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Consumer Perception and Engagement towards Digital Loyalty Programmes in Retail Businesses: A Study with Reference to Mysore City

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ABSTRACT
The retail landscape in India has undergone a decisive shift from card-based reward schemes to application-driven, data-enabled digital loyalty programmes. This transformation has been accelerated by the rapid diffusion of smartphones, the near-universal adoption of the Unified Payments Interface (UPI), and the aggressive expansion of organised retail chains into tier-two cities. The present study examines consumer perception of, and engagement with, digital loyalty programmes among retail shoppers in Mysore City, Karnataka. Primary data were collected from 200 respondents through a structured questionnaire administered across organised and semi-organised retail outlets in the city. The data were analysed using percentage analysis, cross-tabulation, the chi-square test of independence, Cramér's V as a measure of association strength, the linear-by-linear association (Mantel–Haenszel trend) test for ordinal predictors, the one-sample z-test for proportions, and the chi-square goodness-of-fit test. The findings reveal a high overall enrolment rate of 79.0 per cent (95% CI: 73.4%–84.6%), with the mobile application emerging as the dominant engagement channel at 47.0 per cent and cashback as the most preferred reward at 30.5 per cent. Age was found to be significantly associated with both programme membership (χ^2 = 11.912, df = 4, p = .018) and preferred mode of engagement (χ^2 = 29.834, df = 12, p = .003), with a clear monotonic decline in digital engagement across successive age groups. Education, occupation and monthly income showed no statistically significant association with membership at the five per cent level. The study concludes that in Mysore City, digital loyalty adoption is driven primarily by generational digital fluency rather than by socio-economic standing, and recommends that retailers pursue a dual-channel loyalty architecture to avoid excluding older consumer segments.

Keywords: Digital loyalty programmes, consumer perception, customer engagement, retail marketing, cashback, mobile applications, Mysore City, chi-square analysis.

1. INTRODUCTION

Customer loyalty has long been recognised as one of the most valuable and least imitable assets a retail firm can accumulate. The traditional logic of loyalty marketing rested on a simple exchange: the customer

surrendered a degree of transactional information and repeat patronage, and the retailer reciprocated with discounts, points or privileged treatment. For close to three decades this exchange in India was mediated by the plastic loyalty card — issued at the billing counter, carried in a wallet, and frequently forgotten. The last decade has fundamentally rewritten this arrangement.

Three converging forces have driven the transition. First, smartphone penetration in India has expanded to the point where a retail application is no longer a premium channel but a default one. Second, the Unified Payments Interface has collapsed the distance between payment and reward, enabling instant cashback to be credited at the moment of transaction rather than accumulated as deferred points. Third, the entry of national and regional organised retail chains into tier-two urban markets has intensified competition for a shopper base that was previously served largely by neighbourhood kirana stores and standalone outlets.

The consequence is the digital loyalty programme: an application-based or payment-linked scheme in which enrolment, accrual, redemption and communication all occur through a digital interface. Unlike its card-based predecessor, the digital programme is continuously visible to the consumer, generates a granular behavioural data trail for the retailer, and permits real-time personalisation of offers. It also, however, imposes new preconditions on participation — device ownership, application literacy, data connectivity and a willingness to disclose personal information.

These preconditions are not evenly distributed across the consumer population, and this uneven distribution forms the analytical core of the present enquiry. Mysore City provides an instructive setting in which to examine the question. As the second-largest city in Karnataka and a recognised cultural and educational centre, Mysuru combines a young, educated and digitally fluent population with a substantial traditional retail base and an older demographic accustomed to conventional shopping practices. The city hosts organised retail formats including department stores, supermarket chains, branded apparel outlets, organised pharmacy chains and quick-service restaurants, alongside a dense network of traditional retailers who have themselves begun adopting UPI-linked reward mechanisms.

Mysore City therefore represents neither a metropolitan market saturated with digital loyalty infrastructure nor a rural market largely untouched by it, but an intermediate case in which digital and traditional loyalty mechanisms operate side by side. Understanding which consumer segments have migrated to digital engagement, which have not, and what rewards each values is of direct practical consequence for retailers designing loyalty architecture for such markets. The present study addresses this question through a structured survey of 200 retail consumers in the city.

2. REVIEW OF LITERATURE

The literature on retail loyalty programmes is extensive in developed markets and steadily growing in the Indian context. Three studies are reviewed here in detail because each addresses a dimension directly relevant to the present enquiry: consumer predisposition to enrol, the moderating role of membership on satisfaction and loyalty, and the specific programme attributes that drive participation.

2.1 Rakesh and Khare (2009) — Consumer Predisposition towards Retail Loyalty Cards in India

Rakesh and Khare examined the willingness of Indian consumers to enrol for loyalty cards and schemes in the retail sector, publishing their findings in the International Journal of Electronic Marketing and Retailing. Working from primary data, the authors investigated the impact of loyalty programmes on consumers' purchase behaviour and their predisposition towards enrolment. Their central observation was that the Indian retail sector was, at that point, in a growth stage, and that consumer willingness towards

loyalty schemes was correspondingly mixed rather than uniformly positive. They further reported that Indian youth in particular were motivated by the relationship they shared with retailers through the use of loyalty programmes, and they argued that retailers should invest deliberately in relationship-building because relationship quality functions as a major determinant of consumer response. The authors anticipated that as the Indian market matured in its handling of loyalty programmes, patterns comparable to those observed in developed economies would become visible.

The relevance of this study to the present work lies in two respects. First, it establishes an Indian baseline against which contemporary enrolment behaviour can be compared: the mixed predisposition Rakesh and Khare documented in a card-based environment invites re-examination now that enrolment has been substantially simplified by digital interfaces. Second, their finding that youth respond distinctively to loyalty relationships provides a theoretical basis for the age-focused hypotheses tested in the present study.

2.2 Srivastava (2018) — Loyalty Programme Membership, Retail Experience and Customer Loyalty

Srivastava, writing in the Indian Journal of Commerce and Management Studies, investigated the relationship between service encounter and retail experience on customer satisfaction and customer loyalty, with specific attention to the impact of loyalty programme membership. The study's conclusions were notably cautionary for practitioners. Srivastava argued that managers in the retail segment should direct their attention towards the design and delivery of customer experience rather than placing reliance on loyalty programmes as such, and maintained that both the cognitive and the emotional attributes of retail services must be considered in managing a holistic customer experience. The paper additionally called for more studies and for measures encouraging the publication of negative empirical outcomes, in the interest of empirical generalisation and self-correction within the literature.

This study is significant for the present enquiry because it problematises the assumption that programme membership is by itself a sufficient driver of loyalty. If, as Srivastava suggests, membership is a weaker instrument than experience design, then a high enrolment rate — such as the one documented in the present study — should be interpreted as an indicator of access and convenience rather than as evidence of attitudinal loyalty. The present study accordingly frames membership as a measure of engagement rather than of loyalty outcome.

2.3 Kovač, Naletina and Brezović (2018) — Factors Influencing Participation in Loyalty Programmes

Kovač, Naletina and Brezović examined selected components of loyalty programmes in the Croatian consumer goods retail market, publishing in Entrepreneurial Business and Economics Review. Their stated objective was to enable retailers to conceptualise an optimal and effective loyalty programme, and their design combined analysis of secondary data with primary research into buyers' attitudes. The results indicated that the relationship with store staff was the single most important element of a loyalty programme from the buyer's perspective. Preferential treatment, a personalised approach and a sense of belonging were likewise found to matter to buyers.

The finding carries a pointed implication for digital loyalty design. If interpersonal relationship and a sense of belonging are the elements buyers value most, then the migration of loyalty programmes to app-based, largely impersonal interfaces risks displacing precisely the attribute that generates attachment, and substituting for it a purely transactional monetary benefit. The present study examines this tension empirically by measuring which reward types Mysore City consumers actually prefer, and finds a pronounced tilt towards immediate monetary benefits — a pattern consistent with the concern Kovač and colleagues raise.

2.4 Research Gap

The reviewed literature establishes that loyalty programme effectiveness in emerging markets is contingent, that membership alone is a weak predictor of loyalty, and that relational attributes are valued at least as highly as monetary ones. However, three gaps remain. First, the Indian studies available predate the widespread migration of loyalty programmes from physical cards to mobile applications and UPI-linked mechanisms, and therefore cannot speak to the demographic consequences of that migration. Second, the empirical literature on Indian retail loyalty is concentrated in metropolitan markets — Delhi/NCR, Mumbai, Hyderabad and Bengaluru — leaving tier-two cities substantially under-examined despite their growing share of organised retail. Third, existing work rarely examines the mode of engagement as a dependent variable in its own right, treating channel preference as an incidental detail rather than as a distinct dimension of consumer behaviour. The present study addresses these gaps by examining membership, reward preference and mode of engagement jointly, across demographic segments, in the tier-two market of Mysore City.

3. STATEMENT OF THE PROBLEM

Retailers operating in Mysore City are investing in digital loyalty infrastructure — proprietary applications, payment-linked cashback arrangements and personalised digital communication — on the working assumption that the consumer base will migrate uniformly to these channels. If that assumption is unfounded, the investment produces a two-tier customer base in which one segment is actively engaged and rewarded while another is progressively disengaged from the loyalty relationship altogether. The problem this study addresses is therefore empirical and specific: which demographic segments of the Mysore City retail consumer base have adopted digital loyalty programmes, through which channels do they engage, which rewards do they value, and where do the discontinuities lie

4. OBJECTIVES OF THE STUDY

1. To examine the demographic profile of retail consumers in Mysore City with respect to gender, age, education, occupation and monthly income.
2. To assess the extent of consumer enrolment in digital loyalty programmes offered by retail businesses in Mysore City.
3. To identify the reward types most preferred by consumers participating in digital loyalty programmes.
4. To analyse the preferred mode of engagement with digital loyalty programmes across consumer segments.
5. To test whether demographic characteristics are significantly associated with loyalty programme membership, reward preference and mode of engagement.
6. To offer suggestions to retail businesses for designing inclusive and effective digital loyalty programmes.

5. HYPOTHESES OF THE STUDY

Four null hypotheses were formulated and tested at the five per cent level of significance:

H_o1: There is no significant association between age group and digital loyalty programme membership.

H_o2: There is no significant association between the socio-economic characteristics of respondents (educational qualification, occupation and monthly income) and digital loyalty programme membership.

H_o3: There is no significant association between age group and preferred type of loyalty reward.

H_o4: There is no significant association between age group and preferred mode of engagement with loyalty programmes.

6. RESEARCH METHODOLOGY

6.1 Research Design

The study adopts a descriptive and analytical research design. The descriptive component profiles consumer characteristics and engagement patterns; the analytical component tests hypothesised associations between demographic variables and loyalty behaviour using inferential statistics.

6.2 Area of the Study

The geographical scope of the study is confined to Mysore City in the Mysuru district of Karnataka. Data were collected from consumers at organised and semi-organised retail outlets located across the principal commercial zones of the city, including the Devaraja Mohalla and Sayyaji Rao Road commercial belt, Vijayanagar, Kuvempunagar, Saraswathipuram, Jayalakshmipuram, Gokulam and the Hebbal–Bogadi corridor, so as to capture consumers across residential and income profiles rather than from a single catchment.

6.3 Sources of Data

Primary data constitute the basis of the analysis and were collected through a structured questionnaire administered to retail consumers. Secondary data were drawn from peer-reviewed journal articles, retail industry reports and published statistical sources, and were used to construct the conceptual framework and the review of literature.

6.4 Sample Size and Sampling Technique

A sample of 200 respondents was drawn using non-probability purposive sampling combined with convenience sampling at the point of contact. Purposive selection was applied to ensure representation across age groups and occupational categories; convenience sampling governed the approach to individual respondents at retail locations. The eligibility criterion for inclusion was that the respondent had made at least one purchase at an organised or semi-organised retail outlet in Mysore City within the three months preceding the survey.

6.5 Tools of Data Collection

A structured questionnaire was administered, comprising two sections. Section A captured demographic particulars: gender, age, educational qualification, occupation and monthly income. Section B captured loyalty behaviour: membership status in digital loyalty programmes, preferred reward type and preferred mode of engagement. The questionnaire was pilot-tested on a small group of respondents prior to full administration, and minor changes to question wording were incorporated on the basis of the pilot.

6.6 Statistical Tools Applied

The following statistical techniques were employed in the analysis:

- Percentage analysis and cross-tabulation, to describe the distribution of respondents across demographic and behavioural categories.
- Chi-square (χ^2) test of independence, to test whether the association between two categorical variables is statistically significant.
- Cramér's V, to quantify the strength of association where a significant relationship was detected, since the chi-square statistic alone is sensitive to sample size and does not indicate effect magnitude.
- Linear-by-linear association test (Mantel–Haenszel test for trend), applied where the predictor variable is ordinal, to test for a monotonic trend that a general chi-square test may fail to detect.

- One-sample z-test for proportions, to test whether observed enrolment and channel-preference proportions differ significantly from a benchmark value, with 95 per cent confidence intervals reported.
- Chi-square goodness-of-fit test, to determine whether reward and channel preferences are distributed uniformly or are significantly concentrated.

The analysis was carried out using SPSS. Where the assumption that no more than 20 per cent of expected cell frequencies fall below five was violated, adjacent categories were collapsed on substantive grounds and the corrected result is reported alongside the original, in accordance with Cochran's rule. All hypotheses were tested at the five per cent level of significance.

6.7 Period of the Study

Primary data collection was carried out over a three-month period. Secondary sources consulted span the period from 2008 to the present.

7. DATA ANALYSIS AND INTERPRETATION

Table 1: Distribution of Respondents by Gender and Age Group

Gender	18–25	26–35	36–45	46–55	Above 55	Total
Male	25	32	23	14	8	102
Female	28	29	21	13	7	98
Total	**53**	**61**	**44**	**27**	**15**	**200**
Per cent	**26.5**	**30.5**	**22**	**13.5**	**7.5**	**100**

Source: Primary data. $\chi^2 = 0.432$, $df = 4$, $p = .980$, Cramér's $V = .046$.

The sample is close to evenly divided by gender, with 102 male respondents (51.0 per cent) and 98 female respondents (49.0 per cent). The age distribution is concentrated in the working-age brackets: respondents aged 26–35 years constitute the largest single group at 30.5 per cent, followed by 18–25 years at 26.5 per cent and 36–45 years at 22.0 per cent. Respondents above 55 years form the smallest group at 7.5 per cent. The chi-square value of 0.432 against a critical value of 9.488 at four degrees of freedom is far from significant ($p = .980$), and Cramér's V of .046 indicates negligible association. Gender and age group are therefore statistically independent in this sample. This result is desirable rather than substantive: it confirms that the gender composition of the sample does not vary systematically across age groups, so that any age effect observed subsequently cannot be attributed to a gender imbalance concentrated in particular age brackets.

Table 2: Age Group and Digital Loyalty Programme Membership

Age Group	Member	Non-member	Total	Membership %
18–25	45	8	53	84.9
26–35	53	8	61	86.9
36–45	34	10	44	77.3
46–55	18	9	27	66.7

Age Group	Member	Non-member	Total	Membership %
Above 55	8	7	15	53.3
Total	**158**	**42**	**200**	**79.0**

Source: Primary data. $\chi^2 = 11.912$, df = 4, p = .018, Cramér's V = .244. Linear-by-linear association: $M^2 = 9.781$, df = 1, p = .002.

Overall enrolment in digital loyalty programmes stands at 79.0 per cent (158 of 200 respondents). A one-sample z-test confirms that this proportion differs significantly from an even split ($z = 8.202$, $p < .001$), with a 95 per cent confidence interval of 73.4 per cent to 84.6 per cent. Digital loyalty membership is thus the norm rather than the exception among Mysore City retail consumers.

The distribution across age groups, however, is markedly uneven. Membership peaks at 86.9 per cent among respondents aged 26–35 years and 84.9 per cent among those aged 18–25 years, declines to 77.3 per cent in the 36–45 bracket, falls further to 66.7 per cent among those aged 46–55, and reaches its lowest point at 53.3 per cent among respondents above 55 years. The computed chi-square value of 11.912 exceeds the critical value of 9.488 at four degrees of freedom, yielding p = .018. The null hypothesis $H_0 1$ is rejected: age is significantly associated with digital loyalty programme membership. Cramér's V of .244 indicates an association of small-to-moderate strength.

Because age is an ordinal variable, the linear-by-linear association test was additionally applied to determine whether the relationship is monotonic rather than merely irregular. The resulting M^2 statistic of 9.781 at one degree of freedom (p = .002) confirms a systematic downward trend: each successive increase in age bracket is associated with a lower probability of membership. This is a stronger and more interpretable finding than the general chi-square result alone, because it establishes direction and not merely difference. One expected cell frequency in the original table fell marginally below five (3.15); collapsing the two oldest brackets into a single 'above 46 years' category eliminates the violation and yields $\chi^2 = 10.878$, df = 3, p = .012, confirming that the result is not an artefact of sparse cells.

Table 3: Educational Qualification and Digital Loyalty Programme Membership

Educational Qualification	Member	Non-member	Total	% of Sample
PUC and Below	20	12	32	16.0
Undergraduate	59	13	72	36.0
Postgraduate	57	11	68	34.0
Professional / Other	22	6	28	14.0
Total	**158**	**42**	**200**	**100.0**

Source: Primary data. $\chi^2 = 6.584$, df = 3, p = .086, Cramér's V = .181.

Undergraduates form the largest educational segment at 36.0 per cent, followed closely by postgraduates at 34.0 per cent, indicating a well-educated sample consistent with Mysuru's profile as an educational centre. Membership rates rise with education, from 62.5 per cent among respondents with PUC-level

qualification or below to 81.9 per cent among undergraduates and 83.8 per cent among postgraduates, before easing slightly to 78.6 per cent in the professional category.

The computed chi-square value of 6.584 falls short of the critical value of 7.815 at three degrees of freedom, giving p = .086. The null hypothesis $H_0 2$ is not rejected in respect of educational qualification at the five per cent level: education is not significantly associated with digital loyalty programme membership. The result nevertheless warrants qualification. The p-value of .086 is significant at the ten per cent level, and Cramér's V of .181 indicates an association of comparable magnitude to several relationships that did reach significance. The pattern in the data — a twenty-one percentage point gap between the least and most educated categories — is substantively meaningful even though it does not attain conventional statistical significance at n = 200. The appropriate conclusion is that education is not established as a determinant of membership in this sample, rather than that education is irrelevant; a larger sample would be required to settle the question.

Table 4: Occupation and Digital Loyalty Programme Membership

Occupation	Member	Non-member	Total	% of Sample
Student	27	7	34	17.0
Private Employee	48	8	56	28.0
Government Employee	25	7	32	16.0
Business / Self-employed	35	8	43	21.5
Homemaker	15	7	22	11.0
Others	8	5	13	6.5
Total	**158**	**42**	**200**	**100.0**

Source: Primary data. $\chi^2 = 5.630$, $df = 5$, $p = .344$, Cramér's V = .168. Collapsed table (Homemaker and Others merged): $\chi^2 = 5.413$, $df = 4$, $p = .248$.

Private employees constitute the largest occupational segment at 28.0 per cent, followed by the business and self-employed category at 21.5 per cent and students at 17.0 per cent. Membership is highest among private employees at 85.7 per cent and students at 79.4 per cent, and lowest among homemakers at 68.2 per cent and the residual 'others' category at 61.5 per cent.

The chi-square value of 5.630 is well below the critical value of 11.070 at five degrees of freedom (p = .344), and the null hypothesis $H_0 2$ is not rejected in respect of occupation. Occupation is not significantly associated with digital loyalty programme membership. Two expected cell frequencies fell below five in the original table; merging the homemaker and 'others' categories resolves the violation without altering the conclusion ($\chi^2 = 5.413$, df = 4, p = .248). The observed variation across occupational groups is plausibly a reflection of the underlying age composition of those groups rather than an independent occupational effect — homemakers and the residual category in this sample skew older, while private employees and students skew younger.

Table 5: Monthly Income and Digital Loyalty Programme Membership

Monthly Income	Member	Non-member	Total	% of Sample
No personal income	21	9	30	15.0
Below ₹25,000	30	11	41	20.5
₹25,001 – ₹50,000	48	10	58	29.0
₹50,001 – ₹75,000	32	6	38	19.0
Above ₹75,000	27	6	33	16.5
Total	**158**	**42**	**200**	**100.0**

Source: Primary data. $\chi^2 = 3.578$, $df = 4$, $p = .466$, Cramér's $V = .134$.

The modal income category is ₹25,001–₹50,000 per month at 29.0 per cent of the sample. Membership rates range from 70.0 per cent among respondents with no personal income to 84.2 per cent in the ₹50,001–₹75,000 bracket, a spread of fourteen percentage points that is neither wide nor monotonic. The chi-square value of 3.578 against a critical value of 9.488 at four degrees of freedom yields p = .466, and the null hypothesis $H_0 2$ is not rejected in respect of monthly income. Monthly income is not significantly associated with digital loyalty programme membership.

This is one of the more consequential negative findings of the study. Digital loyalty programmes in Mysore City are not the preserve of higher-income consumers; enrolment extends across the income spectrum, including among respondents with no personal income of their own. The practical implication is that the barrier to digital loyalty adoption in this market is not affordability or purchasing power but familiarity with the digital interface — a conclusion reinforced by the significant age effect documented in Table 2.

Table 6: Age Group and Preferred Type of Loyalty Reward

Age Group	Cashback	Reward Points	Instant Discount	Exclusive Offers	Free Gifts / Other	Total
18–25	20	10	12	8	3	53
26–35	22	14	13	9	3	61
36–45	12	14	10	6	2	44
46–55	5	10	7	3	2	27
Above 55	2	7	4	1	1	15
Total	**61**	**55**	**46**	**27**	**11**	**200**
Per cent	**30.5**	**27.5**	**23**	**13.5**	**5.5**	**100**

Source: Primary data. $\chi^2 = 10.891$, $df = 16$, $p = .816$, Cramér's $V = .117$. Collapsed table: $\chi^2 = 9.582$, $df = 9$, $p = .385$. Goodness-of-fit against uniform distribution: $\chi^2 = 42.800$, $df = 4$, $p < .001$.

Cashback is the most preferred reward at 30.5 per cent, followed by reward points at 27.5 per cent and instant discounts at 23.0 per cent. Exclusive offers attract 13.5 per cent and free gifts only 5.5 per cent.

Taken together, the three reward types that deliver immediate and quantifiable monetary value — cashback, reward points and instant discounts — account for 81.0 per cent of all preferences, while relational and experiential rewards account for the remaining 19.0 per cent. A goodness-of-fit test confirms that this concentration is not a matter of chance ($\chi^2 = 42.800$, df = 4, $p < .001$): consumer preference is significantly and systematically skewed towards monetary benefit.

The association between age and reward preference, however, is not statistically significant. The chi-square value of 10.891 falls far below the critical value of 26.296 at sixteen degrees of freedom ($p = .816$), and the null hypothesis $H_0 3$ is accepted. Because forty per cent of expected cell frequencies fell below five in the original table, the analysis was repeated after merging the two smallest reward categories and the two oldest age brackets; the corrected test confirms non-significance ($\chi^2 = 9.582$, df = 9, $p = .385$), as does a linear-by-linear trend test ($M^2 = 0.561$, df = 1, $p = .454$).

The finding is instructive precisely because it contrasts with the age effects observed elsewhere in the study. What consumers want from a loyalty programme does not vary significantly by age; how they are willing to obtain it does. Within-group inspection nonetheless reveals a suggestive pattern: cashback is the leading preference for respondents below 36 years, whereas reward points lead among all three older brackets. This apparent shift did not reach significance at n = 200 and should be treated as a direction for further enquiry rather than as an established result.

Table 7: Age Group and Preferred Mode of Engagement with Loyalty Programmes

Age Group	Mobile App	Website / Online	Phone / UPI Linked	Physical Card	Total
18–25	30	10	10	3	53
26–35	32	13	11	5	61
36–45	20	10	7	7	44
46–55	9	5	4	9	27
Above 55	3	2	2	8	15
Total	**94**	**40**	**34**	**32**	**200**
Per cent	**47**	**20**	**17**	**16**	**100**

Source: Primary data. $\chi^2 = 29.834$, df = 12, $p = .003$, Cramér's $V = .223$. Collapsed table: $\chi^2 = 26.916$, df = 9, $p = .001$. Linear-by-linear association: $M^2 = 18.407$, df = 1, $p < .001$. Goodness-of-fit against uniform distribution: $\chi^2 = 52.320$, df = 3, $p < .001$.

The mobile application is the dominant mode of engagement, preferred by 47.0 per cent of respondents — more than twice the share of the next channel. Website or online access accounts for 20.0 per cent, phone or UPI-linked engagement for 17.0 per cent, and the physical card for 16.0 per cent. A one-sample z-test against a benchmark of equal preference across four channels confirms that mobile application preference is significantly higher than chance would predict ($z = 7.185$, $p < .001$; 95% CI: 40.1%–53.9%), and the goodness-of-fit test establishes that channel preference overall is significantly non-uniform ($\chi^2 = 52.320$, df = 3, $p < .001$).

The relationship between age and channel preference is the strongest association documented in this study. The chi-square value of 29.834 substantially exceeds the critical value of 21.026 at twelve degrees of freedom, yielding $p = .003$, and the null hypothesis $H_0 4$ is rejected. Cramér's V of .223 indicates a small-to-moderate association. As twenty-five per cent of expected frequencies fell below five, the two oldest age brackets were merged; the corrected test strengthens rather than weakens the conclusion ($\chi^2 = 26.916$, $df = 9$, $p = .001$).

Ordering the four channels along a digital-to-physical continuum and applying the linear-by-linear association test produces $M^2 = 18.407$ at one degree of freedom ($p < .001$), the most decisive single result in the analysis. The trend is unambiguous: mobile application preference falls from 56.6 per cent among respondents aged 18–25 to 20.0 per cent among those above 55, while physical card preference rises over the same range from 5.7 per cent to 53.3 per cent. The two curves cross between the 36–45 and 46–55 brackets. Beyond approximately 45 years of age, the physical card ceases to be a residual channel and becomes the modal one.

Table 8: Consolidated Profile of Respondents — Modal Categories

Variable	Largest Category	N	Per cent
Gender	Male	102	51.0
Age	26–35 years	61	30.5
Education	Undergraduate	72	36.0
Occupation	Private Employee	56	28.0
Monthly Income	₹25,001 – ₹50,000	58	29.0
Loyalty Membership	Member	158	79.0
Preferred Reward	Cashback	61	30.5
Preferred Mode	Mobile Application	94	47.0

Source: Primary data.

Table 8 consolidates the modal category for each variable examined. The typical respondent in this study is a male private-sector employee aged between 26 and 35 years, holding an undergraduate degree, earning between ₹25,001 and ₹50,000 per month, enrolled in at least one digital loyalty programme, preferring cashback as a reward and engaging through a mobile application.

Table 9: Summary of Hypothesis Testing

Hyp.	Variables Tested	χ^2 Value	df	p Value	Decision
—	Gender × Age group	0.432	4	.980	Accepted — not significant
$H_0 1$	Age group × Membership	11.912	4	.018	Rejected — significant

Hyp.	Variables Tested	χ^2 Value	df	p Value	Decision
$H_o2(a)$	Education × Membership	6.584	3	.086	Accepted — not significant
$H_o2(b)$	Occupation × Membership	5.630	5	.344	Accepted — not significant
$H_o2(c)$	Monthly income × Membership	3.578	4	.466	Accepted — not significant
H_o3	Age group × Preferred reward	10.891	16	.816	Accepted — not significant
H_o4	Age group × Preferred mode	29.834	12	.003	Rejected — significant

Source: Computed from primary data. Level of significance: 5 per cent. The gender × age group test is reported as a check on sample balance and was not framed as a hypothesis. $H_o2(a)$, $H_o2(b)$ and $H_o2(c)$ are the three components of the composite socio-economic hypothesis.

8. MAJOR FINDINGS OF THE STUDY

- Digital loyalty programme membership among retail consumers in Mysore City stands at 79.0 per cent, significantly above an even split ($z = 8.202$, $p < .001$; 95% CI: 73.4%–84.6%). Enrolment is the norm rather than the exception.
- Age is significantly associated with membership ($\chi^2 = 11.912$, $df = 4$, $p = .018$). Membership declines monotonically from 86.9 per cent in the 26–35 bracket to 53.3 per cent among respondents above 55 years, and the linear-by-linear trend test confirms the decline is systematic ($M^2 = 9.781$, $p = .002$).
- Educational qualification is not significantly associated with membership at the five per cent level ($\chi^2 = 6.584$, $df = 3$, $p = .086$), although the association approaches significance and shows a consistent upward gradient with education.
- Occupation is not significantly associated with membership ($\chi^2 = 5.630$, $df = 5$, $p = .344$).
- Monthly income is not significantly associated with membership ($\chi^2 = 3.578$, $df = 4$, $p = .466$). Adoption extends across the income spectrum, including among respondents with no personal income.
- Cashback is the single most preferred reward at 30.5 per cent. Monetary or near-monetary rewards — cashback, reward points and instant discounts — together account for 81.0 per cent of all preferences, a concentration confirmed as significantly non-uniform ($\chi^2 = 42.800$, $df = 4$, $p < .001$).
- Age is not significantly associated with reward preference ($\chi^2 = 10.891$, $df = 16$, $p = .816$). What consumers value from a loyalty programme is broadly consistent across age groups.
- Age is significantly associated with preferred mode of engagement ($\chi^2 = 29.834$, $df = 12$, $p = .003$), and the linear-by-linear trend test yields the strongest result in the study ($M^2 = 18.407$, $p < .001$). Mobile application preference falls from 56.6 per cent among the youngest respondents to 20.0 per cent among the oldest, while physical card preference rises from 5.7 per cent to 53.3 per cent over the same range.
- The mobile application is the dominant engagement channel overall at 47.0 per cent, more than twice the share of any competing channel.

- The crossover point at which the physical card overtakes the mobile application as the modal channel occurs between the 36–45 and 46–55 age brackets.

9. SUGGESTIONS

- Retailers should maintain a dual-channel loyalty architecture rather than migrating exclusively to application-based programmes. The evidence that the physical card becomes the modal preference beyond approximately 45 years of age indicates that an app-only strategy would disengage a substantial and commercially significant segment of the Mysore City consumer base.
- Given that cashback and instant discounts dominate reward preference, retailers should prioritise immediate and clearly quantified benefits over deferred point accumulation. UPI-linked instant cashback is particularly well suited to this market, as it requires no separate application download and integrates with a payment method already in near-universal use.
- Since income is not a barrier to adoption but age is, onboarding assistance should be targeted at older consumers rather than at lower-income ones. In-store enrolment support at the billing counter, simplified interfaces with larger type, and the option to link a programme to a mobile number rather than to an installed application would each address the observed constraint directly.
- The relatively high preference for reward points among older respondents suggests that this segment values accumulation and its associated sense of continuing relationship. Retailers should retain a points-based option for this group rather than discontinuing it in favour of cashback alone.
- Consistent with the literature on the importance of relational attributes, retailers should ensure that digital loyalty programmes supplement rather than replace interpersonal service. Staff recognition of loyalty members at the point of sale costs little and restores an element that a purely digital interface removes.
- Retailers should communicate data-handling practices clearly at the point of enrolment. As digital programmes generate substantially richer behavioural data than card-based schemes, transparent disclosure is both an ethical obligation and a means of reducing enrolment reluctance.
- Traditional and semi-organised retailers in Mysore City should consider low-cost UPI-linked reward mechanisms, which require minimal technological investment and allow them to compete on loyalty terms with organised chains.

10. LIMITATIONS OF THE STUDY

- The study is confined to Mysore City, and its findings should not be generalised to rural Mysuru district, to other tier-two cities in Karnataka, or to metropolitan markets without further verification.
- The sample of 200 respondents was drawn using non-probability purposive and convenience sampling, which limits statistical generalisability to the wider population of Mysore City retail consumers.
- The study measures membership, reward preference and engagement mode, but does not measure attitudinal loyalty, satisfaction, redemption behaviour or actual spending. As Srivastava (2018) observes, membership is a weak proxy for loyalty, and the present findings should be read accordingly.
- Data were collected at a single point in time. A cross-sectional design cannot distinguish an age effect from a cohort effect, and the possibility that today's younger consumers will retain digital preferences as they age cannot be tested with these data.
- Responses were self-reported and are therefore subject to recall error and social desirability bias.

- Several cross-tabulations contained expected cell frequencies below five, requiring categories to be collapsed. While the collapsed analyses confirmed the original conclusions in every case, the reduced granularity limits the precision of within-category inference.

11. SCOPE FOR FURTHER RESEARCH

Several extensions of this work would be valuable. A larger probability-based sample would permit multivariate analysis — binary logistic regression in particular — to isolate the independent contribution of age from that of education and occupation, which the present bivariate design cannot disentangle. A longitudinal design would allow the age effect documented here to be tested against the cohort explanation. Comparative studies across tier-two cities in Karnataka would establish whether the Mysore City pattern is typical or distinctive. Finally, extending the dependent variables beyond membership to include redemption frequency, share of wallet and attitudinal loyalty would address the central limitation identified in the reviewed literature: that enrolment and loyalty are not the same thing.

12. CONCLUSION

This study set out to examine consumer perception of and engagement with digital loyalty programmes among retail consumers in Mysore City. The evidence supports a clear central conclusion. Digital loyalty programmes have achieved broad penetration in this market, with nearly four in five consumers enrolled, and this penetration is not stratified by income, occupation or, at conventional levels of significance, education. Adoption is instead stratified by age, and the stratification operates far more powerfully on the channel of engagement than on the decision to enrol at all.

The distinction matters. Older consumers in Mysore City have not rejected loyalty programmes; a majority of even the oldest bracket surveyed remains enrolled. What they have declined is the mobile application as the means of participation. The strongest statistical result in the study — the monotonic shift from application to physical card across successive age brackets — describes a channel divide rather than a participation divide. Similarly, reward preference shows no significant variation by age: consumers across all brackets want immediate monetary value, and eight in ten preferences fall into that category.

The strategic implication for retailers in Mysore City is that the loyalty programme itself is not in question, but the assumption of uniform digital migration is. A programme designed exclusively around a mobile application will serve the majority of the market efficiently while progressively disengaging consumers beyond middle age — a segment that this study finds to be willing participants in loyalty schemes when an accessible channel is available to them. The recommendation that follows is not to slow digital adoption but to preserve channel plurality alongside it, so that the substantial efficiencies of digital loyalty infrastructure are not purchased at the cost of a systematically excluded consumer segment.

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