

Identifying the True Revolution in Loyalty Programmes Thinking: B2B Channel Marketing Adoption and Digital Opportunities

Ammarah Marjan^a, Charles Graham, Rana Tajvidi

London South Bank University Business School
103 Borough Road London SE1 OAA

Published to the Proceedings of Academy of Marketing 2023 Annual Conference and
Doctoral Colloquium: From Revolution to Revolutions, University of Birmingham.

Keywords:

Digital loyalty programmes; B2B market, Channel marketing

^a Corresponding author: Ammarah Marjan, marjana2@lsbu.ac.uk

Summary Statement

This study identifies a paradigm shift in loyalty programme thinking and the additional benefits they may provide due to technological advancements, particularly in B2B marketing. Pull strategies like this are typical in consumer markets, but in supply chains, push tactics are usually deployed to promote brands and manage channel relationships. Data transparency and channel power from digital channel loyalty programmes have made them viable for manufacturers. We aim to identify these opportunities in detail.

Competitive Short Paper

The digital revolution is changing how business-to-business (B2B) brands manage customer relationships (Saura et al., 2021). However, a recent impact paper highlights a gap in existing marketing literature, particularly in the context of channel loyalty programmes, on the basis that managerial insights are given insufficient weight and detail, resulting in limited impact (Cox, 2022). Our study bridges this gap by involving channel partners at various supply chain levels and offering clear recommendations to practitioners. Due to the new digital technologies, establishing a loyalty programme is a common emerging response in B2B services used to promote brands against competitors and retain customers (Palmatier et al., 2019). Yet their benefits are not fully understood by B2B manufacturers, who generally use push strategies, which makes loyalty programmes a rare tactic and inhibits their adoption in channel marketing. Implementing a digital channel loyalty programme could provide a novel solution to advance old-fashioned push tactics by preventing rival channel promotions, adding value for intermediaries, improving information flows, and giving channel power to leverage channel partnerships.

In response to a recent call for research into the B2B loyalty programmes (Chen et al., 2021), this study identifies how such brands perceive adoption barriers and the opportunities for channel leadership provided by the tool. We chose a representative group of eight senior channel professionals working for national and international brands for semi-structured interviews. The in-depth exploratory discussion was valuable in developing a didactic knowledge exchange between channel marketing theory and practice. From content analysis, similarities and differences in managerial experience were categorised in search of themes across Industrial, Fashion and CPG (consumer-packaged goods) markets and from different channel partner perspectives.

The first preliminary finding indicates that obtaining customer data remains challenging due to the complex relationships between manufacturers and intermediaries. A manufacturer-led loyalty programme, which was previously uncommon, is now more affordable and practical and would address the data issue. Second, it is unlikely that all B2B categories will implement loyalty programmes in supply chains, so widespread adoption is doubtful, especially in CPG and Fashion, where costly pull strategies drive demand. However, the schemes would be effective in industrial goods categories, increasing manufacturers' channel power in various ways. Third, while a loyalty programme will not provide the manufacturer with complete leadership over partners, it will improve its ability to manage performance and relationships.

Ultimately, there is a wide consensus that loyalty programmes do not affect individual purchasing (Sharp & Sharp, 1997; Shugan, 2005). Rather, their true value lies in identifying commercially advantageous patterns in big data that provide competitive information (Raman et al., 2018). Our qualitative research strengthens theory development in this emerging field and represents a paradigm shift in how programme objectives are set. For practitioners, channel loyalty programmes would be most effective in industrial goods categories where firms are eager to adopt them to demonstrate strong channel governance, contractual binding, training, and facilitating value co-creation while also noting potential opportunities in gamification, blockchain and AI technologies (Hwang & Choi, 2020; Utz et al., 2023; Saura et al., 2021).

References

- Chen, Y., Mandler, T., & Meyer-Waarden, L. (2021). Three decades of research on loyalty programmes: A literature review and future research agenda. *Journal of Business Research*, 124, 179-197.
- Cox, D. (2022). The dark side of channel loyalty programmes—managing tier demotion and deceitful behaviours. *European Journal of Marketing*, 56(9), 2533-2545.
- Hwang, J., & Choi, L. (2020). Having fun while receiving rewards?: Exploration of gamification in loyalty programmes for consumer loyalty. *Journal of Business Research*, 106, 365-376.
- Palmatier, R. W., Sivadas, E., Stern, L. W., & El-Ansary, A. I. (2019). *Marketing Channel Strategy: An Omni-Channel Approach, Ninth Edition*. *Marketing Channel Strategy: An Omni-Channel Approach*, Ninth Edition, 1–374

- Raman, S., Patwa, N., Niranjana, I., Ranjan, U., Moorthy, K., & Mehta, A. (2018). Impact of big data on supply chain management. *International Journal of Logistics Research and Applications*, 21(6), 579–596.
- Saura, J. R., Ribeiro-Soriano, D., & Palacios-Marqués, D. (2021). Setting B2B digital marketing in artificial intelligence-based CRMs: A review and directions for future research. *Industrial Marketing Management*, 98, 161-178.
- Sharp, B., & Sharp, A. (1997). Loyalty programmes and their impact on repeat-purchase loyalty patterns. *International Journal of Research in Marketing*, 14(5), 473-486.
- Shugan, S. M. (2005). Brand loyalty programmes: are they shams? *Marketing Science*, 24(2), 185-193.
- Utz, M., Johannang, S., Roth, T., Bruckner, T., & Strüker, J. (2023). From ambivalence to trust: Using blockchain in customer loyalty programmes. *International Journal of Information Management*, 68, 102496.