

**The Impact of Customer Loyalty Programs on Customer Retention: Examining the Mediating Effect of Customer Satisfaction with Special Reference to Supermarket Industry of Sri Lanka**

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In the dynamic landscape of the modern business world, companies strive to gain a competitive edge through the implementation of customer loyalty programs. These initiatives enhance customer satisfaction, foster loyalty, and ultimately increase customer retention. The inconclusiveness between customer loyalty and customer retention paved the way for this study, which has developed a research model followed by a systematic literature review. Further, the influence of customer satisfaction on the relationship between customer loyalty programs and customer satisfaction is also studied. The study adopted the quantitative research design, and the study was conducted by collecting three hundred ninety-five (395) responses by adopting the convenience sampling method. The findings from the analysis indicated that customer loyalty programs have a positive and significant impact on customer retention, while customer satisfaction positively and significantly mediated the impact made by customer loyalty programs on customer retention in the supermarket industry of Sri Lanka. The study outcomes offer actionable strategies for the Sri Lankan supermarket industry to enhance loyalty initiatives and improve customer retention.

**Keywords:** *Customer Loyalty Programs, Customer Retention, Customer Satisfaction, Point System, Smart Cards*