

knowledge snapshot



Reviewing the impact of loyalty programs on gambling behaviour

What this article is about

Many companies offer loyalty programs to consumers as a marketing strategy. These programs typically provide rewards (e.g., cash back, free food) to consumers after a threshold of purchasing with the company has been reached. However, little research has examined the harms or benefits of loyalty programs, especially in the gambling context. Members of loyalty programs in the gambling industry earn most of their points based on how much money they spend gambling. From a public health perspective, loyalty programs reward players for gambling and may result in harms in vulnerable players. The aim of this article is to review the literature examining the impact of loyalty programs on consumer behaviour. It also discusses the potential of using loyalty programs to promote responsible gambling.

What was done?

The author searched the literature for studies that described consumer loyalty programs. To be included, the studies must focus on loyalty programs based on consumer purchasing behaviour. In other words, the programs reward players with more points if they spend more money. The findings of included studies were summarized. The author provided a brief review of the design of loyalty programs, their membership base, and their influence on gambling behaviour. The author then discussed the potential of using loyalty programs for responsible gambling.

What you need to know

Loyalty programs vary across venues in the gambling industry. However, most programs allow members to earn points when they spend money gambling. The

Why is this article important?

This review summarizes the findings of studies that examined the impact of consumer loyalty programs on gambling behaviour. The findings suggest that people with gambling problems are more likely to be members of loyalty programs. They also tend to be members at the highest levels who receive more rewards due to the amount of money they spend gambling. There is a lack of studies regarding the benefits or harms of loyalty programs to gamblers. As people with gambling problems are often the ones enrolled in loyalty programs, more research is needed to understand the impact of these programs on gambling behaviour. Loyalty programs could be used to engage and reward players in the use of responsible gambling tools. However, cautions are made about rewards that provide further gambling opportunities.

points earned can be redeemed for free play, cash back, or non-gambling rewards (e.g., food, hotel stays, tickets to entertainment show). The points also determine what membership levels they can achieve. Members at higher levels have access to more rewards. However, membership levels in a given year are determined by how much players spent in the previous year. As such, players must continue to spend a high amount to remain at the highest levels.

Most loyalty program members are high frequency gamblers. One study reported a high rate of disordered gambling in loyalty program members compared to non-members. Also, people with gambling problems tend to be members at the

highest levels. More research is still needed to determine whether loyalty programs influence the progression of disordered gambling. It could be that loyalty program members have already gambled frequently prior to joining.

There is no consensus in the literature as to whether loyalty programs influence spending. Some studies suggest spending increases after joining a loyalty program, and members increase their spending the closer they are to achieving a reward. Other studies have found no significant difference in spending after becoming a loyalty program member. In the gambling context, it has been reported that membership influences where people gamble such that people's first choice is to gamble where they are a member. Moreover, people may spend more money gambling the closer they are to the next membership level.

Loyalty programs could be used as a responsible gambling tool. For example, loyalty cards track members' gambling behaviour including amount and frequency of bets. This data can be provided to members to help them keep track of their spending. Loyalty programs could also offer members the ability to set spending limits. However, current responsible gambling tools are underused by both people who gamble recreationally and people with disordered gambling. Some studies reported that gamblers were unwilling to use these preventive features. One way to combat this could be to reward members for using responsible gambling features, although it is unclear whether this strategy would be effective.

It should be noted that responsible gambling tools are created to help prevent disordered gambling. These tools are not meant to intervene when gambling has already become problematic. Thus, rewarding people with gambling problems for using responsible gambling tools may tempt them to continue gambling and generate harms. If rewards are offered, it may be more socially responsible to avoid rewards that provide further gambling opportunities.

Who is it intended for?

This review is intended for researchers, policy makers, and individuals affiliated with the gambling industry.

Researchers could address the identified knowledge gaps by further exploring the impact of loyalty programs on gambling behaviour. Policy makers and gambling industry affiliates could use these findings to improve their understanding of the potential harms and benefits of loyalty programs. This understanding could impact future modifications to loyalty programs.

About the researcher

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Gambling Research Exchange Ontario (GREO)

Gambling Research Exchange Ontario (GREO) has partnered with the Knowledge Mobilization Unit at York University to produce Research Snapshots. GREO is an independent knowledge translation and exchange organization that aims to eliminate harm from gambling. Our goal is to support evidence-informed decision making in responsible gambling policies, standards and practices. The work we do is intended for researchers, policy makers, gambling regulators and operators, and treatment and prevention service providers.

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