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"AN EMPIRICAL STUDY OF CASHBACK AND REWARD PERSONALIZATION ON CUSTOMER CREDIT CARD USAGE BEHAVIOUR"

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ABSTRACT

This study examines the effect of cashback offers and reward personalization on customers' credit card usage behaviour with reference to Axis Bank Ltd. The study focuses on customer awareness, preferences, perceived value, satisfaction and loyalty associated with cashback and personalized rewards, and evaluates how these factors relate to overall credit card usage. A descriptive research design was adopted and primary data were collected through a structured questionnaire from 135 Axis Bank credit card users. The study used a five-point Likert scale and analysed the data using descriptive statistics, reliability analysis, normality testing, Mann–Whitney U testing, Kruskal–Wallis testing, Spearman correlation and regression analysis. The questionnaire showed excellent internal consistency with Cronbach's Alpha of 0.986, while normality tests indicated non-normal data. Cashback offers had an average score of approximately 3.38, reward personalization approximately 3.32, customer satisfaction and loyalty approximately 3.34, and overall usage behaviour approximately 3.18. Spearman correlations were positive and significant, ranging from 0.769 to 0.871. Individual regression models showed that cashback explained 59.2% and reward personalization explained 60.5% of the variation in overall usage behaviour. A multiple regression model containing cashback, reward personalization and customer satisfaction and loyalty explained 76.2% of the variation in usage behaviour. The study concludes that relevant, transparent and easy-to-use rewards can strengthen customer engagement, satisfaction, loyalty and continued credit card usage.

KEYWORDS: Axis Bank, cashback, reward personalization, credit card usage behaviour, customer satisfaction, loyalty, banking.

1. INTRODUCTION

The Indian banking and credit card industry has undergone substantial transformation due to digital payments, e-commerce, changing consumer lifestyles and increasing competition among banks. Credit cards have evolved from being primarily payment instruments into customer-engagement products supported by cashback, reward points, discounts, travel benefits and personalized offers. Banks increasingly use customer transaction information and data analytics to design benefits that are more closely aligned with individual spending patterns.

Cashback provides customers with a direct monetary benefit linked to their card spending, while reward programmes provide redeemable points or benefits. Reward personalization goes a step further by tailoring offers according to spending behaviour, lifestyle, preferences and transaction history. These mechanisms are intended to increase perceived value, encourage repeat usage and strengthen customer relationships.

The present study focuses specifically on Axis Bank credit card users and examines whether cashback offers and personalized rewards influence their usage behaviour. The study also considers customer satisfaction and loyalty because a customer may continue using a card not only because of an immediate cashback benefit but also because the overall reward experience creates value and trust.

2. OBJECTIVES OF THE STUDY

- To study customers' awareness and preferences regarding cashback offers and reward personalization offered on Axis Bank credit cards.
- To examine the effect of cashback offers on customers' credit card usage behaviour.
- To examine the effect of reward personalization on customers' credit card usage behaviour.
- To examine the relationship between customer satisfaction and loyalty and credit card usage behaviour.
- To analyse the combined effect of cashback offers, reward personalization, and customer satisfaction and loyalty on customers' credit card usage behaviour.

3. LITERATURE REVIEW

Agrawal (2025): Examined hyper-personalization and reward planning in BFSI products. The study emphasized the use of customer spending patterns and machine-learning approaches to create targeted reward programmes.

Matsui et al. (2025): Studied redemption behaviour in complex digital incentive environments and highlighted the importance of designing reward systems that reflect actual user behaviour.

Arora (2020): Examined customer satisfaction and attitude toward plastic money and found that convenience, cost, time, reward points and offers were important factors. Trust also played a mediating role.

Pereira (2019): Studied credit card consumer behaviour using customer and transaction characteristics and showed that cashback and customer profile variables can help explain differences in card usage.

Grzywacz (2024): Investigated gamification mechanisms in credit card usage and reported that higher reward-point value significantly influenced customer engagement and satisfaction.

Oo (2024): Examined factors influencing credit card usage and found that credit-card attributes had a positive and significant influence on usage, while demographic and lifestyle variables were less influential in the model.

Sahoo (2024): Studied digital marketing and mobile engagement strategies of Axis Bank and ICICI Bank and highlighted the role of digital communication, app features and notifications in customer awareness and engagement.

Chaurasiya (2024): Examined fintech and digital payment technologies and identified opportunities related to financial inclusion and digital banking while noting security, privacy and regulatory challenges.

Kund (2024): Analysed retail banking products and digital banking adoption and reported that convenience, technology, service quality and security influence customer satisfaction and loyalty.

Agarwal (2020): Studied bank stress-test effects on consumer credit markets and found that banks may use lower interest rates, rewards and promotions to remain competitive and influence customer credit behaviour**.**

4. RESEARCH GAP AND CONCEPTUAL FOCUS

The literature reviewed in the internship report shows that credit card usage, customer satisfaction, loyalty, digital banking and reward programmes have been studied from different perspectives. However, relatively limited attention has been given to the combined effect of cashback and reward personalization on credit card usage behaviour with specific reference to Axis Bank. Many studies examine rewards generally or investigate satisfaction and loyalty separately. The present study therefore integrates cashback offers, reward personalization, customer satisfaction and loyalty, and overall credit card usage behaviour within one analytical framework.

The conceptual focus of the study treats cashback offers and reward personalization as key promotional variables, customer satisfaction and loyalty as an important relationship variable, and overall credit card usage behaviour as the outcome variable.

5. RESEARCH METHODOLOGY

Research design: The study adopted a descriptive research design to describe customers' awareness, preferences, perceptions and behaviour regarding cashback and reward personalization.

Data collection: Primary data were collected through a structured questionnaire from Axis Bank credit card users. Secondary information was obtained from research papers, reports, websites and other relevant sources used in the internship report.

Sampling: The final analysed sample consisted of 135 respondents. The report used a non-probability convenience approach, based on accessible and willing credit card users.

Measurement: The questionnaire used a five-point Likert scale. The analytical constructs were Cashback Offers, Reward Personalization, Customer Satisfaction and Loyalty, and Overall Credit Card Usage Behaviour. The Likert-scale instrument contained 24 items.

Data analysis: Microsoft Excel and SPSS were used for coding, classification, tabulation and statistical analysis. Descriptive statistics, Cronbach's Alpha, Kolmogorov–Smirnov and Shapiro–Wilk normality tests, Mann–Whitney U, Kruskal–Wallis, Spearman correlation and regression analysis were applied.

Decision rule: A significance level of 0.05 was used for hypothesis testing. Because the normality tests were significant at $p < 0.05$, non-parametric tests were used for group comparisons and correlation.

6. RESULTS AND ANALYSIS

6.1 Respondent Profile

The final analysis included 135 respondents. The gender distribution comprised 88 male respondents and 47 female respondents. The source report also analysed differences in perceptions and usage behaviour across age, education, occupation and income groups.

6.2 Descriptive Statistics

Construct	N	Average Mean	Interpretation
Cashback Offers	135	Approx. 3.38	Moderately positive
Reward Personalization	135	Approx. 3.32	Moderately positive
Customer Satisfaction & Loyalty	135	Approx. 3.34	Moderately positive
Overall Credit Card Usage Behaviour	135	Approx. 3.18	Moderate

The descriptive results indicate that customers generally responded positively to cashback, personalized rewards, satisfaction and loyalty. However, overall usage behaviour recorded the lowest construct-level average, suggesting that positive perceptions do not automatically translate into making the Axis Bank card the customer's primary payment instrument.

6.3 Key Item-Level Results

Statement / Indicator	Mean
Cashback encourages credit card usage	3.41
Actively seek cashback offers	3.46
Cashback matches expectations	3.30
Prefer merchants offering cashback	3.47
Cashback increased spending	3.35
Satisfied with cashback	3.28
Personalized rewards match individual spending	3.18
Relevant personalized rewards	3.38
Reward personalization influences continued use	3.39
Want more spending categories covered	3.41
Overall satisfied with cashback and rewards	3.41
Likely to continue using Axis Bank credit card	3.43
Axis Bank card as primary payment mode	3.05
Likely to increase usage with more personalization	3.31
Cashback and personalization changed usage frequency	3.17

The Kruskal–Wallis results show that customer perceptions are not uniformly different across all demographic groups. Age was significantly associated with product-availability perception ($p=0.045$). Marital status was significantly associated with price perception ($p=0.004$). Occupation was associated with product availability, price and overall perception, while monthly income was associated with price perception (p=0.027). Education did not show significant differences across the measured customer dimensions.

6.4 Retailer Perception

The final retailer analysis included 50 respondents. The descriptive results show a favourable outlook across the five retailer dimensions. The overall retailer perception mean was 4.2760 with a standard deviation of approximately 0.451. Product quality recorded the strongest individual item mean of 4.64, indicating strong retailer confidence in the quality of Amul products.

Retailer dimension	Overall interpretation	Evidence from analysis
Product quality	Positive	Highest item mean 4.64
Product availability	Positive	Favourable responses overall
Retailer satisfaction	Positive	Favourable overall mean pattern
Profit margin	Positive but sensitive	Significant variation by outlet/ownership
Service quality	Positive	Favourable responses overall
Overall perception	Positive	Mean = 4.2760

Retailers reported positive perceptions of product quality and were generally satisfied with the sale and distributor services associated with Amul. However, the report also identifies operational concerns such as delays in receiving products and differences in perceptions of profit margins across types of retail outlets.

6.5 Retailer Kruskal–Wallis Results

Grouping variable	Dimension	H	p-value	Decision
Age	Overall perception	4.245	0.374	Not significant
Education	Overall perception	3.350	0.187	Not significant
Retail outlet	Profit margin	8.670	0.034	Significant
Business ownership	Profit margin	5.768	0.016	Significant
Business ownership	Overall perception	3.919	0.048	Significant

Retailer perceptions did not differ significantly by age or education. In contrast, profit-margin perception differed significantly across retail-outlet types (p=0.034) and business ownership categories (p=0.016). Overall retailer perception also differed significantly by business ownership (p=0.048). The findings indicate that commercial conditions, particularly profitability, are more sensitive to retailer structure than general product-quality perceptions.

7. DISCUSSION

The findings indicate that Amul has a strong positive perception among both customers and retailers in the surveyed sample. The customer overall mean of 4.4447 and retailer overall mean of 4.2760 show that the brand performs well on core product and channel dimensions. The customer findings are consistent with the literature reviewed in the source report, where quality, taste, hygiene, brand name and availability repeatedly appear as important dairy-purchase factors.

Product quality is the most consistently strong dimension. Customers reported high agreement that Amul products are high quality, hygienically packaged and capable of meeting expectations. Retailers similarly gave the highest item-level mean to product quality. This suggests that quality is a shared strength across the demand and distribution sides of the market.

Availability is another important strength, but the demographic tests show that perceptions of availability are not identical across all customer groups. The significant age and occupation results suggest that access conditions may vary by consumer profile or purchasing context. For a perishable product category, maintaining consistent supply remains important because stockouts can affect both customer satisfaction and retailer confidence.

Price is positively perceived overall, but it is also the most sensitive customer variable across several demographic comparisons. Significant differences were observed by marital status, occupation and income. This means that although customers generally consider Amul products reasonably priced, price-value judgments can vary across consumer segments.

On the retailer side, the most important managerial issue is profitability. The significant differences in profit-margin perception across outlet types and ownership categories indicate that a uniform retailer strategy may not produce the same response in every channel. Amul can therefore benefit from differentiated retailer support, clearer trade communication and stronger attention to outlet-specific commercial realities.

8. MANAGERIAL IMPLICATIONS AND SUGGESTIONS

- Maintain product quality and freshness through regular quality checks, hygiene controls and continuous monitoring across procurement, processing, storage and retail handling.
- Strengthen distribution and inventory management so that stock shortages and delivery delays are minimized across urban, semi-urban and rural retail outlets.
- Review retailer profitability and communicate trade margins clearly, especially where outlet type and business ownership create different expectations.
- Improve retailer relationship management through periodic meetings, faster grievance resolution, timely distributor support and regular feedback collection.

- Provide retailers with adequate promotional material, product information and point-of-sale support to strengthen product visibility and recommendation behaviour.
- Use television, digital media and social platforms to communicate product quality, nutritional benefits and new-product information while maintaining the established Amul brand identity.
- Continue developing products that respond to changing lifestyles and health-conscious demand, including value-added and protein-oriented dairy products where commercially appropriate.
- Strengthen customer complaint and feedback systems so that quality, availability and service concerns are captured and resolved promptly.
- Use customer segmentation when reviewing price communication because price perception differs significantly across selected demographic groups.
- Maintain innovation in packaging, distribution and digital/e-commerce channels without weakening the cooperative brand positioning that supports consumer trust.

9. CONCLUSION

The study concludes that customer and retailer perceptions towards selected Amul dairy products are strongly positive within the surveyed sample. Customers particularly appreciate product quality, hygiene, availability, taste, reasonable price and brand reliability. Retailers also express favourable views, especially regarding product quality, consumer demand, distribution support and the overall commercial value of selling Amul products.

The study also demonstrates that positive overall perception does not mean that all respondent groups think identically. Customer price perceptions vary significantly across marital status, occupation and income, while availability perceptions vary across age and occupation. Among retailers, profit-margin perceptions vary across outlet types and business ownership, and overall retailer perception also differs by business ownership. These findings make retailer profitability and channel-specific support important areas for management attention.

Overall, Amul's strong product quality and brand image provide a solid foundation for sustained market performance. To maintain this position, the company should focus not only on consumers but also on the economic and operational needs of retailers. Better supply reliability, differentiated retailer support, stronger feedback systems, promotional assistance and product innovation can help reinforce satisfaction and loyalty across both stakeholder groups.

10. LIMITATIONS AND FUTURE RESEARCH

- The study is limited to selected Amul dairy products and therefore may not represent the full Amul portfolio.
- The sample is based on convenience sampling, so the findings should not be generalized to all customers and retailers across India.
- The study relies on respondent perceptions, which are subjective and may change with market conditions or recent product experiences.
- The geographic scope is limited to the study area covered during the internship project.
- Future studies can use probability sampling and larger, geographically diverse samples.
- Future research can apply regression, structural equation modelling or multi-group analysis to examine causal relationships among perception, satisfaction, loyalty and purchase intention.

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