

The Hidden Price Tag of “Free” Rewards: Encouraging Mundane
Surveillance through Canadian Loyalty Program Advertisements

by

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Abstract

The popularity of digital loyalty programs in Canada signal their ubiquity as forms of advertising used by retailers to communicate with consumers. Traditional forms of loyalty programs consisted of collectable stamps that were redeemable for rewards and free merchandise. More recent programs rely on digitization, which changes the nature of their redemption and the associated consequences for consumers. Digital loyalty programs can best be understood through themes of advertising rewards, everyday surveillance, and profiling consumers that illustrate how loyalty programs are able to influence consumer behaviour. By promoting the use of digital loyalty programs alongside ordinary products, retailers are able to create associations between the retailer, their loyalty program and the rewards that are provided in exchange for personal information. Canadians were introduced to digital programs through subtle strategies that help to mask how consumers exchange information about themselves collected through consumer tracking processes for “free” rewards.

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1.0 Introduction: Join Now! It's "Free"!

*Do you have a points card with us?
Will you be paying with your store rewards credit card today?*

Point-of-purchase prompts have become commonplace during every day interactions with retailers. The questions above remind us about the ubiquity of loyalty program memberships whereby consumers are encouraged at many check-outs to *join now, it's free! It will only take a couple minutes*. With this invitation, companies work to market themselves as an ideal choice for consumers due to an extensive amount of options for individual shopping experiences. In their most basic form, loyalty programs are meant to provide benefits to consumers which give them incentive to continue to shop with a particular retailer. For example, Canadian Tire 'Money' is offered to all customers as a percentage of the total purchase in the form of cash-back. Canadian Tire uses the loyalty program currency as a way to thank consumers for shopping with them. Canadian Tire hopes that this act sets them apart from their competition and encourages repeat business in order to both maintain and grow its customer base. Digital loyalty programs alter the relationship between consumers and retailers because of the ability to track consumer data which relies on member participation. As a digital program, Shoppers Drug Mart provides Shoppers Optimum members with points that function as e-currency on regular purchases. These points can be collected electronically and redeemed similarly to Canadian Tire 'Money' for rewards at the respective store. Having a digital program also allows Shoppers Drug Mart to hold special events for members only, such as customer appreciation days where various offers are only available to cardholders. It also allows for more specialized event days such as senior's days that target a smaller subsection of members.

Loyalty programs have long been used as promotional tools to reach consumers. However, surveillance scholars help to recognize how digitized programs are able to incorporate direct data not only to study complex consumer desires that can be deduced by analyzing consumer transactional data, but also to capitalize on them. The use of modern loyalty programs incorporates an increase in personalized advertising and consumer surveillance that allows retailers to reach out to both new and existing consumers and generate data about them that can be used to expand a firm's customer base. By agreeing to allow companies to collect, store and analyze their information in exchange for rewards, consumers give these companies a glimpse into the spending habits, preferences and behaviour a particular cardholder has. Here, the data may be used to categorize consumers based on wanted and unwanted characteristics of an individual's profile which may alter their experience with the retailer.

My project explores the ways in which loyalty programs are used by retailers to *know* their customers and ensure their fidelity by answering the question: How did Canadian loyalty programs come to be what they are today? In order to answer this question I focus on loyalty programs as a form of advertising that comes in contact with surveillance. More specifically, this project examines the consuming processes that can be exaggerated by tracking processes through the use of digital loyalty programs offered by two prominent Canadian retailers: Canadian Tire and Shoppers Drug Mart. Rather than examining these programs in their entirety I am most interested in their initial launch. By looking at the digital roll-out of the Canadian Tire 'Money' and Shoppers Optimum programs, I am able to track the ways in which these processes fuse together. Exploring the emergence of digital loyalty programs in Canada highlights how the current status of these programs has come to be.

Loyalty programs were introduced to Canadians in the most mundane way possible. The term mundane is understood as something that is not particularly interesting, common, or ordinary. The casual emergence of these programs attaches particular values to how they are perceived, which is most often discussed by scholars in terms of their effects.

Choosing to focus on the emergence of digital loyalty programs in Canada differentiates my research from others. Studies of loyalty programs include content such as the effectiveness (at maintaining and increasing customers and/or sales) of these programs (Bolton et al., 2000; Dowling and Uncles, 1997; Gómez et al., 2012; Ferguson and Hlavinka, 2007; Shugan, 2005; Singh et al., 2008; Uncles et al., 2003), customer retention (Bolton et al., 2000; Lewis, 2004; Liu, 2007; Meyer-Waarden, 2007; Sharp and Sharp, 1997), fairness and consumer interests (Lacey and Sneath, 2006; McCall and McMahon, 2016), status (Drèze and Nunes, 2009) and even the psychology behind how these programs work (Henderson et al., 2011). When moving to surveillance studies, scholars vary by primarily relying on secondary empirical data such as polls of citizens that determine how they feel about privacy and surveillance or by talking directly with advertising executives.

Few scholars have spent the time and effort to connect their work to the messages that advertisements themselves present to consumers. For example, Joseph Turow (2017) and Jason Pridmore (2010b) both interview advertising executives to obtain insider information, whereas Nils Zurawski (2011) holds focus groups to better understand consumer use of loyalty programs at a local level. These examples help to illustrate that few scholars have performed empirical research to document how digital loyalty program advertisements contributed to what is now referred to as the surveillance society. In contrast, advertising scholars do not necessarily focus on loyalty programs, or when they do, they are downplayed as merely a part of a fuller

advertising scheme. While it is true that loyalty programs can and often do work in tandem with other advertising strategies and mediums, this does not accurately illustrate their significance. By examining the advertisements for emerging digital loyalty programs I am able to use my empirical research to make connections between the work of surveillance and advertising scholars that otherwise are not associated with one another.

My research utilizes advertisements of both Canadian Tire and Shoppers Drug Mart's digital loyalty programs to explore how these programs were revealed in Canada. It is important to understand advertising as a mode of communication that is different from other forms of communication. Advertising surpasses the basic model of communication that takes the form of messages that are disseminated and received, but instead is able to deliberately use particular messages persuade or influence others behaviour. By influencing an individual's behaviour, advertisers usually hope to persuade the same individual to purchase goods and services from a particular brand or retailer. For Canadian Tire and Shoppers Drug Mart, successful advertising would result in consumers joining their respective loyalty programs and becoming frequent customers.

The focus of my project outlines the use of Canadian loyalty program advertisements that communicate with consumers, and in particular, ads from Canadian Tire and Shoppers Drug Mart. However, in understanding their digital status, we are also encouraged to recognize their capacity as tools for surveillance and profiling processes that can be used to help define stronger personalized advertising. I primarily examine the advertisements for these loyalty programs that try to convince consumers to join their program whereas surveillance measures work to personalize advertising communication after consumers become members. I do not intend to determine the effects of surveillance myself, but summarize scholar's perceived consequences

and the connection(s) surveillance has to loyalty programs themselves, in addition to how they have been advertised to consumers.

1.1 Methodology

My project includes two distinctly Canadian loyalty programs as case studies: the Canadian Tire 'Money' program from Canadian Tire and the Shoppers Optimum program from Shoppers Drug Mart. Both companies have widely successful independent (rather than coalition) loyalty programs as seen through the significant participation of Canadians in these programs. However, their paths to creating their respective loyalty programs differ. As two of Canada's most prominent retailers, it will help to understand their history which rationalizes why I have used them as case studies.

Substantial Canadian companies like Canadian Tire and Shoppers Drug Mart have largely been ignored by scholars in comparison to other Canadian companies. For example, Molson, the company behind Molson Canadian beer has received significant attention for its advertising campaigns. Molson Canadian has been symbolized by scholars as connecting to and also illustrating Canadian nationalism and/or identity (Smallbridge, 1998; Wagman, 2002; MacGregor, 2003; Sucharov, 2013; Jackson, 2014). Justin Smallbridge outlines the challenges of defining being Canadian. He suggests that Canadians have one shared belief: "we're not quite Americans" – which is the same notion that Molson Canadian uses in its advertising (Smallbridge, 1998, p. 10). Moving forward over a decade and a half later, Steven Jackson also highlights the complex conception of Canadian identity. Jackson suggests that despite the troubles in defining Canadian identity, brands employ "corporate nationalism" which uses "the nation and its symbolic value for commercial interest" (2014, p. 903). Jackson suggests the success of Molson, like other brewers, relies on their connection to "the holy trinity" known as

sport, beer, and masculinity (2014, p. 902). While Jackson may point to the success of brewers in connecting to Canadian nationalism with these three pillars, the “holy trinity” falls short when examining other Canadian brands. The collection of these scholars highlights how Molson Canadian has been epitomized as a feature of Canadian identity, yet brands like Canadian Tire and Shoppers Drug Mart that are also Canadian do not receive the same level of interest or treatment.

Canadian Tire has an extensive history in the country dating back to 1922 when Toronto brothers John W. and Alfred J. Billes bought the Hamilton Tire and Garage Ltd. in Toronto. One year later the brothers closed the store and moved to another area in Toronto to open under the name Canadian Tire Corporation (Canadian Tire Corporation, n.d. “History”). The company began to branch out in 1934, opening “the first officially designated Canadian Tire Associate Store” in Hamilton (Canadian Tire Corporation, n.d. “History”). Other significant developments include the first Canadian Tire gas bar which opened in 1958 (Canadian Tire Corporation, n.d. “History”). In the same year, Canadian Tire introduced the Canadian Tire ‘Money’ loyalty program, known as the oldest loyalty program in Canada (Canadian Tire, n.d. “Loyalty”; O’Reilly, 2016). Following the launch of Canadian Tire’s loyalty program, the company saw significant changes including several commercial expansions, the Order of Canada was even bestowed upon co-founder A.J. Billes in 1976, and the Canadian Tire Options MasterCard was released through its own financial services in 1995 (Canadian Tire Corporation, n.d. “History”). Other information on the Canadian Tire loyalty program will be discussed in chapter 2 under the history of loyalty programs.

The Canadian Tire ‘Money’ currency itself has become part of Canadian history. When Canadian Tire introduced its co-branded credit card there were concerns that the iconic mascot

Sandy McTire – a Canadian Tire advertising image, would disappear (Deverell, 1997, p. D5). The store currency also became highly associated with holiday donations such as Christmas drives. As arguably an important part of Canadian history, choosing to look at Canadian Tire seemed like an obvious selection. The choice to include Canadian Tire is especially significant given that the corporation has approximately 1700 retail and gasoline outlets (across its various brands including auto parts and sporting goods stores), and one out of five Canadian households has a Canadian Tire credit card (Canadian Tire Corporation, n.d., “About Us”; Canadian Tire Corporation, n.d., “Fast Facts”). The combination of Canadian Tire currency becoming part of Canadian history in addition to the number of stores and credit cards held by Canadians help to illustrate the ways in which Canadian Tire is interconnected with Canadians, and why the company makes a significant case study for studying digital loyalty programs in Canada.

Shoppers Drug Mart’s history differs from Canadian Tire, with the first store appearing forty years later. However, the founding location for Shoppers Drug Mart was also in Toronto, opening in 1962 thanks to Toronto pharmacist Murray Koffler (Shoppers Drug Mart, 2012; Lorinc, 2002). Koffler is credited for creating a franchise model (or associate concept) that allowed individual pharmacists “to combine independent business ownership, professional practice and cooperative services under one brand, with the support of a corporate entity” (Shoppers Drug Mart, 2012; see also Lorinc, 2002). The process worked by allowing pharmacists to operate their own pharmacy with head-office support, for a percentage of the store’s profits (Lorinc, 2002). Shoppers Drug Mart has since become Canada’s “leading drug store retailer” with over 1307 stores across the country including Quebec whereby the company operates under the name of Pharmaprix (Shoppers Drug Mart, 2012). Introduced in 2000, Shoppers Drug Mart launches the Shoppers Optimum loyalty program, which currently boasts a

ratio of one in three Canadians as members, garnering one million members in its first year alone (Shoppers Drug Mart, 2013). The success of both the company and the loyalty scheme makes Shoppers Drug Mart an ideal second case study.

In order to explore the way in which these programs have been advertised, I mapped a 10-year period between the emergence of the Canadian Tire Options MasterCard in 1995, incorporating the launch of the Shoppers Optimum program in 2000, and an additional 5 years to widen the potential corpus. Unsure of what publications to start with, I consulted Carleton University Library staff to better understand the university's collection. I began searching for advertisements in Carleton University's Library's physical collection but was unsuccessful in finding any advertisements of either program. At this point I moved my search to the National Archives of Canada located in downtown Ottawa, Ontario thanks to a suggestion from my supervisor.

In choosing periodicals to begin my search in the archives I worked with a research specialist to find several of the most wide-read Canadian magazines. It occurred to me to search widely read publications as I had come across a handful of advertisements placed in the Toronto Star and the Globe and Mail – two of Canada's most widely circulated newspapers. As a result I chose to look at all available issues for the years 1995 to 2005 inclusive of the following: Canadian Geographic, Canadian Living, Chatelaine, Financial Post Magazine, MacLean's, Reader's Digest, and Saturday Night. To my surprise, across 10 years in these publications I only found one single advertisement for the Shoppers Optimum co-branded credit card launched in 2002 with Visa, and no Canadian Tire 'Money' related advertisements whatsoever. This does not mean that either company did not advertise at all, but their advertisements did not include information about either loyalty program which is the focus of my study.

Given my previous success, although limited, with the Toronto Star and the Globe and Mail, I decided to widen my search by removing the ad-specific filter I had originally used to increase the chances of finding more material. Instead, I searched the terms “shoppers optimum” and “Canadian tire money” (separately) with a time frame of January 1st, 1995 to December 31st, 2005. In my search I eliminated material that was either not related to the loyalty program, or in the case of Canadian Tire, only promoting the physical program. So while there were 117 promotional advertisements between Toronto Star and Global Mail combined for Canadian Tire ‘Money’, only 20 had content related to their newfound digital status. In contrast, there was a total of 579 Shoppers Optimum related advertisements analyzed, comprised of 566 from the Toronto Star, 12 from the Globe and Mail, and a single advertisement from Chatelaine magazine. I found a significant portion of the content of Shoppers Optimum promotional material was actually archived pages of weekly flyers that was part of the paper, while fewer flyer ads were found for Canadian Tire. However, there were also regular advertisements inserted throughout the publications as well. I wanted to take the opportunity to look at the content of the flyers as well as more typical advertisements given their placement within the papers, so I have looked at the entire body of advertisements as a whole for each retailer.

While searching for material, I was primarily concerned with answering the following subsidiary question: How do Canadian Tire and Shoppers Drug Mart use advertising to communicate loyalty to consumers? Once I collected all of this material, I conducted a qualitative analysis of the advertisements, more specifically a textual analysis to help answer both this question and my primary research question. After narrowing down my corpus, I reread all of the advertisements and coded them. Some of the advertisements could have been classified in more than one category, but for the purpose of this study, were placed based on the primary

function of the ad only, not secondary offers. When looking at this collection, I was looking for the primary narrative of the ad which resulted in the following categories. The Shoppers Optimum advertisements include five categories: (1) “the promise of free”, (2) “bonus points with purchase”, (3) “chance to win-with-purchase”, (4) “member discount events”, and (5) “Shoppers Optimum Visa”. Originally I thought I would have similar categories for Canadian Tire, but given the limited number of advertisements and their content I saw less reappearing themes, which ultimately included three categories: (1) “card as easy option”, (2) “gas savings”, and (3) “tire sales event”. By analyzing the results of these categorizations of ads I am able to track the narrative that Canadian Tire and Shoppers Drug Mart have embedded in their communications with consumers.

The process of gathering and viewing material illustrates some of the challenges of performing archival research, and in particular the archival research of advertisements. Despite the significance of advertisements as a form of communication, they may be under researched in part due to how poorly archived they are as a body of text. Not only is there little to no guidance such as an index that may indicate where or when advertisements were in circulation, but the information is only available at particular institutions. The National Archives of Canada enforces particular guidelines to help protect the archival materials. The guidelines include rules such as prohibiting certain outside equipment that may damage the material, in addition to more logistical concerns like hours of operation that in turn could further contribute to the challenges of archival advertising research.

The parameters of this study also include other factors. At the time of my archival research there were a handful of magazine issues missing from the archive’s collection. In addition, there is no way of knowing whether advertising inserts that formed part of the

newspapers or magazines have since been lost. It is also worth noting that material found in the Toronto Star and the Globe and Mail were found using the search function, meaning that there may be material that was not captured that exists in the physical paper.

1.2 Organization of Remaining Chapters

In chapter 2, I show the loyalty program industry as an institution worth studying in order to better understand the emergence of loyalty programs. I begin by defining loyalty programs and provide background information on their history. Loyalty programs have extensive origins in the United States of America, attributing to a substantial amount of American scholars discussing various aspects of their existence. Building on these American roots, I follow Canadian loyalty program history to uncover the influence associated with their emergence. For example, American Airline's history is significant not only in terms of advancements in air travel, but the American Airlines company was the first airline to implement a frequent flyer program, otherwise known as a digital loyalty program. This implementation prompted Canadian airlines to follow suit and create their own loyalty programs.

I also examine advertising and surveillance literature pertaining to loyalty programs that has resulted in three main themes: advertising rewards, everyday surveillance, and profiling. While these concepts are separated as individual factors, they are also interconnected in interesting ways. The advertising rewards section incorporates major changes in advertising throughout history such as the shift from war-based propaganda as a form of advertising to commercial advertising. Not only is advertising a complex concept itself, but there are a large number of sub-categories of advertising such as branding, customer relationship management and personalization – all of which are utilized by retailers that employ the use of loyalty programs. When exploring surveillance, and more specifically everyday surveillance, I draw

attention to the challenges in defining the terms. In short, everyday surveillance is meant to refer to the ways in which ordinary citizens are increasingly monitored performing mundane or casual activities, but the processes involved in surveillance measures are so complicated that the ideas about everyday surveillance differ between scholars. As a primary example of everyday surveillance I look at the ways in which consumers are tracked through the use of loyalty programs. Lastly, I look at the consequences of consumer surveillance known as profiling. It is through this theme that we see the ways in which data that is collected during consumer transactions with retailers is used for certain classifications of people that are categorized into specific profiles. Certain profiles are given different treatment based on characteristics assigned by retailers that either benefit or disadvantage individual experiences with the retailer.

In chapter 3, I explore the findings of my archival research. Here I discuss the ways in which both Canadian Tire and Shoppers Drug Mart serve as examples of the ways in which loyalty programs were presented to Canadians. I argue that the culmination of advertisements work to normalize digital loyalty programs as merely an ordinary part of everyday life through the use of empirical research of digital loyalty program advertisements. Advertisements for both Canadian Tire and Shoppers Drug Mart's digital loyalty programs are utilized in terms of the themes found in the findings of a textual analysis I have conducted. The data collected for this study will appear in a table for each retailer.

In chapter 4 I offer conclusions about what was learned through this study, and provide suggestions for future research. Canadian Tire and Shoppers Drug Mart's digital loyalty programs illustrate the subtle ways that Canadians were introduced to programs that hinge on their privacy. This statement summarizes the how digital loyalty programs have come to be what they are today. Lastly, you will find a list of my academic references following this chapter.

2.0 The Price of Cultivating Loyalty through Everyday Surveillance

2.1 Defining Loyalty

Loyalty can be broadly defined as being faithful or showing consistent support for someone or something. When defining loyalty in terms of retailers or brands we then understand loyalty in terms of fidelity *to* that retailer or brand. Loyalty programs draw on this fidelity by incorporating a reward function structured into the program in order to enhance consumer loyalty. Descriptions of loyalty programs often include a long-term commitment to the program (in order to receive rewards), as companies continue to vie for consumers' attention (Köcher, 2015, p. 6)¹. For example, Yuping Liu suggests that “A loyalty program is a program that allows consumers to accumulate free rewards when they make repeated purchases with a firm. Such a program rarely benefits consumers in one purchase but is intended to foster customer loyalty over time” (2007, p. 20). This definition explains the long-term commitment consumers need to make to loyalty programs in order to see any benefits of the program, but does not distinguish between physical and digital loyalty program formats. Therefore, for the purpose of this project, loyalty programs will refer broadly to a program that is designed to encourage long-term consumer loyalty to a particular retailer or brand through the gradual collection of rewards that may be redeemed for free goods or services.

Canadian scholar David Lyon claims that “people more readily part with their personal data, for example, when they believe that there is some sort of clear benefit or reward for them” (Lyon, 2007a, p. 44). Digitized programs, however, incorporate a general understanding of loyalty program structure, but also the surveillance measures used to collect member information

¹ Soren Köcher (2015, p. 6) provides a list of definitions of loyalty programs found in twelve different publications. Across these definitions, a long-term commitment to loyalty programs is found to be the most common understanding of what constitutes a loyalty program.

that is often used to micro-target merchandise to individuals. While physical programs are still a common form of loyalty marketing, the commercial appeal is less attractive than their digital counterparts (Pridmore, 2010a). Digitized programs are favoured over physical programs primarily due to the ability of digitized programs to utilize personal information for commercial gain. Although loyalty programs are seen as forms of advertising, they are connected by surveillance scholars to consumer surveillance and profiling processes that take place through information that can be collected about consumer behaviour via purchase history. The “personal information economy,” an industry based on the collection and resale of personal information, has grown in popularity because collecting consumer information allows for “unparalleled intimacy” (6, 2005; Pridmore, 2010a, p. 296). Once digitized, data is collected about consumer behaviour and can be analyzed through the use of algorithms to determine the best way to personalize communications to the individual cardholder. This practice does not generally change the way the program appears to consumers insofar as they still receive free goods and services for repeat business, but there can be implications “behind the scenes” in this exchange.

Digital loyalty programs are often constructed through loyalty cards in place of the physical collection of items such as stamps to collect rewards seen in early loyalty programs. It is worth noting that loyalty cards are often also referred to as rewards cards or points cards. These cards are used to collect the e-currency digitally. Partnerships with credit card companies often also allow consumers to collect rewards on purchases outside of the associated retailer or retailers involved. These transactional cards are usually connected to a specific bank and can be exclusive to one firm or company. However, larger loyalty programs like Air Miles have started to include a range of participating retailers that consumers can both collect and redeem the accumulated points or “miles” through. When a consumer uses this transactional card, points are

usually transferred to the corresponding loyalty card to be used for future rewards. In the case of co-branded credit cards, points can also be collected as a secondary function on the credit card themselves.

More recently, loyalty program cards have also been adapted by cell phone applications. While having these “cards” accessible through applications may be more convenient for consumers than the physical form of the card, the action contributes to further surveillance measures, as well as an increased sense of normalization for loyalty programs. The perceived benefits for consumers of joining digital loyalty programs such as savings and free products make the request to collect personal information from these same programs appear reasonable. By incorporating a credit card company’s involvement into loyalty programs, an additional level of surveillance may be added onto the individual that mediates their relationship with the program and at the same time tracks their spending habits. This relationship is significant given that unlike more traditional ideas of surveillance such as closed circuit television (CCTV) cameras, loyalty programs require a distinct act of participation which sets them apart.

2.2 History of Loyalty Programs

In order to contextualize the significance of digital loyalty programs it is important to recognize that these programs have a significant history in physical form. The Jackson, Michigan based Sperry & Hutchinson Company (S&H) is often credited with being the earliest known loyalty program, introduced in 1896 (Lacey & Sneath, 2006, p. 459; see also Lach, 2000)².

² For more information on the Sperry & Hutchinson Company including their transition into the digital loyalty market see Jennifer Lach’s article. In brief, Lach (2000, p. 36) states that while S&H saw major success in the development of the Green Stamps program, approaching the new millennium the company had lost many of its partnerships and was looking to make major changes into the digital world with the help of a new group of investors that acquired the retailer in early 1999.

However, according to Terry O'Reilly, loyalty programs were introduced a full century earlier in 1793 (2016). This loyalty program was launched when "a merchant in Sudbury, New Hampshire began handing out copper tokens to his customers when they made a purchase" (2016). The tokens could be redeemed for a discount on the next purchase, which highlights how loyalty programs can be used to encourage repeat business.

The next documented program was created by Milwaukee-based retailer Ed. Schuster & Company in 1891 that used stamps not unlike postage stamps over costly coins. These stamps were redeemable for "jewellery, toys, or household items" (O'Reilly, 2016). Building on Ed. Schuster & Company's success, S&H would go on to create their S&H Green Stamps program that gave consumers stamps that could be collected at various store locations rather than a single company. The stamps were awarded at a ratio of one stamp per 10 cents spent. After filling a Quick Save Book with stamps, the booklets were redeemable for kitchen and houseware products (O'Reilly, 2016). S&H sold reels of stamps to merchants who would then pass them out to customers in order to differentiate themselves from competition that did not provide incentives to return upon purchase (O'Reilly, 2016).

O'Reilly credits S&H Green Stamps for helping families through the years of the World War I and the Great Depression, intertwining their significance with American history. The popularity of stamp-like programs proliferated after World War II, growing as an industry "from \$30 million in 1950 to over \$190 million in 1955," with approximately 80% of Americans being collectors (O'Reilly, 2016). To put these numbers in perspective, O'Reilly notes that "S&H was printing three times as many stamps as the post office, and was redeeming over one billion per week" (2016). These statistics help to give context to the massive popularity of early loyalty programs, which would ultimately lend themselves to their Canadian counterparts.

As previously mentioned above, Canada's oldest loyalty program is known as Canadian Tire's Canadian Tire 'Money' program, which was introduced in 1958 (Canadian Tire Corporation, n.d. "Loyalty"; O'Reilly, 2016). Canadian Tire was not the only Canadian retailer that launched a loyalty program in the late-1950s. The following year, in 1959, Quebec's Steinberg supermarkets began handing out Pinky stamps to customers (O'Reilly, 2016). The Canadian Tire 'Money' program, however, resembles currency rather than more traditional stamp-like formats. Instead, Canadian Tire 'Money' is available in denominations of 5¢, 10¢, 25¢, 50¢, \$1, and \$2 – offered as a cash-back reward based on a percentage of the total purchase (Canadian Tire Corporation, n.d. "Loyalty"). The program's origin is credited to Muriel Billes, the wife of Canadian Tire's co-founder A.J. Billes. Decades after its launch, Canadian Tire introduced its co-branded credit card known as the Canadian Tire Options MasterCard in 1995, which marked the first time patrons could collect points as e-currency instead of physical "money". The digital program was upgraded again in 2000 when points could be earned anywhere that accepts MasterCard as a form of payment. Canadian Tire only recently began offering a digital form of its loyalty program not attached to a credit card in 2014, making it a late addition to the industry (Canadian Tire Corporation, n.d. "Loyalty").

American Airlines was the first company to implement a substantive digital loyalty program. The "first modern loyalty program was instituted by the airline industry when American Airlines introduced its frequent flyer program in 1981" (Lacey and Sneath, 2006, p. 459; see also Liu, 2007, p. 19). The launch of AAdvantage marks the first airline frequent-flyer (loyalty) program (American Airlines, n.d.). The company is also credited for other "firsts" that are boasted about on their website. For example, American Airlines founder C.R Smith worked with Donald Douglas to create the DC-3, a plane that transformed flight from the primary

purpose of delivery (especially mail), to the transportation of passengers. The company was the first to fly this new plane in commercial service in 1936 (American Airlines, n.d.). This accomplishment solidifies American Airlines as a significant contributor to modern communication and transportation by moving higher numbers of people across greater distances faster than previously thought possible. Unfortunately, American Airlines' history is not wholly positive, as flights 11 and 77 were involved in the events of 9/11 (American Airlines, n.d.). As Lyon (2006) notes, the after events of 9/11 have since entirely changed the nature of modern surveillance.

High levels of loyalty program market penetration points to the ubiquity of reward programs in Canada, and the country was not far behind in launching airline reward programs with Aeroplan and Air Miles in 1984 and 1992 respectively (Aeroplan, n.d; Pearson, 2012b). Airline loyalty programs are often presented as “coalition” loyalty programs and encompass significant numbers of locations that cardholders can collect points from, and in some cases points can even be exchanged for other goods and services instead of flights (Marr, 2016). For example, Air Miles has approximately 120 in-store and 140 online sponsors (also known as partners) whereby members can collect points (Air Miles, 2017a). Air Miles operates similarly to the S&H Green Stamps system by enticing retailers to give out Air Miles rewards to encourage consumers to return. However, the redemption process is significantly more complicated. Members can choose to have their points accumulate toward “cash rewards” which includes “everyday shopping – like gas and groceries” or “dream rewards” which can be redeemed for “vacations, exciting events, cool merchandise or even a chance to win exciting prizes” (Air Miles, 2017b). In addition, there are three tiers of possible rewards for Air Miles collectors including the regular membership, Gold status for those collecting over 1000 miles (points) in a

calendar year, and Onyx for those collecting over 6000 miles in a calendar year. Each level in turn increases the benefits available to cardholders as a reward for higher participation through significantly more purchases (Air Miles, 2017b).

The exact number of loyalty program participants differs in Canada according to different studies, but the numbers are undoubtedly significant. One study suggests that “nine out of ten Canadians are members of a loyalty program,” while others believe the number is slightly higher with ninety-four per cent of Canadians being members – second only to Britain (Kerton et al., 2015, p. 22; Androich and Laird, 2011). These numbers are less surprising when we consider that rewards programs exist across an array of firms such as grocery stores, clothing retail, mobile phone, television and internet providers, and even automotive garages. The loyalty program proliferation in Canada is supported by the fact that Canadian households each participate in an average of 8.2 loyalty programs (Kerton et al., 2015, p. 22). In fact, Canadians are so interested in rewards that “54% of Canadians would not consider getting a credit card that did not have a good loyalty program attached to it” (Kerton et al., 2015, p. 22). As Bryan Pearson, CEO of Air Miles – Canada’s largest loyalty program notes, this desire for rewards makes Canada one of the “most mature, highly penetrated and sophisticated loyalty markets in the world” (2012a). This does not mean that Canada is wholly dissimilar to other loyalty markets, but it does provide context into the pervasiveness of these programs.

2.3 Advertising Rewards

Under the *Canadian Code of Advertising Standards* advertising and advertisement(s) can be defined “as any message [...], the content of which message is controlled directly or indirectly by the advertiser expressed in any language and communicated in any medium [...] with the intent to influence their choice, opinion or behaviour” (Advertising Standards Canada, 2017).

This definition suggests that as a form of promotional marketing, loyalty programs fall into the classification of advertising as they have an end goal of influencing consumers to purchase goods or services from a particular retailer. Building on this definition, William O’Barr suggests that advertising messages not only belong to a “particular historical moment,” but are distinguished as a particular form of communication “from other kinds of messages” (2005). As expressed by Advertising Standards Canada (2017), advertising as a mode of communication differs from other types of messages due to its intent to persuade consumers for commercial interest. A loyalty program, and especially a digital loyalty program is differentiated from other kinds of messaging as they are tied to a period of time characterized by individualized advertising that is only available upon participation. As Jason Pridmore states, “loyalty programs are part of an orientation to consumption that anticipates participation and rewards it” (2009, p. 579). By encouraging consumption through rewards, loyalty programs become solidified as a strong example of both O’Barr and Advertising Standards Canada’s understanding of advertising.

Loyalty programs are advertising tools that are utilized by retailers to communicate with consumers. Retailers like Canadian Tire and Shoppers Drug Mart embed messages within advertisements for their digital loyalty programs. These messages are meant to highlight the positive aspects of shopping with the respective company, such as receiving rewards, and encourage customers to return to the retailer instead of their competition. The ways in which Canadian Tire and Shoppers Drug Mart utilize advertising as a means to communicate with consumers will be discussed in chapter 2 when I analyze individual advertisements from both companies.

Consumer participation can be understood through O’Barr’s key features of advertising: exchange, attention, and mutuality (2005). O’Barr draws on James Laver’s work, pointing to the

analogy of birds or insects and flowers “in the annual give-and-take of nectar in exchange for the work of cross-pollination” (2005). Although this is an unusual scenario for advertising, its application is transferable. This example outlines the “critical components of ads – they call for our attention (albeit in different ways) and offer us objects and services (for which we have to pay, of course) that are presumably of value to use (otherwise we wouldn’t buy them) and to the seller (who makes a living this way” (O’Barr, 2005). For loyalty programs this equation is relatively the same, with one important exception: consumers pay for loyalty programs through an exchange of personal information for member benefits in addition to the cost of the goods or services themselves. While this example highlights O’Barr’s three key features of advertising, it does not wholly differentiate advertising from other types of attention seekers.

In order to differentiate advertising from other forms of communication O’Barr (2005) looks to John E. Kennedy. The emphasis here is placed on salesmanship as the driving force behind advertising. However, what is problematic about this argument is that O’Barr does not provide a definition of salesmanship, but instead gives an anecdotal example of what personalized salesmanship may consist of. He suggests that acquiring help from sales associates at “mega-stores” like Wal-Mart can be challenging, but in a department store in 1905, “the clerks at the glove counter know the insides and outsides of what they sell” (O’Barr, 2005). O’Barr provides a description including specifications such as the length of the person’s fingers, whether their hands get cold easily, material preferences, where the product is made and so on. After describing the ideal gloves, O’Barr claims that “whoever helps you will pull out a tray holding just the right kind of gloves for you” (O’Barr, 2005). This description of a salesman is nearly synonymous with the use of algorithms that function as filters, allowing shopping websites to offer the ability to select or deselect desired features to obtain the ideal product. In order for

salesmanship to be “designed specifically for you” as O’Barr (2005) suggests, it seems that there should be some element that could not be so easily replicated by an algorithm. Otherwise, algorithms would simply replace the role of the salesman.

O’Barr notes that Kennedy’s definition for advertising is “salesmanship in print” (2005). Recognizing a shift in the dominant forms of media, O’Barr argues that if this definition was written in 2005 (the year of the article’s publication), advertising would be “salesmanship through a mass medium” (2005). When applying this concept to loyalty programs, advertising departs from mass media to focus on the individual. Instead, advertising is viewed as salesmanship through digital loyalty programs. This new form of salesmanship is made possible through the fusion of advertising and consumer surveillance that allow retailers to promote themselves better as a result of the data collected from consumer shopping practices.

Although advertising itself is certainly not new, some of the ways in which advertising has evolved at least challenge traditional formats. For Tim Wu (2016), these developments in advertising are merely the new tricks of the “attention merchants”. He argues that attention merchants are cogs in the attention industry, simply following “the business model by which attention is converted into revenue” (2016, p. 5). More specifically, an attention merchant is “an industrial-scale harvester of human attention; a firm whose business model is the mass capture of attention for resale to advertisers” (Wu, 2016, inside cover). The term can also be given to advertisers, whose primary goal is to attract attention which will in turn transform the attention into profit, be it monetary, social, or otherwise. Wu further examines the attention merchants as an industry when he introduces this concept in reference to the first time newspapers became fully dependent on ad revenue. However, he notes that the full potential of garnering attention was only truly realized thanks to “mass attention due to war propaganda” (Wu, 2016, p. 5).

Advertisers, or attention merchants for Wu, learned from propaganda ways to reach previously unprecedented audiences.

The power of capturing large scale attention was uncovered by British war propagandists. The discovery of this power lends context to the particular historical moment because of the need for the British to drastically increase the size of their army after declaring War on the German Empire. In August of 1914, the British had approximately “eighty thousand regulars,” which was “small enough, the late German chancellor Otto von Bismarck had once joked, to be arrested by the German police” (Wu, 2016, p. 38). This number did not include the few hundred thousand reserves (many of which were overseas), but in comparison to Germany’s Imperial Army of four and a half million (including reserves), the British were severely outnumbered.

As a result of the disparity between fighting forces, Lord Hubert Kitchener used his celebrity status as an icon of British imperial power in a direct and personal appeal to the British public for a call to arms (Wu, 2016, p. 38-39). Wu refers to this appeal as “the first state-run attention harvest” (2016, p. 38). This campaign was not taken lightly. While a government-run recruiting campaign is not out of the ordinary in a contemporary context, in 1914 the idea of state-advertising only occurred to few people before World War I (Wu, 2016, p. 38). The campaign garnered over 750, 000 recruits by October, illustrating the success of the propaganda on the British public (Wu, 2016, p. 39).

The tone of the recruitment messages soon changed from Kitchener’s occasional appeals for a “sense of duty or subtle fears of German invasion” to “a more systematic and totalizing approach to government propaganda” (Wu, 2016, p. 39-40). One of the most ubiquitous images included Kitchener pointing to the viewer “exclaiming I Want You” (Wu, 2016, p. 40). Wu gathers recruits’ accounts of seeing these posters, which all claimed the call to arms was hard to

ignore because it felt like they were being personally asked to join, some feeling like they needed to enlist immediately (2016, p. 40-41). Borrowing from British propaganda techniques, America entered the war in 1917, creating their own versions of the posters. What America's use of British war propaganda techniques illustrates is the ability for attention harvesting to be adapted for other interests on a mass scale. However, the most significant adaptation comes from Sigmund Freud's nephew, Edward Bernays. Bernays is often credited with realizing the potential of attention harvesting on a mass scale outside of propaganda. Bernays' interest in business allowed him to envision the use of propaganda for commercial clients (Wu, 2016, p. 49). As Wu states, "With the government campaigns as proof-of-concept for what a mass advertising campaign might achieve, corporate America soon caught Bernays' enthusiasm" (2016, p. 50). This enthusiasm is the foundation for modern advertising through which mass audiences were envisioned for commercial purposes.

The potential for companies to reach mass audiences ensured the development and proliferation of ad-funded media such as newspapers and magazines that fundamentally altered advertising. Here, the potential of the one-to-many model of communication was realized. These innovations were followed by radio and television which incorporated audio and visual technology into advertiser's tools, and more recently by computer and cell phone technology that accommodates attention harvesting by inviting them to be with consumers more frequently and intimately with each technological development.

Mass audience advertising influenced both the presentation and price of content. For example, advertising dollars contributed to the cost of creating newspapers, meaning that the medium could be sold for significantly cheaper than without the use of advertising sponsorship. However, this subsidy also meant that the format had to accommodate advertisements to be

featured alongside news articles. In contrast, radio programming could be enjoyed “for free” with the purchase of a radio. Analog television programming was also free so long as the audience had a television (with the purchase or rental of a digital signal converter analog signals are still available). Although radio and television audiences had free access to entertainment programming if they possessed the appropriate device, the format of the programming itself changed to accommodate advertisers. This exchange is also prevalent in computer and cell phones. Users are able to access content online for free with the purchase of a computer, internet service, and the trade of personal information garnered from tracking online browsing behaviour. Smart phones not only have the capacity to access the internet where this tracking process may occur, but the use of free applications also usually track user behaviour and collect data about the individual.

The significance of these developments for Wu does not remain static with the ability to communicate in new ways across larger spaces than ever before, but is focused on the way in which these technical innovations allowed for new ways for advertisers to capitalize on harbouring attention. He argues that “beginning with radio, each new medium would attain its commercial viability through the resale of what attention it could capture in exchange for its ‘free’ content” (Wu, 2016, p. 6, emphasis in original text). When we think of forms of mass media such as radio we have an understanding that programming is only free insofar as we must give our attention to the advertisements as well as the content. Through this exchange we see how advertisers’ promise of free actually becomes more costly with each technological advancement as retailers focus more on the collection, storage, and analysis of more intimate personal information. Digital loyalty programs are also subject to this exchange whereby free rewards are traded for personal data about an individual cardholder.

Despite advertising's role in subsidizing the cost of programming, we soon saw technology that allows consumers to avoid advertisements. Wu suggests that the remote control should be credited, at least in part for "the attention revolt", whereby people have control over the ads they are seeing (2016, p. 144-145). More advanced technology such as videocassette recorders (VCR), personal/digital video recorders (PVR/DVR), and with later technology such as ad-blocking software or add-ons for computers as well as applications for cell phones also emerged as an "escape" from advertisements (Turow, 2006, p. 39). For the attention merchants this attention revolt is problematic as mass marketing was faltering because people were not "watching" the ads (Turow, 2006, p. 6). This faltering of mass marketing gives rise to a more individualized form of advertising reminiscent of relationships with local shop owners (Evans, 2005; O'Barr, 2005; Lyon, 2001; Turow, 2006; Wu, 2016). Lyon argues that the trend of one-to-one relationships can be found in personalized marketing techniques like "loyalty clubs, co-branded credit cards ..." (2001, p. 43). He summarizes this shift by stating that "what was once a matter of mass producing and mass merchandising is now increasingly individualized" (2001, p. 43). For example, Shoppers Optimum members often receive personalized communication in the form of email or mail with coupons for items they have bought in the past, or are likely to be interested in based on their purchase history. These personalized forms of communication are meant to mimic the relationship one would have with a local shop owner, which ultimately brings advertising efforts back to a one-to-one format. For Pridmore, these programs "are often hailed as one of the best examples of one-to-one relationship marketing" (2010b, p. 567). This shift to individualized marketing allows retailers to communicate on a more personal level, targeting consumers as individuals rather than masses.

Pearson argues that loyalty programs “are a way to connect with customers on a level elevated beyond mere transactions” (2012b, p. 2). His insight as an advertising professional is interesting because he suggests that “consumers are not immune to our efforts to get products in front of them, but they are only half listening” (Pearson, 2012, p. 20). Pearson claims that there are particular challenges in reaching young consumers as they are preoccupied on a variety of tasks consecutively which means they block out anything not important (2012b, p. 20). Only meaningful messages are able to break through (Wu, 2016), meaning that advertisers need to appeal to certain values that consumers share. T.K. Clarke and F.G. Crane suggest that these shared values are often cultural. The shared values refer to the attributes that connect Canadians together. Clarke and Crane list several values believed to represent Canadians in contrast to Americans, and suggest that based on these values such as “tradition,” “health,” or “equality” Canadian values differentiate us from our American counterparts while simultaneously bringing us closer to British cultural values (Clarke and Crane, 1990, p. 63). Rigid assumptions about Canadian values are problematic because they not only ignore the consumer as an individual, but Clarke and Crane gather this list from another source with no reference to how or why these terms were categorized in this binary between American and Canadian values. What this discussion does highlight, however, is the use of Canadian identity in advertising. As discussed through the use of Molson Canadian beer previously, advertisers rely on the use of “being Canadian” in order to sell themselves and their products to consumers. As two of Canada’s prominent retailers, Canadian Tire and Shoppers Drug Mart are not above making an appeal to consumers through their Canadian status.

Finding out particular values is certainly difficult for advertisers as with the increase in technology such as television, and now the internet, there is a parallel increase in fragmented

audience interests that needs to be incorporated into marketing efforts. This balance is particularly complex in a contemporary context because the supply of goods and services far exceeds consumer needs and/or desires (Andrejevic, 2002; Palmas, 2011; Pridmore, 2009; Pridmore and Zwick, 2011, Wu, 2016). Given this imbalance, loyalty programs become an essential tool in the effort for retailers to differentiate themselves from their competitors. Hence, niche marketing (like the use of loyalty programs) is a product of the supply-side response to high levels of market saturation (Andrejevic, 2002). Mark Andrejevic draws on cable television as an example of niche marketing. For Andrejevic, the digital delivery of television increases the market segmentation of audiences to include the individual viewer (2002, p. 237). These audiences are packaged into small specific interests that coincide with customized television programming that accommodates a variety of viewing interests. Over-the-top services like Netflix can be used to illustrate some of Andrejevic's arguments about niche marketing. Netflix functions by learning about users through their watch history and the ratings given to the content watched. Netflix then employs the use of its algorithms to recommend material that viewers are likely to enjoy based on their own profiles and other profiles that resemble their own (Gómez and Hunt, 2015). Netflix is thus a prime example of niche marketing because users have content directly targeted to them.

When applying niche marketing to loyalty programs the possibilities for customization to individuals similarly applies in that consumers will gravitate toward programs that fit their particular interests. For example, while some consumers may be more interested in frequent-flyer programs like Air Miles because of their interest in travelling, others may prefer drug store programs like Shoppers Optimum that offers discounts on more ordinary purchases. This notion

of choice is represented in niche marketing because advertisers seek out smaller groups of potential consumers rather than attempting to reach a broader audience demographic.

The goal of advertisers is not merely to have consumers purchase products or services, but buy more than they need. Retailers focus on specific strategies that emphasize consumer desires through scientific advertising which is comprised of demand engineering, branding and targeted advertisements. Demand engineering advertising can be understood as “creating the desire for products that otherwise might not exist” (2016, p. 53). When we look at the history of advertising, examples such as beauty products may come to mind. Prior to advertising campaigns suggesting that people, and especially women, needed these products to be beautiful, there was little to no incentive for people to buy them. A similar example introduces the product Listerine which claims to rid people of halitosis (also known as bad breath), that was framed as a condition that needed fixing (Wu, 2016, p. 55). Illustrating halitosis as a problem creates a desire for Listerine that would not exist without the use of advertising. Demand engineering lends itself to the loyalty program industry as an action such as offering bonus points on products that entices consumers to purchase extra products they would not otherwise be interested in to collect the special points offer.

Branding is also a central component of scientific advertising, defined as “creating the impression, valid or not, that something set it apart from others like it” (2016, p.55). A popular example of branded advertising comes from Lucky Strike cigarettes. Lucky Strike ran the slogan “Your throat protection – against irritation – against cough” (2016, p. 66). This slogan suggests that the cigarettes were set so far apart from their competition that they offered throat soothing action – a questionable tagline for a cigarette. Arvidsson (2006) suggests that branding presupposes a particular status, community or lifestyle that becomes associated with a brand (or

retailer). If retailers are able to convince consumers to associate them with positive brand value, these companies are able to work within the confines of social norms and advertise their offerings to an already-interested customer base.

A key feature of branding relies on customer relations management (CRM) which gained traction in the 1980s. CRM “built on the idea that it was more profitable to tie existing customers to the brand and build up brand loyalty, than to mass advertise for new ones” (Arvidsson, 2006, p. 63). According to Turow, CRM is based on creating the “best customers” (2006, p. 7). It would be in the best interest for retailers to maintain a previously existing customer base due to the “pareto principle” which is “the notion that eighty percent of any firm’s profit is derived from twenty percent of its customers” (Danna and Gandy, 2002, p. 377). Greg Elmer refers to this strategy as customer retention. He reminds us that customer-retention enterprises are often facilitated by point-of-purchase techniques and technologies (Elmer, 2004, Chapter 3). Perhaps most common for point-of-purchase techniques like loyalty programs is the reminder when paying for the goods or services about your membership with the company you are visiting. By employing these tactics advertising messages largely avoid being sent to consumers who are uninterested or cannot afford to take part (Elmer, 2004, Chapter 3). Pridmore supports these strategies when interviewing loyalty program executives. According to one of his interviewees, approximately 80% of the marketing budget is used on methods the company is confident are going to generate a return on their investment (Pridmore, 2010, p. 569). Both Elmer and Pridmore highlight that marketing loyalty programs to the right audience is an essential part of their branding tactics.

Loyalty programs are the logical extension of CRM, used as a form of branding. However, it is also essential to this study to understand that “brands have become structuring

elements of our everyday lives” (Aronczyk and Powers, 2010, p. 3). We are reminded that branding is more closely tied to “the social relations, experiences, and lifestyles” that consumption enables rather than just focusing on purchases (Aronczyk and Powers, 2010, p. 7). Branding is thus used to strengthen the relationship between retailers and consumers.

Lastly, Wu includes targeted advertisements as the final part of scientific advertising. According to Wu, targeted advertising is “addressed to the yet mysterious but increasingly sought after new creature known as the female consumer” (2016, p. 54). Trying to incorporate this third aspect into their marketing, Lucky Strike created advertisements with the Slogan “Reach for a Lucky Strike instead of a Bon Bon” (Wu, 2016, p. 69). In a contemporary climate language used by Lucky Strike that encourages women to smoke Lucky Strike cigarettes instead of eating candy in order to have an idealized body would likely be met with controversy. This particular ad directly speaks to a female audience. Targeted advertisements toward women appear in loyalty programs as well, whether it be incentive for lipsticks targeted at women, or something more complex like Shoppers Optimum for Mom³. While targeted advertising arguably extends beyond just the female consumer to include a wider array of fragmented audiences, this focus helps to shed light on the transition to include females as consumers. The existence of the beauty industry itself clearly illustrates how targeted advertising is directed at women. Reaching the right subset of consumers such as women, or more specifically women who like certain products is challenging for most retailers, leading many to implement loyalty programs as a primary mode of communication.

³ See chapter 3 for further discussion and analysis of the Shoppers Optimum for Mom program.

Advertisers rely on data to understand how to settle uncertainties such as reaching targeted audiences like female consumers. Loyalty programs incorporate the use of data to connect consumer information to a retailer's ability to decode their interests. Data from merchant transactions is easily collected given the universal barcode scanning system⁴. Once scanned, information about the items purchased can be connected to an individual loyalty cardholder. For example, "for a certain Mrs. Brown, an inspection of a retail loyalty scheme database would reveal her address and a variety of behavioural information" (Evans, 2005, p. 104). Behavioural information may include the types of products and brands commonly purchased or even when and where a consumer may shop most frequently. Marketers learn what goods and services to offer consumers by connecting personal information collected from multiple sources. For example, recent developments have led to incorporating digital loyalty cards to be accessible through cell phone applications so that retailers can learn more about consumers under the guise of convenience.

The same data used to aid relationships between retailers and consumers can be used to strengthen ties between retailers and their suppliers. Loyalty programs can alter the supply-chain management of product inventory which connects to the ways data from merchant transactions can be utilized. Information obtained through barcode scanning recorded by loyalty programs illustrates an example of what James R. Beniger refers to as the "control revolution" (1986). Beniger focuses on a shift that takes place beginning the 1880s that summarizes the technological advancements that has aided economic development, particularly for mass

⁴ Barcode scanning technology has had a major impact in the automation and digitization of the marketplace allowing for near instant descriptions and processes to coincide with on screen displays for consumers. Bar codes also allow retailers to easily track inventory by counting the number of times a particular code unique to the product has been scanned. For more information on these changes, please see Turow, 2017, p. 132.

consumption. Beniger (1986) points to advancements like the printing press and the telephone that are early renditions of “control technologies” used to define the information society by faster speeds of communication that impact business. Prior to the use of control technologies that help to manage the relationship between retailers and suppliers, Beniger suggests there was a “crisis in material control” (1986, p. 292). This crisis refers to the inability for retailers to accurately account for how much inventory they needed for various products. However, three primary dynamics known as “the coevolution of energy utilization, processing speed, and control” seen through the development of new technologies have led to Beniger’s control revolution whereby technologies are able to aid retailers by increasing reliability and predictability of what material they will need, how quickly they are able to obtain the material, and their ability to negotiate with suppliers and producers for better deals as a result (Beniger, 1986, p. 291-293). For retailers, loyalty programs are the newest control technology used to automate inventory processes and ensure retailers have appropriate amounts of products in stock when consumers want them. The more data that is collected leads to a greater need for retailers to be able to manage and understand how the information may aid future commercial interests.

Data mining allows retailers to tap into the data-rich landscape of loyalty program databases. Data mining can be understood as “gathering the little data breadcrumbs that you leave behind as you move around the world” (Turow et al., 2015, p. 465). For example, in the online world our browsing history is monitored through the use of tracking cookies that follow a user from website to website and collect information on how they travel across the web. The emphasis on the use of data is fundamental to the success of digital loyalty programs, as without it there would be no difference to their physical counterparts.

The connecting factor between collected data and the process of data mining allows retailers to analyze the behavioural patterns stored in databases. The term database refers to “a total system consisting of the machine or machines themselves, the software which makes them run, and the data stored in them” (Brown in Manzerolle and Smeltzer, 2011, p. 328). However, “companies use data mining technologies (the same ones used by intelligent agencies to comb through the meta-data of billions of telephone calls) to analyze customer habits and inform a wide range of business decisions” (Geist, 2013). Given this focus on data collection, loyalty schemes “provide very detailed profiles on the buying behaviour of named and closely tracked individuals” (6, 2005, p. 17-18). In the eyes of advertisers, “we are our profiles,” and based on one’s classification we are provided with content personalization corresponding to our assigned value (Lace, 2005, p. 7; Turow, 2011, p. 123). From this information, we then understand that there is a clear “data-informed marketing model” that has emerged (Evans, 2005, p. 99; see also Turow, 2006, p. 17). Joseph Turow maps this approach by distinguishing “six activities: screening for appropriateness, interactivity, targeted tracking, data mining, mass customization, and the cultivation of relationships (Turow, 2006, p. 17). All of these factors are at the centre of consumer surveillance, which has become increasingly intertwined with contemporary advertising like loyalty programs. Turow’s distinctions summarize some of the main themes found throughout my research. Loyalty programs themselves are used as a point-of-purchase tactic to screen appropriate consumers and asks them to interact with the program through point collection and redemption. Retailers use gamification to encourage this interactivity⁵. Other distinctions such as tracking, data mining and customization are discussed at length throughout

⁵ I am borrowing Rajat Paharia’s term gamification from the book *Loyalty 3.0: How to Revolutionize Customer and Employee Engagement with Big Data and Gamification*.

this study. Lastly, Turow's cultivation of relationships can be seen through the ways that retailers use loyalty programs to build a relationship with their consumers that resembles the consumer experience of a local shop owner.

Digital loyalty program advertising relies on surveillance to better target individuals. The processes of consumer tracking is afforded to retailers through surveillance technology. Surveillance has a significant history that comes from the development of both "seeing" technological advancements and equipment developed for the justice system. Technology that enables retailers to refine advertising strategies through digital loyalty programs epitomizes some of the major shifts in surveillance as a field of study. Advertising's turn to the surveillance of customer behaviour as seen through advertisements of digital loyalty programs from Canadian Tire and Shoppers Drug Mart requires that surveillance be understood to utilize as an analytical framework in their examination.

2.4 Defining surveillance

When many of us think of surveillance, it is easy to conjure up images of closed circuit television (CCTV) cameras or thoughts of an Orwellian Big Brother who is constantly watching over us. The challenge in defining surveillance is that its nature is consistently changing. Marx elaborates on this issue by using the Concise Oxford Dictionary definition which states "surveillance is defined as close observation, especially of a suspected person. Yet today many of the new surveillance technologies are not 'especially' applied to 'a suspected person'. They are applied categorically" (2007, p. 84). Marx differentiates between traditional and new dimensions of surveillance, showing how new forms are often more digitized, interconnected and include everyday activities (2007, p. 87-88). This understanding of surveillance reminds us of the narrative "no one in particular is watching, but everyone is watched all the time" (Andrejevic,

2014, p. 59). Surveillance is therefore thought of as always operating in the background whether or not anyone in particular is being physically observed.

Recent academic work outlines that we can understand surveillance as “any systematic focus on personal information in order to influence, manage, entitle, or control those persons whose information is collected” (Bennett et al., 2014, p. viii, 6). This definition comes from the members responsible for *The New Transparency* – the title of a seven year research project conducted by Colin J. Bennett, David Lyon, Kevin D. Haggerty, and Valerie M. Steeves. The group suggests that “surveillance is understood as an organizational tool that has ambiguous consequences. It is not simply good or bad, helpful or harmful. At the same time, neither is it ever neutral” (Bennett et al., 2014, p. viii)⁶. Their collective aim for this project is to “drive home the point that *we are visible to others as never before*” (Bennett et al., 2014, p. 4, emphasis in original text). This project incorporates several “drivers” of surveillance in Canada that help to explain its escalation: technological potential, personal-information economy, neoliberalism, risk management, national security, public perceptions, and new laws (Bennett et al., 2014, p. 10-13). Bennett et al. stress that there is no one driving force, but the combination of these factors help to explain the expansion of surveillance in Canada (2014, p. 10).

While not all of Bennett et al.’s factors are wholly related to the content of my research, the first two directly coincide. Technological potential refers to the ways in which tools have been developed that make surveillance significantly easier, while the closely tied personal information economy is referred to as a “commercial gold mine” (Bennett et al., 2014, p. 10-11).

⁶ Zygmunt Bauman and David Lyon similarly argue that surveillance needs to be understood through context – without it, it is challenging to know what the associated consequences may be (2013, p. 8)

Both of these factors directly relate to loyalty programs as their digitization makes surveillance merely the challenge of algorithms to decipher the meaning behind the data.

For Lyon, “surveillance has become algorithmic, technological, pre-emptive, and classificatory, in every way broadening and tightening the net of social control” (Lyon, 2007b, p.368). He argues that this has become especially prevalent since the events of 9/11 (Lyon, 2006, 2007b) whereby surveillance measures have substantially increased in the name of security. This increase in surveillance draws parallels between the justice system and the lives of ordinary citizens, as new technologies emerge that are capable of monitoring mundane activities which contributes to a normalized state of near constant surveillance.

2.5 Everyday surveillance

With the proliferation of communication and information technologies that allow us to see more of the world, we are in turn being monitored in more ways than previously thought possible. Lyon (1994, 2001, 2007a) suggests that any society that relies on communication and information technologies that enable surveillance is considered a surveillance society (see also Gandy, 1993). The term surveillance society makes strong connections between what scholars note as the mirror of discipline in surveillance and the lives of ordinary citizens (6, 2005; Andrejevic, 2014; Bauman and Lyon, 2013; Marx, 2006; Staples, 2014). I use the phrase the mirror of discipline to refer to the ways in which technology used for measures of surveillance often replicate or even originate from surveillance technology used for purposes in the justice system. In the dominion of loyalty program cards, we can acknowledge that technological advancements in the use of cards for identification purposes has contributed to the mirror of discipline seen in the loyalty industry. Andrejevic suggests that “the difference is that in the realm of policing and security, data mining tends to be used for the purposes of preventing and

detering undesirable behavior, whilst in marketing the goal is to stimulate and induce desired activities” (2014, p. 56). It is important to recognize, however, that these factors have the impact that they do because of digitization. The general shift of society to digitized information “is perhaps the most important aspect for understanding the monitoring and measuring of consumers and their consumption practices as a form of surveillance” (Pridmore and Zwick, 2011, p. 270). Without this digitization, monitoring activities would not have the same influence.

It is imperative to understand how advancements in surveillance technology are embedded with particular biases. For example, the mirror of discipline reminds us how consumers become part of a complex surveillance system that uses technology designed for criminals on ordinary citizens for commercial purposes. Jeremy Bentham’s concept of the panopticon epitomizes the mirror between the justice system and ordinary people. Bentham’s panopticon is a theoretical design of a “penitentiary inspection-house” (or prison) that functions by being designed to allow a single watchman to observe all of the surrounding cells from a central location in the centre of the institution (1995, 35-41). While it is not possible to observe every inmate simultaneously, the model is credited for creating the possibility of being watched at any time without notice. This design was meant to discourage unwanted inmate behaviour. Bentham’s theoretical model was never realized in its physical form, but has been built upon by several scholars since.

For Michel Foucault, the primary effect of the panopticon is to “induce in the inmate a state of the conscious and permanent visibility that assures the automatic functioning of power” (2007, p. 70). Although the inmates may not be watched consistently, due to the design of the panopticon, the surveillance aspect is still permanent in its effects. This means that there is a sense of power held over the inmates regardless of whether or not individuals are being

observed. Foucault argues that “Bentham laid down the principle that power should be visible and unverifiable” (2007, p. 71). Visible in the sense that the inmates can see the tower, but unverifiable because they cannot know for certain whether they are being observed (Foucault, 2007, p. 71). As a form of power, the panopticon becomes more than “a dream building: it is the diagram of a mechanism of power reduced to its ideal form” (Foucault, 2007, p. 72). Essential to understanding Foucault’s rendition of Bentham’s panopticon is the notion of power. This power is mechanised as the panopticon is viewed as more complex than prison schematics; instead, it is the vision of power exercised by the few over the many. Modern surveillance measures incorporate this understanding of power as a fundamental feature of how surveillance is performed. The all-seeing capacity of surveillance technology allows the panopticon to illustrate the use of power rather than architectural design. As a metaphor, however, it becomes clear how the panopticon model has shifted from a primarily justice system based idea to more recent renditions found in everyday surveillance.

Elmer reviews a broad array of scholars that write about Foucault’s response to Bentham’s panopticism. He argues that contemporary interpretations generally fall into three arguments: “the technology or architecture of panopticism (dataveillance), the solicitation and exchange of personal information (enticement), and the reverse panopticon where the many watch the few (synoptic model)” (Elmer, 2004, Chapter 2). Elmer states that Foucault’s understanding of the panopticon suggests “a link to contemporary forms of data storage” (2004, Chapter 2). More specifically, Elmer reminds us “that the panopticon is a system of both light and language – a system of optic surveillance that is predicated on and reinforced by the documentation and distribution of personal information” (2004, Chapter 2). By understanding the panopticon as extending beyond its form as an idealized diagram, Elmer dismisses Foucault’s

critics that focus on the panopticon as a physical design in favour of panopticism as a generality. In a more generalized understanding of panopticism, we understand that the power of surveillance technologies can be used to monitor any and all possible activity. Although particular technology such as security cameras are installed in order to deter theft, they also hold power over consumers given that the footage may not be consistently monitored but could be at any moment. We often see generalized panopticism in the consumer environment. In fact, Elmer argues that “the panoptic process, manifest[s] in consumer surveillance technologies” (2004, Chapter 2). If this panoptic process is applied to digital loyalty programs, it becomes clear that their reliance on personal information through consumer surveillance is closely tied to data storage as well; a normalized part of everyday surveillance.

In *Everyday Surveillance*, William Staples concentrates on influences of surveillance on ordinary citizens. More specifically, he argues that there is “a blurring distinction between the surveillance and social control practices of the official justice system and those existing in the everyday lives of ordinary people” (Staples, 2014, p. 1). Staples’ focus on ordinary people draws attention to an array of examples in which surveillance monitoring has become naturalized. Similarly for Lyon, “surveillance is routine; it occurs as a ‘normal’ part of everyday life” (2007a, p. 14, emphasis in original text). Both Staples and Lyon thus frame surveillance as something that has become a casual part of our experience as consumers.

Staples suggests that modern surveillance is comprised of four defining characteristics, which state:

1. They are increasingly technology-based, methodological, automatic, and sometimes anonymously applied, and they usually generate a permanent record as evidence.

2. Many new techniques target and treat the body as an object that can be watched, assessed, and regulated.
3. These new techniques are often local, operating in our everyday lives.
4. Local or not, they manage to bring wide-ranging populations, not just the official “deviant” or suspect, under scrutiny (Staples, 2014, p. 11, emphasis in original text).

What these dimensions highlight for Staples (2014), is an idealized “ritual of power” that captures all people in the process of surveillance, not just those that may have prompted its implementation. The defining characteristics then, are merely a product of Staples’ observations of the contemporary surveillance landscape that draws upon disciplinary structures for tactics to monitor consumers and use the collected data to build profiles that can be used to target these same consumers. Digital loyalty programs incorporate Staples’ characteristics in their design, especially when considering surveillance’s role in creating consumer profiles. These profiles are found in digital loyalty programs, and are a result of the tracking processes of surveillance that follow consumers and identify behavioural patterns that can in turn be used to better market goods and services to consumers. These measures of surveillance are connected to loyalty programs through consumer’s exposure to advertising that encourages consumer participation.

Staples establishes a basis for his work by building off of Foucault’s work regarding power, knowledge and the body. He does this by exploring disciplinary surveillance mechanisms that have been deployed primarily for justice purposes that have been co-opted to serve a dual purpose contributing to the significance of the mirror of the justice system. For example, this secondary function can be understood through the ways that Staples portrays the monitoring of the body. Staples introduces electronically monitored home confinement programs as one way to talk about the body. He argues that the tracking technology used for these programs has been

commodified (Staples, 2014, p. 47-48). He states that there are more traditional “ankle bracelet” type devices that people may think of, but technological advancements have created monitors that can detect alcohol levels through perspiration and use global positioning system (GPS) tracking to monitor individuals much more closely (Staples, 2014, p. 48). The act of monitoring is escalated through the technology. While this example is meant for disciplinary use, it is important to note the movement from prisons into the home, and the extent to which these technologies are used by and for ordinary people. By ordinary people, I am referring to the ways that these technologies have moved away from being strictly disciplinary tools, and technology like GPS is now available in cellphones, cars and other devices for mundane use.

Emphasis on *everyday* surveillance prompts Staples to discuss the most relevant portion of his work to my own project, which outlines the relation between consumerism and surveillance. He claims that each presupposes the other given that “we now live in a surveillance economy” (Staples, 2014, p. 109). Further, he states that “an extraordinary amount of ritualized surveillance and monitoring takes place in our most mundane consumer activities” (Staples, 2014, p. 110). Here Staples acknowledges the growing presence of surveillance on benign details of ordinary people’s lives such as product preferences, and the way that these monitoring practices both affect and effect consumers. In noting that the majority of purchases are conducted with “plastic” cards, Staples highlights the importance of credit cards for hotels and car rentals, as well as the vast network of information they are connected to (2014, p. 113). The significance placed on cards in this discussion is clear through the concept of a “digital footprint” that logs user activities and builds a profile of “purchases, habits, tastes, and even our movements and patterns of behaviour” (Staples, 2014, p. 113). By using these cards – to which I would emphasize the use of digital loyalty program cards (or apps) – retailers connect consumers to a

network of data and information that is collected, stored and analyzed for corporate gain. While consumers are given rewards for using the cards at participating retailers, they are also giving up personal information in the exchange. The incentives of these programs is in the ability to render the request for information required through the sign up process for digital loyalty program cards or associated co-branded credit cards which must appear reasonable.

Joseph Turow, Lee McGuigan and Elena R. Maris, and Staples engage with surveillance by drawing attention to the ways in which individuals are increasingly monitored while performing ordinary activities. By using everyday surveillance as a theoretical concept, digital loyalty programs can be seen as a major contributor to a new sense of surveillance that exists outside of more traditional ideas of audio or visual recordings. While consumers may still be found on audio or visual recordings, a network of information is connected to the use of digital loyalty programs such as other purchases made with any of the plastic that occupies real estate in an individual's wallet. As Staples notes, "a cashless society is a surveilled society" (2014, p. 113), and with this surveillance, come the implications for consumers. By being under constant watch, it appears that consumers are connected to retailers even when they may not intend to be, altering the place of retailers in relation to consumers.

Gary T. Marx makes similar arguments to Staples, however when he talks about everyday surveillance, he refers to it as "soft" surveillance instead (2006, 2016). For Marx, soft surveillance refers to a more voluntary form of surveillance than more traditional notions. For example, he considers activities like drawing blood, mouth swabs or urine samples as soft surveillance, while hard surveillance are not voluntary in the sense that they may include: arrest, interrogation, being searched, subpoenas, or traffic stops (Marx, 2006, p. 38). Marx argues that there is an increased reliance on soft surveillance, which is easy to understand when we take

loyalty programs as an example. Soft surveillance allows a sense of voluntarism to be built into it. However, Marx also notes that there is a clear bias in “voluntary compliance” (2006, p. 49). By this, we understand that if we want to have access to certain services or opportunities such as applying for a job, we may have to comply with the terms of services or employment that accompany these activities. Digital loyalty programs have voluntary compliance built into their design as there is nothing saying that consumers have to obtain these cards, but without them they cannot access any promotions that they may receive as a member.

Marx also makes the distinction between what he coins as new surveillance and what remains more of a traditional understanding of surveillance. New surveillance “may be defined as *scrutiny of individuals, groups, and contexts through the use of technical means to extract or create information*” (2016, p. 20, emphasis in original text). New surveillance recognizes that “the conversion to digital form of what is gathered” is a central feature (Marx, 2016, p. 49). For Marx, this new soft surveillance consists of “minimal visibility and invasiveness as well as passive, often automated data collection” (2016, p. 117). These are key components which are being normalized through their consistent use by retailers.

Zygmunt Bauman and David Lyon also provide an understanding of everyday surveillance. For Bauman and Lyon, however, everyday surveillance is referred to as liquid surveillance. They state that the term “is a less complete way of specifying surveillance and more an orientation, a way of situating surveillance developments in the fluid and unsettling modernity of today,” further stating that “surveillance softens especially in the consumer realm” (2013, p. 2). Susanne Lacey suggests that due to the ways we are increasingly recorded, analysed, and monitored we are all glass consumers (2005). This analogy posits that there is so much information about us as consumers, that retailers and advertisers “can almost see through us”

(Lace, 2005, p.1). While the technology like “CCTV may make us feel safer, [and] we may appreciate the discounts received as supermarket loyalty cardholders, the ways in which consumers are monitored is increasing whether we like these aspects or not (Lace, 2005, p. 1). Lace’s glass consumers and Bauman and Lyon's liquid surveillance terms are meant to capture the notion of how surveillance measures are seeping (like liquid) farther and deeper into areas it previously did not exist in, or have any sort of sway.

Scholars discussing surveillance, and particularly everyday surveillance have utilized a variety of methods through which they arrive at conclusions about consumerism. Surveillance scholars’ disregard for advertisements is problematic. The primary means through which these scholars are able to describe the current surveillance landscape is by exploring their effects. In particular, secondary empirical evidence including consumer polls or interviews that ask consumers about their feelings and concerns regarding surveillance and privacy. In contrast, interviews with advertising professionals are the primary original research components. It is curious that these surveillance scholars are making claims about both aspects of consumerism and surveillance as well as the ways through which these concepts fuse together without exploring, and sometimes even questioning how everyday surveillance of the commercial sector came to be. I do agree that the concept of everyday surveillance certainly applies to contemporary understandings of monitoring practices, but there is merit in understanding how consumerism becomes part of a mundane surveillance scheme. Analyzing advertisements would not only give context to ads as a form of communication that is primarily used by retailers to get messages to consumers, but loyalty program advertisements help to explain the situation prior to everyday surveillance which focuses on the casual introduction of these programs as mere aspects of consumerism.

Departing from everyday surveillance itself, Turow et al. point to the associated aspects such as the way that data mining has been normalized as part of everyday life. The article also includes the shift of brick-and-mortar retailers to the use of online retailer technologies in order to solidify their place in the marketplace, further normalizing data mining technologies. Turow et al. identify a period of time between the mid-1980s through the 2010s as marked by a “transition from seeing customers through a broad demographic lens to monitoring them as individuals who give off streams of data” (2015, p. 468). The authors explain that the competitive environment turns “information gathering into a taken-for-granted aspect of their customers’ everyday lives” (Turow et al., 2015, p. 465). This draws attention to the emphasis placed on surveillance of individuals as an essential part of digitalized loyalty programs.

Data mining offers significant advantages for retailers employing loyalty programs such as the example of Air Miles and Shell. Pearson suggests that in the mid-1990s there were “far too many [gas] stations” in Canada, many of which did not meet consumer expectations (2012b, p. 53). As a result, Shell decided to close approximately 20 per cent of its twenty-five hundred stores while also renovating many of the remaining locations. Thanks to Air Miles, Shell was able to use the data from its loyalty program members to “identify shopping patterns, define driving patterns, and design a marketing awareness program to direct its consumers to new locations” (Pearson, 2012b, p. 54). Customers were alerted via mail and in-store marketing of renovations, and were given double-points incentives for purchases at the alternate station. As a result of this strategy, Shell was able to maintain approximately 75 percent of its customer base in comparison to the average industry standard of 25 percent (Pearson, 2012b, p. 55). In fact, the whole process was so successful that when completed, customers increased their spending by about 7 percent overall (Pearson, 2012b, p. 55). Not only does this example illustrate the benefits

for retailers that were able to use consumer data to reward and curb behaviour, but the numbers suggest that the incentives were worthwhile to consumers. Arguably we can see Shell as a positive use of consumer data. However, the tools that are used in predicting behaviour and targeting consumers on an individual level are not always well received.

As a more negative example of the power of data analytical tools, I have included a recurring case in surveillance studies surrounding the American retailer Target. Thanks to Target's loyalty program database, and other market research, the retailer was able to use the consumer data to approximate different stages of pregnancy based on the types of products that were commonly being purchased to coincide with research on the sort of needs in each trimester. After acting on this information that suggested certain consumers were pregnant based on their purchase history, Target received a complaint from one father because his daughter started to receive promotional ads for baby products; "it turned out that the store knew before he did that his daughter was pregnant" (Duhigg in Andrejevic, 2014, p. 63; see also Milne, 2015, p. 11-12; Turow, 2017, p. 11). This example illustrates what Andrejevic refers to as "probability categories" – while it may be challenging to approximate what one shopper is going to do, they are put together with other individuals with similar tendencies to best estimate what their predicted behaviour entails (2014, p. 64). These two contrasting examples of consumer surveillance portray the complexity of tracking consumers, as well as the lack of control consumers have over how the information about them is interpreted, applied, and used.

Mark Andrejevic argues that "big data makes tracking 'populational' rather than targeted" (Andrejevic, 2014, p. 59), which is illustrated in Target's case. So while it may appear that consumers are being individually targeted, they may instead be receiving information based on a series of other profiles that mirror their own. Andrejevic claims that "the goal of data

mining is not to understand the world but to predict it” (Andrejevic, 2014, p. 61). Big data and data mining functions with the use of various types of analytics. He argues that data-driven target marketing relies on “the promise of statistically robust powers of prediction, a promise fed by techniques with names like cluster analysis, biological response analysis, collaborative filtering, predictive analytics, and sentiment analysis” (2011, p. 281). Andrejevic (2011) notes that the goal here is not necessarily to follow the consumer, but to influence consumer behaviour in ways that coincide with marketer ideals.

Out of the complexity of data mining and surveillance, comes the combination of these two things: dataveillance. Dataveillance is defined as “the systematic use of personal data systems in the investigation or monitoring of the actions or communications of one or more persons” (Clarke in Gandy, 1993, p. 71). Christian Fuchs builds on this understanding of dataveillance, suggesting that there are two kinds: personal and mass. Personal dataveillance “monitors the actions of one or more persons and mass dataveillance, where a group or large population is monitored in order to detect individuals of interest” (Fuchs, 2011, p. 302). The issue with these two types of dataveillance is that they are becoming blurred. As a technological development mapped between both advertising and surveillance, modern loyalty programs are credited for increasing amounts of dataveillance, and especially mass dataveillance. They both collect and provide trails of information about consumers regardless of the array of concerns about their existence. Datafication changes the nature of privacy risks. As Pearson argues, “data is power if used correctly but a critical liability if mismanaged” (2012b, p. 14). These liabilities often come in the form of privacy and other legal concerns.

Surveillance in contemporary society is often viewed in contestation of an individual’s rights to privacy. Privacy refers to the ability as an individual or a group to be free from

observation as well as having one's information be unobserved as well. Under the *Canadian Charter of Rights and Freedoms*, there is specific protection against unwarranted invasions of privacy. Section "8 of the *Charter* ... guarantees the qualified right to be secure from unreasonable search and seizure" (cited in Hamilton, 2009, p. 31, emphasis in original text). However, the wording in these terms can be problematic because it is both vague and ambiguous regarding what would be constituted as unreasonable.

Other privacy legislations include the *Personal Information Protection and Electronic Documents Act* (PIPEDA) which was passed in 2000, for the purpose of "regulating the use of personal data in commercial contexts" (Bennett et al., 2014, p. 8). While PIPEDA appears to offer significant protections for consumers, the first line states that it is "[a]n Act to support and promote *electronic commerce*" [emphasis added] (Personal Information Protection and Electronic Documents Act, 2000). Although this is still a helpful legislative tool for consumers, its application to loyalty programs is limited.

Unfortunately, "consumers have little knowledge about retailers' power over information," (Turow, 2006, p. 19)⁷. While consumer advocacy groups like the Public Interest Advocacy Centre or the Consumers Association of Canada work to help educate consumers, "privacy and advocacy groups' views of database marketing do not get much coverage in the popular press" (Turow, 2006, p. 19). Several scholars have commented on the fact that many consumers do in fact care about their personal information (Lyon, 2001, 2007a; Marx, 2006; Staples, 2014; Turow, 2006, 2017). However, one narrative suggests that when it comes to

⁷ A retailer's power over information can be influenced by the structure of the sign-up process of loyalty programs. For example, default options to opt-in or out of information collection or further communication from the retailer which are often embedded in the registration (Milne, 2015, p. 60).

loyalty programs, “people either don’t know or don’t care about the connections between the use of loyalty cards and profiling” (Bauman and Lyon, 2013, p. 138). Other studies do not agree.

According to The New Transparency Project:

Canadians do care about issues such as profiling. More than half of Canadians polled in 2006 and 2012 oppose targeting visible minorities at airports, for example. But when it comes to rewards from loyalty programs or selling marketing profiles of individuals, more than half of Canadians think that these kinds of social sorting practices are acceptable (Bennett et al., 2014, p. 10).

This narrative suggests that consumers may value the rewards associated with these programs over the concerns they hold about their personal information.

In the trade of information for free rewards the role of privacy is unclear. Critics of personal information sharing such as Michael Geist refer to data sharing as a “personal data grab” (2013). Data sharing refers to the act and/or agreement between two or more agencies that governs the parameters that dictate how data may be collected, analyzed, stored, organized, archived and destroyed between the associated parties. While “Canadian privacy law requires organizations to obtain consent for the collection, use, and disclosure of personal information,” there is little stopping these companies from writing in specified and legitimized purposes they deem to be reasonable use of the information (2013). Once the conditions are accepted, companies have control over the information. Others suggest “We need to overcome the polite cultural tendency to acquiesce when we are inappropriately asked for personal information. We need to just say no when, after paying with a credit card, a cashier asks for a phone number ...” or other information (Marx, 2006, p. 51). The possible connections made between our finances, phone numbers and loyalty program memberships constitute what can be referred to as

networked surveillance concerns (Manzerolle and Smeltzer, 2011). The more areas advertisers can connect, the more closely they can target individual consumers. These concerns are especially apparent in Canada given that “despite the popularity of loyalty programs with Canadian consumers, there is no specific consumer protection legislative regulation of these programs” (Bishop et al., 2013, p. 56). There is some consumer protection legislation that has been enacted in various provinces “to address inequities that arise in consumer contracts with merchants,” but its applicability to loyalty programs is limited (Bishop et al., 2013, p. 56).

Recent developments in Ontario have seen the implementation of *Bill 47, An Act to amend the Consumer Protection Act, 2002 with respect to rewards points* in 2016. While initially this may seem like a significant win for consumers, the only protection this legislation offers concerns the expiry of rewards for loyalty programs. Under section 47.1 (1), it states “Subject to the other provisions of this section, no supplier shall enter into or amend a consumer agreement under which rewards points are provided to provide for the expiry of rewards points due to the passage of time alone” (Bill 47, 2016). In reading into this legislation further, we come to understand that while loyalty rewards cannot expire only based on the passage of time, other reasoning is exempt. Under section 47.1 (9), “Consumer agreements under which rewards points are provided may provide for expiry due to reasons other than the passage of time alone, subject to any limits that may be prescribed” (Bill 47, 2016). Therefore, if retailers designate in the fine print that there are other reasons as to why the rewards may expire, consumers return to square one: being unprotected. With little legislation in place to regulate loyalty programs, data sharing between the company that provides the loyalty program and credit card companies, as well as application-based usage receive increased concerns. However, digital loyalty programs are also subject to algorithmic sorting which can raise other concerns as well.

2.6 Profiling

Bauman and Lyon insist that privacy may not be the “most significant casualty” of consumer surveillance, instead, they claim that profiling (or social sorting) is a crucial concern because it is the primary achievement of surveillance “for better or for worse” (2013, p. 13). Elmer draws attention to consumer profiling by exploring the various processes that stem from surveillance:

[because] the term *surveillance* does not adequately capture the multiplicity of processes that *request* data by surveying and monitoring consumers and also by automatically collecting, storing, and cross-referencing consumers’ personal information with a complex array of other market data (such as production, distribution, and sales data) (Elmer, 2004, Chapter 1, emphasis in original text).

He also notes surveillance does not speak to the significance of “requiring” personal information either (Elmer, 2004, Chapter 1). For Elmer, both requesting and requiring personal information lie at the heart of consumer profiles. These profiles are the culmination of the interests, behaviour and location related information that can be collected through request or requirement in the form of consumer feedback promotional material like loyalty programs. The middle-ground that consumers occupy is filled by automated profiling mechanisms that both reward participation and punish consumers for withholding personal information (Elmer, 2004, Chapter 1). However, we also know that if consumers choose not to give out their personal information, they are excluded from opportunities such as the ability to collect rewards from loyalty programs.

Individual consumer profiles are determined by the potential categories they may fall under based on prior purchase history in addition to data used in algorithms that predicts consumer behaviour. These profiles are influenced by the type of loyalty program which can alter the kind of data collected and required from consumers (Lyon, 2007a, p. 104). Retailers rely on the use of consumer profiles for specialized marketing. What this means for consumers is that databases filled with their information serve as a “model for consumer behaviour of market exchanges” and also commodifies consumer identity “as a body of information” (Manzerolle and Smeltzer, 2011, p. 324). As a result of this practice, there are many critics of the process through which consumer profiles are created and their effects. In particular, several scholars refer to the social inequalities that profiling creates. For example, Anthony Danna and Oscar H. Gandy Jr. argue that “data mining activities and the use of consumer profiles systematically excludes classes of individuals from full participation in the marketplace and the public sphere” (2002, p. 379). Furthermore, the two suggest that price and marketing discrimination are a result of the profiles created through data mining (Danna and Gandy, 2002, p. 379). In terms of price discrimination, different profiles are often offered different deals, discounts or rewards (Lyon, 2007a, p. 95). As a result, consumers are treated differently based on the arbitrary characteristics assigned to their profiles. The only meaning given to the profiles are from retailers, but consumers are unaware of how these characteristics are assigned to them. More favoured consumers are generally classified as targets that are offered substantially more incentives to continue to frequent particular retailers while less favoured profiles will not receive equal communication. What is particularly problematic about this dynamic, is that the benefits will better characterize more privileged social groups (Marx, 2006, p. 48), which only serves to further disadvantage already less privileged groups.

The rationale behind why loyalty programs disproportionately favour privileged social groups is easy to understand when examining loyalty program structure. Retailers are primarily looking for consumers that will spend the most money with them, and as a result offer larger incentives for more money invested in the company. If we look at Air Miles' three tiered program as previously mentioned, Gold members earn more rewards than regular members and Onyx members receive the most incentives to continue shopping because they are in the highest expenditure bracket. Bennett et al. argue that "people with certain kinds of profiles 'pass' with greater ease than others. And this is true not only at the border but also in the marketplace" (2014, p. 6, emphasis in original text). Despite the disparities between various profiles, consumers are expected to accept the price and marketing discrimination against them. Turow strongly criticizes the idea of accepting this discrimination when stating that "retailers' strategy is to mix shrewd loyalty programs, high tech tracking instruments, and esoteric statistical manipulation with soothing brand images and smoke screens in such a way that shoppers accept systematic biases about them" (2017, p. 11). Given the success of loyalty programs, especially in Canada, consumers do accept these biases to an extent by which they still participate in these programs, but it does not change their interest in other consumers' rewards. These concerns fall under what Turow refers to as niche envy, which incorporates two basic concepts. One concept of niche envy "pertains to competitors, who may envy the quality of other competitors' customers" (Turow, 2006, p. 3). Whereas the second concept "pertains to the consumers, who may envy what they believe are the friends' better profiles, which may get them better treatment" (Turow, 2006, p. 3). Yet clearly envy is not the only concern regarding profiling.

Despite the age of Oscar Gandy's work, he offers one of the most notably insightful critical discussions on panopticism used to explore consumer profiles. He builds on the

panopticon Foucault uses to talk about surveillance, suggesting that there is a sorting factor of the panopticon. Gandy refers to this sorting (or profiling) as the panoptic sort. For Gandy, the panoptic sort is given to:

the complex technology that involves the collection, processing, and sharing of information about individuals and groups that is generated through their daily lives as citizens, employees, and consumers and is used to coordinate and control their access to the goods and services that define life in the modern capitalist economy (1993, p. 15).

Not only does Gandy make reference to everyday surveillance in this definition, but the panoptic sort also incorporates the “complex technology” such as databases and data mining practices that contribute to the profiles that mediate our experience with retailers.

The panoptic sort is “a system of power” (Gandy, 1993, p. 15). This power is primarily held over the personal information economy as it relies on mass amounts of consumer data to be sorted into palatable profiles that are easily used in target marketing. Gandy supports this notion of the significance of personal information when stating that “information about the actual and potential consumers of goods and services represents an area of the most explosive growth and ultimate significance for the reach of the panoptic sort” (1993, p. 61). Here, Gandy acknowledges the importance of consumer data which is indispensable to digital loyalty programs. From the profiles formed using this data, the panoptic sort operates like a predictive technology that is “concerned with deselecting rather than selecting” (Gandy, 1993, p. 84). Gandy’s argument about deselecting mirrors other primary concerns about profiling that focus on discrimination against non-ideal consumers. These inequalities are also explored at a local level given that profiling is the by-product of consumer surveillance and does not only exist on a grand scale.

Nils Zurawski argues that the study of surveillance should focus on local practices. By this, Zurawski means that there are “subjective meaning structures” associated with shopping that situate people within global flows of information (2011, p. 512). While consumption is “ultimately about the mundane acts and routines that make up the practice of shopping,” there are larger social frameworks that this practice falls under (Zurawski, 2011, p. 515). Zurawski speaks directly to loyalty cards, stating that they can be thought of “as interfaces between everyday practices and an economy of personal information” (2011, p. 516). Drawing on the concept of local practices, digital loyalty programs can thus be viewed as mediating the relationship between consumers and retailers as they hold a position between the local practice of shopping and a network of information. Through the use of digital loyalty programs as the site for local practices and marketing, Zurawski provides insight into understanding the network of information used by advertisers. For Zurawski (2011) it is this network of information that connects the local practices and marketing to global data, which is used to better understand the position of consumers in the exchange of information for rewards.

Our understanding of local practices can be expanded when thinking of the additional information that can be gathered through the use of loyalty programs in addition to the behavioural information. This sort of information often includes geographical information such as the cardholder’s address as well as the store location (whether online or brick and mortar). The “recognition of this aspect of data allows a number of geographical applications, such as the mapping of store networks, catchments and hierarchies, and consumer behavioural patterns, to be carried out” (Byrom, 2001, p. 335). While consumers do not often think of the consequences of this networked information there is a clear connection to the digitization of information that

allows this data to be used to not only find, but cultivate idealized customer profiles (Byrom, 2001).

Nick Couldry and Joseph Turow examine the place of big data in advertising and marketing. The article focuses on the implications for democracy that result from ad practitioners' work to "home in on desirable individual consumers" (Couldry and Turow, 2014, p. 1711). This practice is made possible through big data which is dominant in advertising. The two suggest that with the increase of individualized advertising, there are implications to democracy. They argue that democracy is shared, meaning that it "must involve *some* sharing of experience," using the sharing of information as an example (Couldry and Turow, 2014, p. 1722, emphasis in original text). This argument is supported by stating that without the commonality needed for democracy, members of the public "will barely recognize one another as part of the same space" (Couldry and Turow, 2014, p. 1722). However, the "logic of deep personalization" as Couldry and Turow state, "is headed in another direction" (2014, 1722). By direction Couldry and Turow refer to increasing personalization of advertising that differs from early advertising models that relied on mass audiences. For Couldry and Turow, personalized

refers to a form of a deep personalization—content whose selection has already been decided for citizens on the basis of criteria unknown to them and calibrated not to their proximate selection decisions, but to big data-generated assumptions about where those citizens would want to focus their attention or where marketers need those citizens' attention to be focused (Couldry & Turow, 2014, p. 1712)

Couldry and Turow's deep personalization gives context to the shift in advertising from the one-to-many to a one-to-one model of communication that can be seen in the loyalty industry.

Building on their argumentation, loyalty programs can be used as a logical extension of the

individualized advertisements as they similarly rely on big data. More importantly, digital loyalty programs can help to illustrate personalized advertising trends that “represent a momentum of *cultural change*” (Couldry and Turow, 2014, p. 1718, emphasis in original text) through their interaction with surveillance measures that collect data in the first place. It is also important to examine the ways through which personalization is possible, which is attributed to the use of algorithms used to build complex consumer profiles.

Given their significant presence in modern media and communications technology, the role of algorithms is understood as an influential factor in the way we interact with information. Algorithms can be understood as a complex system of calculations that function by analyzing large amounts of data into organized and recognizable patterns. Algorithms are often used by large companies to manage consumer generated behavioural patterns such as producing consumer profiles for retailers. Tarleton Gillespie addresses the relevance of algorithms in contemporary society, suggesting that “[t]hey are now a key logic governing the flows of information on which we depend” (2014, p. 167). While we once trusted bodies such as experts, the scientific method, or God to “identify what we need to know,” Gillespie argues “we are now turning to algorithms” (2014, p. 168). He credits algorithms with influencing flows of information because they are often responsible for the particular content that people are shown when using many digital services.

While this data is being analyzed by algorithms, these complex pieces of code did not merely appear on their own. Algorithms are encoded with particular values through their design and development as well as the values that are placed upon them, such as the idea of objectivity. Gillespie argues that algorithms must not be thought of lightly as “abstract, technical advancements, but must unpack the warm and institutional choices that lie behind these cold

mechanisms” (2014, p. 169). This statement suggests that algorithms must be understood as complicated instruments of communication technology that have particular values embedded within them. These tools need to be understood for their complexity, not merely what they appear to do on a surface level. For example, there is a sense of objectivity that often accompanies algorithms because they are automated and appear to be “free from subjectivity, error, or attempted influence” (Gillespie, 2014, p. 179). However, when examining their functionality more closely, it becomes apparent that this is not the case.

For example, Gillespie notes that both YouTube and Twitter participate in this practice by “algorithmically demot[ing] suggestive videos” and algorithmically evaluating which terms are trending respectively (Gillespie, 2014, p. 172). This concept means that while these company’s algorithms function to reveal the most relevant content to their users, they also filter unwanted content by demoting its place, or keeping it hidden from popular areas of the service. Additional objectivity concerns are addressed when discussing what content the algorithms include and exclude (Gillespie, 2014, p. 169 & 171). It would be naïve for us to think that the algorithms used to sort through loyalty program databases do not similarly filter wanted and unwanted content. However, the difference here is that this content is actually people.

Determining the accuracy of algorithms is a challenging task at best. In a TEDTalk by Kevin Slavin (2011), he speaks about the ways that algorithms shape our world. In particular, Slavin is troubled by our reliance on algorithms because of the objectivity concerns that it would be challenging if not impossible to determine if the algorithms were to suddenly stop working, he questions if we would even know. In speaking about algorithms, he argues that “we’re writing these things that we can no longer read. We’ve rendered something kind of illegible, and we’ve lost the sense of what’s actually happening in this world that we’ve made” (Slavin, 2011). By

giving agency to algorithms, Slavin is suggesting that we are now out of touch with the decisions being made. Despite the fact that algorithms appear to be automated through their separation from human activity, it is important to recognize that they were created by people to fulfill a particular purpose. Scholars such as Danna and Gandy suggest that “consumers should be informed of the ways in which information about them will be used to determine the opportunities, prices, and levels of service they can expect to enjoy in their future relations with a firm” (2002, p. 384). Despite Danna and Gandy’s hopeful demeanour, it seems unlikely that while there is no real body of law that governs loyalty programs that these companies would willingly disclose how they exclude unwanted and favour ideal consumer profiles. Turow has significant distaste for algorithms suggesting that “while mainstream retailers continue to encourage shoppers to consider loyalty a reward, it is algorithms that often punish people for fidelity” (2017, p. 27). By punish, Turow is referring to potential discrimination consumers may face such as higher prices for unfaithful loyalty program members and lower prices to entice non-members all the while embedding these concepts as merely “part of the shopping experience”, which normalizes the practice of social discrimination (2017, p. 22).

Throughout this chapter I have illustrated the connectivity between the three main themes found in the existing literature in relation to loyalty programs. These themes, known as advertising rewards, everyday surveillance, and profiling are the foundations of digital loyalty programs. The advertising rewards theme reminds us of the place of loyalty programs as a form of advertising used to communicate with a retailer’s customer base. Advertising is differentiated from other forms of communication because of its intent to influence consumer choices and behaviour. For retailers, this influence would ideally result in consumers visiting their location

over their competition. Repeat business is encouraged by retailers like Canadian Tire and Shoppers Drug Mart for promising free rewards in exchange for consumer loyalty.

The exchange of rewards for consumer loyalty is influenced by the increasing prevalence of consumer surveillance. Everyday surveillance is the term given to surveillance measures that occur in increasingly mundane facets of everyday life. Surveillance accounts for the consumer tracking processes that incorporate the collection, storage, and analysis of personal information to the exchange of free rewards. The tracking processes rely on data surveillance to function. There is some legislation to protect consumers from the realities of consumer surveillance, but its application to loyalty programs is limited. Aside from concerns of privacy from tracking, profiling highlights other consequences.

Profiling is understood as a result of the use of data to create consumer profiles. Data collected from the surveillance of individual consumer profiles that classify these same consumers based on characteristics assigned to them. The characteristics of an individual's profile incorporate personal information about them including store and time locations as well as purchase history that helps retailers determine the favourability of a specific profile. Profiling can contribute to social divisions and marginalization of already marginalized groups with little consumer knowledge of the status of their profile. Retailers use complex algorithms that work to sort people into certain profile groups, and use the information gathered to better target advertisements and promotional material to their consumers, which illustrates how interconnected these themes are to one another. At the same time, these themes separately provide a strong analytical framework to examine advertisements through. In chapter 3, I explore advertisements from Canadian Tire and Shoppers Drug Mart that exhibit qualities that illustrate how Canadian loyalty programs were introduced in a very casual manner.

3.0 Discussion: How Canadian Tire and Shoppers Drug Mart Use Rewards to Encourage Participation in Mundane Surveillance

In this chapter, I employ the analytical framework from chapter 2 that outlines advertising rewards, everyday surveillance, and profiling as foundational tools to help examine advertisements for Canadian Tire and Shoppers Drug Mart's digital loyalty programs. I discuss findings which suggest loyalty programs were revealed to Canadians in a covertly casual manner. I draw on the results of a qualitative textual analysis of advertisements from both retailers that is displayed in graph formats. I also have included examples of advertisements for Canadian Tire and Shoppers Drug Mart's digital loyalty programs to illustrate how these retailers communicate with consumers. These images will appear thematically in terms of the categories found in the textual analysis. Canadian Tire and Shoppers Drug Mart engage in advertising strategies that present the use of their respective digital loyalty programs as integrated with everyday life.

While Canadian Tire and Shoppers Drug Mart occupy very different commercial markets, they both use similar techniques to influence consumers and consumer behaviour. In addition, both retailers share similar competition such as big box-stores like Wal-Mart. Major competitors like Wal-Mart not only threaten Shoppers Drug Mart's pharmaceutical goods and services, but also outdoor equipment and houseware products and services that Canadian Tire offers, making them a particularly strong rival for both Canadian chains. This competition forces them to look for new ways to connect with and retain their existing customers. Retailers like Canadian Tire and Shoppers Drug Mart use advertising as a primary means of communication to reach consumers, meaning that they communicate loyalty through the use of advertisements of their digital loyalty programs. Advertisements of these retailers' digital loyalty programs

primarily consist of two main forms: loyalty program cards as an easy way to collect rewards and event-based ads. By event-based I mean that the retailer uses the frequent publishing advantages of newspaper media to inform consumers about sales that were time sensitive such as limited-time sales events.

Both Canadian Tire and Shoppers Drug Mart use their loyalty programs to differentiate themselves from their competition. For example, former president of Canadian Tire's financial services, Tom Gauld, stated that "When you can shop at Home Depot or Wal-Mart and earn points for a discount at Canadian Tire, your next trip is more likely to be at our store" (Deverell, 1997, p. D5)⁸. Gauld not only made a direct reference to Canadian Tire's largest competitors, but gave rationale as to why consumers would visit Canadian Tire instead. Even if consumers buy goods or services from their competitors, Canadian Tire's Options MasterCard allows members to collect points wherever they shop, which encourages them to return to Canadian Tire to redeem their points.

Former Shoppers Drug Mart CEO, Glenn Murphy, responded to questions about price pressure from Loblaws and Wal-Mart by promoting the Shoppers Optimum loyalty program. Murphy stated that Shoppers Drug Mart's "play on value" was different from their competition because they "try to be as competitive as we believe necessary, and the Shoppers Optimum loyalty card is our point of differentiation in sustaining front-of-store sales" (Norris, 2004, p. D6). He also notes that although it is still new for the retailer, the program has been effective thus far and that there are plans to use the data to learn more about people's shopping habits

⁸ John Heinzl also writes about the competition between Canadian Tire and Wal-Mart, drawing comparisons between the regular advertisements of both retailers. Heinzl suggests that a particular ad campaign circulating in 1996 was directly challenging Wal-Mart using similar low price language (1996, p. 132).

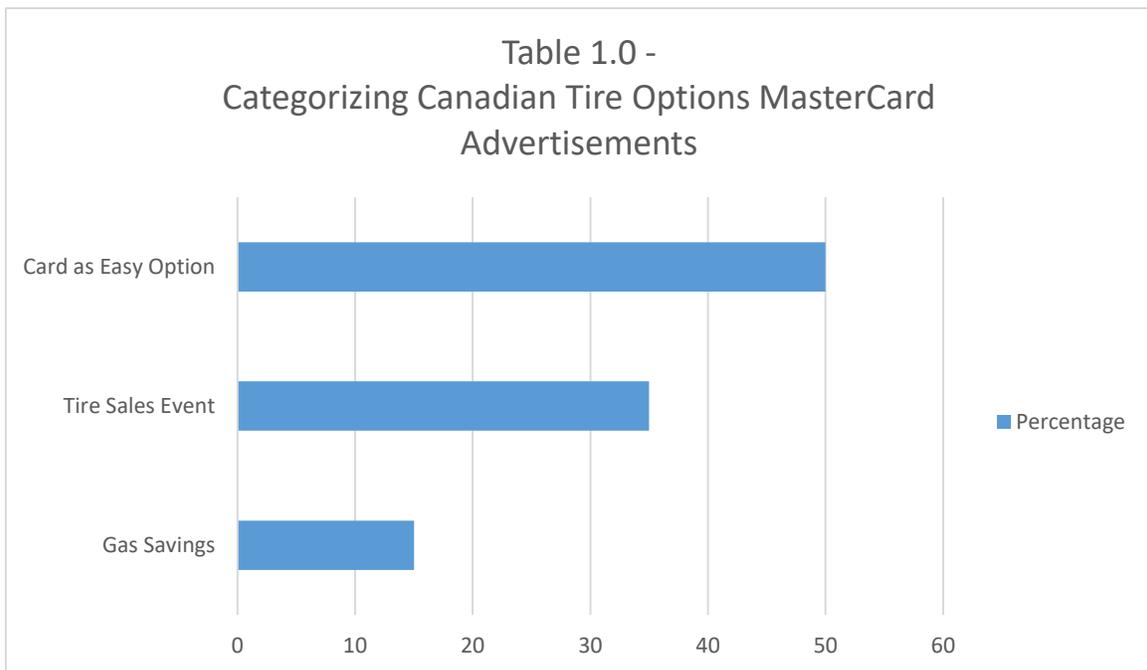
(Norris, 2004, p. D6). Murphy's reference to data draws attention to digital loyalty programs in particular, as retailers are only able to collect and utilize consumer data because of digitization.

Digital loyalty programs become a clear choice for retailers given that they offer incentives to consumers while simultaneously providing retailers with mass amounts of data which in turn helps to sharpen the way they appeal to patrons. Loyalty program schemes can be explored through the analytical framework of three main themes: advertising rewards, surveillance, and profiling. Studying digital loyalty programs is advantageous because they are the perfect way to track how loyalty and surveillance blend together. As Pearson argues, "loyalty programs are an elegant way to establish an information exchange with your customers, but it's what you do with the program and the embedded data that really defines the winners and losers" (2012b, p. 10-11). For both Canadian Tire and Shoppers Drug Mart, it is clear that both have capitalized on this exchange and are trying to maintain a "winning" status through the success of their businesses and the loyalty schemes that support them.

3.1 Canadian Tire Advertisement Analysis

Canadian Tire's approach to digital loyalty programs is not considered common practice. Not only did the retailer have a pre-existing physical program, but the implementation of digitization relied on credit card versions of their loyalty program for almost twenty years before releasing a stand-alone loyalty card. During the early years of Canadian Tire's digital loyalty program, Canadian Tire also promoted its physical loyalty program. However, the company soon shifted its emphasis onto the adoption of e-currency collection. Canadian Tire's interest in data from the introduction of the Canadian Tire Options MasterCard also saw strenuous promotion of its credit card in-store in an effort to increase its rate of adoption (Deverell, 1997, p. D5). In-store promotion was used in combination with its advertising efforts.

The data shown in Table 1.0 helps to illustrate the types of strategies Canadian Tire utilized to normalize otherwise unrelated connections between consumers and their use of loyalty programs. Advertisements for Canadian Tire’s digital loyalty program is broken into three main categories. As previously mentioned, there are 579 Shoppers Optimum related advertisements total which includes 566 from the Toronto Star, 12 from the Globe and Mail, and a single advertisement from Chatelaine magazine. The collection of advertisements consists primarily of ads that classify Canadian Tire’s co-branded credit card as easy to use; approximately 50 percent of the ads fell under this category. The remaining advertisements were event-based, with 35 percent of ads attributed to tire sales and 15 percent that informed consumers about gas savings. Canadian Tire’s strategy to present the Canadian Tire Options MasterCard as merely easy to use and tying its use to the sale of tires and fuel portrays the use of the loyalty program as an incredibly ordinary activity. Canadian Tire uses this tactic to entice consumers to leave their longstanding physical program in favour of digital convenience.



Advertisements for Canadian Tire's digital loyalty program that focus on gas savings help to reveal the casual way that retailers have introduced loyalty programs to Canadians. Refueling a vehicle is an ordinary activity that Canadians routinely participate in on a regular basis. While there would be some differences in the frequency of fill-ups an individual may make, there is nothing particularly interesting about the task. Moreover, not only is there nothing specifically interesting about the activity, visiting a gas station is often associated with negativity because of the cost. Canadian Tire, however, viewed this ordinary occurrence as an opportunity to capitalize on a portion of the gas station market.

In Figure 1.0 we see an early Canadian Tire advertisement for gas savings. The retailer is encouraging consumers to not only fill up their gas tanks, but to "fill up on savings" (for the duration of the sales event). This phrase incorporates a play on words that connects the act of getting fuel with Canadian Tire's co-branded credit card at Canadian Tire gas bars. While this may be the main objective of this particular ad, there are also several sub-sections working in tandem as well. For example, this advertisement promises discount coupons on road atlases that are redeemable at Canadian Tire stores. There is a strong connection for using road atlas coupons because people that are getting fuel would be more likely to own a car, and have a need or desire for a road atlas. By making the redeemable location for the road atlas coupon Canadian Tire retail locations, this practice helps to strengthen relations between regular stores and gas bars, and as a result the use of Canadian Tire's digital loyalty program.

The gas savings ad illustrates the Canadian Tire card as the ideal choice for consumers by using the slogan "one card, many rewards". Canadian Tire's slogan is not arbitrary. Canadian Tire's slogan resembles Wu's discussion of Lucky Strike cigarettes, because these slogans are made to be simple enough to remember, but purposeful. So while Lucky Strike uses their slogan

to attract smokers, Canadian Tire focuses on drivers in this ad. The particular use of language encourages consumers to associate Canadian Tire's credit card with simplicity thanks to the use of only one card that lets them to pay for their purchases and simultaneously allows them to collect points for later redemption. If Canadian Tire successfully convinces consumers to use their card, there is a promise to "receive a lot more for a lot less" at both gas stations and regular store locations. This phrase is meant to further reinforce connections between Canadian Tire's Options MasterCard and the routine purchasing of everyday essentials.

Figure 1.0 - Canadian Tire. (1995, March 12). "Fill Up On Savings." *Toronto Star*, p. G1.

Canadian Tire attempts to make various kinds of associations and connections between gas discounts and their digital loyalty program. Canadian Tire utilizes the Canadian Tire Options MasterCard as a casual suggestion to consumers on ways to be rewarded when shopping with the retailer. This tactic of introducing Canadian Tire's digital loyalty programs in terms of earning free rewards for ordinary purchases contributes to their efforts to differentiate themselves from their competition. Analyzing Canadian Tire's advertising strategies allows us to see *how* the company began to use the co-branded credit card to promote Canadian Tire as a brand.

Advertisements for gas discounts are an important part of this strategy for returning customers as gas coupons help drive traffic to nearby stores, where consumers are encouraged to purchase other goods that will also reward them for shopping (Flavelle, 2004, p. D3). Given that branding is meant to illustrate that there is something that sets a product, service or company apart from others, Canadian Tire uses the Canadian Tire Options MasterCard as the "something" that separates them from their rivals that offer similar products and/or services. While in reality there is nothing in particular that differentiates various other gas stations from Canadian Tire gas bars, by offering incentives at their gas stations through the use of the card, the card itself becomes the point of differentiation. Through repeated use, Canadian Tire hopes that customers come to associate Canadian Tire gas bars (and retail locations) with the rewards they receive upon use of their digital loyalty program.

Canadian Tire's branding tactics incorporate a need to use the Canadian Tire Options MasterCard to differentiate their digital loyalty program from their longstanding physical roots. The desire for consumers to adopt Canadian Tire's new reward collection system prompted the retailer to alter the way it allotted incentives. By referring to the advertisement in Figure 1.1

“Gas Sale Save 20¢ Per Litre,” we see that Canadian Tire began offering larger rewards for digital members than for their physical counterparts.



The advertisement features a black background with white text and graphics. At the top left is the Canadian Tire logo, a triangle with a maple leaf and the words "CANADIAN TIRE". The main headline reads "GAS SALE! SAVE 20¢ PER LITRE" in large, bold, white letters. A gas pump nozzle is shown spraying a stream of white gas into the number "20". Below the headline, the date and time are specified: "Thursday, August 2nd 6-9 am only". A line of text says "Our secret location to be revealed in tomorrow's paper". Below that, it says "Canadian Tire Gas Bars... your destination for long weekend fill-ups!". A white box contains a "LONG WEEKEND SPECIAL" offer: "Thursday, August 2nd to Sunday, August 5th. Buy 30L or more of gas GET A BONUS \$5.00* IN-STORE VOUCHER". A small image of a Canadian Tire Money voucher is shown. Text next to it says "Cardmembers get \$6.00! Shop in-store. Purchase a minimum \$25 (before taxes) on your Canadian Tire Card or Options® MasterCard®, and you will get \$6.00 (20% more) in Canadian Tire 'Money' On The Card!™ with your bonus voucher." At the bottom of the white box, it says "BONUS OFFER IN EFFECT AT PARTICIPATING TORONTO AND TORONTO-AREA, HAMILTON, BURLINGTON AND SURROUNDING AREA CANADIAN TIRE STORES" and a small code "0501-834".

Figure 1.1 - Canadian Tire. (2001, August 01). “Gas Sale Save 20¢ Per Litre.” *Toronto Star*, p. A4.

The most prominent text of Figure 1.1 promotes savings of 20 cents per litre of gas at secret locations to be revealed in the next edition of the newspaper. There are also secondary aspects working in tandem to entice customers. In particular, the retailer is offering five dollars in physical Canadian Tire 'Money' in comparison to six dollars in e-currency when purchasing a minimum of 30 litres of fuel. Similar to the first gas discount advertisement, this ad is also a limited-time event. What connects the offer to Canadian Tire's loyalty program is the August long weekend; part of the text reads "Canadian Tire Gas Bars ... your destination for long weekend fill ups". The holiday bridges the gap between gas and their loyalty program, and particularly their digital loyalty program (because of the higher incentive). This tactic thus encourages consumers to visit Canadian Tire gas bars to receive the rewards allotted when using the Canadian Tire Options MasterCard, branding Canadian Tire itself as the go-to location over their competitors.

Long weekend sales are not the only event-based advertising that Canadian Tire utilizes. A second significant example are those that exploit tire sales. For example, in Figure 1.2, this advertisement first informs consumers of its "No GST on All Tires" event for passenger and light truck vehicles. Through this ad, Canadian Tire recognizes the necessity of purchasing new tires over the lifetime of owning a vehicle, but more importantly, the opportunity to associate themselves in the mind of Canadians as the ideal to purchase automotive services and merchandise like tires. The connecting factor between Canadian Tire and consumers relies on their digital loyalty program. Given that the price of tires and other automotive parts and services are generally expensive with or without GST savings, connecting Canadian Tire's credit card is a clever way of associating the two.

No GST* on All Tires

Passenger and Light-Truck Tires Only



CANADIAN TIRE

100,000^{KM}
PERFORMANCE RATING

MOTOMASTER

VALUE PACKAGE INCLUDES:

- Great prices – today and every day
- Road hazard warranty
- New valve
- Installation

Made by leading North American manufacturers

LIMITED TIME OFFER!

*We'll give you a discount equivalent to the GST.
**Canadian Tire Money and OPTIONS® Points will be calculated on the everyday price less the GST.
Example: 45.99 less 7% = 42.77 plus applicable taxes.
The NO GST offer does not apply to finished tires.

PREMIUM ALL-SEASON RADIAL

45⁹⁹ each, up

Motomaster SE
P 65R00R13 75S

BRAKES

FRONT BRAKES

From

79⁹⁹

Most cars, light trucks and vans

Here's what we'll do:

- Replace front brake pads using quality Motomaster brake pads with a Lifetime Warranty. Includes semi-metallic pads where applicable
- Inspect caliper mounting and sliders
- Inspect rotors for wear and/or damage • Top up brake fluid
- Inspect hydraulic system for leaks • Road-test vehicle

Every brake job is different
Most vehicles require new rotors or resurfacing of existing rotors. Additional parts and labour are often required at an extra cost. A written estimate will be provided.

NO-CHARGE BRAKE INSPECTION

REAR BRAKES

From **79⁹⁹**

YOUR ABS EXPERTS

TUNE-UP

4 CYLINDER

79⁹⁹

Most cars

6 CYLINDER

89⁹⁹

Most cars

8 CYLINDER

99⁹⁹

Most cars

Here's what we'll do:

- Perform computerized engine analysis with printout
- Inspect air filter and PCV valve
- Replace spark plugs with Motomaster V-groove spark plugs
- Inspect distributor cap, rotor, ignition wires and coil

PLATINUM TUNE-UP

BOSCH We will install Bosch Platinum spark plugs

You'll get: • Quicker Ignition • Top fuel efficiency • Smoother acceleration

4 CYLINDER

84⁹⁹

Most cars

6 CYLINDER

99⁹⁹

Most cars

8 CYLINDER

114⁹⁹

Most cars

FUEL INJECTOR SERVICE

59⁹⁹

Most cars

Here's what we'll do:
Our service experts will clean your vehicle's fuel injectors for improved engine performance and fuel economy. A service you can count on!

• Trained Technicians • Top Quality Parts • Nationwide Guarantees



1-877-4-TIRE




21 AUTO CENTRES IN METRO TORONTO PLUS...

• AJAX • BRAMBLETON • BRAMPTON (2 STORES) • MARKHAM • MISSISSAUGA (8 STORES)
• OAKVILLE (2 STORES) • RICHMOND HILL • AURORA • GEORGETOWN • NEWMARKET
• WOODBRIDGE • STOUFFVILLE

Options

CARDHOLDER REWARD PROGRAM

ONE CARD. MANY REWARDS.
The more you use the Card, the more you save!

Figure 1.2 – Canadian Tire. (1995, April 01). “No GST* on All Tires.” *Toronto Star*, p. L4.

Cardholders are able to take advantage of the limited time tire sale, and by using their membership they not only receive points in exchange, but the function of the card allows consumers to have a longer period of time to pay for the tires. Connecting these two ideas for Canadian Tire enables the company to encourage consumers to use their cards for ordinary purchases like tires or related automotive parts and services that consumers would need to purchase regardless of the existence of a loyalty program. It is in this light that the program becomes an added bonus to patrons, meaning that the program is used as an incentive rather than a necessary factor in shopping at Canadian Tire.

Canadian Tire emphasizes its place as not only an ideal automotive destination for Canadians, but also claims to be “Canada’s Housewares Store”. In Figure 1.3 we see a page from a Canadian Tire flyer that attempts to establish the retailer as a leader in various houseware products. The use of language is extremely important here. Canadian Tire did not use terms such as *Your* Housewares Store or *The* Housewares Store that would merely signal the company’s interest in selling houseware products to consumers. Instead, they used *Canada’s* Housewares Store. Every aspect of an advertisement is meticulously thought about and included for a specific purpose, and this example is no exception. By attempting to associate themselves as the destination for Canadians, Canadian Tire hopes to differentiate themselves from their major competitors such as named rivals by the company’s president Wal-Mart and Home Depot – both of which are American-based chains.

CANADA'S Housewares Store

GREAT PRICES MADE BETTER

Pay by cash or cheque and get Canadian Tire 'Money'

Use the card and get valuable OPTIONS® Points

The Power to save is in your hands

129⁹⁹ Reg 149.99 **SAVE \$20**

Toaster oven
Large 0.5-cu ft interior. Two adjustable rack positions. Simplified settings for baking, broiling, toasting, top browning, defrosting and keeping food warm. Thermostat maintains uniform cooking temperature from 200° to 470°F. Toast colour selector with auto shut-off. 43-0849-0

BLACK & DECKER **SAVE \$10** **69⁹⁹** Reg 79.99

DeLonghi **SAVE \$20** **129⁹⁹** Reg 149.99 Mug not included

10-cup coffeemaker. Fits under cabinet. Timer for an effortless brew any time you like. 43-0500-6. Save 23%. Reusable coffee filter. 42-1757-4. Reg 91.99. 12.99

Espresso/cappuccino maker with instant froth dispenser. 43-0468-6

1L kettle. Auto shut-off. 43-0230-0
2.2L kettle. 43-0223-8. Reg 32.9924.99
Cleaner. 43-0299-8. Reg 2.991.99

Proctor-Silex **SAVE \$10** **34⁹⁹** Reg 44.99

1. Hand blender/chopper. With accessories. 43-1936-6
2. Blender. 7 speeds plus Pulse. 48-oz jar. 43-1934-0

Proctor-Silex **SAVE \$8** **24⁹⁹** Reg 32.99

Food processor. A great kitchen helper. Single speed plus Pulse. Instant start/stop. Shredder/slicer and processing blades. 43-1995-8

Proctor-Silex **SAVE \$6** **23⁹⁹** Reg 29.99

Steam/dry/spray iron. Teflon®-coated soleplate. Reversible cord. 43-2557-2
1/3 off! Steam iron cleaner. 43-2597-6. Reg 2.991.99

Figure 1.3 – Canadian Tire. (1995, October 18). “Canada’s Housewares Store.” *Toronto Star*, p. V8.

Focusing on being Canadian gives Canadian Tire another level to its branding strategy. Similar to long weekend savings, gas discounts, and tire sales, Canadian Tire connects the use of

Canadian Tire's digital loyalty program with regular purchases, and in this case, *Canadian* housewares. When purchasing from the company, consumers are reminded of their status as a Canadian institution that rewards consumers for purchasing regular items. Adding the use of Canadian identity into Canadian Tire's branding efforts makes the company the ideal choice for housewares, in addition to a series of other factors like gas discounts of tire sales. Canadian Tire uses corporate nationalism to connect the retailer with Canadian identity. This nationalism encourages Canadians to shop with Canadian Tire over their competition like Wal-Mart or Home Depot that are unable to use Canadian identity in the same way to reach consumers.

Given that this housewares advertisement comes from the same year that the Canadian Tire Options MasterCard was launched, there is a recurring option for consumers between physical and digital versions of the loyalty program. This ad is significant because it conveys consumer agency by stating that "The Power to save is in your hands" – meaning the power is situated with the consumer. This tagline is meant to communicate to consumers that saving money is easy at Canadian Tire, but it is up to you on how you would like to be rewarded. The focus on consumer agency also takes attention away from the fact that the trade of power gives Canadian Tire the upper hand since this exchange gives them the power to track consumer behaviour.

An example of the interconnected factors of Canadian Tire's branding efforts and related customer retention can be seen in Figure 1.4. This advertisement aims to make the Canadian Tire Options MasterCard stand out as an easy way to collect rewards. The ad says that Canadian Tire offers "Everyday low prices – that's good. Options points – that's better". This statement does not suggest that the digital loyalty program will significantly change shopping experiences, but that the regular shopping practices consumers already partake in can be made better by using the

card. This ultimately portrays membership as a simple way to be rewarded for merely buying things at Canadian Tire.



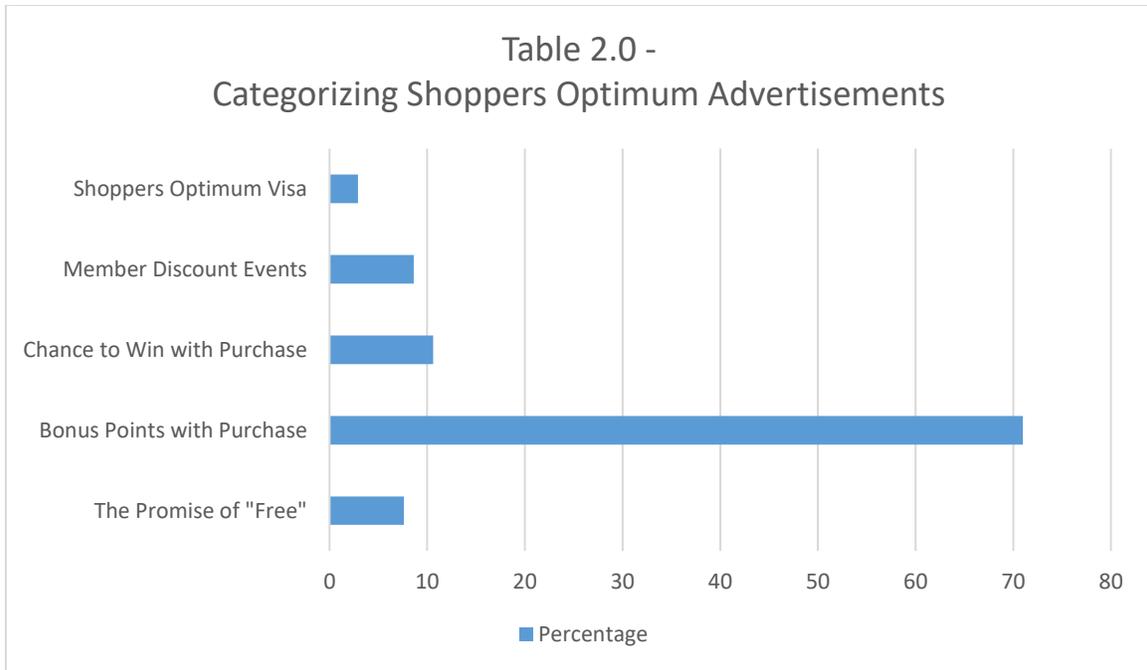
Figure 1.4 – Canadian Tire. (1996, December 14). “Everyday low prices – that’s good. Options Points that’s better.” *Toronto Star*, p. W4.

The collection of advertisements for Canadian Tire’s digital loyalty program work to illustrate the casual way loyalty programs were introduced to Canadians. The retailer primarily focuses on portraying the Canadian Tire Options MasterCard as an easy way to collect rewards in addition to sales events. Canadian Tire works to normalize the use of the Canadian Tire Options MasterCard by promoting its use for purchasing ordinary items like tires or fuel. By offering rewards for the card’s use, consumers are encouraged to associate routine purchases with receiving discounts and free e-currency. This exchange helps Canadian Tire mask surveillance elements of its digital loyalty program that tracks cardholder behaviour that is used to better target promotions to consumers. Next, I will examine advertisements from the Shoppers Optimum program which will be analyzed to better understand how digital loyalty programs were revealed in Canada.

3.2 Shoppers Drug Mart Advertisement Analysis

Shoppers Optimum has always been digital. Through advertisements for the Shoppers Optimum program, the retailer encourages consumer participation through examples of some of the most ordinary items. Rather than depicting the program as an extravagant system with exciting rewards, the retailer's advertisements show consumers receiving free regular household items like personal hygiene products upon redeeming points. There are some exceptions seen in ads connected to the chance to win-with-purchase category, but these ads are meant to encourage shoppers to purchase regular items in order to be entered into the draw to win.

Advertisements for Shoppers Drug Mart's loyalty program can also be thought of in terms of ads that depict the card as easy or event-based. The Shoppers Drug Mart advertisements are more challenging to work through because of the sheer number and the requirement for more complex categorization as discussed below. As shown in Table 2.0 (whereby percentages have been rounded to the nearest tenth decimal place), offering bonus points with purchases is the most populated category with approximately 71 percent of the total ads. Most of the other categories hover around the 10 percent mark, with the chance to win-with-purchase being counted approximately 10.6 percent of the time, member discounts being counted 8.6 percent of the time, and the promise of free 7.6 percent of the time. The remainder consists of the smallest percentage of approximately 2.9 for Shoppers Optimum Visa ads.



Given that receiving bonus points for regular purchases is the most significant category, it signals that the main communicative message to consumers is simply that they can collect points when they buy items they likely would have anyway. If this message appears uninspired by suggesting that consumers may collect points for participating in an activity they already partake in, it is because it is presented to be part of ordinary everyday purchase habits. There is no significant change to shopping experiences by implementing the use of a loyalty card from a consumer standpoint aside from collecting points to redeem for items they may want to get later. It is in Shopper's Drug Mart's interest to normalize this activity so that consumers do not experience participating in the Shoppers Optimum program as surveillance. Other categories are more complicated such as member discount events require some planning to have rewards set up for the particular group. However, at the same time these events are merely used as a way to get customers in the store where they may make purchases.

Two advertisements for the Shoppers Optimum loyalty program were circulated between September and December of 2000 to coincide with the launch of the program. Both ads draw attention to the ease of using the loyalty card, while also demonstrating how consumers can receive free merchandise by becoming members. In the first of the two ads, seen in Figure 2.0, the image incorporates several elements. While a presumably famous woman steps out of a limousine onto a red carpet, the gathered paparazzi ignore her and opt to photograph the construction worker pushing a wheelbarrow out of frame instead. Shoppers Drug Mart focuses attention on the construction worker as a symbol of working Canadians. The objective here is to highlight that regular citizens can feel glamorous when they receive free products through the Shoppers Optimum program.

This advertisement draws upon elements of both celebrity and status to equate the position of the consumer as being synonymous with a celebrity. Rather than giving the attention to the famous looking woman, Shoppers Drug Mart highlights the construction worker through the use of the paparazzi that ignore her. This imagery reverses the typical role of celebrity as someone that is generally rich and famous and suggests that getting free products from using the Shoppers Optimum program is comparable. By portraying the consumer as a celebrity, Shoppers Drug Mart is giving a sense of status to being a member. Membership can be thought of in terms of exclusivity which contributes to the narrative of Shoppers Optimum members being important like celebrities. As Xavier Drèze and Joseph C. Nunes (2009) note, the sense of status that is built into loyalty programs makes participation more appealing to consumers. This is supported by secondary elements such as the receipt that only records razors, shampoo/conditioner, and cologne as free items. Appealing to consumers is also done through the text at the bottom of the imager that suggests consumers can earn points so that they may be later redeemed “for free

products to help you look and feel fabulous. You're beautiful, man". The text here helps to reinforce the positive feelings and emotions similar to the image itself that become associated with becoming a Shoppers Optimum member. By making this link, Shoppers Drug Mart aims to have its loyalty program become tied to a positive brand image in the minds of Canadian consumers. This tactic is simply a means for the company to brand itself as the ideal choice in pharmacy needs, which works in tandem with the second ad released at the same time.

FREE ITEMS
RAZORS
SHAMPOO/CONDITIONER
COLOGNE

Use your free **Shoppers Optimum Card™** to earn points on almost everything in the store, including prescriptions. Then redeem them for free products to help you look and feel fabulous. You're beautiful, man.

MR. SHOPPERS DRUG MART.

123456 789 123

www.shoppersdrugmart.ca

Figure 2.0 – Shoppers Drug Mart. (2000, September 21). “Use your free Shoppers Optimum Card to earn points on almost everything in store, including prescriptions. Then redeem them for free products to help you look and feel fabulous. You're beautiful, man.” *Toronto Star*, p. A17.

The second advertisement for the launch of Shoppers Drug Mart's loyalty program Figure 2.1 includes the same themes of free and the ease of program use. It can be seen in Figure 2.1. The ad differs in the approach, however, suggesting that the loyalty program rewards offer the opportunity to redeem points "for free products to treat yourself. It's that easy". The consumer is depicted as treating themselves through the image of a chair propped up against the inside of a bathroom door and a similar receipt to the first ad whereby the consumer received bubble bath as a free item. We can assume from this information that the consumer would be drawing a tub to have a bath with the bubble bath. This advertisement directly speaks to how easy it is to receive rewards as a Shoppers Optimum cardholder.



Figure 2.1 – Shoppers Drug Mart. (2000, September 23). “Use your free Shoppers Optimum Card to earn points on almost everything in store, including prescriptions. Then redeem them for free products to treat yourself. It’s that easy.” Toronto Star, p. A23

While the connection to branding the loyalty program with positive associations like free bubble bath for free-time is not as bold as the use of the dichotomy between famous people and construction workers, this advertisement undoubtedly still works in favour of using the Shoppers Optimum program as the point of differentiation in separating Shoppers Drug Mart from its competition. In fact, the two ads work in combination to attract consumers through not only the imagery, but the free items themselves which are not particularly exciting.

Shoppers Drug Mart's advertising strategies are not static. The first two advertisements for the Shoppers Optimum program incorporated imagery that told a story about the consumer. Both of these ads were used examples of the promise of free category, but they represent some of the more complex advertisements used by the retailer. In Figure 2.2, we see a third example of the promise of free category that is presented significantly different from the other two. This ad promotes Shoppers Optimum membership in a casual manner. The text of this advertisement simply encourages consumers to join the Shoppers Optimum program so that they can "Earn Free* Merchandise". When pairing this text with the imagery, Shoppers Drug Mart suggests that consumers should use the Shoppers Optimum program when buying routine items like soap or deodorant that would normally be bought with or without the promise of earning points for free merchandise. These items are part of a conventional purchase for consumers that gradually becomes associated with the use of the Shoppers Optimum program. If Shoppers Drug Mart can successfully make connections for consumers between purchasing its products and its loyalty programs it is able to distinguish itself from competitors that do not offer the same incentives, or any at all.

The asterisk beside the word free in this advertisement connotes more meaning than Shoppers Drug Mart likely intended. For the retailer, the asterisk acts as a reminder to consumer

that the only way they are able to receive rewards is because of their participation in the Shoppers Optimum program. In addition, the more consumers participate, the more free merchandise they are able to redeem Shoppers Optimum points for. The asterisk also reminds us that joining a digital loyalty program is not actually “free”. Membership of a digital loyalty program requires the exchange of personal information in addition to the cost of the merchandise that consumers collect points on. Shoppers Drug Mart attempts to use the rewards to draw attention away from consumer tracking. This trade illustrates that although the Shoppers Optimum program is only promoting the collection of free merchandise, there are other elements that impact the consumer that are also in motion.

EARN FREE* MERCHANDISE
JOIN THE SHOPPERS OPTIMUM PROGRAM
* Reward varies from 20%–100% off your purchase. See store for conditions and restrictions.

DOVE
ANTI-PERSPIRANT
 Selected Types & Sizes
3.49 each

DOVE
 Moisturizing
 Body Wash
 Crème
 hydratante
 pour le corps
4.99 each

OLAY
 The Soft, Moisturized Skin
 From the Best of Hydrate
 1 Bar + Plus 100 SHOPPERS OPTIMUM POINTS
2.99 each

NIVEA
VISAGE
 Q10
 WRINKLE CONTROL
 LOTION
 ESTOMPE RIDES
 SH 15 115
20% Off*
 *Our Regular Price

Figure 2.2 – Shoppers Drug Mart. (2000, December 23). “Earn Free* Merchandise. Join the Shoppers Optimum Program.” *Toronto Star*, p. R2.

Shoppers Drug Mart predominantly utilizes the theme of “card as easy” to promote the CIBC Shoppers Optimum Visa card. The central difference between this card and the regular digital loyalty program is the ability for consumers to collect points on the co-branded credit card regardless of whether they visit Shoppers Drug Mart or their competitors. As seen in Figure 2.3,

Shoppers Drug Mart uses the advertisement to encourage consumers to use the credit card for any type of purchase. As an example, the retailer displays a pair of women's shoes. Shoppers Drug Mart emphasizes the connection between the loyalty program and consumerism when justifying the purchase by stating "but these came with Shoppers Optimum Points". Here, the retailer directly promotes the use of the co-branded card by suggesting that even if people indulge in items for themselves, it is justified because they are still earning points. As an example, Shoppers Drug Mart suggests that the CIBC Shoppers Optimum Visa can be used to purchase "your favourite indulgence, dinner at your favourite restaurant or any opportunity". According to Shoppers Drug Mart, these examples all act as opportunities to collect Shoppers Optimum points that add up faster than consumers thought possible. Not only does this entice consumers to use the CIBC Shoppers Optimum Visa card, but it makes purchasing anything with the card a rewarding experience.

Shoppers Drug Mart provides five points per dollar spent at any external location with the use of the CIBC Shoppers Optimum card, but further incentivizes visiting Shoppers Drug Mart as the best location by offering three times as many points, which equates to fifteen points per dollar at its retail locations. Using this tactic allows Shoppers Drug Mart to not only promote the use of the card, but the benefits of the store itself. This promotion is demonstrated through the consumer's ability to "Collect Shoppers Optimum points at millions of locations around the world". If consumers could conceivably obtain all of the same products and services at a rival store location, Shoppers Drug Mart must utilize the use of its loyalty program to set the retailer apart. Using the CIBC Shoppers Optimum Visa helps Shoppers Drug Mart brand themselves as different from competitors like Wal-Mart. Shoppers Drug Mart engages in secondary promotions

of the CIBC Shoppers Optimum Visa by promising a welcome bonus of 3000 Optimum points when consumers get the co-branded credit card.



"But these came with Shoppers Optimum Points."



The CIBC Shoppers Optimum VISA® card

To apply, call 1-866-OPT-VISA (678-8472), visit www.cibc.com or visit any Shoppers Drug Mart store.

You can never have too many Shoppers Optimum Points™ or too many opportunities to earn them. Whether it's your favourite indulgence, a dinner at a local restaurant or any opportunity, it all adds up to more Shoppers Optimum Points and can mean more free products¹ faster than you thought possible.

- Earn 5 Shoppers Optimum Points for every dollar you spend².
- Earn 15 Shoppers Optimum Points at Shoppers Drug Mart® when you use your credit card together with your Shoppers Optimum Card™³.
- Collect Shoppers Optimum Points at millions of locations around the world.

Apply today and get a Welcome Bonus of 3,000 Shoppers Optimum Points⁴.




Shoppers Drug Mart, Shoppers Optimum, Shoppers Optimum Points, Shoppers Optimum Card, Shoppers Optimum Member and Shoppers Optimum Bonus Points are trademarks under licence to Shoppers Drug Mart Inc. * Visa Int'l/CIBC, Shoppers Drug Mart Inc., Lic. Users. ¹Discount varies from 20% to 100% depending on the number of points redeemed, and applies to the pre-tax purchase price. Applicable sales taxes are payable on the pre-discount purchase price. Points may be redeemed only in accordance with the Shoppers Optimum Program Terms and Conditions, which are subject to change without notice. Shoppers Optimum Points cannot be redeemed on certain products, including prescription drugs, products that contain cocaine and tobacco (where sold). Some restrictions and conditions apply. See Shoppers Optimum Program Terms and Conditions for full details. ²Shoppers Optimum Points are earned based on CIBC Shoppers Optimum VISA card purchases less returns and not on cash advances (including by regular Convenience Cheques and/or Balance Transfers), interest, fees and payments. Shoppers Optimum Points will be awarded only if your CIBC Shoppers Optimum VISA account is in good standing on the monthly statement date. ³Excludes Shoppers Optimum Bonus Points issued by Shoppers Drug Mart. Shoppers Optimum Points are awarded based on net (purchase price less discount) pre-tax purchase. Some conditions and restrictions apply. See Shoppers Drug Mart for full details. ⁴Welcome Bonus cannot be combined with any other offer and applies to new approved cardholders only. Welcome Bonus will be posted to your CIBC Shoppers Optimum VISA account after you complete your first transaction.

Figure 2.3 – Shoppers Drug Mart. (2004, February). “But these came with Shoppers Optimum Points”. *Chatelaine*, p. 11.

In addition to portraying the Shoppers Optimum program as an easy way to earn free merchandise, Shoppers Drug Mart also heavily relies on rewarding bonus points to illustrate the digital loyalty card as easy to use. Bonus points are a common way to entice consumers to visit retail locations as they often offer incentives on items consumers normally purchase. The bonus points category is overwhelmingly the most popular from the data shown above in Table 2. The way in which Shoppers Drug Mart offers bonus points makes this category the most subject to change. For example, in Figure 2.4, we see that there are already two approaches depicted. Shoppers Drug Mart offers 1000 bonus points with the purchase of 25 dollars' worth of merchandise as an Easter-related event. At the same time, however, items are listed in the flyer that offer bonus points on particular items upon purchase. Shoppers Drug Mart is consistent in promoting the purchase of ordinary merchandise with the promotion of deodorant, oral health, and other hygiene products.

By offering bonus points on mundane items that consumers not only use daily, but purchase regularly, the Shoppers Optimum program works to become associated with the everyday lives of ordinary people. This is not an extravagant tactic by any means, but instead, a means for the retailer to encourage consumers to gradually adopt the use of the Shoppers Optimum program without questioning how it became part of their shopping routines. The concept of routine is essential to the success of the Shoppers Optimum program. During the check-out process with the cashier when consumers physically purchase the goods from Shoppers Drug Mart, the cashiers are trained to ask for the consumer's membership card. If the consumer is not already a member, they will be offered the opportunity to join immediately and start receiving points on the items they are purchasing that day. At first these point-of-purchase questions about membership would seem out of the ordinary to ask consumers, but over time

they become associated with the check-out process, and thus become normalized as part of the shopping experience. This strategy incorporates the Shoppers Optimum card as part of the routine of shopping at Shoppers Drug Mart, and the benefits of bonus points help to solidify its place in the process.

RECEIVE 1,000 BONUS POINTS with a minimum purchase of **\$25***
*See front page of front flap for details

FOR MEN ARM & HAMMER ANTI-PERSPIRANT or DEODORANT STICK 45g - 65g 2⁶⁹ each	Secret SHEER DRY SOLID ANTI-PERSPIRANT 73g 3⁶⁹ each	NEW 110mL COPPERTONE ENDLESS SUMMERS SUNLESS TANNERS Selected Types 14⁹⁹ each
OLAY OIL OF OLAY BATH BARS Selected Types 2 x 135g 2⁹⁹ each	Dove Moisturizing Body Wash 354mL DOVE or LEVER 2000 BODY WASH Selected Types 5⁴⁹ each	Irish Spring Aloe BAR SOAP Selected Types IRISH SPRING (2 x 125g - 130g or 3 x 90g) or PALMOLIVE (3 x 90g) 1⁹⁹ each
G.U.M. BUTLERWAVE DENTAL FLOSS (183m) or TOOTHBRUSH (1) Selected Types 2⁶⁹ each	PULSE BUTLER G.U.M. PULSE POWER TOOTHBRUSH 22⁹⁹ each	SCOPE 1L SCOPE MOUThWASH Selected Types 4⁴⁹ each

Figure 2.4 – Shoppers Drug Mart. (2001, March 31). “Receive 1000 Bonus Points with a minimum purchase of \$25.” *Toronto Star*, p. AF6

Figure 2.5 provides an alternate example of bonus points that offers 20x the amount of regular points for a limited amount of time. This ad helps to illustrate the different ways that bonus points are represented to consumers. This method of awarding bonus points still works to associate the loyalty program as a benefit of going to Shoppers Drug Mart, but it also encourages customers to purchase more than they may need. Any products purchased together past the 30 dollar minimum purchase also receive bonus points. Shoppers Drug Mart uses demand engineering in the hopes that consumers will pick up extra items to not only reach the minimum purchase but also beyond this dollar value to receive extra points. This practice both encourages consumerism itself, and also rewards consumerism as a form of participation in the Shoppers Optimum digital loyalty program.

The imagery of this advertisement is significant because it serves to function as a double entendre about the meaning behind the basket. For consumers, the basket is a convenient place to temporarily store merchandise while they continue to shop around the store, but for Shoppers Drug Mart, the basket represents the opportunity to profit on the products that are placed inside the basket. The basket is thus both a place to put more things, but also a place where more things are “caught”. Shoppers Drug Mart not only benefits on the physical profit of goods that are purchased from the retailer, but also the personal information that is caught through the use of the Shoppers Optimum program. Bonus points are used as a substantial tactic in Shoppers Drug Mart’s advertising strategy, meaning the retailer uses the reward of extra points to draw attention away from the consumer tracking processes that operate in the background of their digital loyalty program. It is essential to the success of the Shoppers Optimum program to minimize attention on surveillance measures so that consumers normalize the use of the program without questioning its existence in their everyday lives.



Figure 2.5 – Shoppers Drug Mart. (2004, June 03). “Get 20x the points on everything when you spend \$30 or more.” *Toronto Star*, p. A16.

Event-based advertisements encourage and reward consumerism as they ask consumers to participate by making purchases and reinforce the behaviour with rewards. This exchange is prominently seen in the chance to win-with-purchase and member discounts categories. Both categories focus on customer retention as they are events *for members* that draws on the appeal of exclusivity and status. For example, Figure 2.6 depicts spending 20 dollars when using the Shoppers Optimum card as the “ticket” into the draw to win one of five vacations to Mexico. Other advertisements under the chance to win-with-purchase category follow the same format

but merely change the reward. Figure 2.7 illustrates this technique by swapping the vacation to Mexico for a significant monetary value of \$50,000 dollars. This strategy encourages consumers to visit the retailer and make the minimum purchase as they are only eligible to be entered to win if they participate. By utilizing these opportunities to attract consumers to Shoppers Drug Mart locations, the retailer works to connect its brand, the loyalty program and the chance of winning substantial prize packages in the minds of consumers.



Figure 2.6 – Shoppers Drug Mart. (2000, December 29). “Win 1 of 5 vacations to Mexico with a minimum purchase of \$20 when you use your card.” *Toronto Star*, p. H11.

YOU COULD
WIN \$50,000
 when you spend **\$20*** or more
 with your card.



5 secondary prizes of \$10,000 are also available

*Offer is based on net pretax purchase of \$20 or more using a valid Shoppers Optimum Card™ on items that qualify for Shoppers Optimum Points™ between September 9 and October 6, 2001. NO PURCHASE NECESSARY. Chances of winning depend on the number of purchases made and entries received. Selected entrants must correctly answer a skill-testing question. Full details available at participating Shoppers Drug Mart stores. One national prize of \$50,000 will be awarded. Secondary prizes of \$10,000 will be awarded as follows: 1 - Nova Scotia, New Brunswick and P.E.I., 1 - Quebec, 2 - Ontario, 1 - Prairies, N.W.T., B.C., and Yukon.

Figure 2.7 – Shoppers Drug Mart. (2001, September 15). “You could win \$50, 000 when you spend \$20 or more with your card.” *Toronto Star*, p. AC2.

Shoppers Drug Mart engages in customer retention through the use of member discount events. There are two events that the retailer predominantly relies on to engage its customers, known as Customer Appreciation Day and Senior’s Day. The term customer appreciation is likely chosen to give consumers the feeling that Shoppers Drug Mart cares about its patrons and wants them to feel special. However, this feeling is only desirable for the retailer insofar as that it encourages consumers to continue to frequent the retailer. The function of these advertisements, despite their individual offers, operate by directly encouraging consumers to spend a particular amount of money prior to receiving any sort of reward. For example, in Figure 2.8, cardholders can save 15 percent after spending a minimum of \$30.00 dollars on merchandise. The ad is meant to illustrate how easy it is for consumers to save money during these events. This is exemplified by the text which states the savings event only requires consumers to “Just show your Shoppers Optimum Card”. This illustrates an exclusivity available only to members that

makes the program attractive to not only cardholders, but non-members that may become interested in the program as a result.

The imagery depicted in this advertisement is not as complex as other Shoppers Drug Mart ads. The woman is depicted as happy through the smile on her face, presumably because she is a Shoppers Optimum member and is therefore entitled to the benefits of Customer Appreciation Day. Although the happy woman does not seem to have a significant impact on this advertisement, it works as a subtle reminder of the positivity associated with the Shoppers Optimum program.

Figure 2.8 – Shoppers Drug Mart. (2005, March 14). “Customer Appreciation Day save 15% on all regular priced items in the store when you spend \$30 or more.” *Toronto Star*, p. A9.

Similar to Customer Appreciation Days, Senior's Days also work to encourage those that are already members of the Shoppers Optimum program to continue to make purchases with the firm. By simply being a member, Shoppers Drug Mart offers exclusive savings to seniors. The important aspect of these savings, however, is that they are not available to any senior, but only to cardholders which can attract non-members to join. Shoppers Drug Mart recognizes that seniors often do not have excess amounts of money and may be on fixed incomes, so they use these savings events to connect with them. Yet the retailer also recognizes that this demographic still has a need to purchase various pharmacy and other items, and aims to capitalize on the money that is available to these consumers. They engage in this tactic by encouraging seniors to make their purchases at Shoppers Drug Mart by making the Shoppers Optimum the point of differentiation from their competitors that would offer similar goods and services.

The advertisement itself depicts what appears to be a grandfather tobogganing with two of his grandchildren. All three people are smiling and having fun playing in the snow. Shoppers Drug Mart attempts to market the savings it is bringing to seniors as another reason to be happy, which is supported by text that states "Seniors have more to smile about". Thus, Shoppers Drug Mart equates the happy feeling associated with spending time with family to the benefits associated with being a participating member of the Shoppers Optimum program. Not only do seniors receive 20 percent savings by using their Shoppers Optimum card, but seniors that go early will be able to receive a free copy of the Toronto Star newspaper while quantities last. This cross promotion between Shoppers Drug Mart and the Toronto Star is mutually beneficial for both companies. The Toronto Star would be interested in attaining a wider readership of the newspaper, and Shoppers Drug Mart is interested in giving out free copies of the paper because it is one of the primary sites where their advertisements can be found, including this specific ad.

From a consumer perspective, however, the Toronto Star is presented to seniors as an added bonus of being a member of the Shoppers Optimum program. The combination of discounts and free merchandise illustrates Shoppers Drug Mart as the go-to location for any pharmaceutical or other household needs due to the associated benefits.

Seniors have more to smile about



Seniors' Day

This Thursday, January 30th,
Seniors with a **Shoppers Optimum Card™**

Save 20%* 

Seniors also receive a **FREE** copy
of the Toronto Star, while quantities last!

SHOPPERS DRUG MART 

*Discounts apply to our regular prices on all merchandise purchased by seniors and their accompanying family members. Excludes sale items, prescriptions, products with cotinine, baby milk and diapers, single cans and cases of Boost and Ensure liquids, soda, stamps, lottery tickets, Gift Cards and prepaid phone cards. Discounts may not exceed \$50. While quantities last. See store for details. Offer not available in Thunder Bay. Offer available in Sault Ste. Marie and Timmins after 12 p.m. only.

Figure 2.9 – Shoppers Drug Mart. (2003, January 28). “Seniors have more to smile about – Senior’s Day.” *Toronto Star*, p. A18.

Shoppers Drug Mart’s familiarity with demographic-based advertising efforts through member discount events contributes to the creation of the Shoppers Optimum program specifically for mothers. This strategy is a direct use of Wu’s targeted advertising that specifically focuses on female consumers. Shoppers Drug Mart created the Shoppers Optimum for Moms as a way to reach out to mothers by offering bonus points on items in the baby section. As seen in Figure 2.10, the retailer suggests using the program allows mothers to “give yourself some well-earned rewards”. The language in this section is important given that the phrase well-earned rewards recognizes the challenges associated with motherhood. This strategy attempts to make connections between consumers that are new moms and encourage them to buy essential products for their babies from Shoppers Drug Mart so that they can redeem the points earned on something for themselves. Some of the products found in this advertisement include the most basic of baby products such as hygiene items and diapers which will be regular purchases for a significant portion of the child’s early years. By integrating the Shoppers Optimum for Moms as part of the regular use of the loyalty card, it becomes associated with repetitive purchases, and ultimately becomes part of the everyday lives of a mother’s shopping routine.



Figure 2.10 – Shoppers Drug Mart. (2003, April 05). “Shoppers Optimum for moms.” *Toronto Star*, p. AC5.

3.3 Understanding Consumerism as Surveillance through Canadian Tire and Shoppers Drug Mart's Digital Loyalty Programs

The culmination of advertisements for Canadian Tire and Shoppers Drug Mart's digital loyalty programs have been analyzed separately through the use of a textual analysis of the ads in addition to incorporating visual representations of the particular types of ads found. This section is meant to connect similar themes that both retailers share to better understand the current state of digital loyalty programs. Canadian Tire and Shoppers Drug Mart serve as case studies to uncover the casual ways in which loyalty programs were introduced to Canadians.

Advertisements of these programs do not promise that they will substantially alter or change shopping experiences, but are presented as mere options to consumers. They are instead framed as positive additions to consumer shopping experiences that come with the enticement of discounts and/or free goods and services. Canadian Tire and Shoppers Drug Mart use these ads to simultaneously communicate to consumers that they can receive rewards without changing any of their regular shopping practices. This subtle tactic allows retailers to try and illustrate to consumers that there are only benefits associated with becoming a member of their loyalty program, especially when registration is quick and free, and points can start to be collected immediately. However, this subtlety is merely the product of a complex narrative that has allowed loyalty programs to become part of the lives of ordinary citizens while only few people (if any) are asking how they were able to achieve this.

Digital loyalty programs are the key element that allows retailers to fuse loyalty and surveillance, but the ways in which this fusion is performed is incredibly boring. Scholars often speak about consumerism as a grand sweeping phenomenon with rapid change. In contrast, when looking at the advertisements for both Canadian Tire and Shoppers Drug Mart's digital loyalty

programs, the efforts to encourage consumerism are muted, calculated, and gradual. In fact, information about the digital loyalty programs are often hidden in the corner of an advertisement or written in small text. These efforts contribute to the subtlety of Canadian Tire and Shoppers Drug Mart's strategies to introduce digital loyalty programs to consumers without drawing attention to the surveillance measures that are built into the program.

When examining Canadian Tire's advertising strategies we find the use of tactics like branding and CRM that work to distinguish Canadian Tire as an ideal choice for consumers. In particular, the retailer relies on primarily on showing consumers how easy their loyalty program is to use including the collection of points to later be redeemed. Other strategies surround the use of sales events. Here Canadian Tire uses opportunities like gas savings and tire sales to entice consumers into not only using the Canadian Tire Options MasterCard for these events, but to associate the use of the card with a positive brand image in contrast to its competitors.

Shoppers Drug Mart also engages in branding and CRM advertising strategies to both obtain and retain customers. The use of bonus points is a popular choice for the retailer, as they aim to illustrate how easy it is to collect points on ordinary purchases by using the Shoppers Optimum or CIBC Shoppers Optimum Visa cards. Shoppers Drug Mart also encourages consumers to normalize the use of their loyalty program through events as well. For example, Shoppers Drug Mart utilizes chances to win vacations or monetary prize packages as one means to get consumers in-store for limited-time sales events. More directly, Shoppers Drug Mart hosts member discount events including both Customer Appreciation Days and Senior's Days that work to create positivity surrounding Shoppers Drug Mart as a brand. Shoppers Drug Mart also promotes free merchandise, both generally and more specifically to moms as a particular demographic. Both of these types of advertisements work to encourage consumers to think of the

benefits of the Shoppers Optimum program when they desire or need to purchase any ordinary goods and services.

Advertisements do not work individually, but begin to alter narratives and behaviour through larger numbers that recognize advertising as an institution. While all of these advertisements work in favour of corporate gain, individually they often do not have a significant effect. Instead, it is the culmination of all of Canadian Tire's advertisements that together influence the narrative surrounding the company's digital loyalty program. This means that it is not necessarily any of these advertisements in particular that makes connections for consumers to Canadian Tire's digital loyalty program that encourages them to participate in everyday surveillance when purchasing gas, tires or housewares with the Canadian Tire Options MasterCard. Over time the use of the card becomes normalized, and any negative apprehensions about the digitization are replaced with store incentives.

If consumers already purchase goods or services from a particular firm or company, signing up or participating in loyalty programs can offer incentives for items they would normally purchase. This ultimately encourages these same consumers to participate in the everyday surveillance of loyalty programs. Consumers are encouraged to participate in surveillance through the same ways they are encouraged to join loyalty programs. Retailers like Canadian Tire and Shoppers Drug Mart do not promote the tracking ability of digital loyalty programs, instead, they emphasize the ability to provide better rewards that are more tailored to the individual. These retailers also do not advertise their use of profiling and algorithms. Instead, they attempt to humanize the data behind digital loyalty programs.

As retailers, both Canadian Tire and Shoppers Drug Mart are only able to have consumers participate in mundane surveillance because of their efforts to paint their digital

loyalty programs as a positive, yet minimally invasive, part of their routine shopping experiences. I use the term mundane here instead of everyday, soft, new, liquid or other descriptions of surveillance that do not totally encompass the subtlety of loyalty program surveillance. Consumer data about the most basic of purchases are collected under the guise of free merchandise and shopping events. The dramatic smoke screen Turow (2017) refers to are strategies like bonus points offered on the purchase of soap and deodorant. It is less about the systematic biases that are built into these programs that favour certain kinds of programs, and more about occupying the consumers' attention while these aspects operate behind the promise of rewards for model consumer behaviour.

The advertisements for both Canadian Tire and Shoppers Drug Mart's programs work to gradually alter consumer behaviour. Put simply, offering rewards functions as an incentive for good behaviour. By participating in these retailer's loyalty programs, consumers are rewarded at each level of participation. Upon joining the program consumers are able to immediately start collecting points, with some programs offering welcome bonuses. However, after collecting larger amounts of points the consumer receives a bigger reward in the form of more savings or free items. Additionally, for every item purchased with a bonus points sticker for the week or sales event an individual partakes in, consumers are again rewarded for spending money. The more consumers purchase, the more rewards they are given. This strategy helps to make loyalty programs a normal part of an individual's shopping experience. Understanding that loyalty programs have been attributed to a mere part of everyday life provides context to the extent that not only the accompanied surveillance measures have been normalized, but also loyalty cards themselves.

The digital trail of the Shoppers Optimum and Canadian Tire ‘Money’ loyalty programs is a not so subtle way of illustrating that everything we purchase and how we obtain it is now on display for all to see. It can be argued that “[t]he most pressing question in our time is not *how* the attention merchant should conduct business, but *where* and *when*” (Wu, 2016, p. 341, emphasis in original text). If we are looking at our contemporary advertising environment, the loyalty market would say *here* and *now*. There is seemingly no better milieu for Canadian retailers than the contemporary media environment whereby the one-to-one model of communication is regaining at least part of its former status. This does not mean that the one-to-many model of communication does not hold its merit, but there is certainly a prominent characterization of personal advertising surrounding digital loyalty programs.

4.0 Conclusions: Trading Rewards for Personal Information

The objective of my research has been to uncover how Canadian loyalty programs have come to be what they are today. Utilizing advertisements for Canadian Tire and Shoppers Drug Mart's digital loyalty programs, Canadian Tire Options MasterCard and Shoppers Optimum programs respectively, allows me to explore how Canadian retailers have recruited loyalty program members. I chose to focus on the emergence of these programs rather than the programs in their current state because I am able to track the ways in which loyalty blends together with surveillance. Focusing on digital loyalty program's emergence ultimately allows us to see *how* digital loyalty programs were introduced to consumers. Canadians were introduced to programs that hinge on their privacy in the most minor ways. Rather than the rapid and sweeping effects that many scholars suggest, digital loyalty programs instead encourage mundane surveillance through purchases of items like tires and soap that become a routine and normalized a part of everyday life.

In order to arrive at these conclusions I have illustrated the interconnections between major themes in the existing literature including advertising rewards, everyday surveillance, and profiling, and the analysis of advertisements that serve to prove and discredit various aspects of these themes. We begin on this journey together through introductions to Canadian Tire and Shoppers Drug Mart as prominent Canadian retailers that are largely ignored by the academic community in comparison to predominant companies like Molson, the power behind Molson Canadian beer, and its repeated connection to Canadian identity.

Next, I turn to loyalty programs themselves, and their role as a form of advertising that are used to communicate with consumers. As a form of advertising, loyalty programs are defined in part by their position as different from other forms of communication, but also through their

functionality that influences consumer behaviour. Loyalty programs represent an example of the one-to-one model of communication that resembles a return to local shop owners over a more traditional one-to-many model that originates from British war propagandists. This model incorporates significant forms of advertising as an industry, followed by technological advancements like radio, television, computers, and now cell phones.

The success of digital loyalty programs relies on Wu's three stages of scientific advertising: demand engineering, branding, and targeted advertisements. Demand engineering is seen through Canadian Tire and Shoppers Drug Mart's reliance on sales events that promote buying more goods and services than the consumer needs. Branding is a common tactic used by both retailers to differentiate themselves from their competition, especially Wal-Mart as the mutual enemy. Loyalty programs are seen as the logical extension of CRM and customer retention strategies that are used as a form of branding. Targeted advertisements also appear in the retailer's advertising strategies, especially when considering that Shoppers Drug Mart created the Shoppers Optimum for Mom program specifically for women with kids. Shoppers Drug Mart had to be careful in this endeavour to avoid a public situation like Target. Their focus on women who are already mothers helps to diffuse any worries about breaking pregnancy news.

Canadian Tire and Shoppers Drug Mart are only able to utilize their digital loyalty programs because of the consumer tracking processes afforded to them by surveillance. When consumers swipe their loyalty programs at Canadian Tire or Shoppers Drug Mart they are offering up personal information about themselves in exchange for rewards. We know that consumers are concerned about their privacy, but scholars suggest the rewards outweigh the perceived consequences for participants. Others are more concerned with the associated profiling consequences that appear as a result of consumer surveillance. These profiles act as

classifications for people based on how well their spending habits and consumer behaviour align with marketing ideals. Profiling is already capable of discriminating against already marginalized groups, with little knowledge of how these profiles are organized or what happens to the consumer information that is caught in algorithms that determine a profile's designation. Given the consequences of profiling, retailers aim to distract consumers with free rewards and discounts as it is in their best interest to detract from the processes operating in the background.

Canadian Tire and Shoppers Drug Mart's strategies are combined to utilize each retailer's respective loyalty program as the point of differentiation that separates them from their competition and entices consumers to visit their stores instead. Here, loyalty becomes a multi-step process. In order for consumers to be loyal to a retailer like Canadian Tire or Shoppers Drug Mart, the retailer has to brand themselves as worth being loyal to. Once consumers choose to be loyal to a particular retailer or brand they either accept or ignore the negative associations like surveillance or privacy concerns in favour of rewards. The findings of this study do not change the existence of aspects of digital loyalty programs like surveillance or profiling, but it does provide context into how retailers are able to incorporate biases against their customers while simultaneously relying on them for profit. Both Canadian Tire and Shoppers Drug Mart utilize discounts and points to detract from surveillance and profiling concerns, as it is in their best interest to only promote the benefits of membership. Consumers are thus taught to ignore these concerns in favour of free things.

I have presented Canadian Tire and Shoppers Drug Mart as ideal case studies to understand how digital loyalty programs have been represented to Canadians because of their success as retailers in addition to the sheer numbers of participating members of their respective loyalty programs. These numbers point to the strategies of those behind the advertising,

surveillance, and profiling aspects of digital loyalty programs. These aspects also double as the main themes found in the existing literature which functions as an analytical framework for the specific advertisements. I utilize this framework when analyzing the findings of my textual analysis that incorporates a 10 year period that overlaps the launch of the Canadian Tire Options MasterCard and the Shoppers Optimum programs. Choosing to utilize a qualitative textual analysis allows this project to explore the ways in which Canadian retailers communicate with consumers through advertisements. Retailers highlight a myriad of bonus points and sales events that are bound by how easy the loyalty cards are to use and collect rewards with.

My research helps to identify some of the challenges of tracking something like consumer behaviour. Advertisements do not operate on a level that is able to alter consumer behaviour individually. It is only through the culmination of advertisements from Canadian Tire and Shoppers Drug Mart that patterns begin to emerge. As well, given the little research on consumer culture in Canada, it is difficult to separate any uniquely Canadian strategies that may differ from our American counterparts that are much better written on the subject. This concern also applies to the use of Canadian Tire and Shoppers Drug Mart themselves. In conversation about Canadian retailers neither seem to make it onto scholars' radar despite the extensive history in the country and the way that they are tied to Canadian culture itself, especially Canadian Tire in particular.

The poor treatment of Canadian Tire and Shoppers Drug Mart as Canadian retail icons prompts interest in more research on the two companies in the future. In particular, the advertising strategies of Canadian Tire and Shoppers Drug Mart almost exclusively rely on newspapers in the form of print advertising, while magazine publications did not provide (nearly) any advertisements about either retailer's digital loyalty program. On a grander scale, it would be

interesting to see whether an intertextual analysis of material that spans across print, radio, television, and online media would replicate similar findings. On a similar note, I am also interested in whether the main messages communicated to consumers through advertisements for Canadian Tire and Shoppers Drug Mart's loyalty programs would differ in a current time frame. If possible, it would be worthwhile to explore what may have changed in terms of the retailer's strategies, especially with one of Shoppers Drug Mart's biggest competitors buying out the company. Or alternatively, whether advertisers are still utilizing the same tactics to entice consumers through regular shopping experiences.

The state of digital loyalty programs is complex. It is guess work at best to estimate how mergers of companies and their accompanied loyalty programs will influence the loyalty industry, and whether the direction will include more independent or coalition programs. One thing is for certain though, Canadians have fallen victim to an extensive ploy for personal information in the exchange for "free" goods and services. Over time consumer participation in these digital loyalty programs that hinge upon their privacy has come to remind me of a colloquial student mantra: free stuff is good stuff. At least in terms of their willing participation, so long as there are significant benefits to be had, Canadian digital loyalty program membership seems likely.

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