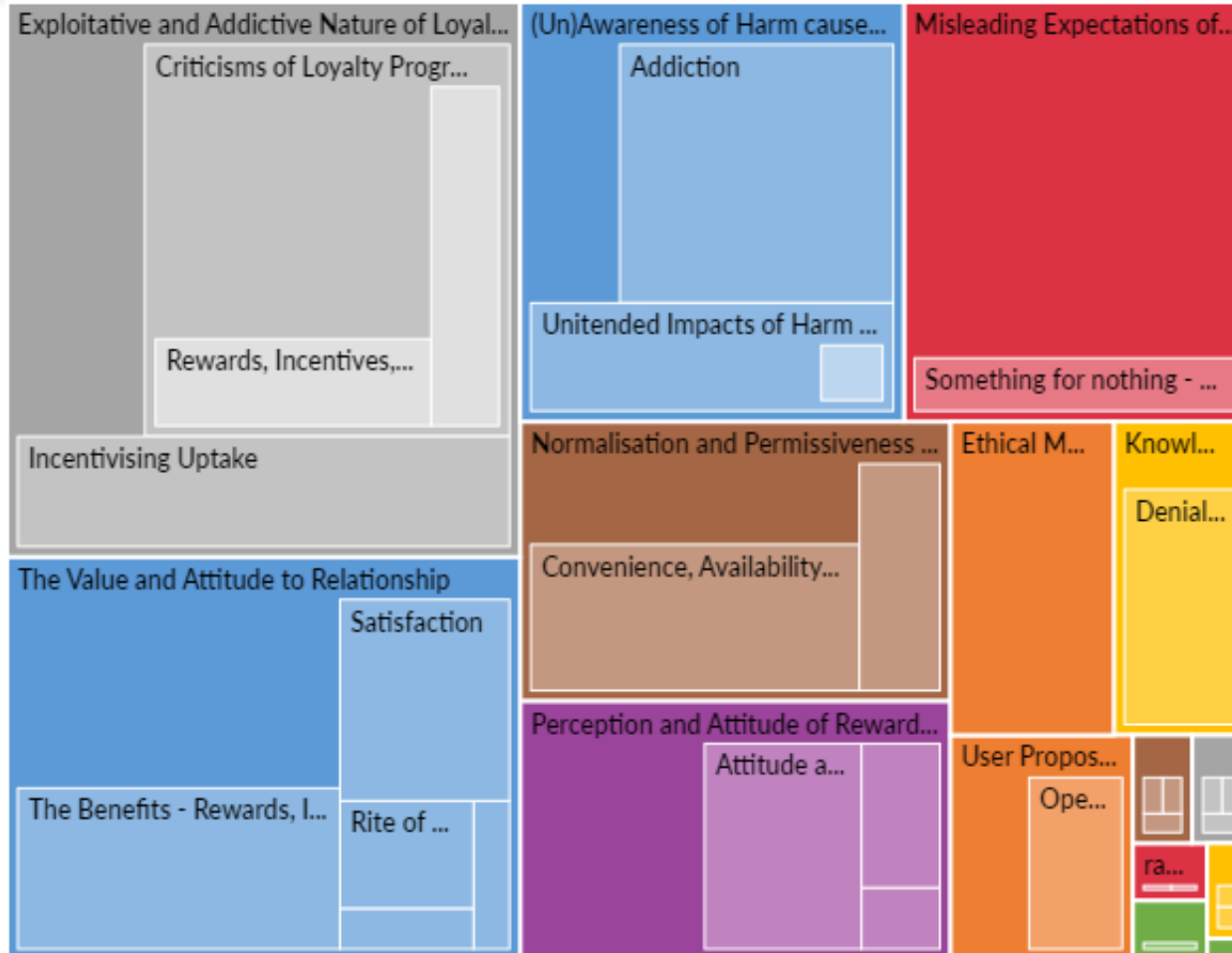


*"Obviously customers have to actively engage with gambling for it to give them a reward. In the process of using the loyalty card, after losing or stuff like that, then it rewards them with a free spin or free £50 this or £10 this or that, it just gives them free rewards or bonuses and stuff like that"*  
**(STF 7)**



To be completely honest, I don't believe that loyalty schemes have any bearing on gamblers. They clearly want something for nothing, but I don't think it matters because if they're going to bet, they're going to gamble regardless of whether they have a loyalty card or not **(STF 5)**

# Emerging Themes



# Items Cluster by Word Similarity



# Sentiments of the Participants

A : Very negative	B : Moderately negative	C : Moderately positive	D : Very positive
17	25	13	7
8	9	12	3
5	9	12	6
7	13	6	4
13	35	16	13
7	12	9	6
6	13	14	6
7	4	2	2
6	11	4	8
3	6	3	3
3	12	9	1
16	11	9	8
7	7	5	4
6	15	5	9
5	12	5	3
5	9	3	3
7	9	3	5
6	14	7	6
10	15	6	4
4	9	8	2
5	7	12	5
8	3	11	4
15	25	23	8
8	8	14	11
13	10	9	8



# Initial Findings for this Study

The initial findings indicate using loyalty reward programmes can have unintended effects and potential harm:

- Promotion of obsessive gambling behaviour and increased spending in the quest of/for rewards especially amongst female loyalty programme members.
- Heightened gambling participation tendencies, negative risk-taking behaviours, and overconsumption, again, to accumulate loyalty points.
- Maladaptive behaviours (*e.g., pre-occupation of gambling thoughts, increasing resources invested, restlessness or irritability*), that were historically linked to problem gambling.
- LCPs allow isolation and marginalisation from social networks / social enabling

# Initial Findings Cont.

- Harmful marketing practices and unclear trade-offs between the benefits of incentivising customers to agree to account-based play and the costs in terms of aggravating or inducing harmful gambling activities.
- Active incentivisation of employees to enrol customers in loyalty program schemes to the land-based gambling firms' advantage.
- Unfavourable loyalty program scheme processes that lead to lack of transparency and accountability and lack a of communication.

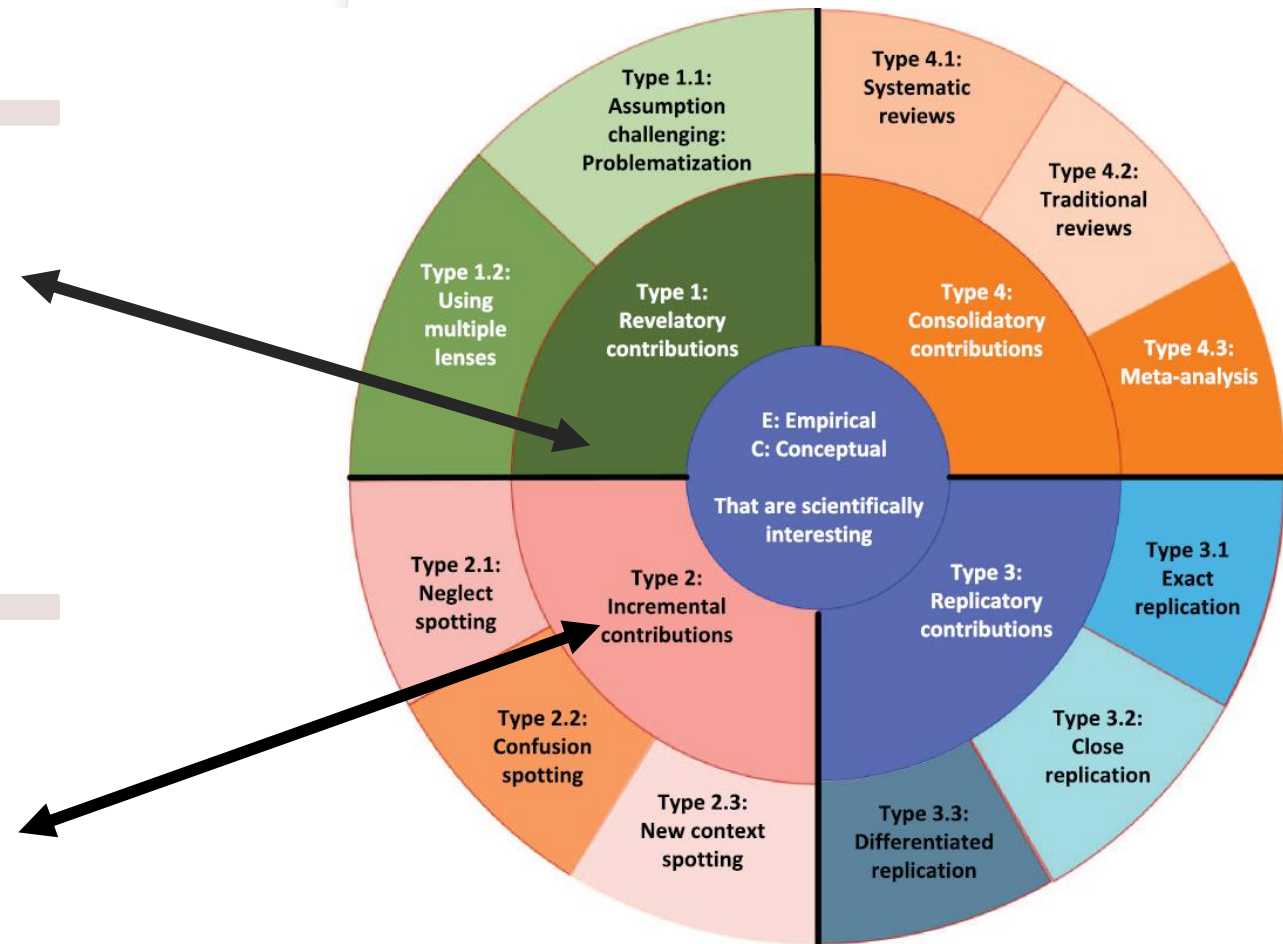
# Initial Conclusions

- The study's initial conclusions suggest loyalty programs in the UK gambling sector ought to be developed and implemented with explicit harm minimisation strategies and corporate social responsibility perspectives and practices.
- Various social, economic, psychological and emotional impacts of loyalty programs on gambling customers are evident.
- The relationship gambling operators claim exists between '*them*' and '*clients*' is in fact not mutual when viewed from a customers' perspective.

# Potential contribution of the Research

**Revelatory contribution** – loyalty program members invest vast number of resources in gambling activities to earn rewards or points. Four plausible explanations might be distinguished: rites of passage, equity available to repeat purchasers moving towards incentives, spatial awareness and, arbitrage betting patterns in the determinants of rewards or incentives that potentially progress into addiction.

**Incremental contribution** – This study offers incremental contribution as it generates and presents new empirical data that appear 'neglected and under researched' in previous studies. For example, a lack of understanding and clarity of SET to both customers and employees that contributes to harmful operationalisation of CRM processes.



Source: (Nicholson et al., 2018:210)



# Thank You!



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**Feedback and Comments**



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# References

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