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Designing A Loyalty Reward Point System for Pepsi Retailers to Improve Sales Engagement and Market Penetration

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Abstract--In the modern FMCG market, customer and retailer loyalty are vital elements that determine long-term sustainability and brand dominance. The beverage industry, particularly in India, is one of the most competitive sectors where brands constantly innovate to capture retailer attention and consumer preference. This study titled —Designing a Loyalty Reward Point System for Pepsi Retailers to Improve Sales Engagement and Market Penetration aims to analyze the retailer perception toward Pepsi's reward initiatives and to design an effective loyalty system that strengthens engagement and sales performance.

The research was conducted among Pepsi retailers in Tamil Nadu using a structured questionnaire. A total of 377 responses were collected through Google Forms. Data was analyzed using SPSS through tools like Simple Percentage Analysis, Chi-Square Test, ANOVA, Ranking, and Factor Analysis. The findings reveal that majority of retailers are motivated by cashback and free-stock rewards. Shop type and years of selling Pepsi have significant influence on loyalty intentions. The study concludes that an app-based digital reward point system would enhance retailer trust, improve brand visibility, and create a sustainable growth platform for Pepsi in competitive markets.

Keywords-- Loyalty Rewards, Retailer Engagement, Pepsi, Sales Promotion, FMCG, Reward Points.

I. INTRODUCTION

The FMCG sector in India has witnessed remarkable growth over the last two decades due to increasing disposable income, rapid urbanization, and changing consumer lifestyles. Among all FMCG categories, the beverage industry stands out as one of the fastest-growing segments driven by strong youth demographics and lifestyle-oriented consumption patterns. Global giants like PepsiCo and Coca-Cola dominate the Indian market, offering a wide range of carbonated and non-carbonated drinks. In this competitive environment, retailers play a crucial role in bridging the gap between beverage companies and end consumers. Their willingness to promote and display a particular brand directly influences product visibility and sales volume. Thus, fostering retailer loyalty is a key strategic goal for beverage firms.

PepsiCo, through its bottling partner Varun Beverages Limited (VBL), operates one of India's largest beverage distribution networks. The company manages production, bottling, and supply across more than 35 manufacturing plants and distributes products through over a million retail outlets nationwide. Despite this vast network, the challenge lies in maintaining strong retailer relationships, ensuring consistent engagement, and countering aggressive competition from other brands. The modern FMCG environment demands not only consumer loyalty programs but also retailer-centric reward mechanisms that motivate small shop owners, supermarkets, and distributors to prioritize Pepsi products over competitors. This study explores how a structured Loyalty Reward Point System can enhance retailer motivation, improve shelf space allocation, and increase Pepsi's overall market penetration. A loyalty point system, when implemented effectively, can act as a bridge between performance and incentive — creating measurable benefits for both the company and retailers. It promotes transparency, digital tracking, and consistent engagement, thereby building a stronger long-term relationship between Pepsi and its retail partners.

II. REVIEW OF LITERATURE

Kumar, R. (2025) – —Digital Loyalty Systems in Retail Marketing. The study highlights how integrating loyalty reward apps and digital points programs helps companies increase retailer participation and monitor sales performance more effectively.

Verma, S. & Joshi, M. (2025) – —Trade Marketing Innovations in FMCG. This research explores how structured loyalty programs influence distributor- retailer relationships, leading to improved sales engagement and brand preference.

Patel, N. (2024) – —Retailer Retention Strategies in Competitive Beverage Markets. The author found that consistent incentive schemes and transparent communication increase retailer satisfaction and brand advocacy.



III. OBJECTIVES OF THE STUDY

- To understand retailer perception towards Pepsi’s current reward schemes.
- To assess how a digital reward system can help increase product visibility, shelf space, and purchase frequency at the retail level.
- To examine the retailers’ perception and willingness to participate in a structured loyalty reward program.

IV. STATEMENT OF THE PROBLEM

In India’s beverage industry, brand visibility and market share depend largely on the support and motivation of retailers. Despite PepsiCo’s strong brand equity, its retailer engagement programs remain inconsistent and largely manual. Competing brands like Coca-Cola and regional players have adopted frequent incentive-based schemes that attract retailers. The absence of a structured, transparent loyalty reward system has created a gap in Pepsi’s distribution channel. Retailers are more likely to promote brands offering frequent benefits and clear communication.

Therefore, there is a pressing need to design a digital loyalty system that rewards retailers proportionally to their performance, ensures easy redemption, and strengthens long-term relationships.

V. RESEARCH METHODOLOGY

The study was conducted among Pepsi retailers across Tamil Nadu, using a descriptive research design. Sample Size of this study is 377 retailers and the Convenience sampling Technique. Primary data were collected through Google Forms questionnaire and secondary data from journals and company reports. The analysis was performed using SPSS software, and results were interpreted with significance levels at $p < 0.05$.

VI. DATA ANALYSIS AND INTERPRETATION

Hypotheses:

H₀: There is no significant difference in willingness to give more shelf space among retailers with different years of selling Pepsi.

H₁: There is a significant difference in willingness to give more shelf space among retailers with different years of selling Pepsi.

ANOVA Analysis:

Table 1:
Years of Selling Pepsi × Willingness to Give More Shelf Space

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	19.982	4	4.996	4.744	0.001
Within Groups	392.141	372	1.054		
Total	412.123	376			

Interpretation:

Since $p < 0.05$, H_0 is rejected. Retailers’ willingness to allocate more shelf space differs significantly by experience.

More experienced retailers are more willing to provide prominent visibility to Pepsi if the rewards are attractive — showing loyalty maturity over time.

Chi-Square analysis:

Table 2:

Would you like to earn points for every crate you purchase (e.g., 1 crate = 2 points)? * If Pepsi gives better rewards, will you give more shelf space or visibility to Pepsi products?

Particulars		Maybe	No	Yes	Total
Would you like to earn points for every crate you purchase (e.g., 1 crate = 2 points)?		388	0	0	388
	Maybe	0	52	46	129
	No	0	44	31	115
	Yes	0	36	39	133
Total		388	132	116	765

Interpretation:

p < 0.05 shows a significant relationship. Retailers

interested in earning points are more willing to allocate additional shelf space to Pepsi products.

Correlation Analysis:

**Table 3:
Trust in Digital Points System**

Variables	Trust in Digital Points System (Q17)	Interest in Earning Points (Q5)	Willingness to Give More Shelf Space (Q8)	Willingness to Recommend Pepsi (Q14)
Trust in Digital Points System (Q17)	1	0.672	0.654	0.713
Interest in Earning Points (Q5)	0.672	1	0.612	0.688
Willingness to Give More Shelf Space (Q8)	0.654	0.612	1	0.701
Willingness to Recommend Pepsi (Q14)	0.713	0.688	0.701	1
Sig. (2-tailed)	—	0.000	0.000	0.000
N	377	377	377	377

Interpretation:

There is a strong positive correlation between trust in the digital points system and retailer engagement factors, indicating higher trust leads to greater participation and loyalty.

Hence, it can be concluded that retailers' confidence in the system significantly influences their willingness to promote and support Pepsi.

VII. FINDINGS

1. A majority of Pepsi retailers are eager to participate in a structured loyalty system.
2. Shop type and retailer experience significantly influence preferences for reward mechanisms.
3. Cashback and free stock are the most preferred reward types, especially among small and mid-sized outlets.
4. Experienced retailers are more receptive to digital reward redemption methods.
5. Strong correlations exist between reward interest, trust in the system, and brand advocacy — indicating that loyalty programs directly impact recommendation and visibility behavior.
6. Retailers link transparent and reliable reward systems with stronger partnership satisfaction.

VIII. SUGGESTIONS

1. Pepsi should launch a mobile-based loyalty point app to record every purchase and allow instant reward tracking.
2. Introduce tiered reward levels (Silver, Gold, Platinum) to encourage continuous engagement.
3. Offer periodic festival bonuses or seasonal reward boosters to sustain motivation.
4. Strengthen training and awareness programs for distributors to explain reward rules clearly.
5. Integrate correlation-based insights into strategy — focusing on rewards that enhance both brand advocacy and display commitment
6. Ensure regular feedback collection from retailers to improve reward system fairness and usability.

IX. CONCLUSION

The correlation analysis confirms that a strong, transparent reward system not only motivates retailers to sell more but also increases their willingness to promote and recommend Pepsi.

Financial incentives combined with trust-based engagement foster long-term loyalty. Therefore, the proposed digital loyalty reward point system for Pepsi retailers can act as a strategic tool to enhance participation, ensure consistent sales growth, and strengthen retailer relationships. By aligning technology, transparency, and timely rewards, Pepsi can secure a dominant position in India's competitive beverage market.

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