EVIDENCE EXCHANGE REPORT:

LOYALTY PROGRAMS IN THE GAMBLING INDUSTRY

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PREAMBLE/ACKNOWLEDGEMENTS

I am pleased to present to Gambling Research Exchange Ontario (GREO) my findings from a rapid evidence assessment (REA) of loyalty programs, with an aim to understanding:

1. the active elements of loyalty programs in the gambling industry

2. loyalty program membership (i.e., who is apt to join)

3. the influence of loyalty program on the attitudes and behaviours of players

4. whether loyalty programs can be used to positively influence responsible gambling

This report includes a review of the extant literature on the philosophy behind loyalty programs and their design, as well as extant research on the antecedents and consequences of enrollment in a loyalty program. It should be noted that there is currently a paucity of research on the influence of loyalty programs in the gambling industry on player's attitudes and behaviour in the gambling industry. As such, extrapolation from theory research conducted in other industries and fields of study is required to draw conclusions.

To add to the knowledge base, this report also contains the results of primary research conducted on players' motivation to join (or not join) a gambling industry-run loyalty program, perceived impact of enrollment on gambling behaviour, and beliefs about whether rewarding responsible gambling is socially responsible.

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EXECUTIVE SUMMARY

As legalized gambling expanded across North America and beyond, competition for the player's gambling dollar increased (especially with the advent of online gambling). As such, casinos began to look for ways to maintain their current customer base and attract new customers to create better return on their investment (see Palmer & Mahoney, 2005). To maximize customer retention, many gambling jurisdictions (in Canada and around the world) developed loyalty programs as their central marketing strategy. However, understanding about how loyalty programs in the gambling industry influence the attitudes and behaviours of players is lacking.

Gambling Research Exchange Ontario commissioned the author to conduct a rapid evidence assessment (REA) on available theory and research on the impact loyalty programs have on behaviour with keen attention placed on loyalty programs in the gambling industry. Attention is also paid to the potential impact loyalty programs can have on responsible gambling behaviour.

For the purpose of this REA, loyalty is defined as the continual patronage of costumers coupled with emotional commitment to a company. Loyalty is typically associated with satisfaction and perceived value of the products and/or services offered. A loyalty program is a rewards program offered by a company to customers with the goal of retaining their patronage.

Methodology

This report synthesizes information collected in 2016 using two information-gathering approaches:

- A rapid evidence assessment (REA) was conducted to provide an overview of research that addresses the influence of loyalty programs on gambling behaviour and whether they can be used to facilitate responsible gambling; and

- Data were collected to assess players' beliefs and behaviours as they pertain to loyalty programs in the gambling industry and attitudes toward the social responsibility of rewarding players for using responsible gambling tools.

Overview of Loyalty Programs

Loyalty is a product of a customer's emotional commitment (i.e., attitudinal loyalty) as well as purchasing frequency and possibility (i.e., behavioural loyalty). In a competitive marketplace, a company must harness both attitudinal and behavioural loyalty from their existing customers to be successful.

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The gambling industry has a long history of using customer relationship management techniques to offer preferential treatment to valued customers (typically high rollers). Not surprisingly, loyalty programs in the gambling industry are considered a critical component of a successful casino operation. As such, most operators have created a loyalty program for their players.

How Rewards are Obtained

Point Accumulation: In the gambling industry, the most common way for members to accumulate points is to gamble. For example, in Ontario Lottery and Gaming Corporation's (OLG's) Winner Circle Rewards loyalty program, members earn 1 cashback point for every $10 played per session on a reel slot machine, every $20 played per session on video poker games, and every $40 played on selected e-table games (excluding e-poker games).

Type of reward: When sufficient points are accumulated, members are typically offered an array of tangible (e.g., discounts, free spins) as well as intangible rewards (e.g., access to new games, personalized services).

Reward timing: Some rewards may be offered immediately (e.g., $5 for joining), whereas other rewards are delayed (e.g., cash back after sufficient points are accumulated). Immediate rewards lure and excite players, and build perceived value. Delayed rewards help retain customers.

Tiers: Most loyalty programs in the gambling industry are structured such that customers are assigned to tiers (segments). With each new tier achieved (based on a threshold of money spend), the customer receives different (and better) benefits, with higher tiers usually receiving numerous soft (intangible, non-monetary) benefits like preferential treatment and upgraded service. The status perceived in higher tiers creates attainment pressures that are strongly associated with high levels of spend.

Who Joins Loyalty Programs

Traditional understanding of enrollment behaviour is that players weigh the perceived benefits being rewarded with the perceived costs or risks of such enrollment (e.g., loss of privacy). Enrollment likelihood increases with positive expected value.

Customers who signed up for a loyalty program tend to already be frequent patrons. However, attitudinal loyalty is a greater predictor of who will join a loyalty program than behavioural loyalty. Within the gambling industry, there is a self-selection bias such that high frequency or disordered gamblers are over represented in loyalty programs. There is, however, likely a reciprocal relationship between loyalty program membership and disordered gambling. Whereas disordered gamblers are apt to join a loyalty program, it is also possible that the

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rewards and status gained by membership (especially in tiered programs) may motivate continued play, which may lead to problematic gambling behaviours.

Do Loyalty Programs Create Loyal Players?

There is an extensive debate about whether loyalty programs create loyalty. Whereas some research shows that loyalty increases as a product of enrollment, other research shows a null effect. This may be a product of who joins. It is possible that heavy purchasers at the onset do not change their loyalty (there is a ceiling effect). However, low and moderate purchasers do become more loyal.

Research in the gambling industry suggests that loyalty programs are more satisfying for top-tier members, who are also more likely to be disordered gamblers. This is likely because the level and range of service received at the higher tiers in the gambling industry are often vastly different (i.e., better) than those at lower tiers (or available to non-members). Thus, loyalty is particularly driven by non-gambling-related services, which is a central aspect of loyalty programs in the gambling industry.

Loyalty Programs and Their Impact on Spend

Akin to the debate about whether loyalty programs create loyal customers, there is disagreement regarding whether loyalty programs increase customers' spending. Whilst some studies have shown that loyalty programs increase the revenue of gambling operators, other studies have found a null effect. Those who argue there is a null effect on revenue typically point to the cost of operating a loyalty program – the cost negates any additional revenue generated via the program. This argument, however, does not negate the fact that loyalty programs can drive behaviour. But here again there is a debate. Some research has shown that offering, for example, free-play to lure players has no influence on future spending. Other research shows that loyalty programs increase spending on slot machines, but not table games.

Recently, behavioural tracking data have been used as an objective measure of the impact of loyalty programs on behaviour. This research appears to confirm that loyalty programs increase a player's spending. In particular, spending increases as a member gets closer to achieving a reward or a new loyalty program tier.

From a social responsibility perspective, a central issue is whether loyalty programs facilitate heavy and/or disordered gambling. It is known that disordered gamblers are more likely to enroll and view loyalty programs more positively – likely because they benefit disproportionally due to their heavy play (i.e., they are more likely to be at the high tiers and get the associated rewards). Informatively, rewards offered (e.g., comps) increased the amount bet within a play more among disordered gamblers than recreational gamblers. With that said, no research has

directly examined whether loyalty programs facilitate the development of disordered gambling or whether disordered gamblers simply disproportionately benefit from the existence of loyalty programs due to their excessive play behaviours.

Loyalty Programs as an Avenue for the Promotion of Responsible Gambling

Loyalty programs are well positioned to advance informed decision making via the behavioural tracking data that are collected on every member. This objective record is of importance in the context of gambling because players are particularly poor trackers of their own gambling behaviour. Some gambling operators have already begun capitalizing on their loyalty data to advance their responsible gambling strategy with success.

Specifically, providing players with an accurate account of their spending behaviour over a specified period of time as well as the riskiness of their play has been shown to decrease subsequent spending.

Data collected can also provide normative feedback (i.e., information about how other people in the program typically behave), which has also been shown to decrease subsequent spending. This is because many players (at-risk and disordered gamblers in particular) tend to erroneously believe their (excessive) gambling is akin to how most others gamble. When confronted with objective, normative data, gambling behaviour is subsequently reduced.

Loyalty is built, in part, on mutual trust. Providing players with personalized behavioural and normative feedback may build the player's trust in the social responsibility of the gambling operator.

Should Players Be Rewarded for Responsible Gambling Tool Use?

Although most players believe that the responsible gambling tools made available to them would help reduce problematic play, desire to use the tools as well as engagement with the tools tends to be low. An option that is currently being discussed in many jurisdictions is rewarding loyalty program players for engaging with responsible gambling tools.

The potential advantages of rewarding responsible gambling include:

- *Perceived added value* – Players are likely to perceive they are getting additional value for their playing dollar.

- *Exposure to responsible gambling tools* – Players tend not to use responsible gambling tools. Rewarding them for tool use may expose a greater number of players to these tools.

- *Increased responsible gambling tool use* – Providing rewards may motivate players to try the tool. Once exposed, they may continue use.

- *Increased responsible gambling* – Players who are rewarded for tool use may be more likely to gambling responsibly.

The potential disadvantages of rewarding responsible gambling include:

- *Message confusion.* Players may be confused by the message that they can earn free play (and thus extend their time on device) by gambling responsibly.

- *Increased gambling:* Rewarding any type of gambling (even responsible gambling) may serve as a reinforcer, which could increase gambling behaviour.

- *Possible chasing to receive rewards* - Play might increase if players misunderstand how points are accumulated, which is a distinct possibility if the public isn't properly informed and educated about the program. If people believe that they will accumulate points by gambling, they will chase points through play.

- *Extrinsically motivating RG tool use.* Rewarding play may undermine people's intrinsic motivation to use the tools. As a result, people may stop using the RG tools if a) the perceived value of the rewards decreases or b) the reward is eventually removed.

Player Perceptions of Loyalty Programs: An Empirical Assessment

We collected primary data from 164 players who reported being a member of a loyalty program and 63 who reported they were not a member of a loyalty program. There was a relatively equal distribution of non-problem, low-risk, moderate-risk, and disordered gamblers in each sample. All non-loyalty program members indicated that they were not a member of a loyalty program because they didn't know that loyalty programs existed at casinos.

In the loyalty program sample, all categories of player equally expressed that they joined to get rewarded. Relative to non-problematic gamblers, disordered gamblers were more likely to think that the loyalty program – and the opportunities for reward - increased the amount of time and money they spent gambling, especially as they approached a new tier. The non-problematic gamblers tended to disagreed that membership influenced their gambling behaviour.

Disordered gamblers reported accepting less responsibility for their play, reported lower gambling literacy, less limit setting behaviour, and less honesty about their play than other players. Yet, disordered gamblers also reported that being a member made them a more informed player (educated about games, limit setting). All other categories were neutral about whether program membership made them a more informed player.

Lastly, all categories of players (moderately) believed it was socially responsible to reward responsible gambling tool use. However, the least supportive was loyalty program members who were non-problem or at low-risk of developing disordered gambling behaviours.

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METHODOLOGY

A triangulation of methods was used to assess whether enrollment in a loyalty program impacts gambling behaviour and whether rewarding responsible gambling would mitigate or aggravate those impacts. Specifically, a rapid evidence assessment was conducted to scan the literature for information relevant to the loyalty programs both inside and outside the gambling industry, the influence of responsible gambling programs on behaviour, and the effect of loyalty programs in the gambling industry on gambling behaviour. Thereafter, a survey was conducted to assess players' motivation to join (or not join) a gambling industry-run loyalty program, perceived impact of enrollment on gambling behaviour, and beliefs about whether rewarding responsible gambling is socially responsible.

RAPID EVIDENCE ASSESSMENTS

A literature search was conducted using the Scopus database. Three unique queries were entered:

Search #1: The aim of the first search was to locate literature on reward programs and their effect on behaviour. The query was:

```
(TITLE-ABS-KEY(reward*) AND TITLE-ABS-KEY(program) AND TITLE-ABS-
KEY(beh*) OR TITLE-ABS-KEY(loyal*) OR TITLE-ABS-KEY(gambl*) OR TITLE-
ABS-KEY (addic*))
```

This netted 2,300 results of which 185 were deemed relevant using the following criteria:

Inclusion: Papers that focused on a consumer loyalty program or programs in stores, businesses, and companies. Preferably, the focus was on consumer purchasing behaviour.

Exclusion: Papers that focused on rewards for non-consumer behaviour. For example, papers that discussed rewarding mental health behaviours, children's behaviour, rewards for employee productivity, health behaviour rewards, or safe work behaviours were excluded.

Search #2: The aim of the second search was to locate literature on responsible gambling programs and their effect on gambling behaviour. The query was:

```
(TITLE-ABS-KEY(responsibl*) AND TITLE-ABS-KEY(gambl*) AND TITLE-ABS-
KEY(program) AND TITLE-ABS-KEY(beh*) OR TITLE-ABS-KEY(tool*) OR
TITLE-ABS-KEY (addic*))
```

This netted 27 results of which 14 were deemed relevant using the following criteria:

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Inclusion: An evaluation, review or a study on implemented responsible gambling programs.

Exclusion: Studies that only focused on predictors of responsible gambling or treatment of disordered gambling rather than focus on a particular program.

Search #3: The aim of the third search was to locate literature on the influence of a loyalty program on gambling behaviour. The query was:

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(TITLE-ABS-KEY(reward*) AND TITLE-ABS-KEY(program) AND TITLE-ABS-
KEY(beh*) OR TITLE-ABS-KEY(loyal*) OR TITLE-ABS-KEY(gambl*) OR TITLE-
ABS-KEY (addic*)) AND (TITLE-ABS-KEY(responsibl*) AND TITLE-ABS-
KEY(gambl*) AND TITLE-ABS-KEY(program) AND TITLE-ABS-KEY(beh*) OR
TITLE-ABS-KEY(tool*) OR TITLE-ABS-KEY (addic*))
```

This netted 1 result – a theoretical paper that was captured in Search #2.

Because these searchers did not yield many papers specific to loyalty programs in the gambling industry, a search on Google Scholar with the key terms "loyalty program" and "Gambling" was conducted that yielded five relevant papers. I then used the 'cited by' function in Google Scholar to buttress the search.

RESULTS

OVERVIEW OF LOYALTY PROGRAMS

Regardless of service context, customers expect to receive superior value for their hard-earned dollar (Helkkula, Kelleher, & Pihlström, 2012). As such, in a competitive marketplace, customer patronage tends to be rather fickle. Loyalty is typically granted only when the establishment's offer is perceived to be of better value than the competitor's offer (Chang, 2013; Siu, Zhang, Dong, & Kwan, 2013). When the customer perceives that they are not receiving fair value at one establishment or better value can be received at a different establishment, patronage decreases or switches to the establishment with better perceived value. This has a direct impact on profitability because it is less expensive to retain customers than attract new ones (Dagger, David, & Ng, 2011). As such, successful companies maximize the perceived value of the product or services they offer, because doing so facilitates customer loyalty (Vinod, 2011).

Loyalty, however, is not a unitary construct. Indeed, there are two types of loyalty that companies need to achieve and maintain among their customers: attitudinal and behavioural (Tabaku & Zerellari, 2015). Attitudinal loyalty refers to the emotional commitment and identification with the company and its services. It is believed (see Oliver, 1997) that attitudinal loyalty drives patronage despite situational influences and efforts of other companies to lure

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customers away. Behavioural loyalty refers to purchase frequency and purchase possibility (Yi & Jeon, 2003). It is presumed that competitiveness in the marketplace is a function of motivating both types of loyalty. This is because behavioural loyalty doesn't imply attitudinal loyalty. The customer who frequently makes purchases at a given company may not feel loyal to that company – purchasing behaviour may simply be a function of a lack of readily available and accessible alternatives. When attitudinal loyalty is low, the company market share is at risk when competitors emerge. Such is the case in Canada, where the unregulated online gambling industry has cracked the monopoly held by each provincially run gambling corporation.

According to Baloglu (2002), customer loyalty is best understood via examination of the interaction between attitudinal loyalty and behavioural loyalty. True loyalty is characterized by emotional attachment (attitudinal loyalty) as well as frequent patronage (behavioural loyalty). Emotionally attached customers who frequent an establishment are most likely to identify with the company. A company will have a large share of the attitudinally loyal customer's expenditures as they relate to the product being sold. Moreover, attitudinally loyal customers are highly resistant to switching (i.e., changing patronage to a competitor). Customers who have high attitudinal loyalty, but low behavioural loyalty are latently loyal. People in this category may want to increase their spending, but lack the resources to do so (see Backman & Crompton, 1991). Spurious loyalty reflects behavioural loyalty without the emotional commitment. Such customers' patronage is motivated by convenience or lack of alternatives. Lastly, low loyalty is characterized by low attitudinal and behavioural loyalty. Tanford and Baloglu (2012) empirically verified this loyalty matrix within the context of casino loyalty programs.

A central task for companies in today's competitive marketplace – including companies in the gambling industry – is to implement strategies to harness both attitudinal and behavioural loyalty from their existing customers (see Dominici & Guzzo, 2010). In so doing, they can make the customers brand ambassadors (i.e., motivating them to advertise for the company via word of mouth to attract new customers; see Zeithaml, 2000). This can prove difficult, however, in a marketplace where products and services offered by one company are nearly identical to those of its rival (Victorino, Verma, Plaschka, & Dev, 2005).

In the gambling industry, the degrees of freedom for the types of games offered are low. That is, there is a core group of games that all casinos offer (e.g., poker, black jack, slots). The customer would be hard pressed to find one casino that differs markedly from another (in terms of the gambling games they can play). Thus, attention has turned to ensuring that the customer has a unique, memorable, and positive experience – one in which the customer feels satisfied with the product, valued as a customer, and benefits from their patronage (i.e., loyalty results in added value).

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Perhaps the most pervasive (and visible) means to achieve true customer loyalty is the loyalty program. A loyalty program is a marketing strategy focused on offering benefits to the customer to maintain their patronage. For example, airlines reward their loyalty card travelers with a free flight after they accumulate sufficient travel miles, and hotels offer their loyalty card customers a free room after a certain number of nights. These programs are also known as frequent purchase programs, customer relationship management programs, or rewards programs (García Gómez, Gutiérrez Arranz, & Gutiérrez Cillán, 2006) – programs that have become a key marketing tool to collect information about customers, increase customer retention, and enhance customer relationships and loyalty (e.g., Kang, Alejandro, & Groza, 2015). Due to the perceived benefits from the company's perspective (customer knowledge and retention) and the customer's perspective (rewards for patronage), there has been a proliferation of loyalty programs across sectors as well as consumer enrollment in such programs. In 2014, there were over 3.3 billion loyalty program memberships in the United States (US) alone (130 million in Canada) – an increase of 26% from 2012 (8% in Canada; Colloquy, 2015). Moreover, the average US household has 29 loyalty program memberships, with activity in 12 of these programs (Colloquy, 2015).

The gambling industry has a long history of using customer relationship management techniques to offer good customers (typically high rollers) preferential treatment. It might even be argued that Las Vegas casinos pioneered the concept of comps – freebies, discounts, or special treatment for gamblers – to soften the blow of gambling losses, making the gambler feel like a very important person (VIP) in the process.

As such, it is not surprising that most gambling operators offer their customers the opportunity to join a loyalty program that is not unlike the loyalty cards that exist in other industries. For example, Ontario Lottery and Gaming (OLG) has a loyalty program called Winner's Circle Rewards (WCR). Member of WCR are provided "free Slot Play on their birthday, receive complimentary restaurant and special event offers, and earn Cashback Points every time they play that can be redeemed for cashback and gift cards"
(see http://member.winnerscirclerewards.ca). The common thread among all rewards programs, including those in the gambling industry, is the provision of tangible or intangible benefits to customers as a reward for their repeated purchases or use of the company's product(s).

Indeed, at their core, loyalty programs attempt to develop and build long-term relations with existing customers by adding value to their purchases (Gronroos, 1995; Sharp & Sharp, 1997). The benefit to the company that offers a loyalty program is, ideally, a high level of customer retention and profit by providing more satisfaction and value to customers. However, their effectiveness is not well understood (Bolton, Kannan, & Bramlett, 2000). Moreover, the literature is mixed regarding whether, or to what extent, loyalty programs have utility in achieving customer loyalty and influencing their purchasing behaviour. For example, Dowling

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(2002) has suggested that loyalty programs do not necessarily foster loyalty, are not cost effective, and that their proliferation is a result of companies attempting to "keep up with the Joneses". Moreover, customers have come to expect loyalty programs, and they have become so commonplace that their value is muted. Conversely, some other research suggests that loyalty programs have a positive impact on consumers' repatronage decisions and share of the marketplace (e.g., Lewis 2004; Verhoef, 2003).

Importantly, not unlike other industries, loyalty programs in the gambling industry are considered a critical component of a successful casino operation (see Shook, 2003). Where there is a loyal customer base, revenues remain stable or increase. Indeed, marketers in the gambling industry are reliant on their loyalty club database to aid in maintaining market share and strengthening customer loyalty (Lucas, Dunn, & Singh, 2005). However, there is a paucity of research on the antecedents and consequences for joining a loyalty program in the gambling industry. Yet, there were over 133 million casino-based loyalty program members in 2010, a 71% increase from 2006 (Hlavinka & Sullivan, 2011).

In this REA, I review empirical evidence that speaks to who is most likely to join a loyalty program as well as the factors that facilitate and hinder perceived value of the program, purchasing behaviour, and loyalty/retention. Within this review, I also address how the structure of the loyalty program influences these aforementioned outcomes. Focus will be placed on theory and research that speaks to loyalty programs in the gambling industry. Research in this service context is sparse, perhaps owing to the industry's historic unwillingness to allow researchers access to their player data. Nonetheless, there is emerging data on its utility to attract and maintain customers.

Due to the impact loyalty program membership may have on gambling behaviour, I also place a lens on the social responsibility of loyalty programs. Discussion focuses on the potential harms (e.g., contribution to the development and maintenance of disordered gambling) that may result from rewarding play. Within this discussion, recent developments in the responsible gambling space are noted in which loyalty program player data is being used to prevent the development of disordered gambling or intervene when a player's data suggest that their play is especially risky.

HOW REWARD IS OBTAINED: POINT ACCUMULATION AND REWARD ATTAINMENT

In 1981, American Airlines (AA) launched the first modern customer loyalty program with the goal of increasing purchasing behaviour (see McCall & McMahon, 2016). It was believed that the loyalty program would create loyal customers, and would thus provide a steady customer base, elevate profit margins, and help expand the base via positive word of mouth (WOM; see McCall & Voorhees, 2010). Since the launch of AAdvantage, loyalty programs have become ubiquitous. Indeed, competing airlines soon developed their own loyalty programs and other industries, including the gambling industry, soon followed suit. Moreover, most programs

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adopted the general structure of AAdvantage in that customers accumulate points via purchases that could be redeemed for products and services. Additionally, membership was stratified into tiers (e.g., silver, gold, platinum), based on purchasing history. In this section, I review the typical structure of loyalty programs and their impact. Special attention is paid to programs in the gambling industry.

Point Accumulation

Most loyalty programs were developed using the AAdvantage point accumulation model. In AAdvantage, members accumulate points (called "miles") based on qualifying miles flown, other purchases with the airline, or flight segments taken. Specifically, points are accumulated based on money spent with the airline. These points could be redeemed for flight tickets, upgrades to service class, or free (or discounted) car rentals, hotel stays, merchandise, or other products and services through partners.

In the gambling industry, the most common way for members to accumulate points is to gamble. Typically, points can be redeemed for, among other things, free-play, cashback, and personalized services. In Ontario, members of Ontario Lottery and Gaming's (OLGS) Winner Circle Rewards loyalty program earn 1 cashback point for every $10 played per session on a reel slot machine, $20 per session on video poker games, $40 on selected e-table games (excluding e-poker games). In terms of redemption option, 118 points can be exchanged for $5, 236 points can be exchanged for $10, 345 points can be exchanged for $15, and 472 points can be exchanged for $20. Free slot play is only granted on a member's birthday. British Columbia Lottery Corporation's (BCLC) Encore Rewards members earn 1 point per $1 in play on slots, 1 point per $5 in play for e- blackjack and e-baccarat, and 4 points per $5 in play for e-roulette and e-poker. Members get $5 in free slot play for every 1,000 points. They are also given the opportunity to enter exclusive contests and offers.

Manitoba Liquor and Lotteries' (MLL) Club Card members accumulate points in a slightly different manner. Point accumulation is a function of the equity across games relative to win by the house. As such, for e-games 1 point is allocated for every $2 played (.5% of dollars played). Video poker allocates 1 point for every $4 played (.25% of dollars played). Multi-game machines and e-bingo provide 1 point for every $2.5 played (.4% of dollars played). Members who play paper-based bingo receive 1 point for every $3 played (.33% of dollars played). Table games are based on a reinvestment rate of 10% of win. Due to the variability of points to dollars played, a table is not posted. However, this information is provided to players on request.

Club card members are informed that each point earned is the equivalent of $.01. As such, 100 points translate into $1 that can be used in food and beverage outlets, gift stores, entertainment tickets, valet parking and an online rewards catalogue for electronics and housewares. Free play is provided as part of a Direct Marketing program, which includes

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birthday offers, a welcome offer to new members and retention offer for members whose visitation has lapsed. Under consideration is an option for players to convert their points into free play. However, no decision about this option has been made. Currently, members are not provided cash back.

Most loyalty programs in the gambling industry also allow members to earn points for non-gambling purchases (e.g., food, drink, hotel stay) at the gambling venue. For example, in June of 2013, Hyatt Hotels & Resorts as well as MGM Resorts International partnered. This partnership permitted MGM's loyalty program (M life) member to accumulate points by staying at Hyatt Hotels around the world. Likewise, members of Hyatt's loyalty program (Hyatt Gold Passport) can earn and redeem points on their loyalty card at 12 MGM properties on the Las Vegas strip (e.g., MGM Grand, Bellagio). The benefits to the player often include access to various special events, cash back (i.e., money given back to the player), free food and/or accommodations, entertainment (e.g., free tickets to a concert, live show, movie), free or discounted services (e.g., spa, valet parking), even free play (e.g., gambling credits worth a specified amount of money; see Palmer & Mahoney, 2005).

Importantly, although loyalty programs advertise that points can be earned and redeemed in several ways, the precise means to acquire points is often either difficult to locate or only available open request. For example, Sands Rewards (which is associated with 4 casinos in Macau, China) tells its members that points can be earned "when you play at The Sands Casino, The Venetian Casino, The Plaza Casino and Sands Cotai Central Casino" as well as "when paying by cash or credit card at all participating shops, restaurants, hotels, box offices, and travel services." How many points are earned for a given session or purchase is not readily available. However, members are told 1 point = 1 HKD (i.e., Hong Kong Dollar) or 1 MOP (i.e., Macau Pataca). Marquee Rewards (which is associated with several casinos across the United States) note (in their terms and conditions) that "Marquee Rewards tier points and Marquee Comps may be accumulated at any participating [Penn National Gaming Inc.] PNGI property by Marquee Rewards members." A link to the list of properties is provided (www.MarqueeRewards.com), however, no property explicitly notes on their website the dollar-played-to-points-earned ratio.

Even if the information is provided, akin to Manitoba Liquor and Lotteries' Club Card, point accumulation in the gambling industry is often based on equity across games relative to win by the house. As such, it is nearly impossible for the member to calculate the dollar-played-to-points-earned ratio on their own. As such, how much purchasing (typically understood to terms of money spent gambling) is needed to acquire a reward is often vague.

Tangibility of the Reward

When sufficient points are accumulated, members are typically offered an array of tangible as well as intangible rewards. Tangible rewards include, among other things, prizes, discounts, or

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free products that are typically acquired by trading in points accumulated by spending money on a company's products or services. Intangible rewards are special privileges that a loyalty program member receives such as restricted check-in counters, access to "members only" areas (e.g., lounges), or personalized service (e.g., individually tailored communications). The quality and quantity of both tangible and intangible rewards tends to increase with tier achieved (in programs with tiers).

According to Yi and Jeon (2003), tangible rewards, such as a free hotel stay, have an impact on short-term behaviour (e.g., enrollment). It was argued that tangible rewards act as a primary reinforcer and as such should be preferred to intangible ones. In an empirical demonstration of this effect, Meyer-Waarden (2015) found that loyalty program members tend to prefer tangible over intangible rewards. Moreover, tangible rewards create higher loyalty intentions than intangible rewards (e.g., likelihood that a consumer will purchase a particular product or service in the future; Keh & Lee, 2006).

A contrary perspective, however, was offered by Roehm, Bolman Pullins, and Roehm (2002). They argued and found that tangible rewards can undermine loyalty because tangible rewards are particularly vivid – they elicit craving for the reward itself. As such, people fail to link the reward (and being rewarded) with being a loyal member. Of course, a central purpose of rewarding customers is to build a positive association between the reward and membership with that intent that such an association will drive attitudinal and behavioural loyalty. If tangible rewards fail to build a positive association with loyalty program membership, they are of no utility from a marketing perspective.

Intangible rewards, however, build attitudinal and behavioural loyalty because they tend to confer status on the customer. For example, in the airline industry, the most loyal customers gain access to airport lounges that provide comfort, food, drink, and most of all, status (only a select group of members are allowed access). Theorists in both economics and marketing (e.g. Duesenberry, 1949; Martineau, 1957; Veblen, 1967) tend to agree that the desire to acquire status is a driver of customers' purchasing behaviour. Status signifies social position and the financial means to consume more than others (Eastman, Goldsmith, & Flynn, 1999). Indeed, a long-standing literature in social psychology argues that people continuously compare themselves to others, creating status hierarchies. By Festinger's (1954) account, judging our position relative to others provides information about where we stand vis-à-vis others and motivates us to achieve. Put another way, for purposes of accurate self-evaluation, in many parts of social life our standing has meaning only in a comparative sense. To boost self-regard, people will look for opportunities to make downward social comparisons, which is a tendency to compare the self to another individual or group that are perceived to be worse off (Wills, 1981).

Within the context of loyalty programs, the more people spend (and thus the more reward points a member accumulates) the better rewards (tangible and intangible) the member receives. However, as it pertains to loyalty, the key is the intangible rewards – access to members-only games, lounges, and special services. These intangibles enable members to make downward social comparisons with those who do not have similar rewards, thus facilitating self-regard. Moreover, customers are not only motivated to achieve the intangible rewards, but to maintain them as well. That is, customers do not want to lose the intangible privileges they receive. To this end, customers maintain, if not increase their purchasing, to ensure they have enough points to maintain their privileges from year to year.

Timing of the Reward

Another important structural aspect of loyalty programs is when rewards are offered. Some rewards may be offered immediately, whereas other rewards are delayed (Blattberg & Neslin, 1990). Immediate rewards include the offer of products or services that can be acquired or used instantaneously, and direct cash (e.g., $5 for joining the program). Conversely, delayed rewards are provided in the distant future. Delayed rewards consist of such things as contest tickets, coupons that can be used during the next visit, and points that can be accumulated to purchase products and services at a later date.

From a marketing perspective, the relative effectiveness of immediate versus delayed rewards for facilitating customer loyalty is of importance. Dowling and Uncles (1997) suggested that delayed rewards are less successful (compared to immediate rewards) in producing loyalty because of the time needed to accumulate sufficient points to spend on rewards. Additionally, customers tend to have difficulty spending their accumulated points (e.g., because a desired product isn't available). Indeed, when rewards are inflexible and uneasy to obtain positive perceptions about a company tend to be relatively low (Stauss, Schmidt, & Schoeler, 2005).

Immediate rewards are typically effective in luring consumers away from competing companies, while delayed rewards function to retain consumers by rewarding their future purchases (Zhang, Krishna, & Dhar, 2000). For example, Hu, Huang, and Chen (2010) as well as Keh and Lee (2006) found that immediate rewards are more effective than delayed rewards in building a program of perceived value. However, among people who were already satisfied with their experiences with the company, delayed rewards were preferred. To the point, whereas immediate rewards draw people to the company, delayed rewards retain customers.

Providing evidence from the gambling industry, Lucas et al. (2005) found that free-play offers (i.e., an immediate reward) lured customers into the casino, but failed to generate a significant increase in volume of play. This result held across two levels of free-play offer ($50 and $100 cash). They argued that players are accustomed to getting immediate rewards (i.e., they receive similar offers from other gambling venues and know that other players are offered the

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same reward). As such, they are not perceived to provide added value. In other words, immediate rewards do not create the sense of satisfaction needed to generate loyalty. In this light, some companies are strategically aiming to delight, rather than merely satisfy their customers (see Kim & Mattila, 2010). To heighten customer's delight, some loyalty programs have introduced surprise rewards (i.e., unexpected incentives for loyal customers). In the gambling industry, this may take the form of an unexpected free play during playing on an electronic gambling machine.

To test the utility of unexpected, immediate rewards, Wu, Mattila, and Hanks (2015) exposed participants to either a surprise reward – participants were told they were randomly selected to win a free product) – or a membership discount reward – participants were told membership entitled then to a 10% discount on products. They found that the surprise reward increased delight, but only among people who were relatively unsatisfied with the company's products and services. These results are consistent with the idea that random rewards can add excitement to the customer's experience and thus break their normative experience (see Wood & Neal, 2009). However, in the presence of high customer satisfaction, surprise rewards are not any better than discount rewards in enhancing customer evaluations for an on-going service experience. In fact, customers may come to expect the unexpected. That is, once the presence of surprise rewards is established, customers may become unsatisfied if they are not once again rewarded, which could undermine loyalty.

Tiered Programs

The first loyalty program, AAdvantage, was structured such that customers are assigned to different tiers (segments) according to the amount they spend. Specifically, members are designated AAdvantage Gold, AAdvantage Platinum, or AAdvantage Executive Platinum depending on the number of miles accumulated within a 12-month period. In this way, members must continue accumulating miles to maintain their status from one year to the next. Across industries, including the gambling industry, most loyalty programs have adopted a tier structure. Moreover, tiers are perceived to be central to the success of loyalty programs (see Drèze & Nunes, 2009).

Under the Hood of the Tier Program

With each new tier achieved, the customer receives different (and better) benefits, with higher tiers usually receiving numerous soft (intangible, non-monetary) benefits like preferential treatment and upgraded service. It is believed that customer segmentation into tiers enables a company to better serve diverse customer needs and build loyalty (Lacey, Suh, & Morgan, 2007; Zeithaml, Rust, & Lemon, 2001). For example, in British Columbia Lottery Corporation's Encore Rewards program, members enter as a diamond member. After 7,500 points are earned, double diamond status is achieved, which gives the member 5% monthly bonus points. At 45,000 points, triple diamond status is achieved, which gives the member 10%

monthly bonus points. In terms of intangible benefits, top tier players may be able to gamble in select locations in the casino (e.g., high roller rooms), thus conferring status.

Typically, tiers are determined by identifying important differences among customers' attitudes, behaviours, and potential value to the company (Zeithaml et al., 2001). More often than not, this is determined by the amount a person spends (as in BCLC's Encore Rewards). Importantly, segmentations must be made without alienating or de-motivating those who are sensitive to what they obtain relative to other customers (Stauss et al., 2005). Indeed, perceptions of status for a tier may become diluted if membership in higher tiers expand too much or there are too many tiers in the structure (Drèze & Nunes, 2009).

Tiered programs are not static. The number of tiers in a loyalty program tend to increase over time – a situation that existing members tend to dislike (see McCall & McMahon, 2016). Given this, why do loyalty programs expand? Companies do this to further segment membership and make it more difficult to reach the top tiers, often for financial reasons (i.e., the best rewards are often expensive for the company, and as such it makes financial sense to minimize the number of people at the top tiers). That said, tier expansion may bring more benefits to top-tier members. At the same time, mid- and low- tier members are provided a quicker and easier route to complimentary benefits (e.g., earning points for non-gambling spending). The reason for making these changes is that it is believed added value will increase spending. However, there is a paucity of empirical research testing this supposition, particularly in the gambling industry (Min, Raab, & Tanford, 2016).

Nonetheless, marketers in the gambling industry (as well as in other industries) hold the belief that as the number of tiers increases so does perceived status in the top tiers, particularly in industries where exclusivity of rewards and services are in operation (e.g., lounge access to top tier members in the airline industry; Arbore & Estes, 2013). Interestingly, Quigno and Zhang (2016) found that male gamblers expressed a greater willingness to join a casino loyalty program if it had four tiers compared to two tiers. Conversely, females expressed a greater willingness to join a casino loyalty program that had two tiers compared to four tiers. This difference may be attributable to males' greater desire and need for status (Conway, Pizzamiglio, & Mount, 1996). The more stratified the loyalty program the greater opportunity there is to differentiate the self from other customers. The central issue for both males and females, regardless of the number of tiers is that status conferred by higher tiers keeps customers. Indeed, as shown by Drèze and Nunes (2009), perceived status at higher tiers is strongly associated with loyalty.

The benefit for the company, of course, is that high-tier members are the top-spending customers. A person needs to spend a lot of money to get to the highest tiers. Thus, it behooves the gambling industry to make the top-tiers attractive to motivate players to achieve those top tiers. However, by motivating top tier achievement, the player may be placed at risk

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for disordered gambling. Indeed, tiers create purchasing pressures, especially for people who are close to qualifying for a higher tier (or a negative pressure for those who are close to being downgraded; Drèze & Nunes, 2009).

OPTING IN: WHO JOINS LOYALTY PROGRAMS?

Prior to understanding the impact of loyalty program membership on attitudes and (gambling) behaviour, it is important to understand who is motivated to join and for what reason. To address the issues of customer adoption, many theorists take a utilitarian approach (see Ashley, Noble, Donthu, & Lemon, 2011; Demoulin & Zidda, 2009). Specifically, it is believed that customers make financial choices that provide them the best return on investment, i.e., they maximize utility (see expected utility theory; Friedman & Savage, 1948). Thus, when they are provided an opportunity to join a loyalty program, they weigh the perceived benefits of being rewarded with the perceived risks of such enrollment.

From a utilitarian perspective, enrollment becomes most likely when membership is perceived to yield a positive expected value. For example, Jere and Posthumus (2014) found the main driver of customer participation in a loyalty program was the perceived value of the program, operationalized as program quality, price, and service provided. Value can also be garnered via, among other things, financial incentives and personal contact (e.g., letters) from the company (see Gable, Fiorito, & Topol, 2008). In the gambling industry, loyalty members may be rewarded with free play, access to new games, and reports on their gambling expenditures. These benefits lead people with utilitarian concerns to enroll in loyalty programs (Demoulin & Zidda, 2009). However, people who are so inclined (to join a loyalty program) may be members of multiple loyalty programs and thus not particularly loyal to any one company (see Leenheer, VanHeerde, Bijmolt, & Smidts, 2007).

The aforementioned perceived benefits are typically weighed against the perceived costs. Using focus groups and in-depth interviews, Noble and Phillips (2004) found that customers' concerns were wide-ranging. For example, some customers complained about initiation issues. That is, their decisions to refrain from becoming a member was based on long lines (to enroll), long forms, or just the time commitment required to become a member. Other customers argued that they do not frequent the company enough to accumulate rewards, thus they would not reap the benefits of membership. Still other customers stated that they would need to expend too much mental energy to keep track of their card, their points, and how many points were needed to get the rewards the program offered. They also found that a particularly salient concern was the value of the benefits offered. If patronage does not provide perceived added value, there is no perceived need to enroll.

Like others (Gómez et al., 2012; Phelps, Nowak, & Ferrell, 2000; Ashley et al., 2011), Noble and Phillips (2004), also noted that a significant portion of customers expressed privacy concerns. Specifically, customers tend to express concern that joining necessarily entails

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divulging personal information to the retailer, and it is unknown how that information may be used by the retailer. The data collected via loyalty card use, of course, allows the retailer to track consumer purchases and behaviours. As such, many potential loyalty card members express concern about how this information may be used (Phelps et al., 2000). Among other things, they worry about being ambushed by direct marketing (e.g., unsolicited mail/e-mail) and that their purchasing behaviour is being tracked. Lower receptiveness to loyalty programs is strongly associated with privacy concerns (Ashley et al., 2011).

Self-Selection Bias: Adoption and Heavy Users

Do loyalty programs simply attract customers who are already loyal? The extant literature suggests an affirmative response is warranted. Leenheer et al. (2007), for example, found that members of the loyalty program are already behaviourally loyal to the store. That is, customers who signed up for a loyalty program tend to be frequent patrons (Ferguson, 2006; Gómez et al., 2012). This makes intuitive sense. People who frequent a given company or retailer should a) be more likely to encounter opportunities to join and b) see the economic benefits in becoming a loyalty program member (e.g., increased purchasing power via reward). However, Day (1970) argued that behavioural loyalty was an insufficient "spurious" predictor of loyalty – people can frequent an establishment, for example, out of convenience and thus be willing (and keen) to switch patronage when a more convenient alternative presents itself.

Research (e.g., Baloglu, 2002; Dick & Basu, 1994; Oliver, 1997) suggests that true consumer loyalty is characterized by a strong emotional (attitudinal) attachment to the company coupled with frequent patronage. People who are attitudinally attached are likely to make purchases exclusively at the company to which they feel attached and resist pressures to switch to competitors. Demoulin and Zidda (2009), for example, conducted a survey among patrons of a supermarket chain shortly after the launch of a loyalty program. They found that attitudinal loyalty was a greater predictor of who joined the program than behavioural loyalty. They argued that these results should be understood in light of consumers' multi-loyalty. That is, customers regularly visit several retailers who sell similar, if not the same, products. These customers may show a medium or low share of wallet (SOW) for a retailer, even though they are behaviourally committed to that retailer. In other words, their money is shared across similar retailers. Therefore, attitudinal loyalty, more than behavioural loyalty, determines loyalty program adoption.

Attitudinal loyalty aside, joining a loyalty program may simply be a matter of propinquity. Indeed, Demoulin and Zidda (2009), like Allaway, Berkowitz, and D'Souza (2003), found that customers who live close to an outlet of a company will be among the first adopters as well as behaviourally loyal customers. This is because people who live closer to an establishment are more likely to become (heavy) customers. This finding is reminiscent of theory and research in the field of gambling studies showing that participation in gambling increases with proximity to

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a gambling venue (Sevigny, Ladouceur, Jacques, & Cantinotti, 2008; Welte, Wieczorek, Barnes, Tidwell, & Hoffman, 2004; Wohl & Sztainert, 2011). Although not empirically verified, it stands to reason that loyalty card membership in the gambling industry may be highest among those who are geographically close to a gambling venue.

A related issue is whether casino loyalty program members are simply loyal customers (high frequency gamblers) or disordered gamblers. There is a fundamental difference between people who gamble with frequency, but within affordable limits and those who are unable to control their gambling behaviour and thus play excessively (i.e., beyond an affordable limit). This is of import because, unlike other industries, those aspects of a loyalty program that are oriented to acquiring and retaining customers (e.g., rewards based on purchases) may have a negative influence on gambling problems.

Moreover, the casino may (inadvertently) target disordered gamblers to join their loyalty program. As noted previously, loyalty programs tend to increase the number of tiers over time. This has the effect of increasing the perceived status that one can attain by advancing through the tiers. Some gamblers may see advancing as a challenge, especially gamblers who believe that they have a skill or ability in the gambling domain. As shown by Wohl, Young, and Hart (2007), disordered gamblers have heightened perception that they are skilled at games of chance – a perception that makes them reluctant to engage in behavioural change. Moreover, as shown by Quigno and Zhang (2016), males (who have higher rates of problem gambling) are more attracted to gambling loyalty programs when they have more tiers, presumably because they believe their skills will enable them to achieve the status a more heavily stratified tiered program provides. Additionally, it is known that casino frontline employees often approach gamblers who, based on behavioural data, demonstrate "high-end" gambling behaviour with incentives to continue their patronage (to build loyalty). A significant portion of the "high-end" gamblers are, in all likelihood, disordered gamblers.

In a test of the relationship between loyalty program membership and disordered gambling, Prentice and Wong (2015) surveyed players at 30 casinos in Macau and found that there was a significant relationship between loyalty program membership and disordered gambling. Specifically, non-disordered gamblers were more likely to have no or basic loyalty program status than at-risk or disordered gamblers. Conversely, disordered gamblers were most likely to have premium membership status. Thus, akin to other industries, loyalty among gamblers reflects their commitment to the company, which is manifest in attitudinal and behavioural loyalty. However, whereas attitudinal loyalty may reflect trust and positive perceptions of the casino, behavioural loyalty may signal a disorder.

From a responsible gambling perspective, it would behoove the gambling industry to take special care when approaching high-end gamblers about joining their loyalty program (Prentice & Wong, 2015). Specifically, players who gamble in large volumes or for long hours

in the casino should be avoided as these behaviours are strongly associated with disordered gambling. With that said, additional research is needed to assess the factors that draw players in general, and disordered gamblers specifically, to casino loyalty programs. At present, the Prentice and Wong study appears to be the only research on the loyalty program-disordered gambling link. It is likely that a reciprocal relationship between these two variables exists. Whereas disordered gamblers are apt to join a loyalty program, it is also possible that the rewards and status gained by membership (especially in tiered programs) may motivate continued play, which may lead to problematic gambling behaviours.

DO LOYALTY PROGRAMS CREATE LOYAL PLAYERS?

If the benchmark for success is enrollment, loyalty programs would be considered a monumental success. In 2014, approximately 3.3 billion loyalty program memberships were open in America (and 130 million Canada). However, less than half of all memberships are active (i.e., members use their membership card on a regular basis), and even less are engaged, loyal memberships (Colloquy, 2015). Given the central purpose of a loyalty program is to foster customer loyalty, these numbers suggest that loyalty programs are not necessarily successful in achieving their aims.

Empirical research on the topic of whether loyalty programs heighten customer loyalty is inconclusive. One possible reason for the inconsistent findings is that, akin to the decision to enroll in a loyalty program, the decision to continue patronizing a company is, in part, a function of utilitarian concerns. Customers will weigh the perceived pros with the perceived cons of loyalty to one company. If the perceived cons outweigh the perceived pros, then the customer may reduce (or cease) their patronage. That is, the customer who does not see utilitarian value in being loyal will look for another company or companies in which to spend their money.

The utilitarian approach to customer service relations manifests in an expectation that the company will provide the customer with superior value in every interaction (Helkkula et al., 2012). Thus, when perceived value of a product or service increases (e.g., the rewards offered increase in attractiveness), so does program loyalty (Leenheer et al., 2007; So, Danaher, & Gupta, 2015; Yi & Jeon, 2003). However, perceived value and thus loyalty tends to be transient and undependable, especially in a hypercompetitive market (see Deng, Lu, Wei, & Zhang, 2010). The new, attractive reward of today is passé tomorrow – a perception that is hastened by competitors who are trying to lure away customers with special, attractive offers. In this light, Dowling (2002) has taken a particularly strong position against loyalty programs, arguing that loyalty programs don't work and that marketers simply feel the need to offer a loyalty program because their competitors have launched a loyalty program.

In fact, a great deal of research suggests that loyalty programs fail to promote customer loyalty over the long-term (e.g., Liu, 2007; Lo & Im, 2004; Söderlund & Colliander, 2015).

Söderlund and Colliander (2015), for example, showed customer satisfaction and intentions to repatronize were low when loyalty members were under-rewarded (i.e., provided lesser or no rewards) for purchasing a product compared to non-members. Additionally, there was no difference in satisfaction and intentions to repatronize when loyalty members were rewarded equally or more than non-members. Moreover, Lo and Im (2004) found that program benefits had no significant effect on the quality of the relationship of the member with the company offering the loyalty program. These results suggest that loyalty is not positively influenced by enrollment in loyalty programs.

Providing a more nuanced understanding of the effect of loyalty programs on loyalty, Liu (2007) conducted a longitudinal study on the impact of a convenience store franchise's loyalty program. Results showed that customers who were heavy buyers at the onset of the loyalty did not change their loyalty as a result of program membership. However, low and moderate buyers did become more loyal to the franchise. These results suggest that there may be a cap on the amount of loyalty a loyalty programs can generate on its own (i.e., without heightening psychological factors like satisfaction). In fact, the high levels of loyalty among the best (i.e., heavy) buyers may be present prior to the launch of the loyalty program. Put another way, loyalty programs may not promote loyalty, they merely reward people who are already loyal.

To increase loyalty, it may be necessary to heighten, among other things, customer satisfaction (see Guenzi and Pelloni, 2004; Heitmann, Lehmann, & Herrmann, 2007). Barsky and Tzolov (2010), for example, found that loyalty programs in the gambling industry were most satisfying for elite members. Loyalty programs had no impact on the largest segment of customers: those who visited regularly, but were not elite members. This may be because they do not receive the same service quality as elite members. Yet, because they encounter elite members whilst gambling they come face-to-face with the discrepant service (e.g., elite members may be able to save a seat at a table for a longer period of time). Indeed, Prentice (2013) showed that the level and range of service received at the higher tiers in the gambling industry are often vastly different than those at lower tiers (or available to non-members). Such experiences affect customers' perception of casino service quality, which impacts level of satisfaction (see Shi, Prentice, & He, 2014).

In fact, Guenzi and Pelloni (2004) and others (e.g., Heitmann et al., 2007) argued that customer satisfaction is at the heart of a loyalty program's ability to create loyalty. In a meta-analytic review of research on the satisfaction-loyalty link, Curtis, Abratt, and Rhoades (2011) showed a strong positive association between satisfaction and loyalty. This relationship was strengthened when service quality was high. Moreover, satisfaction was associated with an intent to repurchase, but not with re-purchase behaviour. It was argued that the difference between re-purchase intent and behaviour may be a product of the fact that most studies that were included in the meta-analysis came from the automotive industry. In this industry, although people may have an intent to repurchase a car from the same company, incentives

and rebates available when a new car is needed may shift their loyalty. The point here is that there may be between-industry differences in the influence of satisfaction on loyalty.

Loyalty programs in the gambling industry, for example, stand apart from other industries in that customers can win (or lose) money because of patronage (see Palmer & Mahoney, 2005). As shown by Mayer, Johnson, Hu, and Chen (1998), winning perception (i.e., the perceived odds of winning) is a major driver of casino patronage (and thus loyalty). That is, a player's loyalty in the gambling industry is uniquely sensitive to loss (but see Bolton et al., 2000 for a discussion of sensitivity to loss in the financial services industry). A loyalty member who just won whilst playing may overlook some of the costs associated with membership and even poor service. Conversely, a member who has just lost may be highly critical of even the very best service, and refuse to repatronize the casino (Jeon & Hyun, 2013; Prentice, 2013; Zikmund-Fisher, 2004).

In this light, less transience in terms of loyalty should be expected from those who discount losses – a tendency that is strongly predictive of disordered gambling (see Petry & Madden, 2010). Loss discounting is especially prevalent among players who believe they have the skill or ability to maximize wins (despite the objective odds; Gaboury & Ladouceur, 1989; Wohl, Christie, Matheson, & Anisman, 2010). When losses do occur, and they eventually will occur due to the house odds, players who believe they have a skill or ability to win are likely to attribute losses to a lack of effort. The net result is a reluctance to engage in behavioural change (see Wohl et al., 2007) and perhaps greater participation in the loyalty program (i.e., continued gambling).

However, akin to other industries, research on the influence of tangible rewards available to members in the gambling industry on loyalty are mixed. Results from Jeon and Hyun (2013), for example, suggest that benefits and promotions may help lure players to join a loyalty program, but are not sufficient to maintain that loyalty. Similarly, Mattila (2006) found that point accumulation failed to predict customer loyalty. These results run counter to Richard and Adrian (1996), as well as Shoemaker and Zemke (2005), who found that the attractiveness of promotions positively predicts players' overall satisfaction and future revisit intentions. These conflicting results suggest that more research is needed to assess the short- and long-term impact of benefits and promotions on patronage. Despite the lack of solid empirical justification to do so, loyalty programs in the gambling industry have steadily increased the promotions and benefits offered to members to lure new players and to maintain their existing player-base (Palmer & Mahoney, 2005). Moreover, casino executives see promotions and play incentives as critical components of financial success (Shook, 2003).

What is clear, however, is that loyalty is particularly driven by non-gambling-related services, which is a central aspect of loyalty programs in the gambling industry (Jeon & Hyun, 2013; Richard & Adrian, 1996; Mattila, 2006; Shoemaker & Zemke, 2005; Shi et al., 2014; Prentice,

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King, & Ohtsuka, 2012). Specifically, positive employee-customer interactions, superior service, and an aesthetically pleasing environment, have a significant impact on a player's decision to visit one casino over another. This is because these non-tangible, non-gambling-related factors are especially good at heightening perceived value by making the player feel a sense of importance (i.e., status), connection, and belonging, which increases loyalty (Mattila, 2006; So et al., 2015).

That factors such as feeling a sense of connection with the casino has such a great impact on loyalty is reminiscent and consistent with social identity theory (Tajfel & Turner, 1986). According to social identity theory, people's sense of who they are – their identity – is partly shaped by membership in groups. When people feel they are a member of a group, and come to identify with that group, they will forgo attractive alternatives (i.e., other companies). Moreover, they will forgo attractive alternatives even when doing so comes at a personal cost. That is, identified customers continue their patronage even if a competing company (or program) offers more and better rewards. Loyalty programs in the gambling industry (as well as other industries) help achieve this end by stratifying membership into tiers. People who are at higher tiers – those who get special privileges and thus can make downward social comparisons with those who don't – begin to feel a kinship with other people in their tier and with the tier itself. A consequence is an emotional attachment to the advanced tier and the company that provides the special services that are enjoyed (see Tanford, Raab, & Kim, 2011).

LOYALTY PROGRAMS AND SPENDING

Akin to the debate about whether loyalty programs create loyal customers, there is disagreement regarding whether loyalty programs increase customers' spending and thus the industry's return on investment (see Nunes & Drèze, 2006). Some researchers (e.g., Dowling & Uncles, 1997; Lewis, 2004; Lucas & Kilby, 2008; Meyer-Waarden & Benavent, 2006; Sharp & Sharp, 1997) have argued that loyalty programs do not increase market share or customer spending, whereas others (e.g., Kivetz, Urminsky, & Zheng, 2006; Min et al., 2016; Narayanan & Manchanda, 2012) have found that loyalty programs accelerate spending and facilitate excessive spending. Below I review both sides of this debate.

Arguments against the Utility of Loyalty Programs to Increase Spending

Loyalty programs are created by marketers to increase market share and revenue by influencing customer loyalty – under significant cost to the company. Indeed, costs associated with tangible benefits offered to players include, among other things, discounts on losses, free play, and priority seating. Destination casinos (e.g., casinos in Las Vegas) offer priority reservations and check-in, transportation, and show tickets (Lucas & Kilby, 2008). Loyalty program members are also offered intangible benefits such as special treatment (Barsky & Nash, 2006). Marfels (2010) reported that casinos in Atlantic City offered from 32% to 41% of

their gross gambling revenues as customer rewards in 2009. From an industry perspective, this investment should yield behavioural loyalty.

Sharp and Sharp (1997), however, found that repeat purchasing behaviour was close to the "normal" pattern after the introduction of a loyalty program (i.e., loyalty programs did not substantially increase repeat purchasing behaviour). That is, there was little increase in purchasing that resulted from offering rewards to program members. Likewise, Meyer-Waarden and Benavent (2006) as well as Mägi (2003) found that loyalty programs do not systematically develop a higher purchase frequency over time. It may be argued that loyalty programs do not yield increased purchasing behaviour because it often takes a great deal of purchasing to accumulate enough points to get rewarded. However, the null effects of loyalty program membership on behaviour in the gambling industry has also appeared for immediate or instant rewards such as a free-play offer at a casino (e.g., see Lucas et al., 2005).

Industries other than the gambling industry have also reported little to no increase in spending following the introduction of a loyalty program. Liu and Yang (2009), for example, found that loyalty program membership in the airline industry increased purchasing by only 4.24%. These results are akin to Cigliano, Georgiadis, Pleasance, and Whalley (2000), who found that average sales only increased 1-3% because of adopters of a loyalty program for a grocery retailer. Based on such results, Shugan (2005) called loyalty programs a poor marketing tool.

Lucas and Kilby (2008) have argued that the cost of operating a loyalty program may put so much downward pressure on revenues that it renders them unprofitable. This conclusion was based on their analysis of profits stemming from table game bet size where rewards were provided to players. They found that after rewards were taken into consideration, profit margins diminished substantially. Additionally, it has been argued that the marketplace tends to be saturated with rival companies that also have loyalty programs, thus undermining the impact any one loyalty program has on the customer (Leenheer et al., 2007; Liu & Yang, 2009; Mägi, 2003). In such a marketplace, companies may offer instant rewards for patronage, however, this merely facilitates the customer going from one company to the next to receive their rewards. Indeed, Lucas et al. (2005) found that providing Las Vegas casino patrons with free-play money ($50 or $100) had no impact on future spending. They argued Las Vegas is a highly competitive market place where players know they can move from casino to casino to claim free-play.

The lack of an impact of loyalty programs on behaviour may be due to the fact that most loyalty program members were loyal customers prior to the introduction of the program. Meyer-Waarden and Benavent (2006), for example, found that the majority (88%) of cardholders in their study were already customers before subscribing to the loyalty card. Likewise, Ehrenberg, Goodhardt, and Hammond (1994) found that the clear majority (90%) of promotional purchasers in the sales industry were clients of the brand for at least the past

year. In this light, loyalty programs are not attracting new customers. Instead they are rewarding customers who are already spending money.

Arguments for the Utility of Loyalty Programs to Increase Spending

Researchers who argue loyalty programs increase spending suggest that by signing up for a loyalty program people are indicating some level of commitment to a relationship with the company (Julian, Ahmed, Wel, & Bojei, 2015; Meyer-Waarden, 2007; Tanford et al., 2011). Where there is commitment, spending typically follows. Providing support for this supposition, Min and colleagues (2016) reported the results of a study using two years of data gathered from a Las Vegas hotel and casino to assess the impact of a new casino loyalty program on both daily slot coin-in (i.e., aggregate value of the bets made) and table game drop (i.e., the amount of money given to the dealer to play – an amount that does not include the amount cashed out should the player leave with winnings). Results showed that the loyalty program was associated with a slot coin-in increase of $302,455 per day, which translates into a $9,366.43 slot profit per day for the casino. There was, however, no impact on table game drop. However, special event days, such as table game, poker, and slot tournaments, were positively associated with both slot coin-in and table game drop. Likewise, Lucas and Bowen (2002) as well as Lucas and Santos (2003) found that direct mail offers and cash promotion giveaways were positively associated with coin-in. Thus, based on behavioural tracking data (as opposed to self-report), loyalty programs appear to upregulate spending, at least on slot machines.

Given that loyalty members view reward possibilities as goals to achieve, it makes intuitive sense that loyalty programs would influence behaviour (Lewis, 2004; Meyer-Waarden, 2008). Indeed, Zeng and Prentice (2014) found that loyalty program membership influences where people gamble such that people's first choice is to gamble where they are a member (see also Shi et al., 2014). From the player's perspective, it makes sense to gamble where spent money is translated into points that lead to rewards. Additionally, as the customer accumulates points, the cost of switching increases, which maintains behavioural loyalty (Kim, Cho, & Han, 2014; Tanford et al., 2011; Wirtz, Mattila, & Lwin, 2007). In other words, (attitudinal and behavioural) investment in the program often begets more (attitudinal and behavioural) investment in the program (e.g., Drèze & Nunes, 2011; Leenheer et al., 2007; Liu, 2007; Kivetz et al., 2006).

The observed increase in spending to earn rewards is reminiscent of the goal-gradient hypothesis, which predicts that people's desire to approach a goal increases as the proximity of the goal increases (Hull, 1932). As a customer gets closer to a reward, they become more likely to accelerate their spending to achieve that reward. Providing empirical support for this supposition, Kivetz and colleagues (2006) conducted a field study at a university café with a loyalty program. Specifically, after ten coffee purchases, members would be rewarded with a free coffee. They found a purchase acceleration as customers approached the final purchase prior to the free coffee reward. Interestingly, they also observed a purchase deceleration

immediately following the reward. They argued that this "post-reward resetting" rules out learning as an explanation for the acceleration in purchases (goal gradient) they observed as consumers approached the reward. That is, customers are not learning to spend due to their membership in a loyalty program. However, membership is influencing their spending behaviour – an effect that is pronounced in tiered loyalty programs.

Indeed, in line with the goal-gradient hypothesis, customers' spending should increase as they approach a new tier of the loyalty program. That is, the "buy more to get (more and better) rewards" is amplified as a new tier is in reached. From a utilitarian perspective, this makes sense. Loyalty programs in the gambling industry (akin to most other industries) focus on servicing higher revenue customers (Palmer & Mahoney, 2005) with the best rewards and services going to the top spenders (Macall & Voorhees, 2010). There is also the motivation or pressure to continue spending once a tier is research (even the top tier) because tier status is typically re-set on an annual basis. Players who achieve a higher level of status and the associated rewards typically do not want to lose that status and the accompanying rewards (Palmer & Mahoney, 2005). A critical question, however, is whether the pressure to achieve and maintain a high status leads to excessive spending?

Loyalty Programs and Problem Gambling

A great deal of profit in the gambling industry comes from regular, heavy-betting customers. Shook (2003), for example, found that heavy table game players account for 11% of all casino visitors, but their spending accounts for 50% of the industry's total revenue. Similarly, Williams and Wood (2004) reported that approximately 15% of heavy electronic gambling machine (EGM) players account for an astonishing 60% of total EGM revenue. Heavy betters also tend to be members at the highest tiers of loyalty programs – membership in the top tiers is, of course, a product of significant spending (Prentice & Wong, 2015). As such, from a social responsibility perspective, a central issue is whether loyalty programs facilitate heavy and/or disordered gambling. Moreover, heavy spenders reap the best rewards from a loyalty program (i.e., they accumulate more points and accumulate those points faster due to their play behaviours). In the gambling industry, a significant portion of heavy spenders may be disordered gamblers who are being rewarded for their excessive play, which may maintain their problematic behaviour (and hinder treatment seeking).

Some researchers and policy makers have expressed concern that people at risk of developing a gambling problem and those who are already problem gamblers are negatively impacted by loyalty programs (e.g., Responsible Gambling Council [RGC], 2013; Williams, West, & Simpson, 2012). That is, they argue loyalty programs in the gambling industry fuel addiction. This is because excessive gambling is, in part, a product of the reinforcement schedule inherent to gambling (i.e., a variable-ratio reinforcement schedule) and the attainment of reward – both of which are also central features of a loyalty programs. That is, the factors in gambling that make it a risky behaviour are also factors present in a loyalty

program. As such, loyalty programs feed the same psychological processes that are associated with disordered gambling. Thus, it is perhaps unsurprising that disordered gamblers are most likely to enroll in a casino loyalty program (Prentice & Wong, 2015) and view loyalty programs more positively and with less concern about possible risks than other gamblers (Haycock, Lewis, McLeod, & Thomas, 2012). Put another way, disordered gamblers are particularly attracted to loyalty programs in the gambling industry.

Although disordered gamblers are more likely to join and view loyalty programs more positively, the critical issue is whether loyalty program membership is more likely to have a negative impact on the play of disordered gamblers (compared to recreational gamblers). Informatively, Narayanan and Manchanda (2012) found that immediate rewards offered (e.g., comps) increased the amount bet within a play more among disordered gamblers than recreational gamblers. Perhaps even more importantly, disordered gamblers (but not recreational gamblers) showed increased levels of betting in the next play and an increased probability that play would continue. These results mirrored the concerns expressed by members of a loyalty program in a focus group conducted by the Responsible Gambling Council (RGC, 2013). These players believed their gambling increased because of the promotions and rewards received and that rewards and promotions distorted their perceptions of gambling and their problems.

One possible reason that loyalty programs have a greater impact on the behaviour of disordered gamblers (compared to recreational gamblers) is that the rewards offered by the casino are a larger lure for this population (see Greenstein, 2012). Indeed, the Market Solutions Social Research Group (2016) found that obtaining loyalty program points and rewards was an important predictor of the self-reported urge to continue playing past one's limit. As Young and Wohl (2009) have shown, gambling-related urges (i.e., cravings) are significantly associated with problematic gambling and problematic play (e.g., exceeding one's limit, persistent play in the face of continued loss). If the rewards offered by loyalty programs heighten disordered gamblers' craving to play, then it is likely that they will advance as well as maintain problematic patterns of play. However, to date, this supposition has yet to receive empirical attention.

With that said, attention has been paid to the desire to advance tiers and how proximity to the next tier influences wagering. Palmer and Mahoney (2005), for example, argued that tiered loyalty programs provide incentives for players to increase their gambling to advance to the next tier or maintain current level status, especially since tier status is re- evaluated on an annual basis. Moreover, they argued that loyalty programs in the gambling industry focus a casino's attention on servicing higher revenue customers – customers that are likely to be disordered gamblers (see Williams & Wood, 2004). As such, loyalty programs may (inadvertently) help maintain (if not exacerbate) disordered gambling.

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Providing circumstantial evidence, Barsky and Tzolov (2010) found that members with elite status (and thus those with a greater likelihood to display symptoms of disordered gambling) were more satisfied with the loyalty program and willing to spend more money than players who did not have elite status as well as non-members. With that said, no research has directly examined whether loyalty programs facilitate the development of disordered gambling or whether disordered gamblers simply asymmetrically benefit from the existence of loyalty programs due to their excessive play behaviours. Nonetheless, in light of the available data, the social responsibility of loyalty programs should be given greater attention by researchers and policy makers alike.

LOYALTY PROGRAMS AND THEIR POTENTIAL UTILITY FOR RESPONSIBLE GAMBLING

Although the extant literature on loyalty programs suggests that they may contribute to problematic gambling behaviours, there may be a bright side in terms of their potential to advance responsible gambling among members. Every time a member uses their loyalty card, their behaviour is recorded. This data provides an objective record of a person's pattern of play (e.g., betting frequency, bet size, volatility in bet size, chasing losses, exceeding pre-set limits), which can be used to predict problematic gambling before the emergence of gambling-related harm (Adami et al., 2013; Boldero, Bell, & Moore, 2010; Braverman & Shaffer, 2012; Philander, 2013). This record can, of course, be applied unscrupulously to exploit at-risk and problem gamblers. Marketers can, for example, use behavioural tracking data to identify heavy spenders (of whom a significant portion may be disordered gamblers) and lure them to the casino with special rewards and offers. However, behavioural tracking data can also be used to support players to facilitate responsible gambling (see Gainsbury, 2011; Haefeli, Lischer, & Schwarz, 2011).

According to the Reno Model (Blaszczynski, Ladouceur, & Shaffer, 2004), the term responsible gambling refers to the restriction of a player's expenditure (money and time) to within an affordable limit. An important tenet of the Reno Model is that the ultimate decision to gamble and continue doing so in the face of mounting losses remains with the player. Nonetheless, the gambling industry has a duty of care to help players gamble responsibility. In recent years, a duty of care has been accepted by most gambling operators. The result has been the design and implementation of harm-reduction strategies aimed at minimizing excessive gambling. These strategies encompass, but are not restricted to, capping the number of machines in a gambling venue or jurisdiction, restricting hours of operation, education-based initiatives (e.g., explaining how games work), self-exclusion, and access to tools that help the player track their expenditures and set a limit on the amount of money and time is spent gambling (see Productivity Commission, 2010; Wohl, Kim, & Sztainert, 2014). The aim is to minimize the risks associated with gambling without overtly disturbing those who gamble in a non- disordered manner (see Productivity Commission, 2010; Wohl, Sztainert & Young, 2013).

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Informed decision making is fundamental to responsible gambling (Blaszczynski et al., 2011; Blaszczynski et al., 2004). The expectation is that when better, more complete, information is presented to the player about how games work, how to limit expenditures, and how much money and time is being spent gambling better decisions (i.e., a reduction in excessive play) will be made by the player. Loyalty programs are well positioned to advance informed decision making by virtue of the behavioural tracking data that is collected on every member. This objective record is of importance in the context of gambling because players are particularly poor trackers of their own gambling behaviour (Access Economics, 2002; Statistics Canada, 2003; Wohl, Davis, & Hollingshead, 2017).

In a survey of Australian household expenditures, only 17.3% of gambling revenues were accounted for by the self-reported expenditures (Access Economics, 2002). Likewise, average household gambling expenditures in Canada were well below the per person average according to revenue data (Statistics Canada, 2003). One possible reason for this under-reporting is that people want to place themselves in a positive light, especially when the topic may threaten a positive self-view (Schaeffer, 2000). Within the context of gambling, people may be motivated to disregard losses and highlight gambling wins. Another possibility is that it is simply difficult for players – particularly those that gamble a lot – to keep track of their losses (and wins). Providing evidence for such a supposition, Wohl and colleagues (2017) found that the clear majority of loyalty program members had a poor grasp on their gambling expenditures. Players spent 13 times more money than their player-data registered. This information, if placed in the hands of the player, may prove to advance responsible gambling. This is because people are motivated to act on information that is personally relevant and tailored to their own behaviour (i.e., personalized behavioural feedback; de Vries, Kremers, Smeets, Brug, & Eijmael, 2008; Noar, Benac, & Harris, 2007) and loyalty program player data are ideally suited to this end.

Some gambling operators have already begun capitalizing on their loyalty data to advance their responsible gambling strategy. Svenska Spel (the state-owned company that operates and regulates gambling in Sweden), for example, created Playscan – a behaviour tracking tool that analyzes players' gambling over weeks of play and informs them whether their play is low, moderate, or high risk. Playscan allows people to opt-in to receive information about their play. In an assessment of Playscan, Griffiths, Wood, and Parke (2009) reported that over half of Playscan users (52%) said it was useful and only 19% said it was not. Many features were perceived to be useful by online gamblers, including limit setting (70%), viewing their gambling profile (49%), self-exclusion facilities (42%), self-diagnostic problem gambling tests (46%), information and support for gambling issues (40%), and gambling profile predictions (36%). The positive attitude toward such a tool may facilitate loyalty whilst promoting responsible gambling. More recently, Wood and Wohl (2015) found that players who received feedback on the riskiness of their gambling behaviour from Playscan demonstrated a significant reduction

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in amounts deposited and amounts wagered in the following week compared to players who chose not to utilize this responsible gambling feature.

In addition to providing personalized feedback, the data collected by loyalty programs can provide players with accurate normative feedback (i.e., information about how other people in the program typically behave). Providing people with such feedback relies on the fact that many people engaged in risky behaviour (e.g., drinking, gambling) perceive that important others approve of their behaviour and overestimate the extent to which peers engage in similar behaviour (see Larimer & Neighbors, 2003; Neighbors et al., 2007). Personalized normative feedback corrects these misconceptions by developing a salient discrepancy between perceived and actual norms, thereby providing an accurate context in which the individual can evaluate his or her behaviour (Collins, Carey, & Sliwinski, 2002).

The utility of personalized normative feedback for motivating behavioural change has been demonstrated in, among other things, smoking cessation (Van den Putte, Yzer, Willemsen, & de Bruijn, 2009) and condom use (Yzer, Siero, & Buunk, 2000). Moreover, in a review of research assessing a possible link between personalized normative feedback and alcohol consumption, Miller and colleagues (2013) concluded that there is a significant positive influence of normative feedback on the reduction of alcohol misuse when used in conjunction with, among other things, feedback about one's own behaviour.

Similar findings are beginning to emerge in the field of gambling studies. Celio and Lisman (2014), for example, had students complete a questionnaire about their gambling behaviour and perceptions of gambling norms among other university students who gamble. Some participants (the normative feedback conditions) were given information about how much the typical student gambled, and where they ranked relative to other students. One week later, participants who received the personalized normative feedback reported decreased perception of how much the typical student gambled and decreased risk-taking behaviour on the two analog measures of gambling. Likewise, Neighbors and colleagues (2015) found that personalized normative feedback reduced gambling losses and problems – an effect mediated by a reduction in perceived norms of typical student gambling losses. Additionally, Martens, Arterberry, Takamatsu, Masters, and Dude (2015) found that providing university students at-risk for gambling problems with personalized normative feedback about gambling reduced the amount of money they spent as well as gambling-related problems in the subsequent three-months (compared to a control group).

In part due to the reported behavioural change utility of normative feedback under controlled laboratory conditions, similar tools are now being developed and provided to players in some gambling jurisdictions. One such tool is Mentor, which provides the player with detailed visual and numerical feedback about their gambling behaviour over a specified period of time as well as feedback about the behaviour of all other comparable players. In an assessment of the

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efficacy of Mentor, Auer and Griffiths (2015) found that players on an online gambling site who chose to use Mentor spent significantly less time and money gambling compared to those who did not use the normative personalized feedback tool. Of course, it is possible that people who decided to use Mentor were more responsible at the onset than those who did not use the tool. However, their results suggest personalized feedback systems – that can easily be offered to members of a loyalty program – may help reduce excessive gambling and facilitate responsible gambling.

Indeed, as previously stated, the gambling marketplace – especially the grey online market – is a highly competitive environment. Attracting new players can be expensive, and every customer lost impacts negatively on the financial investment made through marketing and advertising. Loyalty is the key to repeat customer patronage over the player's lifetime. The longer that players use an operator's product, the higher the revenue per player. However, once players run into gambling problems, they are typically lost forever. Behavioural tracking tools – like Mentor (neccton ltd.), Playscan (Playscan AB), Bet Buddy (used by PlayOLG.com), or Observer (used on 888.com) – can help players enjoy gambling within limits, while extending their lifespan as a player. This gives online gaming operators the opportunity to build up a stable and profitable customer relationship (benefitting both players and operators).

Additionally, when a gambling operator provides its players with behavioural tracking information, it may build trust in that operator – trust that players' wellbeing is considered and not simply their pocket book. Providing personalized behavioural and normative feedback signals a strong customer-centric approach (or at least that facilitating responsible gambling is a priority) and thus may foster trust among players. The high levels of trust created may increase and strengthen loyalty as well as help attract new customers whilst increasing the rate of responsible gambling.

MOTIVATING RESPONSIBLE GAMBLING: SHOULD MEMBERS BE REWARDED

As noted in the previous section, a potential bright side to proliferation of loyalty programs in the gambling industry is their ability to offer new and innovative suite of responsible gambling tools. Indeed, responsible gambling platforms such as Playscan, Mentor, or My PlaySmart, permit members to set an explicit limit on the amount of money or time they spend gambling and access personalized information about their play history (i.e., how much they have spent gambling over a specified period of time). These tools have been shown to have responsible gambling utility. For example, Wohl and colleagues (2013) found that presenting players with an education-based animation that explains the benefits of setting a limit on play resulted in great limit setting and adherence during a subsequent gambling session (compared to controls). Additionally, Stewart and Wohl (2013) found that providing players with a pop-up message urging players to set a money limit and then reminding players when that limit was research reduced excessive gambling. Not surprisingly, members who use the tools

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demonstrate reductions in risky behaviour (see Auer & Griffiths, 2015; Wood & Wohl, 2015). Specifically, use of a responsible gambling tool has been shown to decrease daily expenditures, particularly among non-problem gamblers (Productivity Commission, 2010; Schellinck & Schrans, 2007).

Unfortunately, although most players believe that responsible gambling tools help reduce problematic play, desire to use the tools as well as engagement with the tools tends to be low (see Nisbet, 2005; Nelson et al., 2008; Schellinck & Schrans, 2007). Nelson and colleagues (2008), for example, found that only 1% of players on an Internet sports betting site (i.e., bwin) used the self-set limit feature during the 18-month study period. Similarly, in a study by Griffiths, Wood, and Parke (2009), only 10% of players chose to receive play assessments for risky gambling. More recently, Blaszczynski, Gainsbury, and Karlov (2014) tested the efficacy of a modified electronic gambling machine that had five responsible gambling features: 1) responsible gambling messages that would appear above the screen, 2) a bank meter that quarantined winnings until termination of play, 3) an alarm clock that facilitated time limit setting and reminders, 4) a demo mode that allowed gamblers to play without money (thus they would not incur losses or wins based on the outcome), and 5) a charity donation feature where residual amounts could be donated rather than playing to zero credits (i.e., no funds remaining). Gamblers did note one or more of the responsible gambling features, but only a small percent elected to use them. The take home message here is that few people have intrinsic motivation to use responsible gambling tools. However, when players are exposed to a responsible gambling tool, they report the tool was helpful in reducing overspending (Nisbet, 2005; Wohl et al., 2010).

In this light, a hurdle to responsible gambling tool use is overcoming initial reluctance to try such tools. One avenue that has received very little theoretical or empirical attention is linking loyalty programs to responsible gambling tool use. In a responsible gambling oriented loyalty program, in addition to (or instead of) receiving points for money spent gambling, players would receive reward points for, among other things, setting a limit on the amount of money and time spent gambling, adherence to those limits, watching educational videos, and using a budgeting tool.

Currently, no jurisdiction rewards players for continued engagement with responsible gambling tools. Some jurisdictions (e.g., Massachusetts), however, provide financial incentives to try their responsible gambling program and other jurisdictions (British Colombia Lottery Cooperation [BCLC]) have plans to provide rewards to try their responsible gambling program. I contacted several jurisdictions to ask if rewarding responsible gambling tool use had been discussed. A representative from Alberta Gaming and Liquor Commission (AGLC) noted that the possibility for rewarding responsible gambling had been discussed, however, it was one of many possibilities "on the table" for a possible new AGLC province-wide loyalty program. A similar sentiment was expressed by a representative of Massachusetts State Gaming

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Commission and BCLC). Conversely, a representative from SaskGaming stated that SaskGaming has not considered rewarding responsible play on an ongoing basis because it would be difficult to administer. Instead, SaskGaming holds responsible gaming player events, mostly informal, where setting a limit on money and time played are discussed. Likewise, a representative of Manitoba Liquor and Lotteries (MBLL) noted that MBLL hadn't considered rewarding responsible play and questioned whether 'point' allocation for limit setting and adherence is socially responsible. In particular, concern was expressed that rewarding responsible play with points, whilst rewarding dollars played sends mixed messaged. The net result may inadvertent increase play among some rewards card members.

Even if rewarding responsible gambling tool use has no negative impact, the public may still balk. In December 2015, Woolworths-owned clubs launched the Monty's Reward card in Victoria and Queensland. The card, designed by poker machine manufacturer Bally Technologies, allows marketing messages to be flashed up on the gambler's machine as they play, meaning they can order drinks from the machine without interrupting play. Additionally, this program enables players to earn points on their cards when playing poker machines up to their pre-commitment limit each day. The points can be redeemed for food and drink vouchers or for Woolworths gift cards.

Since the announcement of the Monty's Reward card, there has been public furor and politicians have weighed in. For example, Independent Senator Nick Xenophon branded Woolworths' decision as cynical and that "a harm minimisation measure was turned into a harm exacerbation measure". However, Woolworths and the Victorian Gaming Minister, Jane Garrett argued that the program will be appealing to players because "it is more 'discreet' and had less 'stigma' than a stand-alone pre-commitment card" (Milligan, 2015).

In the following section, I discuss potential advantages and disadvantaged of rewarding responsible gambling tool use.

Arguments for Rewarding Use of Responsible Gambling Tools

At the heart of all responsible gambling strategies is the prevention of disordered gambling and the facilitation of positive play. To achieve this end, educational materials and limit-setting tools are provided to minimize the harms associated with excessive gambling. However, as previously stated, most players do not use the tools provided (Blaszczynski et al., 2014; Nelson et al., 2008). In a study conducted by Focal Research (2007) on EGM players in Nova Scotia, less than 1% used the available responsible gambling tools. Some players report that responsible gambling tools are a nuisance and a barrier to play. Moreover, responsible gambling tools tend to be viewed as prevention tools for disordered gamblers – tools that are not necessary for the typical player and thus ignored (see Wohl, Parush, Kim, & Warren, 2014). In this light, a central issue in the field of gambling studies is how to motivate the use of tools that have been shown to have responsible gambling utility.

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Rewarding players for using responsible gambling tools will provide them with added value for money spent gambling. This is important because customers expect to receive superior value for their money and when value is not perceived, customers will stop purchasing and using a company's products (see Helkkula et al., 2012). Indeed, in a competitive marketplace, customer patronage tends to be rather fickle. Thus, companies need to maximize the perceived value of the product or services they offer (Vinod, 2011). Rewarding responsible gambling will add value and thus should entice some players to use responsible gambling tools that might otherwise be ignored. That is, players may begin to see the presence of responsible gambling tools as an opportunity for reward as opposed to an annoying aspect of the game. The net effect may be greater use of responsible gambling tools.

Importantly, once exposed, players are more likely to continue using responsible gambling tools (Nisbet, 2005). This is because players who use responsible gambling tools see them as useful. For example, Griffiths et al. (2009) found that most players (70%) who used a monetary limit tool found it as "quite" or "very" useful. Likewise, players who are exposed to their player history express liking of this information and a desire to access this information in the future (Bernhard, Lucus, & Jang, 2006; Productivity Commission, 2010; Schellinck & Schrans; 2007; Schottler Consulting, 2010; Wohl et al., 2017). To the point, people express satisfaction with responsible gambling tools when they are exposed to and use the tools. When customers are satisfied with a product, they are more likely to continue using the product (Demoulin & Zidda, 2008; Kim et al., 2014).

Perhaps most importantly, reward is a means to initiate sustained behavioural change. Indeed, a basic tenet of behaviourism (see Skinner, 1953) is that people are shaped entirely by their external environment. If a person's environment is altered, so too will their thoughts, feelings, and behaviour. One way to alter the environment is to provide rewards and punishments. If a person is positively reinforced, or rewarded, when they engage in a behaviour, they will learn to perform the behaviour on their own. Similarly, a behaviour can be modified when a person is punished (i.e., by giving a penalty or removing a reward). Using this (simplified) understanding of behaviourism, it may be possible to upregulate responsible gambling tool use by rewarding players for engaging with the tools.

A large body of research has shown that reward can facilitate positive behaviours over the short-term. For example, Volpp and colleagues (2006) found that participants who received incentives in treatment programs for smoking cessation were more likely to complete the classes and to quit smoking. Likewise, Stitzer, Petry, and Peirce (2010) found that, among stimulant abusers in treatment, ongoing stimulant drug use was significantly reduced and three-month treatment retention was significantly improved via incentives (participants could earn up to $400 over 3 months for submission of drug-negative urine and breath samples). Importantly, the way the incentives were administered was based on a protocol (see Petry, Martin, Cooney, & Kranzler, 2000) that used the principles of intermittent reinforcement.

Specifically, clients could draw tickets from a bowl when they submitted a drug-negative specimen. Clients won on approximately 50% of the tickets, however, the value of the prize varied. Some winning tickets were worth about $1 to $20. There was also a "jumbo" prize ticket that was usually worth $80 to $100. The same reinforcement principles could be applied in loyalty programs seeking to increase the players' responsible gambling tool use.

Some gambling jurisdictions (e.g., Massachusetts) already provide incentives for enrolling in their responsible gambling program. However, no research has directly examined the utility of rewarding either enrollment in responsible gambling programs or responsible gambling tool use. That said, it is known that immediate rewards increase enrollment in loyalty programs as well as build the perceived value of a loyalty program (see Hu et al., 2010; Zhang et al., 2000). As such, providing players with a reward for signing up for the responsible gambling program (e.g., $10 in free play) increases use, at least initially. As reported by Nisbet (2005), when gamblers are exposed to an RG tool (i.e., they use it once) they report it helped reduce overspending. Perhaps more importantly, once exposed, players tend to continue using the responsible gambling tool (see Schellinck & Schrans, 2007).

What is unclear is how rewarding players to gamble responsibly will influence those at risk of developing disordered gambling or disordered gamblers. Based on the extant literature, if rewarding responsible gambling increases use of these tools, there should be an upregulation in limit setting, limit adherence, and RG knowledge (see Kim, Wohl, Stewart, Sztainert, & Gainsbury, 2014; Stewart & Wohl, 2013; Wohl et al., 2010; Wohl, Santesso, & Harrigan, 2013), and this should extend to at-risk and disordered gamblers, thus yielding a positive influence on their responsible gambling behaviour.

In sum, the potential benefits of rewarding responsible gambling tool use include:

- Perceived added value – Players are likely to perceive they are getting additional value for their playing dollar.

- Exposure to responsible gambling tools – Players tend not to use responsible gambling tools (see Focal Research, 2007; Forsström, Hesser, & Carlbring, 2016). Rewarding players for using the tools may expose them to tools they find useful. For example, players exposed to their player history express liking of that information (Bernhard et al., 2006; Productivity Commission, 2010; Schellinck & Schrans; 2007; Schottler Consulting, 2010; Wohl et al., 2017)

- Increased responsible gambling tool use – Providing rewards may motivate players to try the tool. Once exposed, they may continue use (see Schellinck & Schrans, 2007).

- Increased responsible gambling – Players who are rewarded for responsible gambling tool use may be more likely to set a limit on their play and adhere to that limit to earn the reward offered.

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Arguments against Rewarding Use of Responsible Gambling Tools

Although there are potential benefits to rewarding players for engaging with responsible gambling tools, many researchers in the field of gambling studies have argued that doing so is incompatible with efforts to constrain gambling behaviour through pre-commitment, especially if the reward given is time on device (i.e., free play; see RGC, 2013; Williams et al., 2012). That is, rewarding responsible gambling with time on device may cause message confusion ("am I supposed to limit my play or continue playing?).

Additionally, time on device increases the risks associated with gambling due to the variable-ratio reinforcement schedule inherent to gambling – a reinforcement schedule that is highly addictive. To the point, there is concern that rewards may encourage increased gambling behaviour, particularly for those who are sensitive to reward (Sztainert, Wohl, McManus, & Stead, 2014). Indeed, one of the allures of gambling is the possibility for financial reward (Neighbours, Lostutter, Cronce, & Larimer, 2002). Some players, however, are more sensitive to the potential of being rewarded than other players – a propensity known as reward sensitivity (see Torrubia, Avila, Molto, & Caseras, 2001). Recently, Sztainert and colleagues (2014) showed that players who are high in reward sensitivity are reluctant to engage in behavioural change. Their sensitivities to the rewards gained through gambling are an impediment. Providing a new avenue to gain reward (via responsible gambling tool use) may exacerbate their gambling as opposed to facilitating responsible play.

In a similar vein, rewarding responsible play may have little to no impact on disordered gamblers' excessive play. Responsible gambling tools are typically geared toward the prevention of disordered gambling and not means to intervene once a player has developed problems. For most disordered gamblers, assistance from a treatment provider is warranted, not continued (rewarded) responsible gambling. It is in this light that Yani-de-Soriano, Javed, and Yousafzai (2012) argued that rewarding players should be banned. Rewarding play (or the anticipation of reward) simply tempts continued play, especially in tiered loyalty programs (see Palmer & Mahoney, 2005) where membership is skewed toward those who are disordered gamblers (see Prentice & Wong, 2015). This is because the mere illusion of progress toward a reward can accelerate spending behaviour (Nunes & Drèze, 2006), particularly among disordered gamblers (see Young & Wohl, 2009).

Moreover, the relationship between reward and motivation is complex. Specifically, the positive intentions that accompany the offer of reward for engaging in a behaviour may yield long-term negative effects (Pink, 2009). This is because people who are rewarded for acting in a specified manner tend not to internalize those behaviours. That is, people who initiate a behaviour for the associated reward do not incorporate that behaviour into their repertoire of self-directed behaviours – they will only act when a reward is present. As such, when the reward is removed or the actual (or perceived) value of the reward diminishes, motivation to engage in the behaviour decreases. This is particularly problematic in terms of rewarding

responsible gambling tool use because their perceived value declines over time (i.e., people stop using the tools; Forsström et al., 2016). As such, players may need the value of the reward to increase to compensate for the decline in use over time. This could create a vicious circle that is financially unsustainable for the gambling operator (i.e., the cost of running the program would negate profits). As such, the operator may eventually decide to suspend the program, which could result in less responsible gambling tool use than before the program was created.

To the point, the offer of reward can backfire. Eventually, people may become less inclined to engage in behaviours that were supported by incentives. Indeed, over the long term there are often decrements in positive outcomes when intrinsic motivation is undermined by the extrinsic motivation that accompanies reward (Deci & Ryan, 1985).

Thus, potential drawbacks of rewarding responsible gambling tool use include:

- Message confusion – Players may be confused by the message that they can earn free play (and thus extend their time on device) by gambling responsibly.

- Increased gambling – Rewarding any type of gambling (even responsible gambling) may serve as a reinforcer, which could increase gambling behaviour.

- Possible chasing to receive rewards – Play might increase if players misunderstand how points are accumulated, which is a distinct possibility if the public is not properly informed and educated about the program. If people believe that they will accumulate points by gambling, they will chase points through play.

- Extrinsic motivation – Rewarding play may undermine people's intrinsic motivation to use the tools. As a result, people may stop using the RG tools if a) the perceived value of the rewards decreases or b) the reward is eventually removed.

At the end of the day, there is likely an inherent tension between encouraging responsible gambling and facilitating excessive play by offering play-based rewards (e.g., free play, cash reward) for using responsible gambling tools. As such, should responsible gambling tools be incorporated into a casino loyalty program, the program should be rigorously monitored and evaluated by arms-length, independent assessors via behavioural tracking data (as well as self-reports from players). Additionally, providing players with time on device as a reward for responsible gambling may be counter-productive. Even though players may report a greater willingness to use responsible gambling tools if rewarded, "there is a very fine line between providing what the customer wants and exploitation" (Griffiths et al., 2009, p. 36). The added value perceived by players needs to be balanced with the knowledge that it may have unintended consequences (e.g., increased gambling). If rewards are offered, they should be safe for players (e.g., avoid rewards that provide time on device; see Independent Gambling Authority, 2012; Simpson, 2012).

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PLAYER PERCEPTIONS OF LOYALTY PROGRAMS: AN EMPIRICAL ASSESSMENT

To examine player perceptions of loyalty programs in the gambling industry, players were recruited via Amazon's mechanical Turk (MTurk) – an online crowd sourcing platform that provides a reliable and diverse participant pool that behaves in ways consistent with known effects in psychology (Crump, McDonnell, & Gureckis, 2013). Moreover, Kim and Hodgins (2017) found that MTurk is a reliable and valid means to recruit gamblers, cannabis users, and drinkers. Participation was restricted to people who have gambled (e.g. poker, blackjack, roulette, slot machine) in an online or land-based casino venue in the last 12 months.

Respondents answered a battery of questions that assessed, among other things, their gambling attitudes and behaviours (e.g., gambling literacy, taking personal responsibility for their gambling, pre-commitment behaviours, and honesty about their gambling expenditures), reason for joining (or not joining) a loyalty program, and beliefs about whether loyalty programs should reward responsible gambling and whether it is socially responsible to reward players who exceed their limit. Loyalty program members also responded to questions that assessed whether being a loyalty program member allowed them to become more educated about gambling and whether membership influenced the amount of time or money they spend gambling.

RESPONDENTS

Three hundred and two people (163 male, 138 female, 1 unreported) completed the survey via MTurk. Two hundred and twenty respondents (118 male, 102 female) indicated they were currently a member of a loyalty program at a gambling venue. The remaining 82 participants (45 male, 36 female, 1 unreported) reported they were not currently a member of a loyalty program at a gambling venue.

Survey respondents were also categorized into four sub-types according to respondent score on the Canadian Problem Gambling Index's Problem Gambling Severity Index (PGSI; Ferris & Wynne, 2001). The sub-types are (1) non-problem gamblers, (2) low-risk gamblers, (3) moderate-risk gamblers, and (4) disordered gamblers. Disordered gambling symptomatology (as measured using the Problem Gambling Severity Index; Ferris & Wynne, 2001) was evenly distributed among both loyalty program members and non- members. Specifically, among those who indicated they were members of a casino-based loyalty program, 66 (30.4%) were non-problem gamblers, 57 (26.3%) were low-risk gamblers, 50 (23.0%) were moderate-risk gamblers, and 44 (20.3%) were disordered gamblers. Among those who indicated they were not a member of a casino-based loyalty program, 18 (22.8%) were non-problem gamblers, 26 (32.9%) were low-risk gamblers, 18 (22.8%) were moderate-risk gamblers, and 17 (21.5%) were disordered gamblers.

RESULTS

Comparison between Members and Non-Members

Gambling attitudes and behaviours: Disordered (compared to non-problem, low- risk, or moderate-risk) gamblers reported accepting less responsibility for their play, lower gambling literacy, less limit setting behaviour, and less honesty about their play than other players. There were no significant differences between the other risk categories. Loyalty program members and non-members did not differ significantly on the extent to which they accepted responsibility for their play, on their gambling literacy, and their limit setting behaviour and honesty about their play.

Reason for joining (or not joining) a loyalty program: All non-members indicated that they were not a member of a loyalty program because they didn't know that loyalty programs existed at casinos. Among loyalty program members, all categories of players (non-problem, low-risk, moderate-risk, and disordered gamblers) equally expressed that they joined to get rewarded.

Impact of Loyalty Program Membership

Informed decision making: Disordered gamblers tended to report that being a member made them a more informed player (e.g., more educated about games, limit setting) than all other sub-types of players. The mean for all other sub-types of gamblers was not significantly different from the mid-point of the scale, suggesting they were neutral or ambivalent about whether program membership made them a more informed player.

Influence on spending: Relative to non-problem gamblers, disordered gamblers were more likely to think that the loyalty program – and the opportunities for reward – increased the amount of time and money they spent gambling, especially as they approached a new tier. The non-problem gamblers tended to disagree that membership influenced their gambling behaviour.

Perceptions about Rewarding Responsible Gambling

Rewarding responsible gambling: Regardless of gambling sub-type, respondents reported they believed it was socially responsible to reward responsible gambling tool use. However, loyalty program membership qualified this result. Specifically, loyalty program members who were non-problem or at low risk of developing disordered gambling behaviours were relatively opposed to rewarding responsible gambling.

Keeping points if limit was exceeded: Respondents were asked whether it is socially irresponsible for a player to keep points accumulated for setting a limit if that limit was exceeded. The mean for all sub-types of gamblers players was slightly above the mid- point of the scale, suggesting they were somewhat in favour of the idea that it is socially irresponsible

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for the player to keep his or her points if the player exceeds a pre-set limit. Interestingly, there was a difference between members and non-members such that non-members believed it was more socially irresponsible for the player to keep his or her points if they exceeded their limit.

DISCUSSION

There is currently a paucity of research assessing players' perceptions of loyalty programs in the gambling industry or how membership may influence gambling behaviour. In the present investigation, both loyalty program members as well as non- members were assessed on their perceptions of loyalty programs as well as the extent to which they believed rewarding responsible gambling via loyalty program membership was socially responsible. Additionally, loyalty program members were asked to report whether the possibility for reward influenced their gambling behaviour.

Regardless of loyalty program membership, disordered gamblers expressed more sentiments that run counter to responsible gambling than their lower-risk counterparts. Specifically, disordered gamblers were relatively less likely to use responsible gambling strategies (e.g., set a limit on their play), took less responsibility for their gambling (e.g., they were more likely to blame others for their behaviour), were more likely to be dishonest with others about their gambling expenditure, and had lower gambling literacy (i.e., they believed gambling was a good way to make money). These results are in line with those reported by Nower and Blaszczynski (2010) who found that disordered gamblers (compared to non-disordered gamblers) were reticent to use responsible gambling tools available for use and had more beliefs and perceptions about gambling that undermine responsible gambling (e.g., playing to win money as opposed to playing for entertainment).

That there was no difference between members and non-members on attitudes and behaviours related to responsible gambling is of interest. This is because loyalty programs are typically used as a vehicle to promote gambling – promotions that some have argued facilitates erroneous beliefs about a player's probability of winning, which can undermine responsible gambling (see Binde, 2009; Griffiths, 2005; Thomas, Lewis, McLeod, & Haycock, 2012). However, it can also be argued that loyalty programs that have a strong commitment to social responsibility may use the programs as a vehicle for educational information that promote responsible gambling. It is possible that the promotion of responsible gambling in a loyalty program is negated by an equivalent (or more) exposure to gambling related products, promotions, and services. It is also possible that loyalty programs are appealing to both the more responsible gamblers and those that do not gamble responsibly.

Interestingly, although gamblers of all sub-types found the possibility of reward the central reason for joining, the perceived impact of reward differed between disordered and non-disordered gamblers. Specifically, disordered gamblers were more likely than non-disordered

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gamblers to perceive an increase in gambling expenditure as an outcome of their membership. Moreover, disordered gamblers (compared to non-disordered gamblers) were more likely to express that their gambling expenditures increased as they approached a new 'tier' in their program. This may be a product of the association between disordered gambling and reward sensitivity (see Sztainert et al., 2014). Specifically, disordered gamblers are more responsive to the potential of being rewarded than other players. As such, membership in a rewards program may be particularly problematic for disordered gamblers.

Interestingly, although disordered gamblers reported increases in money and time spent gambling due to their membership in a loyalty program, they also felt that membership made them more informed and educated about their gambling. That they also reported membership increased their gambling suggests disordered gamblers are particularly poor at translating their knowledge into action. These results are in line with previous research that has suggested disordered gamblers are aware of the probabilities of winning and losing. However, for some, the belief that they are inherently lucky or different from others helps maintain their interest in gambling (see Wohl & Enzle, 2002; Wohl et al., 2007). Perhaps counter-productively, feeling educated served to increase expenditure because they feel they have a 'better understanding' that enabled them to maximize outcomes.

Although loyalty programs may increase spending, they may also have the ability to promote responsible gambling with new and innovative suites of responsible gambling tools. Indeed, responsible gambling platforms such as Playscan, Mentor, or My PlaySmart, offered via membership, allow players to, among other things, set an explicit limit on the amount of money or time they spend gambling and access personalized information about their play history (i.e., how much they have spent gambling over a specified period of time). However, only very few players use these tools (Nisbet, 2005; Nelson et al., 2008; Schellinck & Schrans, 2007). It may be possible to increase responsible gambling by rewarding responsible gambling tool use. However, because the possibility of reward is known to facilitate excessive play, it may be socially irresponsible to incentivize responsible gambling tool use.

Interestingly, all players (regardless of gambling sub-type or loyalty program membership) felt that it would not be socially responsible to allow players to keep points associated with limit setting if they exceeded their limit. From a responsible gambling perspective as well as a social learning perspective, allowing players to keep said points may send the message that limit adherence is not of import or that the gambling operator isn't truly interested in facilitating responsible gambling. This could have significant impact on the trust players place in the operator, which could have implication for loyalty as well as gambling behaviour.

A limitation of the survey reports is that respondents' perceptions about how loyalty program membership influenced their play was not confirmed with their player-account data. As shown by Wohl and colleagues (2017), players are not well tuned to their gambling-related

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expenditures. As such, future research would do well to examine the accuracy of loyalty program members' perceptions about how their play is influenced by loyalty program membership by cross-referencing their player-account data. Determining the social responsibility of loyalty programs and means to facilitate responsible gambling tool use (e.g., rewarding use of responsible gambling tools) is best accomplished via a combination of subjective and objective reports of time and money spend gambling.

CONCLUDING COMMENTARY

Loyalty programs in the gambling industry are understudied. Yet, as reported herein, they can have a significant impact on the attitudes and behaviours of members. As reported in this REA, the highest tiers of loyalty programs tend to be populated by disordered gamblers. As such, those who have the most problems because of their gambling behaviour are also those who benefit the greatest from loyalty program membership. Additionally, the structural characteristics of loyalty programs may upregulate gambling. Specifically, akin to other customers in other industries, gamblers are motivated to achieve and maintain upper tiers. Of course, this requires significant expenditures. Unfortunately, this typically equates to increased time gambling and more games played, which is a pathway to addiction (Blaszczynski & Nower, 2002). Thus, it may be argued that loyalty programs in gambling industry are not socially responsible.

In this REA, however, I have argued that loyalty programs may be able to use the player-account data to facilitate responsible gambling. Indeed, there are now several responsible gambling oriented programs (e.g., Playscan, Bet Buddy, Mentor) that use player-account data to provide players with personalized behavioural feedback about their gambling expenditures. This feedback has been shown to help players reduce the amount of time and money spent playing and facilitate limit setting and adherence (i.e., it helps players gamble responsibly; Auer & Griffiths, 2015; Wohl et al., 2017). In this light, loyalty programs may have utility in advancing the social responsibility of gambling operators. Of note, however, players tend not to use responsible gambling tools (Nisbet, 2005; Nelson et al., 2008; Schellinck & Schrans, 2007). One possible route to increase their use is to reward engagement with the tools. For example, use may increase if players are given reward points for, among other things, setting a limit on gambling. With that said, caution is warranted. What players want is not necessarily in their best interest. As such, it would behoove gambling operators who run a loyalty program to assess its impact on (responsible) gambling. This should be done via a combination of player self-report (i.e., subjective) and player-account data (objective). Ideally, such an assessment should be conducted by arms-length researchers with expertise in the field of gambling studies.

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