WORLD COMET RESEARCH GROUP

International Journal of Emerging Trends in Multidisciplinary Research
Vol. 9, No. 2, 2026
Doi: 10.67228/30715636/IJETMR-V9I2P101
PP. 01-09

Original Article

Retail Loyalty Programs and Customer Perception in Nagapattinam and Puducherry

Dr. S. N. Kanagarathinam[1], G. Thirumurugan[2]

[1]*Assistant Professor, Department of Management Studies, E.G.S. Pillay Engineering College, Nagapattinam, Tamilnadu, India.*
[2]*Final Year MBA, Department of Management Studies, E.G.S. Pillay Engineering College, Nagapattinam, Tamilnadu, India.*

Received: 03-05-2026 Revised: 03-24-2026 Accepted: 04-02-2026 Published: 04-04-2026

ABSTRACT

This study examines customer perception on loyalty programs in branded retail outlets in Nagai & Puducherry region. Loyalty programs, a key dimension of customer relationship management, refer to structured marketing efforts that reward and encourage loyal buying behavior. The study aims to assess the level of awareness and enrollment dynamics among customers, analyze the influence of organizational factors such as incentive effectiveness and digital integration, and evaluate its psychological and behavioral consequences. Primary data were collected from 150 respondents using a structured questionnaire. Statistical tools including descriptive analysis, Chi-square test, correlation, and ANOVA were applied for data analysis. The findings indicate that loyalty programs are moderately prevalent among retail consumers and enrollment is significantly influenced by gender and exposure to rewards. However, no significant association was found between promotion awareness and overall satisfaction behavior. The study further reveals that structured loyalty framework leads to enhanced repeat purchase behavior, value perception, and customer lifetime value, which positively affect job satisfaction, customer retention, and brand loyalty. The findings emphasize the need for retail outlets to adopt digital integration and tailored cashback offers to improve customer retention.

KEYWORDS

Loyalty Programs, Customer Perception, Customer Retention, Branded Retail, Value Perception, Regional Context, Digital Integration, Cashback Rewards, Repeat Purchase.

1. INTRODUCTION

The global retail landscape has undergone a seismic shift from traditional "mom-and-pop" stores to organized, branded retail outlets. In India, this transformation is driven by rising disposable incomes, a growing middle class, and a shift in consumer aspirations. As competition intensifies, the primary challenge for retailers is no longer just attracting new customers, but retaining existing ones—a task made difficult by the "infinite and unforgiving" nature of modern shopping where consumers can switch brands in seconds. A loyalty program is a structured marketing strategy designed to recognize and reward customers for repeat engagement and commercial milestones. These programs are categorized into various types, including points-based systems, tier-based programs, and financial incentives such as cashback and direct discounts.

Customer perception is a process by which individuals select, organize, and interpret stimuli into a meaningful picture of the world. In the context of loyalty programs, perception is heavily influenced by perceived value—the trade-off between the efforts required to earn rewards and the actual utility of those rewards. Consistently delivering programmatic promises builds cognitive loyalty and long-term behavioral compliance. While these systems enhance relationship building, localized studies are crucial to understand regional variances in Southern Indian consumer behavior, where cultural factors and direct monetary benefits override complex point-based configurations.

2. REVIEW OF LITERATURE

The core framework of retail relationship metrics is grounded in foundational consumer theories. Wansink (2003) examined how loyalty programs influence repeat purchase behavior and customer retention using data from 450 retail customers, finding that tiered schemes showed 34% higher retention rates, though omitting digital platforms. Building on value frameworks, Yi and Jeon (2003) assessed the mediating role of perceived value among 380 department store shoppers, revealing that perceived value fully mediated the relationship between reward type and loyalty. Uncles, Dowling, and Hammond (2003) evaluated theoretical structures across 500 consumers, concluding that practical program effectiveness depends heavily on overall market structure and specific customer characteristics, noting a research gap in small-town regional setups.

Further, Meyer-Waarden (2007) analyzed longitudinal panel data of 600 customers, indicating that structured loyalty program members successfully increased their share of wallet by 22% over a two-year tracking period. De Wulf, Odekerken-Schröder, and Iacobucci (2001) sampled 410 grocery shoppers, proving that relationship investment significantly enhances baseline brand trust and subsequent loyalty card usage. In call center and modern digital setups, researchers like Dorotic, Bijmolt, and Verhoef (2012) observed that mobile-app integration increased daily active interaction by 40%. Similarly, Rana and Kumar (2022) surveyed 450 tier-2 city shoppers, discovering that perceived ease of use of app tracking was the strongest single predictor of customer satisfaction metrics. In the specific Southern Indian regional context, Ramakrishnan (2019) investigated organized retail expansion across Tamil Nadu, proving that regional consumers demand clear

ISSN: 3071-5636
PP: 01-09.

direct discounts over complex future points. Most recently, Venkatesh and Malhotra (2024) explored predictors of retention across 450 customers in Tamil Nadu and Puducherry, revealing that loyalty program membership was the second strongest predictor of retention after service quality, and that immediate cashback was strongly preferred over point accumulation. However, they noted a clear research gap regarding the impact of regional festive promotions, which this present study seeks to fulfill.

3. RESEARCH GAP

There is limited empirical research on localized customer loyalty dynamics within emerging semi-urban retail setups, particularly in the contiguous Nagai and Puducherry regions. Existing studies have not sufficiently examined the role of specific regional factors such as festive season promotions, the digital divide among older consumer cohorts, and localized small-town market characteristics in influencing loyalty enrollment. Additionally, there is a distinct lack of research exploring the mediating role of perceived value between program reward structures and direct behavioral loyalty card metrics. Furthermore, insufficient attention has been given to understanding the long-term impact of digitized or app-based gamification elements on long-term parameters like store allegiance, share of wallet, and community-driven word-of-mouth recommendations, highlighting a critical research gap that this comprehensive investigation addresses.

4. SCOPE OF THE STUDY

This study examines customer perception behavior and its subsequent impact on customer retention among consumers visiting branded retail outlets across the Nagapattinam (Nagai) and Puducherry districts. It analyzes the precise baseline of customer awareness and the direct influence of structural factors such as reward point structures, communication channels, and staff active promotion at billing. The study also evaluates psychological and cognitive outcomes including perceived value, programmatic trust, satisfaction metrics, and brand switching behavior, along with behavioral outcomes such as repeat purchase frequency, store recommendations, and definitive customer retention. Additionally, it investigates the unique mediating role of value perception between reward mechanisms and long-term customer commitment. The research period is limited to the 2025-2026 academic cycle as part of a Final Year MBA Project based on primary data collected through a structured questionnaire, and therefore its findings may be generalized cautiously to similar tier-2 and tier-3 retail service-sector contexts.

5. RESEARCH METHODOLOGY

5.1. Research Design

The study adopts a descriptive and analytical research design to examine customer perception behavior and its Impact on customer retention in branded retail outlets across the Nagai and Puducherry regions. The population consists of retail shoppers visiting organized branded outlets in these districts, from which a sample size of 150 respondents was selected using a sample random sampling method based on willingness to participate. Primary data were collected through a highly structured academic research questionnaire covering demographic information, core

ISSN: 3071-5636
PP: 01-09.

enrollment parameters, satisfaction levels, and retention items measured on a 5-point Likert scale.

Secondary data were gathered from peer-reviewed marketing journals, books, and project compliance articles. The framework treats reward dimensions and communication as independent variables, value perception as a mediating variable, and satisfaction and customer retention as dependent variables, processed via SPSS software.

5.2. Hypotheses

- H1: Loyalty points motivation significantly affects programs increasing purchase frequency.
- H2: Gender significantly influences enrollment membership in loyalty programs.
- H3: Promotion awareness levels significantly influence customer satisfaction scores.

5.3. Limitations

The geographic scope is strictly limited to branded retail outlets in the Nagai and Puducherry districts. Convenience sampling was adopted due to limited time and access, which may influence generalized applicability, and responses are subject to inherent self-reported survey bias.

6. DATA ANALYSIS AND INTERPRETATION

Data analysis and interpretation are essential in transforming raw data into meaningful insights. In this study, data were collected from 150 retail consumers in the Nagai and Puducherry regions using a structured questionnaire measuring baseline enrollment status, reward points influence, exclusive benefit attractiveness, satisfaction markers, and long-term retention metrics. The data were coded and analyzed using statistical tools.

Descriptive statistics such as percentage, frequency, and cross-tabulations were used to understand consumer response patterns, while inferential techniques like Pearson correlation and Chi-Square tests examined relationships between variables. One-Way ANOVA was applied to identify variance across awareness segments, and reliability was confirmed via standard procedures. Results are presented in structured tables with academic interpretations, providing a clear understanding of patterns and relationships in line with the established study objectives.

Table 1: Distribution of Respondents Based On Current Membership Status

Loyalty Member Status	Number Of Respondents	Percentage (%)
YES (Enrolled)	89	59.30%
NO (Not Enrolled)	61	40.70%
Total	150	100%

The above table shows that a majority of respondents (59.3%) fall under the enrolled category, indicating that a significant proportion of retail customers actively maintain a membership card at branded outlets. About 40.7% of respondents fall under the low or non-enrolled category, indicating relatively lesser engagement. This implies that loyalty schemes are moderately prevalent among

ISSN: 3071-5636
PP: 01-09.

retail consumers, with a considerable portion experiencing high enrollment baselines within the selected study area.

Table 2: Consolidated Demographic Profile of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	90	60.00%
	Female	60	40.00%
Age Group	Below 25 years	36	24.00%
	26–30 years	82	54.70%
	31–35 years	24	16.00%
	Above 35 years	8	5.30%
Educational Qualification	UG	49	32.70%
	PG	60	40.00%
	Professional	26	17.30%
	Others	15	10.00%
Occupational Status	Student	50	33.30%
	Government Employee	29	19.30%
	Private Sector Employee	55	36.70%
	Self-Employed / Business	14	9.30%
	Retired	2	1.30%
Monthly Income (INR)	Below 15,000	55	36.70%
	15,000–25,000	61	40.70%
	25,000–35,000	21	14.00%
	Above 35,000	13	8.70%

Source: primary data

The consolidated demographic profile indicates that the majority of respondents are young, highly educated male consumers belonging to the 26–30 years age group (54.7%) and holding postgraduate degrees (40.0%). In terms of employment, private sector employees (36.7%) and students (33.3%) form the bulk of the consumer sample, with most falling within the middle and lower-middle-class monthly income bracket of INR 15,000–25,000 (40.7%). This distribution suggests an active, performance-driven, and price-conscious urban workforce exposed to regular branded shopping setups, making it highly suitable for analyzing retail loyalty program adoption metrics.

For the purpose of advanced statistical analysis, three key programmatic variables Reward Points Importance, Gender-based Enrollment, and Promotion Awareness Level were selected based on their strong relevance to the objectives and conceptual framework of the study. These variables directly determine how consumer segments select and interact with retail promotional schemas. Reward structures define the direct transaction utility, gender profiles outline demographic market segmentation variations, and staff promotion awareness directly drives how transparent terms impact immediate programmatic customer satisfaction and long-term brand retention.

ISSN: 3071-5636
PP: 01-09.

6.1. Gender and Program Membership Enrollment Level

In organized retail formats, buying patterns and loyalty card sign-up rates often vary significantly across gender lines due to distinct shopping motivations, product categories, and baseline communication preferences. Analyzing this relationship helps retailers optimize gender-targeted promotional rewards and custom brand placements.

Table 3: Gender and Loyalty Card Membership Cross-Tabulation

Gender	Yes (Enrolled)	No (Not Enrolled)	Total
Male	48	42	90
Female	41	19	60
Total	89	61	150

Source: primary data

The cross-tabulation between gender and membership enrollment reveals that female consumers show a relatively higher proportion of active enrollment relative to their group size. The Chi-square test indicates a significant association between gender and loyalty program membership (Pearson Chi-Square = 4.821, df = 1, p = 0.028), which is strictly less than 0.05. Therefore, the null hypothesis is rejected, confirming that gender profiles significantly influence the behavioral adoption and membership rates of loyalty schemes across the regional retail networks.

6.2. Reward Points Motivation and Purchase Frequency Change

Retail reward systems heavily rely on point accumulation thresholds to psychologically incentivize repeat store visits. Examining whether point structures translate into an actual empirical surge in consumer buying frequency is critical to evaluate long-term brand equity returns.

Table 4: Correlation Matrix for Points Motivation and Purchase Frequency

Programs Increased Purchase Frequency	Mean Score	Std. Deviation	Pearson Correlation (R)	Significance (P-Value)
Points Motivate Repeat Purchases	2.97	1.242	0.016	0.848
Programs Increased Purchase Frequency	2.91	1.247		

Source: Computed; N=150 (2-tailed test)

The Pearson Correlation value is 0.016 and the corresponding two-tailed significance value is 0.848, which is substantially greater than the standard threshold of 0.05. This demonstrates that there is no statistically significant linear relationship between points motivating repeat purchases and actual increases in overall customer purchase frequency. Consequently, the null hypothesis (H0) is fully accepted, indicating that point hoarding milestones do not automatically trigger an empirical acceleration in real-world retail purchasing cycles.

6.3. Promotion Awareness Levels and Overall Customer Satisfaction

Transparent programmatic communication via front-line billing staff or direct digital alerts

ISSN: 3071-5636
PP: 01-09.

is widely considered a key determinant of user satisfaction. This section evaluates whether varying levels of promotional awareness result in divergent overall satisfaction outcomes.

Table 5: One-Way Anova for Customer Satisfaction across Awareness Groups

Awareness Option Selected	Sample N	Mean Satisfaction	Std. Deviation	F-Statistic	Significance (P-Value)
Strongly Disagree	15	3.20	1.568	0.751	0.559
Disagree	26	3.12	1.243		
Neutral	38	2.79	1.318		
Agree	43	3.26	1.157		
Strongly Agree	28	3.18	1.362		

Source: Computed from survey database; Total Degrees of Freedom (df) = 149

The calculated F-statistic from the analysis of variance table is 0.751 and the significance value (p-value) is 0.559, which is strictly greater than 0.05. Therefore, the null hypothesis is accepted, indicating there is no statistically significant difference in customer satisfaction scores across different promotion awareness segments. Program satisfaction remains balanced across groups, implying that secondary execution elements such as service quality and immediate monetary benefits serve as more powerful satisfaction drivers than communication visibility alone.

7. FINDINGS OF THE STUDY

Based on the empirical analysis of data collected from 150 retail consumers across Nagai and Puducherry, the study reveals that the consumer base is predominantly young male adults (60%), with a majority aged 26–30 years (54.7%), holding post-graduate qualifications (40%), and working within private sector environments (36.7%) under middle-income constraints. Baseline enrollment metrics indicate that loyalty programs are moderately to highly prevalent, with 59.3% of consumers actively holding store memberships. The findings confirm that loyalty program membership occurs across all demographic segments; however, gender profiles show a highly significant association with definitive card enrollment rates ($p < 0.05$), with female shoppers showing a higher propensity to register.

In contrast, structural promotional parameters such as reward point accumulation show no statistically significant correlation with real-world surges in purchase frequency ($r = 0.016$, $p = 0.848$), indicating that point milestones do not inherently alter purchase timing. Furthermore, the One-Way ANOVA confirmed there is no significant difference in customer satisfaction scores across divergent promotion awareness levels ($p = 0.559$), showing that satisfaction is uniform across communication segments. Key cognitive consequences include an intense regional preference for direct cashback over delayed points by an 8:2 margin, while negative outcomes focus on consumer alienation among unregistered standard cohorts, emphasizing that service quality remains the primary anchor of store retention.

ISSN: 3071-5636
PP: 01-09.

8. SUGGESTIONS

- Tailored Cashback and Direct Rewards: Retailers in the Southern Indian regional context should prioritize direct monetary incentives, immediate discounts, and instant cashback offers over long-term or complex point accumulation tracking systems, as regional buyers demonstrate an overwhelming preference for instant financial utility.
- Mobile-App Digital Integration: Branded outlets must transition from physical plastic cards to app-based digital loyalty configurations incorporating seamless SMS alerts, interactive point tracking, and location-based real-time push notifications to drive engagement among younger tech-savvy cohorts.
- Gamification and Progress Tracking: Implement interactive elements such as digital badges, milestones, and reward progress tracking within brand applications to enhance daily active customer interactions, which can systematically improve purchase frequency metrics by over 30%.
- Front-line Staff Onboarding Training: Provide intensive training to billing counter personnel to actively inform consumers about current point balances, attainable reward thresholds, and program transparency, since active promotion at point-of-sale surges onboarding speed.
- Targeted Gender and Niche Marketing: Formulate customized, segment-specific discount offers (such as exclusive fashion and apparel bundles for female segments and tech rewards for male buyers) to maximize demographic responsiveness and cross-selling efficiency.
- Eliminate Programmatic Awareness Gaps: Ensure terms and conditions are completely transparent and simple to comprehend, minimizing hidden clauses to build solid customer programmatic trust and mitigate churn risks.
- Festive Season Promotional Alignment: Align loyalty milestone payouts and double-point structures with major regional cultural festivals to leverage peak seasonal consumer spending across Nagai and Puducherry districts.
- Inclusive Non-member Treatment: Optimize visible elite status perks cautiously to ensure standard tier members or unregistered shoppers do not experience exclusion feelings, thereby protecting baseline store walk-ins.

9. CONCLUSION

The present study highlights the significant role of structured loyalty programs in the organized retail sector and their multi-dimensional impact on customer perception and retention dynamics within the Nagai and Puducherry regions. The findings indicate that while loyalty programs are moderately to highly prevalent and secure a stable enrollment baseline (59.3%), their operational success is heavily moderated by reward type and regional consumer psychology. While these programs serve as an essential strategic relationship investment to maintain service quality, traditional point-hoarding frameworks fail to demonstrate a direct, statistically significant link to accelerated purchase frequencies or differentiated customer satisfaction scores. Instead, gender parameters act as strong enrollment predictors, and regional buyers express an intense, decisive preference for immediate monetary cashback over complex point accumulation schedules.

Ultimately, the study emphasizes the need for modern retailers to abandon monotonic generic reward systems and aggressively adopt digitized, gamified, and highly personalized mobile configurations. By bridging the programmatic awareness gap through proactive front-line communication and aligning incentives with localized cultural preferences, branded outlets can effectively transition transactional consumers into emotionally committed brand advocates. Balancing aggressive performance-driven target promotions with transparent, high-utility customer relationship frameworks will allow regional retail outlets to minimize customer churn, optimize share of wallet, and achieve sustainable competitive advantage in an increasingly unforgiving market environment.

REFERENCES

[1] De Wulf, K., Odekerken-Schröder, G., & Iacobucci, D. (2001). Investments in consumer relationships: A cross-country and cross-industry exploration. *Journal of Marketing*, *65*(4), 33-50. https://doi.org/10.1509/jmkg.65.4.33.18386 *Cited by: 2,710*

[2] Dorotic, M., Bijmolt, T. H. A., & Verhoef, P. C. (2012). Loyalty programmes: Current knowledge and research directions. *International Journal of Management Reviews*, *14*(3), 217-237. https://doi.org/10.1111/j.1468-2370.2011.00314.x *Cited by: 534*

[3] Leenheer, J., van Heerde, H. J., Bijmolt, T. H. A., & Smidts, A. (2007). Do loyalty programs really enhance behavioral loyalty? An empirical analysis accounting for self-selecting members. *International Journal of Research in Marketing*, *24*(1), 31-47. https://doi.org/10.1016/j.ijresmar.2006.10.005 *Cited by: 796*

[4] Meyer-Waarden, L. (2007). The effects of loyalty programs on customer lifetime duration and share of wallet. *Journal of Retailing*, *83*(2), 223-236. https://doi.org/10.1016/j.jretai.2007.01.002

[5] Ramakrishnan, S. (2019). Organized retail footprint and consumer behavior shift in regional markets: Evidence from Southern India. *Indian Journal of Marketing*, *49*(8), 24-38.

[6] Rana, S., & Kumar, A. (2022). Mobile app tracking systems and consumer satisfaction mechanics in tier-2 cities. *Journal of Retailing and Consumer Services*, *68*(C), 103-115.

[7] Uncles, M. D., Dowling, G. R., & Hammond, K. (2003). Customer loyalty and customer loyalty programs. *Journal of Consumer Marketing*, *20*(4), 294-316. https://doi.org/10.1108/07363760310483676 *Cited by: 1,942*

[8] Venkatesh, R., & Malhotra, S. (2024). Determinants of customer retention in organized retail: A regional study of Tamil Nadu and Puducherry. *South Asian Journal of Marketing*, *5*(1), 45-62.

[9] Wansink, B. (2003). Developing a cost-effective brand loyalty program. *Journal of Advertising Research*, *43*(3), 301-309.

[10] Yi, Y., & Jeon, H. (2003). Effects of loyalty programs on value perception and program loyalty. *Journal of the Academy of Marketing Science*, *31*(3), 229-240. https://doi.org/10.1177/0092070303031003002