

Loyalty Programs:

THE GOOD THE BAD AND THE UGLY

Dr. Michael J. A. WOHL
Professor and Graduate Chair
Department of Psychology
Carleton University

@michaelJawohl
michael.wohl@carleton.ca



Disclosures

Grants/Research Support:

Alberta Gambling Research Institute; Carleton University; Gambling Research Exchange Ontario; Manitoba Gambling Research Program, International Center for Responsible Gaming; Massachusetts Gaming Commission; Ontario Ministry of Health and Long-Term Care; Gambling Research Exchange

Speakers Bureau/Honoraria:

Alberta Gaming and Liquor Commission; Atlantic Lottery and Gaming Corporation; British Columbia Lottery Corporation; International Center for Responsible Gaming; Massachusetts Gaming Commission; New York Council on Problem Gambling; FunStage; Ontario Lottery and Gaming;

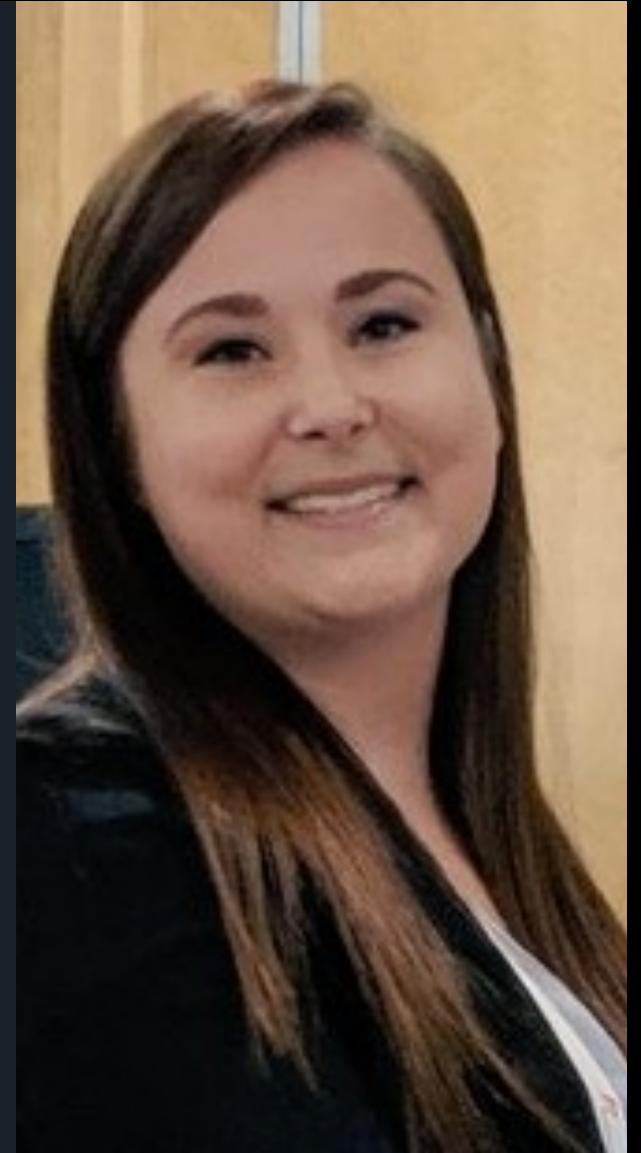
Consulting Fees:

Atlantic Lottery and Gaming Corporation; British Columbia Lottery Corporation; Gambling Research Exchange; GamRes; Massachusetts Council on Compulsive Gambling; Massachusetts Gaming Commission; Nova Scotia Gaming Corporation; Ontario Lottery and Gaming



Dr. Chris Davis

The team



Dr. Samantha Hollingshead

Loyalty Programs:

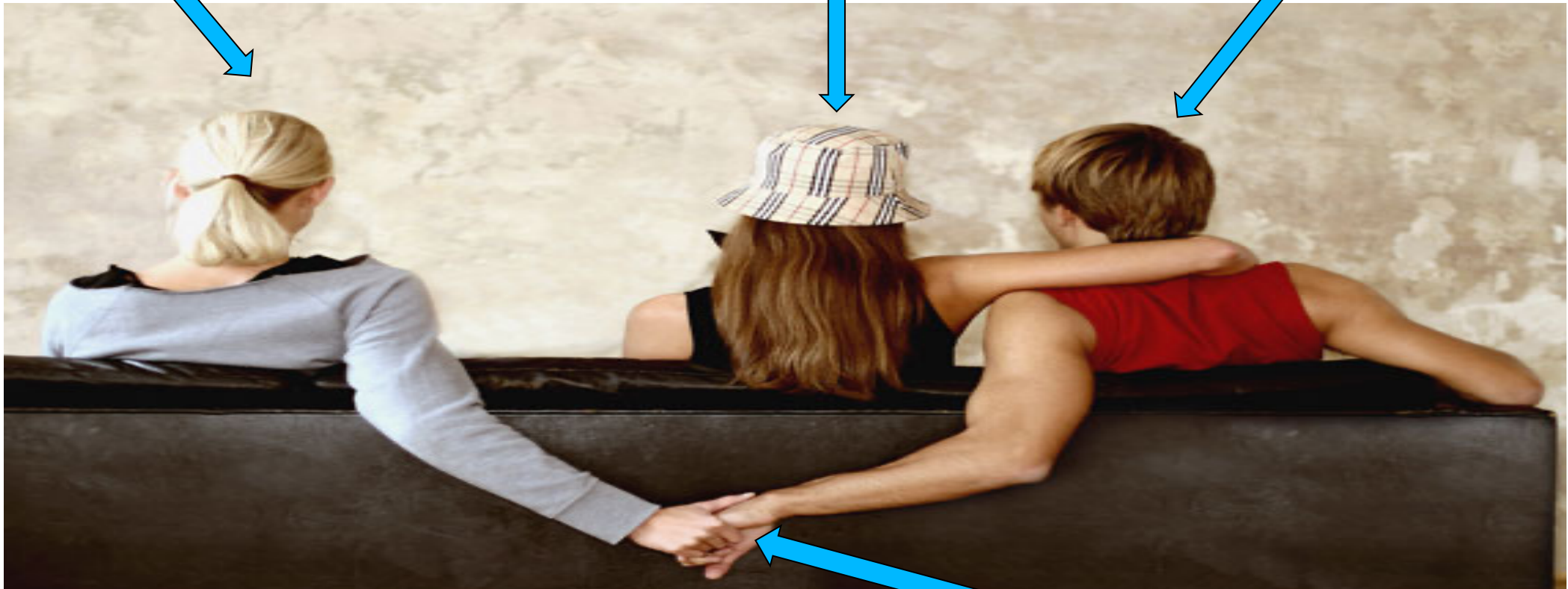
THE GOOD THE BAD AND THE UGLY

Corporations and Capitalism

The Competition

The Corporation

The Patron



THE PROBLEM

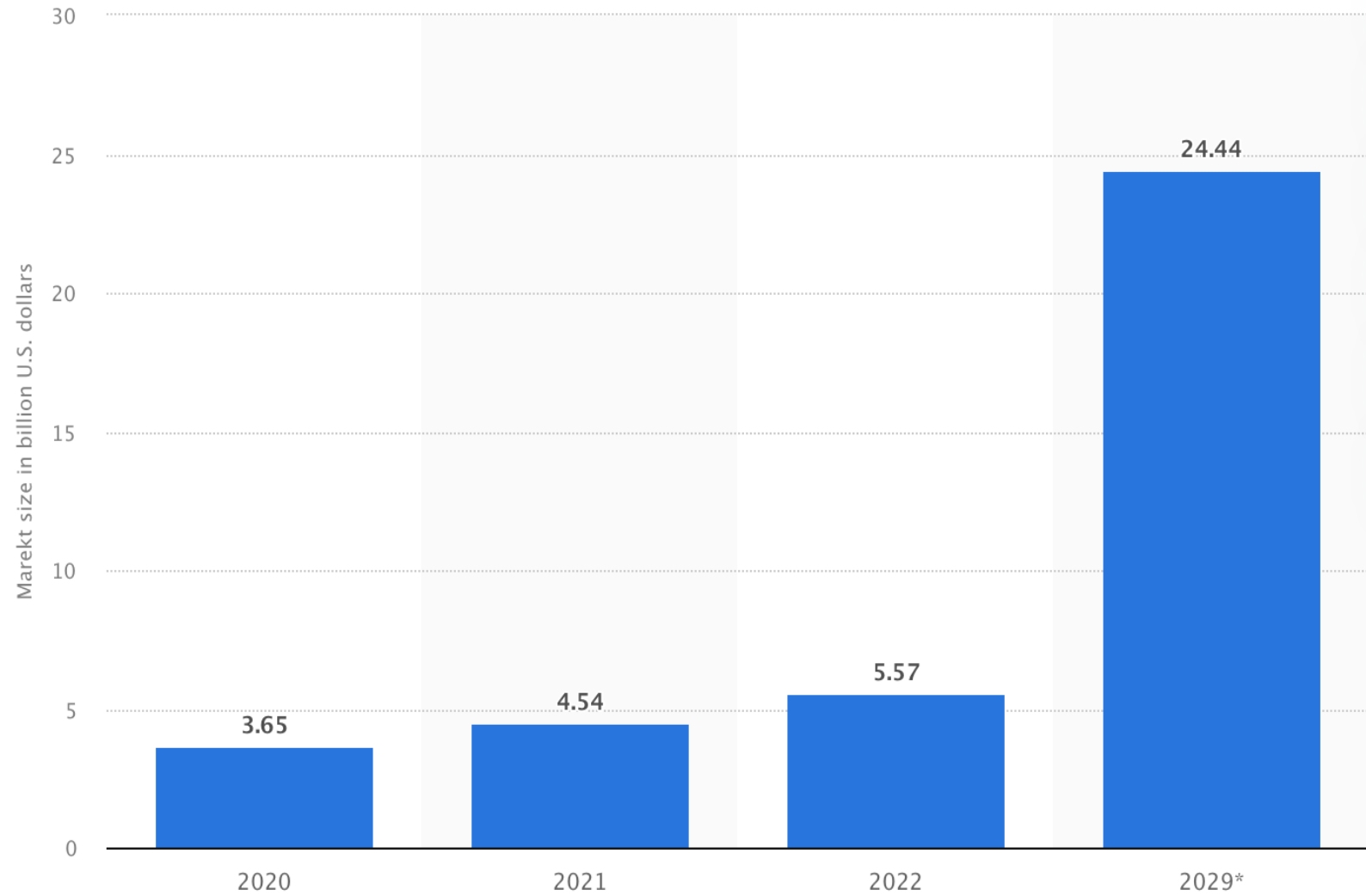
The Solution: A Loyalty Program

“American Airlines is in deep trouble”

- Bob Crandall, CFO/CEO American Airline (1978)



Loyalty program
market size
worldwide from
2020-2029
(in billions)





CAESARS
REWARDS®





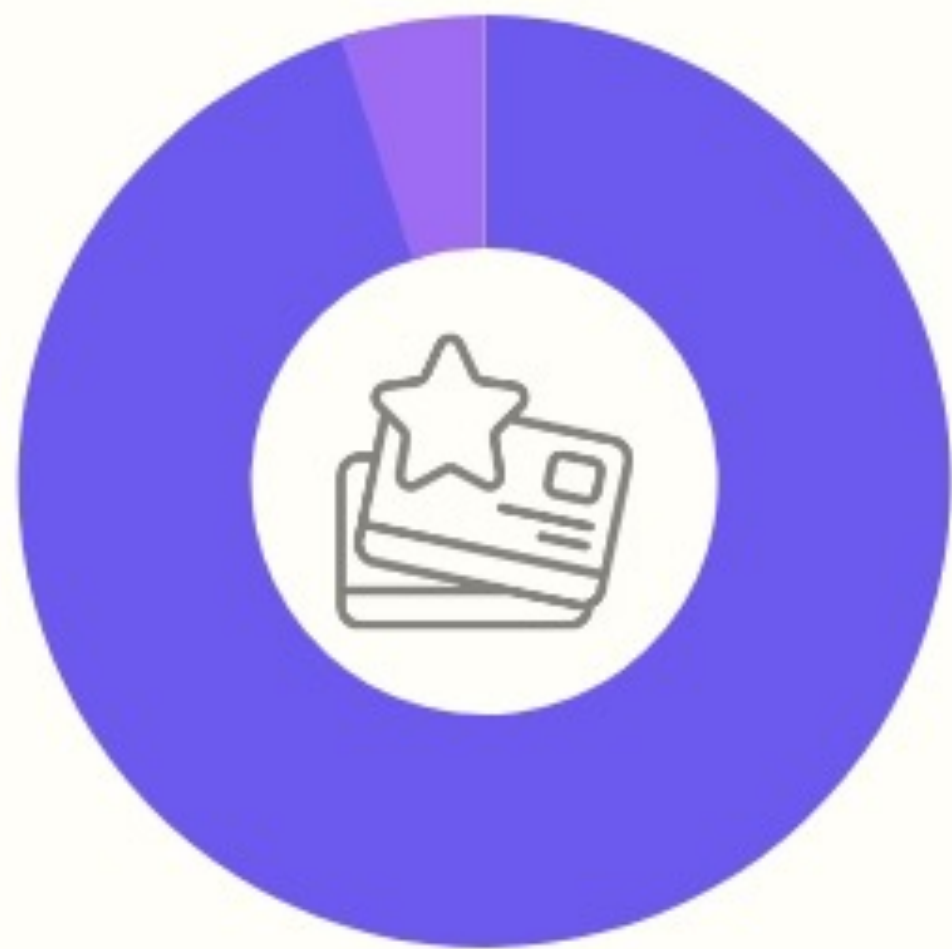
Loyalty

Programs:

How effective

are they?

**of being loyal; FAITHFULNESS to
commitments or obligations.**



95%

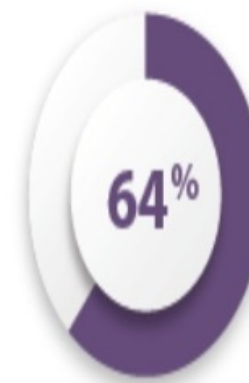
of companies believe that their loyalty program members spend more than their non-members, annually.



Do brands need a loyalty program to keep their customers loyal?



In 2017, almost two-thirds of Australians (64%) endorsed the need for loyalty programs – a significant increase on the 57% in 2016.



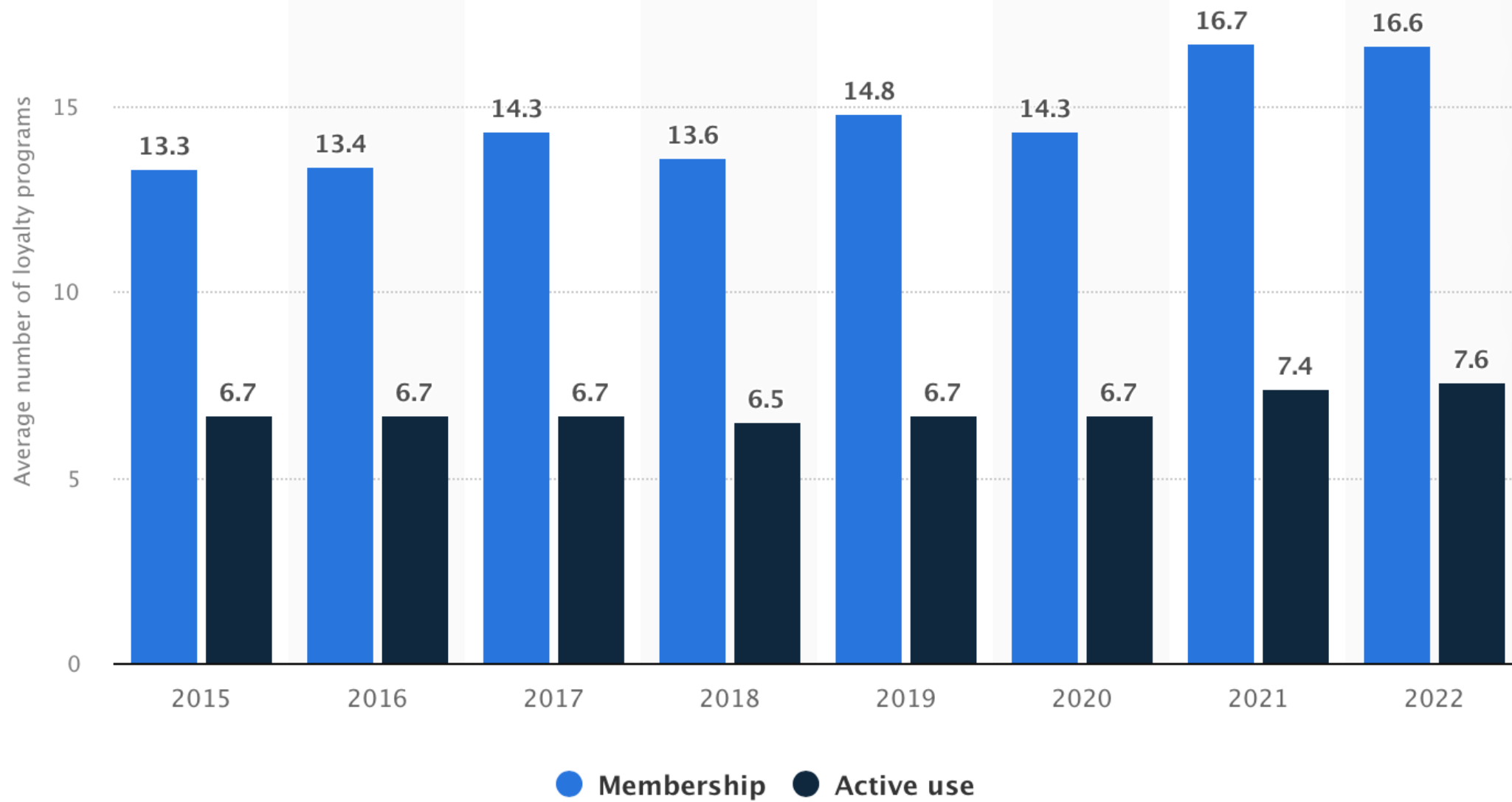
2017



2016



2015





-50%



Who Joins Casino Loyalty programs (and why)?



Loyalty: The utilitarian perspective

PROS

- I will get free spins
- I will get cash back
- I will have access to new games

CONS

- The length of time it takes to enroll
- Compromised privacy
- Will I get rewarded (i.e., do I play enough)?

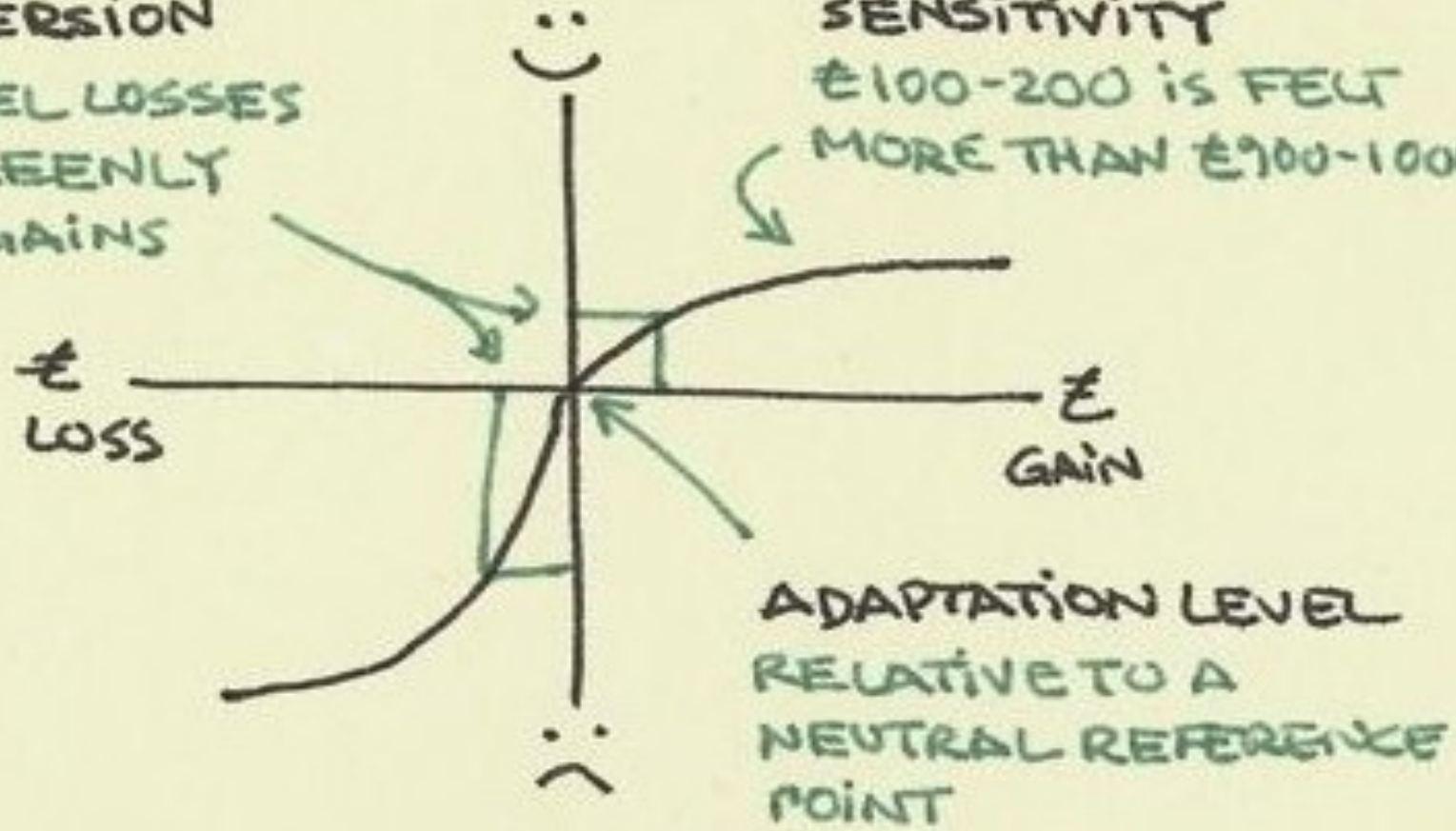
PROSPECT THEORY

LOSS AVERSION

WE FEEL LOSSES
MORE KEENLY
THAN GAINS

DIMINISHING SENSITIVITY

£100-200 is FELT
MORE THAN £900-1000



Harnessing psychological value

To increase loyalty, it is necessary to heighten customer satisfaction (psychological value) and deal with diminishing sensitivity to rewards (see Guenzi and Pelloni, 2004; Heitmann, Lehmann, & Herrmann, 2007).

Two routes:

1. Increase tangible rewards: Cash back, swag (i.e., free stuff)
2. Increase intangible rewards: Status



BENEFITS	BRONZE	SILVER	GOLD	PLATINUM	DIAMOND
TIER CREDITS REQUIRED	<1,000	1,000	5,000	25,000	60,000
Earn and redeem points for free play, food, entertainment and cash back	✓	✓	✓	✓	✓
Free parking* when you earn 10 Players Club Points	✓	✓	✓	✓	✓
Dining discounts	✓	✓	✓	✓	✓
Partner discounts	✓	✓	✓	✓	✓
Presale ticket purchases	Presale	Presale Elite**			
Access to exclusive 'Players Club only' promotions	Select	✓	✓	✓	✓
Tiered coupon offers		Select	✓	✓	✓
Annual Players Club Bonus Points			5,000	25,000	50,000
Monthly food & beverage credit***				\$25	\$150
Diamond Lounge access, preferred parking, and invitations to Diamond only events					✓

Loyalty is about feelings (not utility)

Tangible, immediate rewards:

- Lures players to a casino, but does not influence their loyalty (Lucas et al., 2005)

Intangible rewards:

- Status → identification (van Prooijen and Van Knippenberg, 2000)
- Most satisfying rewards are kept for elite members of casino loyalty programs (Barksy & Tzolov, 2010).

WHO IS BEING REWARDED?

Basic Marketing Philosophy: 80/20 Rule

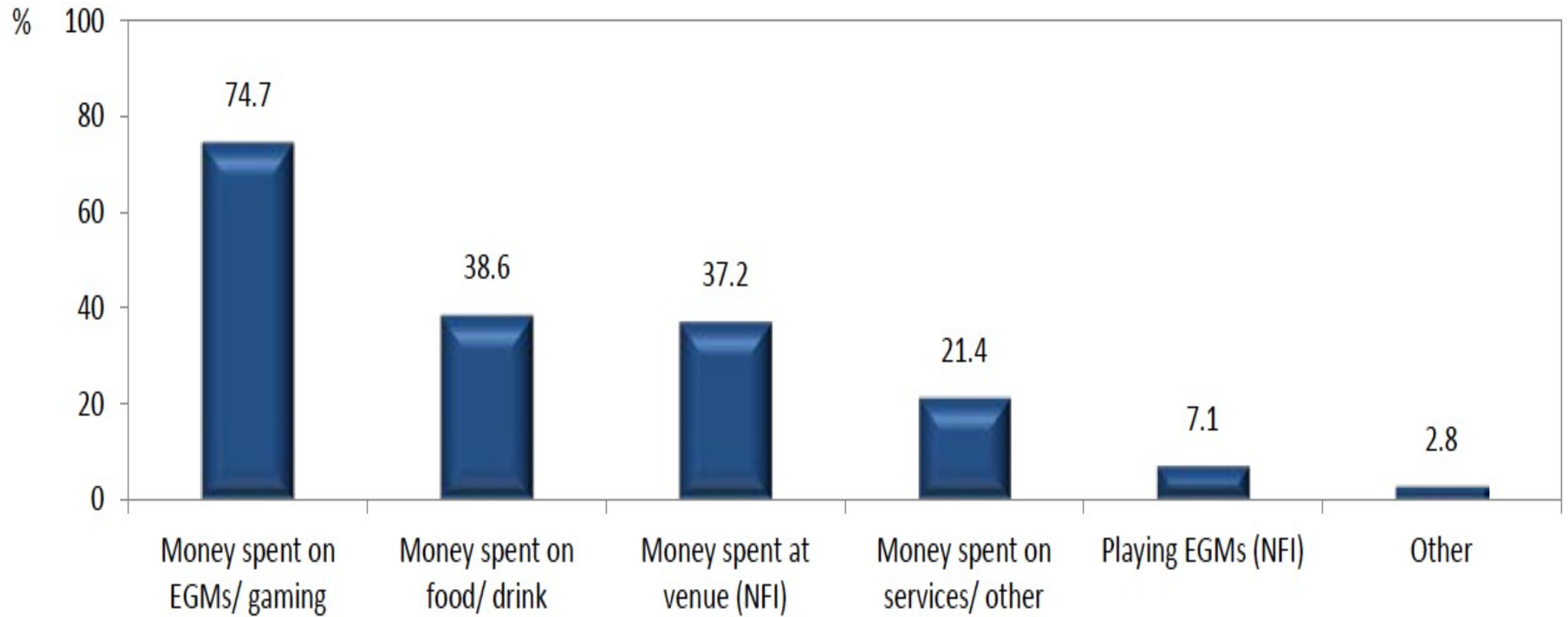
For most firms, 80 percent of *profit* comes from 20 percent of customers

Some customers are more profitable than others

Is there a relation between disordered gambling and loyalty program membership?



Base: Loyalty program with points system (n=66)

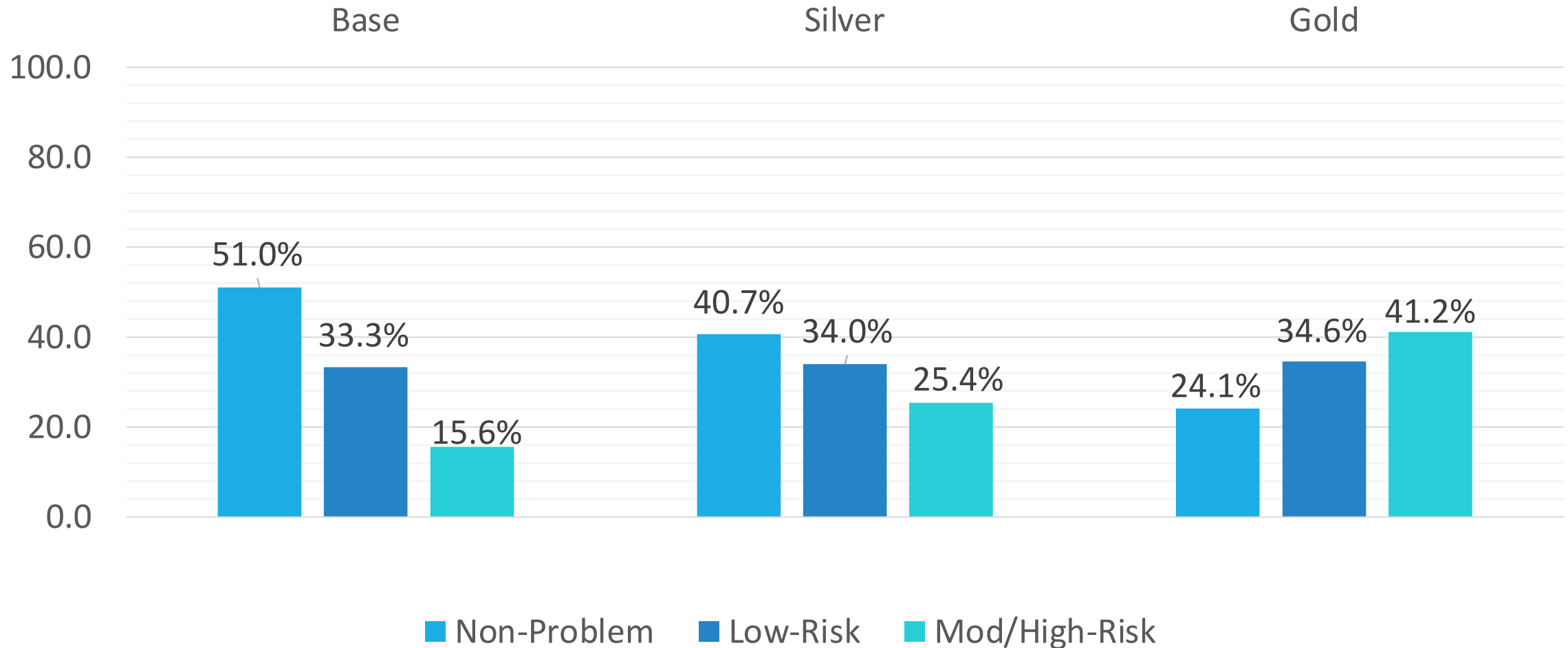


Q.A2 How do you build up rewards points?

(NFI) = No further information



Disordered Gambling Severity and Tier Membership



Loyalty

Does the tiered
structure
increase
spending?

the *state* or quality, or an instance
of being **loyal**; FIDELITY; FAITHFULNESS to
commitments or **obligations**.

Verdict Pending

Null findings: Gambling industry (Mägi, 2003; Waarden & Benavent, 2006); Other industries (Cigliano et al., 2000; Lui & Yang, 2009)

Spending Goes up: Increased coin-in (Min et al., 2016).

Goal- gradient hypothesis

As a customer/player gets closer to a reward, they become more likely to accelerate their spending to achieve that reward (see Hull, 1932).

Coffee Shop Rewards (Kivetz et al., 2006)

- Purchase acceleration as customers approached the final purchase prior to the free coffee reward.
- Purchase deceleration immediately following the reward.

The Perceived Impact of Loyalty Program Membership on Spending

Wohl, Hollingshead,
& Davis, in prep

Participants:

Two-hundred and twenty (118 male, 102 female) casino loyalty program members (via Mturk).

PGSI: non-problem (n=66), low-risk (n= 57), moderate-risk (n=50), problem (N=44).

Key Asks: Does loyalty program membership influence your play?
Do you spend more as you approach a new tier?

Does Loyalty Program Membership Increase your spending?



Does your spending increase as you approach a new tier?

3.63^a

Non-problem

3.69^a

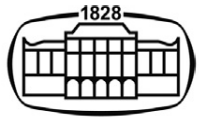
Low-risk

3.98^a

Moderate-risk

5.22^b

Problem



AKADÉMIAI KIADÓ

**Journal of Behavioral
Addictions**

10 (2021) 3, 675–682

DOI:

[10.1556/2006.2021.00046](https://doi.org/10.1556/2006.2021.00046)

© 2021 The Author(s)

On being loyal to a casino: The interactive influence of tier status and disordered gambling symptomatology on attitudinal and behavioral loyalty

SAMANTHA J. HOLLINGSHEAD¹,
MICHAEL J. A. WOHL^{2*}  and CHRISTOPHER G. DAVIS¹

¹ Carleton University, Canada

² Department of Psychology, Carleton University, 1125 Colonel By Drive, B550 Loeb Building, K1S 5B6, Ottawa, Ontario, Canada

What effect does tier and disordered gambling status have on attitudinal and behavioral loyalty?

Traditional Understanding

Gamblers high in disordered gambling severity in the highest tier will have the highest level of behavioral loyalty

Alternative Possibility

Gamblers low in disordered gambling severity in the highest tier will have the highest level of behavioral loyalty

The influence of
loyalty program
membership:
Behavioral loyalty

Participants:

N=649 (60.6% female) loyalty program members
from (now discontinued) OLG's Winner's Circle
Rewards

Non-problem: n=230

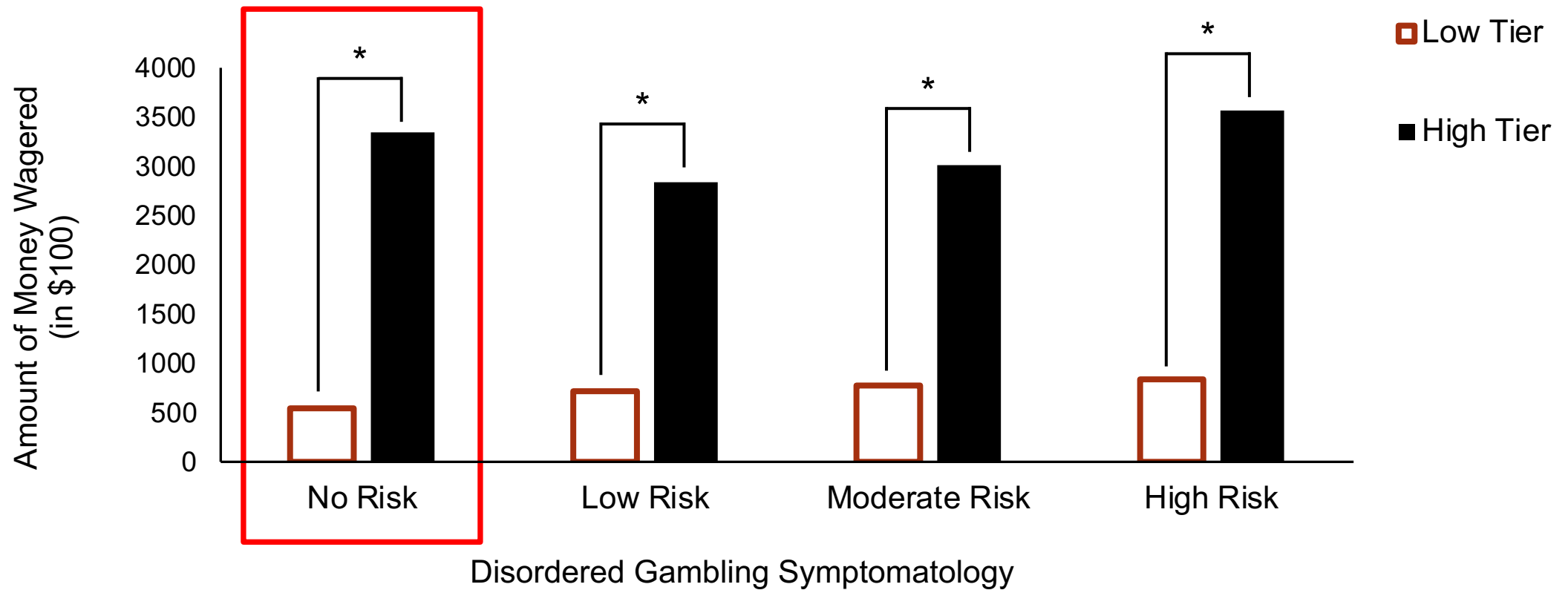
Low risk: n=268

Moderate risk: n=95

High risk: n=50

DV:

Spend over a three months period



High tier (vs low tier) membership had a larger influence on the spend among players reporting no symptoms of disordered gambling.

Can Loyalty Programs mitigate Gambling-Related Harms?

A (Very) Brief History of Responsible Gambling

RG and corporate social responsibility



Growing belief that companies have a moral obligation to advance society beyond the product they sell.



Social responsibility helps maintain a pro-social image to (potential) customers



In controversial industries, companies must include harm-minimization to help satisfy government, policy makers, and the public



Gambling Industry: Understanding that SR is needed to grown and maintain a long-term customer base.



Kenny, you gotta know when to walk away

A Science-Based Framework for Responsible Gambling: The Reno Model

Alex Blaszczynski

University of Sydney & Westmead Hospital, Sydney

Robert Ladouceur

University of Laval, Quebec

Howard J. Shaffer

Harvard Medical School, Boston

RG programing should:

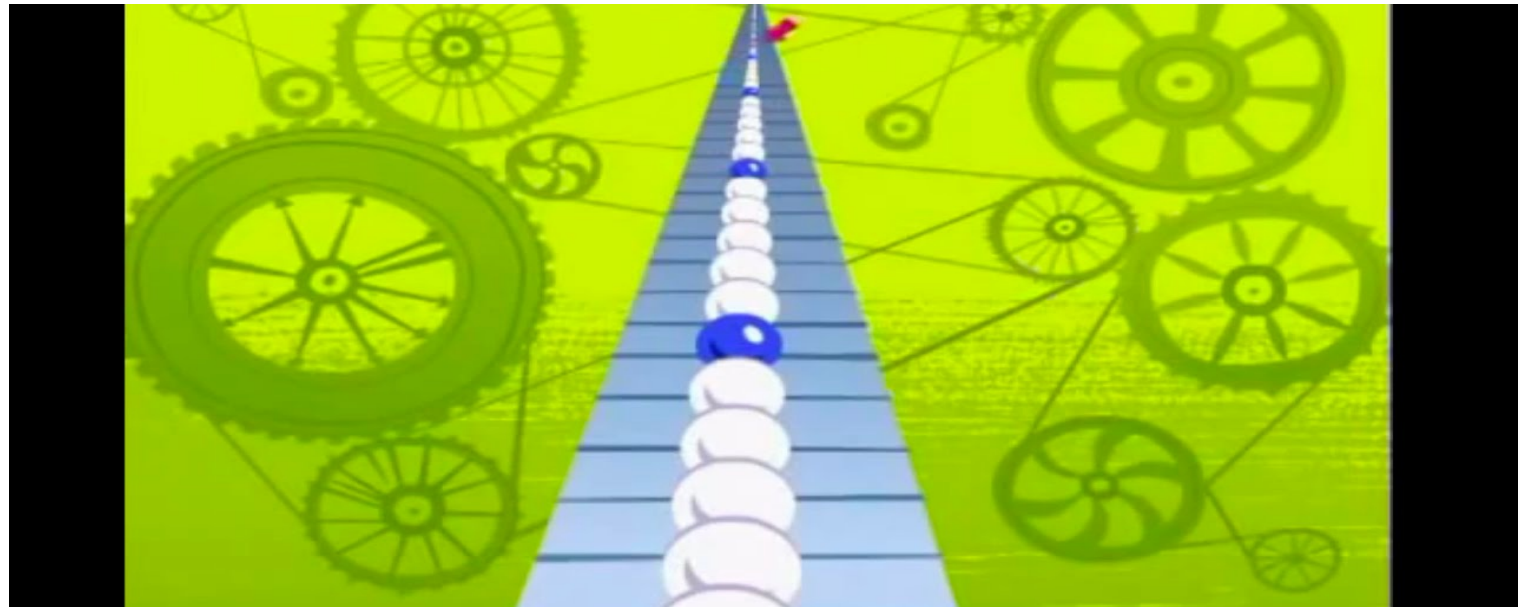
- 1. Train employees**
- 2. Educate the player:**
 - How games work and the odds of winning
 - Treatment programs and helplines
- 3. Include self-exclusion programs**
- 4. Modify environmental features that increase problematic play**
- 5. Research, Research, Research!**

At issue:
Failure to
understand how
games work

Gambler's Fallacy

Belief: The odds of winning improve with every loss

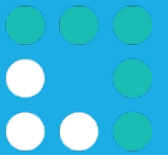
Reality: When a negative outcome (i.e., loss) is realized, the chances for a subsequent positive outcome (i.e., a significant win) does not change.



Consequence:
Belief that
persistence pays
off



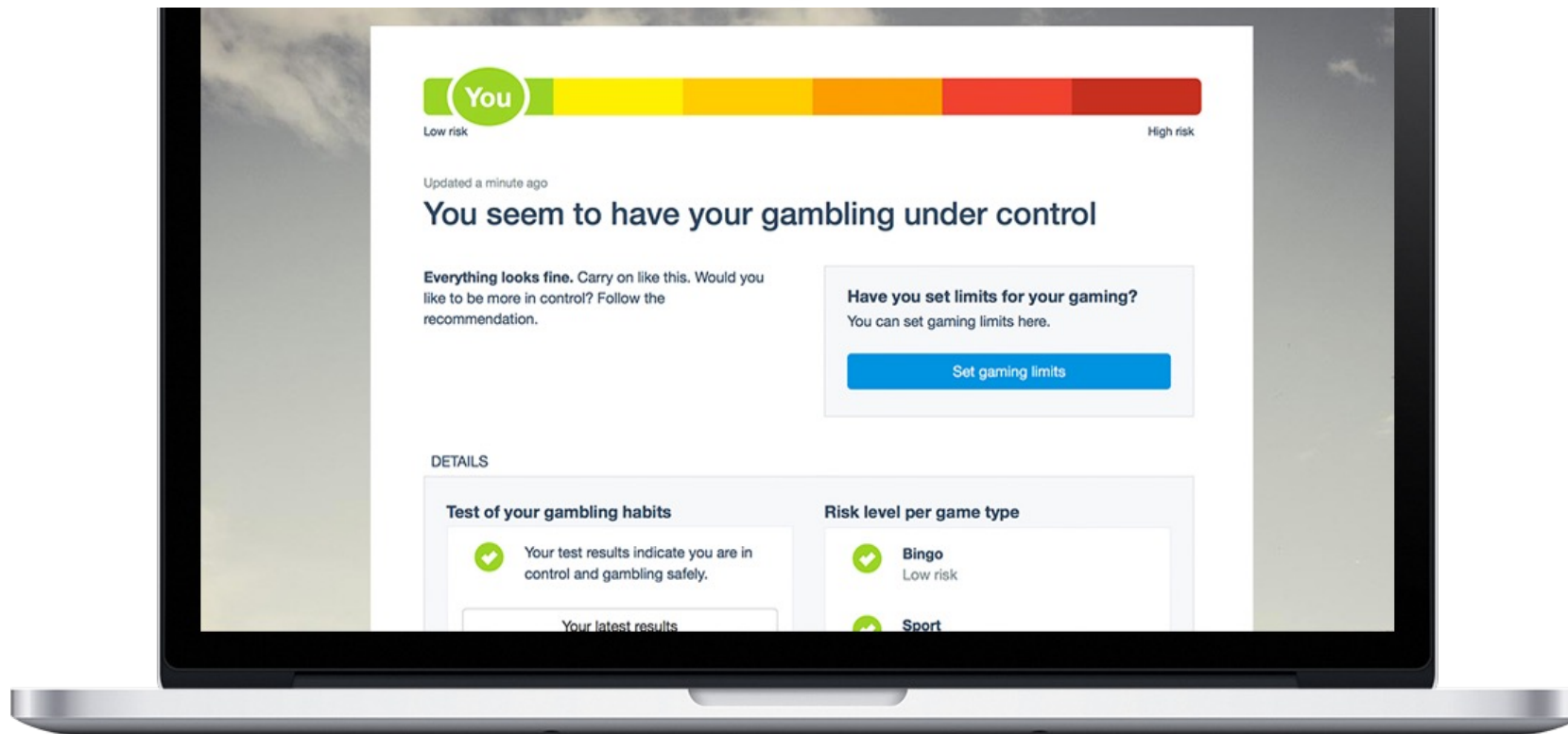
GameSense



Play. Smart

Knowledge you can bet on.

Player-Account Data can Down-Regulate Spending





from OLG's Responsible Gambling Program



Question 9

In the past 3 months, how much money do you think you've wagered playing slots at OLG Slots and Casinos (dollar value of total bets made)?

Answer

\$ (please enter numbers only)

Do you feel that you have won or lost money?

- ☒ Won money
- ☐ Lost money
- ☐ Broke even

How much money?

\$ (please enter a whole number)

How confident are you with this estimate?

- ☐ Very confident
- ☐ Somewhat confident
- ☐ Not confident

< Back

Skip

Next >

[Terms & Conditions](#)





from OLG's Responsible Gambling Program



And the survey says...

We've compared your answers to your Winner's Circle Rewards carded play history over the last 3 months and here are the results.

	Your answers	Your card history
Number of visits to OLG Slots and Casinos playing slot machines	12	20
Money wagered playing slots at OLG Slots and Casinos	\$67	\$345
Money won or lost playing slot machines at OLG Slots and Casinos	+ \$60	- \$204

< Back

Next >

[Terms & Conditions](#)



THIS IS A
SECURED SITE.



knowyourlimit.ca

[Help](#) | [Contact Us](#) | [Privacy Policy](#) | [Français](#)

*Some restrictions apply. To receive the gift card you must be eligible and complete at least 14 out of the 19 survey questions.

**MyPlay Survey only provides feedback on activity where your Winner's Circle Rewards card was inserted during your slot machine play.

Must be 19 years of age or older. For Winner's Circle Rewards members only.

© 2015 Ontario Lottery & Gaming Corporation (OLG).

[OLG CONTESTS & PROMOTIONS](#) | [OLG ENTERTAINMENT](#) | [OLG POKER](#) | [LOTTERY WINNING NUMBERS](#) | [LOTTO 6/49](#) | [LOTTO MAX](#)
[CHARITABLE GAMING](#) | [RESPONSIBLE GAMING](#) | [OLG CORPORATE RESPONSIBILITY](#)

olg.ca



The Gap between Efficacy and use

Reasonable evidence
that RG tools help
minimize harm.


Most players think
RG tools work

Only 1%-10% of
players use RG tools

How a Variable-Ratio Schedule Works

The reinforcement or reward is delivered after an unpredictable number of responses



A decorative graphic consisting of a 4x5 grid of blue dots on the left side of the slide, and a solid blue horizontal bar at the bottom left.

Rewarding RG tool use as a harm minimization strategy

Loyalty points for:

- Limit setting
- Limit adherence
- Watching educational material
- Attending RG workshop/lectures

The Perceived Impact of Loyalty Program Membership on Spending

Wohl, Hollingshead,
& Davis, in prep

Participants:

Two-hundred and twenty (118 male, 102 female) casino loyalty program members (via Mturk).

PGSI: non-problem (n=66), low-risk (n= 57), moderate-risk (n=50), problem (N=44).

Key Asks: Does the loyalty program and the tools it provides help you gamble more responsibly?

Do the tools provided via the loyalty program help you gamble responsibly?

3.45^a

Non-problem

3.44^a

Low-risk

3.51^a

Moderate-risk

4.19^b

Problem

ORIGINAL ARTICLE



Loyalty Program Rewards Increases Willingness to Use Responsible Gambling Tools and Attitudinal Loyalty

Samantha J. Hollingshead¹ · Michael J. A. Wohl^{1,2} 

Accepted: 16 August 2022

© The Author(s), under exclusive licence to Springer Science+Business Media, LLC, part of Springer Nature 2022

- 208 Members who had never used an RG tool were randomly assigned to read about one of two RG programs:
 - Incentivized program (i.e., experimental condition)
 - Standard program (i.e., control condition)

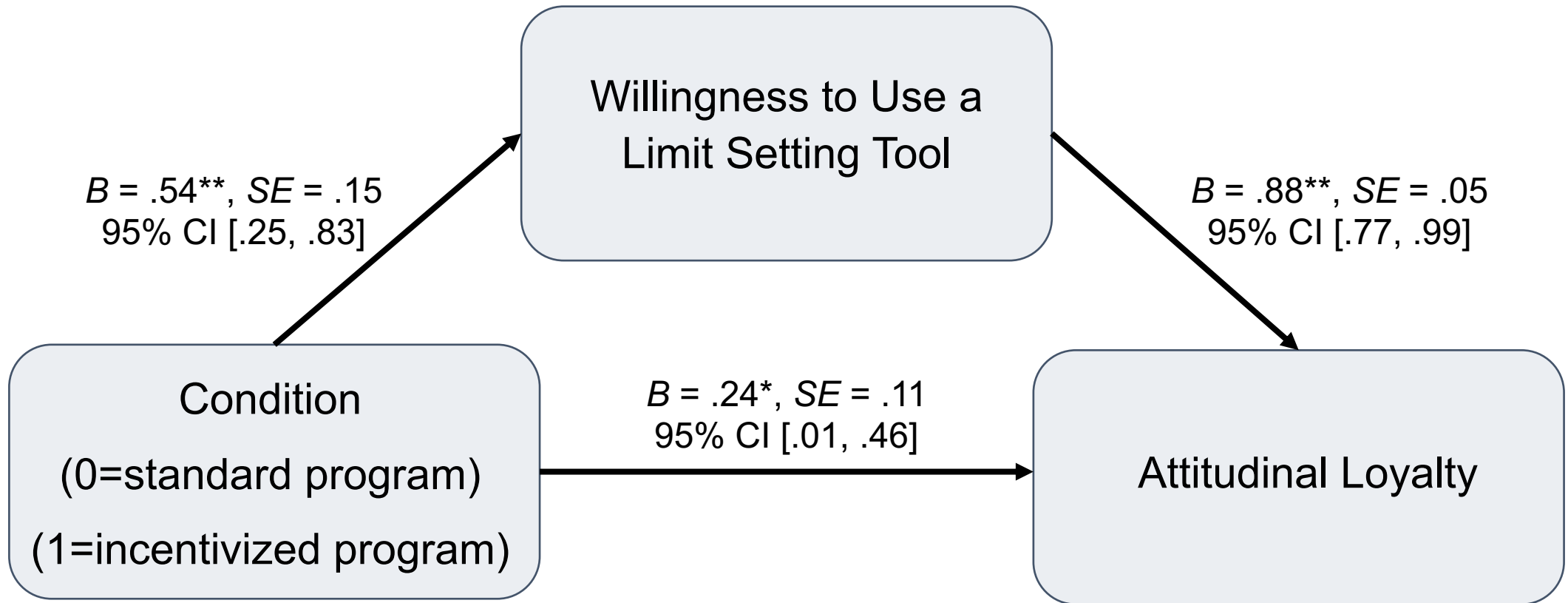
Shortly, a major casino chain in the United States will introduce a new feature to their casino loyalty program. This feature is a tool that will **allow members to set a money and/or time limit on their gambling.**

Players will be able to choose whether or not to set a limit. To encourage players to use the tool, the casino will reward players with loyalty program points every time the player chooses to set a money and/or time limit on their gambling session....

Loyalty points will be earned for setting the limit, but **bonus loyalty points will be earned for staying within their limit.**

The purpose is help and motivate people to play responsibly.

indirect path: $B = .48$, $SE = .13$, 95% CI [.22, .75]



It's a
matter of
Playing
Positively

Why should we care about
attitudinal loyalty?

Hollingshead, Davis, & Wohl, in press

Positive Play

Wood, Wohl, Tabri, & Philander, 2017



Personal
Responsibility

The extent to which a player believes they should take ownership of their gambling behavior

Positive Play
Beliefs



Gambling
Literacy

The extent to which a player has an accurate understanding about the nature of gambling

Positive Play

(Wood, Wohl, Tabri, & Philander, 2017)



Honesty &
Control

The extent to which players are honest with others about their gambling behavior and feel in control of their behavior

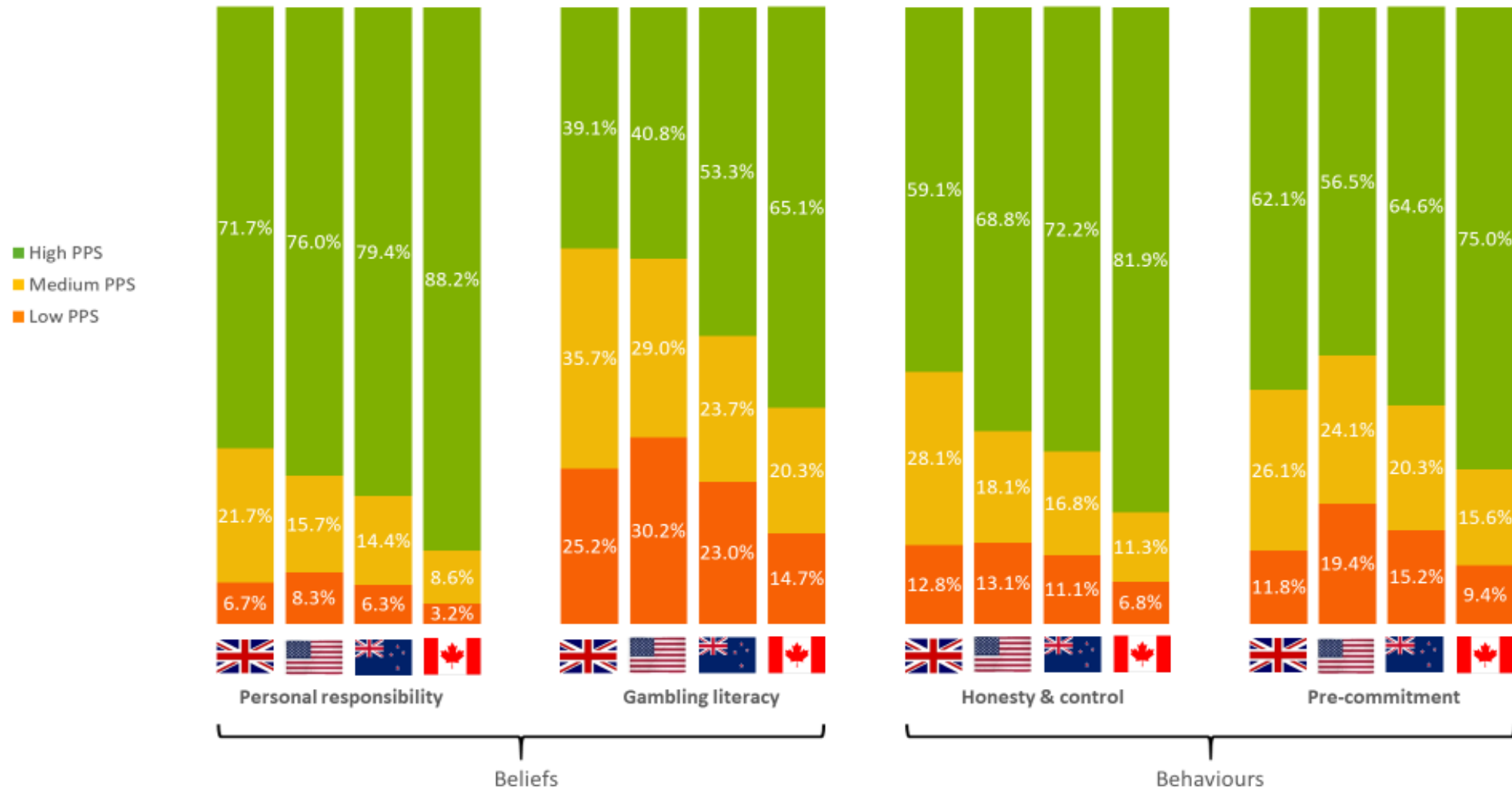
Positive Play
Behaviors



Pre-
commitment

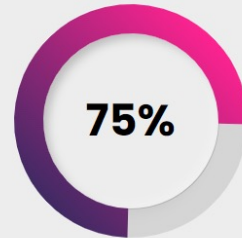
The extent to which a player considers how much money and time they should spend gambling

Average PPS scores: all players UK, USA, New Zealand, Canada

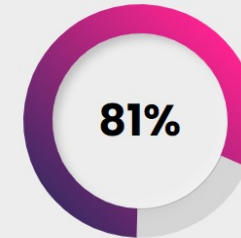


All done, now take a look at your results!

Your positive play score is:



The average player score was:



	Openness:	Gambling Knowledge:	Self-Reflection:	Planning:
Your Score	86%	52%	86%	75%
Average player score	89%	84%	94%	90%

Your overall score is the combined four scores for each element. Take a look at each element to see your individual scores. Click next to find out more about your scores in each of the sections and discover more ways to play positively.

NEXT

Positive Play and Attitudinal Loyalty

- Positive players report more satisfaction with play.
- Satisfaction is an indicator of attitudinal loyalty.
- Positive players want to play within their financial means.

Positive Play will be
positively associated with
attitudinal loyalty.



The customer-brand relationship in the gambling industry: positive play predicts attitudinal and behavioral loyalty

Samantha J. Hollingshead , Christopher G. Davis  and Michael J. A. Wohl 

Department of Psychology, Carleton University, Ottawa, Ontario, Canada

Participants:

181 MGM Rewards members recruited through MTurk

Measures:

Positive Play

Disordered Gambling Symptomatology (i.e., PGSI)

Attitudinal Loyalty (i.e., identification, satisfaction, trust and affective loyalty)

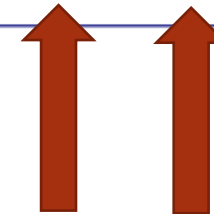
There was a
(positive)
associated
between
Positive Play
and
Attitudinal
Loyalty

Table 1. Means, standard deviations and between variable correlations for study 1.

Variable	Scale Range	1.	2.	3.	4.	5.	6.	7.
1. Disordered Gambling Symptomatology	1–27	7.22 (6.90)						
2. Gambling Literacy	1–7	–.62**	4.98 (1.48)					
3. Personal Responsibility	1–7	–.42**	.50**	6.07 (1.06)				
4. Honesty and Control	1–7	–.43**	.26**	.59**	5.52 (1.37)			
5. Pre-Commitment	1–7	–.43**	.30**	.57**	.80**	5.62 (1.30)		
6. Overall Positive Play	–	–.60**	.65**	.84**	.84**	.84**	0.0 (1.0)	
7. Attitudinal Loyalty	1–7	.21*	–.29**	.10	.21*	.21*	.07	5.05 (1.11)

* $p < .01$, ** $p < .001$

Means (and standard deviations) are provided on the diagonal.



It's a
matter of
trust

Will attitudinal loyalty also
increase willingness to use
RG tools?

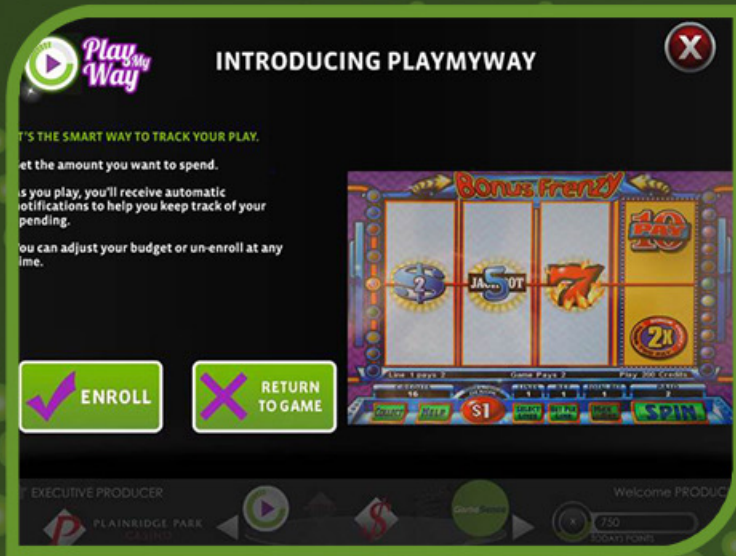


INTERNATIONAL CENTER FOR RESPONSIBLE GAMING

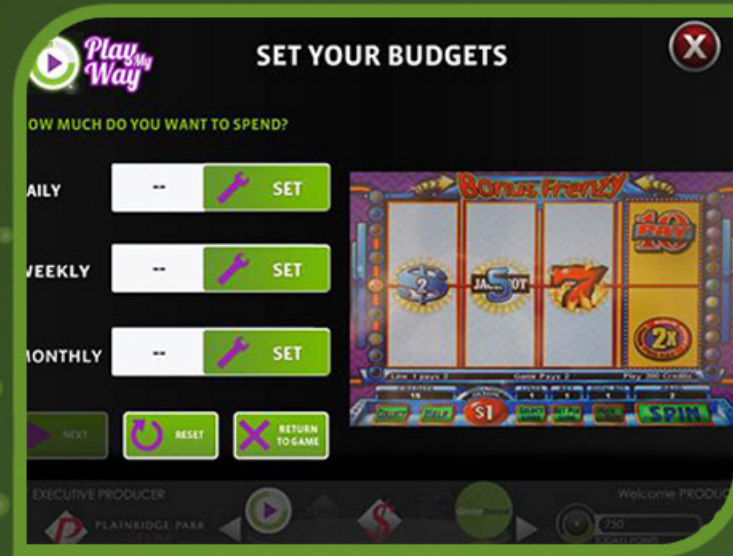


*Play My
Way*

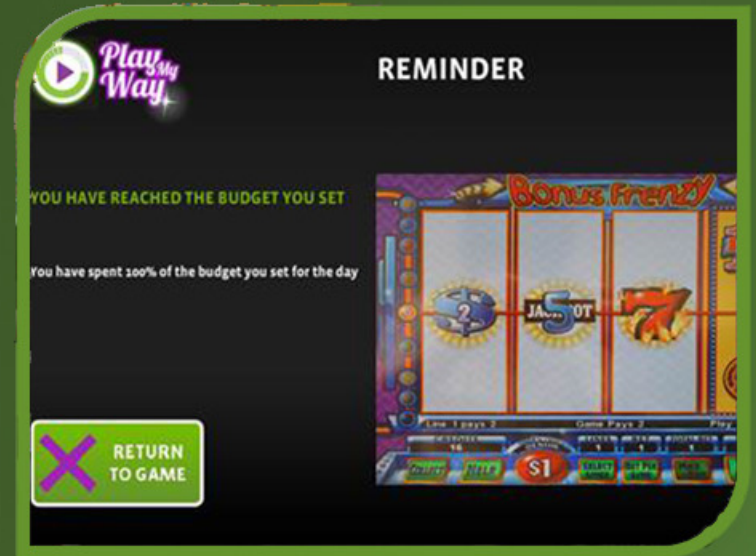
ENROLLING IN *PlayMyWay* IS EASY!



Insert your Marquee Rewards® Card



Set a Daily, Weekly, and/or Monthly budget



Get reminders as you exceed your budgets

Learn more! Speak with a GameSense Advisor or visit **GameSenseMA.com**.

Who expresses willingness to use PMW?

Participants: 669 regular players from MGM Springfield

Procedure: Survey distributed to regular players via MGM Springfield's MGM Rewards listserv

Measures:

Predictor variables: Coping and financial gambling motives, propensity to budget set, positive play scale, attitudinal loyalty, impulsivity, and PGSI

Dependent measure: Willingness to enroll in PlayMyWay

Results

Factors that decrease willingness to enroll:

Financial-based gambling motives; $\text{Exp (b)} = .002, p = .753$

Financial focused self-concept; $\text{Exp (b)} = .002, p = .705$

Factors that increase willingness to enroll:

Attitudinal loyalty: $\text{Exp (b)} < .001, p = 1.798$

To Reward, or not to Reward

Potential unintended consequences

- Reward chasing (and thus increased gambling)
- Extrinsic motivation of RG
- Message confusion

Advantages

- Perceived added value
- Exposure to RG tools
- Increased RG tool use
- Increased RG

INTERNATIONAL GAMBLING STUDIES
2018, VOL. 18, NO. 3, 495–511
<https://doi.org/10.1080/14459795.2018.1480649>



 OPEN ACCESS



Loyalty programmes in the gambling industry: potentials for harm and possibilities for harm-minimization

Michael J. A. Wohl

Department of Psychology, Carleton University, Ottawa, ON, Canada

Be Innovative with Reward!

Loyalty Programs:

THE GOOD THE BAD AND THE UGLY

Michael J. A. WOHL
Professor and Graduate Chair
Department of Psychology

@michaelJawohl
michael.wohl@carleton.ca

