

UNIVERSITY OF WALES TRINITY SAINT DAVID

RESEARCH PROPOSAL

How Do UK Grocery Loyalty Programmes Create Value for Customers and Retailers?

Programme	Master of Business Administration
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AI Use Acknowledgement

The free versions of ChatGPT and/or Google Gemini were used selectively to assist with wording, sentence fluency, grammar, clarity and readability, and to provide limited summary support concerning public academic sources. Every source and summary was checked against the original publication. The student determined the research design, evidence selection, interpretation and final submitted wording and retains full academic responsibility.

1. Introduction

Loyalty programmes have become part of the price, communication and data infrastructure of UK grocery retail. They now combine points, member-only prices, personalised offers, mobile applications and partner rewards. Their importance is demonstrated by the Competition and Markets Authority's (CMA, 2024) nationally representative evidence: 97% of surveyed grocery shoppers belonged to at least one supermarket scheme, the average shopper held three memberships, and average savings on loyalty-priced products ranged from 17% to 25% across the five supermarkets examined. Yet participation alone does not establish that programmes generate balanced or durable value. The same CMA research found that 43% considered member-only pricing unfair and 40% did not trust that loyalty prices represented genuine savings, despite the CMA's product analysis finding that most offers did provide a genuine reduction from the retailer's usual price.

This tension creates a significant marketing and management problem. Customers may receive financial rewards, convenience, recognition and more relevant offers, but participation may also require data disclosure, digital access, attention and continued purchasing. Retailers may obtain richer customer insight, greater engagement, opportunities for targeted communication and supplier-facing commercial capabilities. However, these benefits are neither automatic nor necessarily equivalent across programmes. Retailer claims may emphasise savings and personalisation, while regulatory evidence raises questions about accessibility, transparency and the interpretation of behavioural outcomes. A customer may use several schemes primarily to obtain lower prices rather than develop a committed relationship with one retailer.

The proposed research therefore treats grocery loyalty as a two-sided value exchange rather than a simple reward mechanism. It asks how value is constructed for customers and retailers, how the exchange differs across selected programmes, and what tensions limit claims of mutual benefit. This framing fits marketing through customer value, personalisation and relationship development, while addressing general management through data capability,

programme design, stakeholder governance and commercial value creation. It is also practically relevant because programme managers must sustain credible customer benefits while controlling complexity, protecting data and avoiding exclusion.

Research aim

To critically evaluate how selected UK grocery loyalty programmes create and communicate value for customers and retailers through comparative secondary research.

Research objectives

1. To develop an integrated analytical framework for customer and retailer value from loyalty-programme and relationship-marketing literature.
2. To compare how selected UK grocery programmes construct customer value through pricing, rewards, convenience, personalisation and related benefits.
3. To examine the customer contributions and retailer benefits associated with programme participation, including data disclosure, effort, engagement, insight and wider commercial capability.
4. To evaluate accessibility, transparency and responsible-data tensions and develop evidence-based recommendations for more balanced value creation.

Research question

How do UK grocery loyalty programmes create value for customers and retailers?

2. Literature Review

2.1 Customer value as benefits and sacrifices

Zeithaml (1988) conceptualises perceived value as an overall assessment of what is received relative to what is given. This provides a stronger foundation than equating value with monetary discount alone. In a loyalty programme, what is received can include savings, rewards, information, convenience and recognition, while what is given can include money, effort, attention, personal information and reduced freedom to switch. The framework is useful because a programme can provide an attractive discount yet still create friction through complicated redemption or digital requirements.

So, Danaher and Gupta (2015) develop this exchange logic specifically for loyalty programmes. Their study identifies six value dimensions: reward attractiveness, knowledge benefit, experiential benefit, group belongingness, disclosure comfort and required effort. It also distinguishes loyalty to the programme from loyalty to the retailer and connects these

constructs to share of wallet, share of purchase, word of mouth and willingness to pay. Importantly, programme loyalty was negatively associated with willingness to pay more, showing that frequent participation may coexist with price sensitivity. This model offers the principal analytical lens for the proposed study because it captures both customer benefits and customer contributions. However, its evidence comes from two Australian stand-alone retail programmes. Its relationships cannot simply be assumed to apply to current UK grocery schemes, which increasingly combine member pricing, applications, personalisation and retail-media activity.

2.2 From programme participation to retailer value

The wider evidence is similarly qualified. Dorotic, Bijmolt and Verhoef's (2012) review concludes that loyalty programmes can influence purchasing over time, but effects differ across customer segments and markets. Breugelmans et al. (2015) identify unresolved questions concerning programme design, performance assessment and technology-enabled development. These studies challenge a universal success narrative and suggest that programme performance must be interpreted within its competitive and technological context.

Relationship-marketing theory explains why behavioural participation should not be treated as proof of relationship quality. Morgan and Hunt (1994) position trust and commitment as central to successful relational exchange. Applied to grocery programmes, repeated card or application use may represent access to a price rather than confidence in the retailer. Turner and Wilson's (2006) exploratory Tesco research found moderate associations between Clubcard ownership, rewards and store loyalty, but its small, single-location sample and pre-digital context limit contemporary generalisation. Together, these sources support a distinction between programme use, perceived value and retailer relationship outcomes.

Retailer value also extends beyond repeat purchasing. Loyalty infrastructure supplies first-party information that can support segmentation, offer design, performance measurement and supplier collaboration. Pauwels and Fagbola (2025) show that retail media can create revenue and strategic advantage for retailers while introducing potential conflict among consumers, brands, retailers and regulators. This is relevant because current corporate reporting connects loyalty participation with personalisation and media capability (J Sainsbury plc, 2026; Tesco PLC, 2026). Corporate metrics nevertheless represent managerial claims, not independent proof of incremental profit or customer benefit.

2.3 Data disclosure, convenience and responsible exchange

The information exchanged through loyalty programmes is central to their value proposition. Haji, Temprano-Garcia and Peluso (2025), using 923 consumers across 13 UK grocery retailers, find that perceived availability of sensitive consumer data can influence loyalty through risk, convenience and inspiration. Their relational-exchange perspective indicates that data use can create positive and negative mechanisms simultaneously. The Information Commissioner's Office (ICO, n.d.) similarly notes that loyalty cards reveal shopping locations, spending patterns and product preferences, creating obligations to protect substantial customer information.

These findings complicate a purely economic assessment. Personalisation may reduce search effort and increase relevance, but disclosure comfort, transparency and control affect whether the exchange appears fair. Digital delivery can also create unequal access. The CMA (2024) recommends that supermarkets consider how people without smartphones and those under 18 can access loyalty prices. Consequently, customer value should be examined alongside effort, disclosure and accessibility, while retailer value should be considered alongside responsible governance.

2.4 Research gap

Existing research provides strong explanations of perceived value, programme effectiveness, relationship quality, data exchange and retailer monetisation, but these streams are often studied separately. Much empirical work is non-UK, predates member-only pricing and advanced personalisation, or concentrates on one programme or one behavioural outcome. There is limited integrated comparative research explaining how major UK grocery programmes currently construct value for both customers and retailers while managing tensions between savings, data disclosure, digital effort and commercial use. This study addresses that gap through a bounded comparison of three established programmes, using a common value-exchange framework and triangulating corporate claims with regulatory and published consumer evidence.

3. Methodology

The study will adopt a pragmatic philosophy with an interpretive emphasis. Pragmatism is appropriate because the research question determines the evidence required: organisational documents must be interpreted critically, while a limited set of published quantitative indicators can clarify scale and contrast. An abductive approach will support movement between established concepts, especially the six value dimensions proposed by So, Danaher

and Gupta (2015), and patterns emerging from the UK evidence. This avoids forcing every document into a predetermined model while maintaining a coherent theoretical focus (Saunders, Lewis and Thornhill, 2023).

The methodological choice is a qualitative-dominant mixed secondary design. Its core will be comparative documentary research rather than a single-company case study. Three established UK grocery programmes - Tesco Clubcard, Sainsbury's Nectar and Morrisons More - will provide a deliberately bounded comparison (Wm Morrison Supermarkets Limited, 2025). They are selected because each combines customer rewards with member pricing and publishes sufficient programme information, while the CMA includes them within its wider sector evidence. The programmes are not claimed to represent every UK scheme, and the unit of analysis is the documented value exchange, not the overall performance of the three retailers.

The empirical period will run from January 2020 to July 2026, capturing the expansion of loyalty pricing and personalisation. Approximately 30-40 information-rich documents will be selected purposively: programme terms and privacy materials; annual reports and results; reward, pricing and personalisation pages; relevant retailer-media or partner materials; and CMA, ICO and other credible independent publications. Around six to eight substantive programme documents per retailer will be sought, with the remaining corpus providing sector and regulatory triangulation. Peer-reviewed literature will inform theory and interpretation but will not be counted as programme evidence. Documents must be public, identifiable, directly relevant and sufficiently substantive. Promotional duplication, unverifiable commentary, private social-media material and unrelated corporate reporting will be excluded.

Document analysis is appropriate for examining how organisations and regulators construct meaning while retaining provenance and context (Bowen, 2009). Analysis will proceed in four stages. First, relevant passages and published indicators will be extracted into a source matrix with date, source position and objective tags. Second, manual framework-assisted coding will apply sensitising concepts such as reward attractiveness, knowledge benefit, experiential value, disclosure comfort, required effort, accessibility, retailer insight and commercial capability. Third, inductive codes and rival interpretations will be developed where evidence does not fit the initial framework. Finally, a cross-programme matrix will compare common themes, differences and tensions without producing a simplistic league table. Theme construction will follow Braun and Clarke's (2021) principles of coherence, reflexivity and transparent analytical choice.

The quantitative supplement will be strictly descriptive. It may report CMA survey frequencies, comparative-pricing results and clearly defined retailer metrics such as participation, offer reach or programme-linked sales. Only counts, percentages and simple time patterns will be used. No survey will be conducted, and there will be no regression, inferential testing or causal estimation. Metrics with incompatible definitions will not be combined; every figure will retain its source, period, denominator and limitation.

Credibility will be strengthened through triangulation across corporate, regulatory and academic evidence; consistent source-selection criteria; an explicit coding trail; and attention to negative or contradictory findings. The analysis will distinguish source claims from researcher interpretation and will not infer customer attitudes, behaviour or retailer profitability beyond the scope of the published evidence.

Ethical considerations

The research involves no participants, confidential records or new personal data. It will use public organisational documents and published aggregate evidence, and ethical approval will be obtained before the final corpus is collected or coded. Files will be held in password-protected university-approved OneDrive storage. Copyright, context and reputational fairness will be protected through full attribution, brief quotations, dated claims and clear source limitations. Privacy, pricing or accessibility evidence will not be presented as proof of misconduct unless an authoritative source establishes it.

4. Expected Findings

The study is expected to show that programme value is multidimensional rather than reducible to points or discounts. Customer value may be most visible in savings and convenience, while personalisation, recognition and partner rewards may vary across programmes. The comparison may also reveal customer contributions through attention, data disclosure, effort and continued engagement. For retailers, likely value areas include customer insight, targeted communication, engagement and supplier-facing commercial capability. These are reasoned expectations, not predetermined findings. The analysis may instead expose differences between stated benefits and independently supported outcomes, particularly where access, transparency or measurement is contested. The expected contribution is an integrated framework and practical recommendations for balanced, credible value creation.

5. Limitations

The design cannot directly measure lived customer experience, individual satisfaction, causal purchase effects or incremental retailer profit. Corporate disclosures may emphasise success, regulatory evidence may concern the sector rather than one programme, and published metrics may use inconsistent definitions. The three selected programmes provide a bounded comparison rather than a census of UK grocery retail. These constraints will be managed through cautious claims, source-position tagging, comparison of competing evidence and transparent reporting of missing or non-comparable data.

6. Timeframe

The project will run for twelve working weeks after ethical approval. Week one will confirm the protocol, search terms and eligibility criteria. Weeks two and three will identify, screen and log the documentary corpus. Evidence extracts and descriptive indicators will be recorded during weeks four and five with their dates, denominators and source positions. Manual framework-assisted coding and cross-programme comparison will occupy weeks six and seven. Findings and discussion will be drafted in weeks eight and nine. Weeks ten and eleven will integrate the conclusion, limitations and recommendations. The final week will be reserved for citation checking, consistency review, formatting and submission preparation. Progress will be monitored through the source log and objective-alignment matrix, with limited contingency built into the drafting period.

7. Conclusion

This proposal addresses a current UK marketing and management issue through a feasible, ethically low-risk secondary design. Its two-sided value framework, bounded comparison and triangulation of corporate and independent evidence will support a critical answer to the research question. The study should clarify when customer and retailer value reinforce each other and where accessibility, disclosure, effort or weak measurement limits that exchange.

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