



An empirical study on brand loyalty of consumers towards FMCG products

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Abstract

Buyers of fast moving consumer goods (FMCG) have to be persuaded by the marketers to patronize their products through various ways and means. In a huge but complex market like India, this is no easy task. It is not just the size that makes the Indian market complex for the FMCG players. It is much more than that. Needs differ across our country, tastes differ across our country and traditions differ across our country, given the country's diversity, in particular, the demographic diversity. This definitely rules out the "one size fits all" kind of approach on the part of marketers towards product promotion. But there are certain product-related or marketer-related characteristics that seem to cut across all the differences one finds in the consumer universe of the diverse Indian market. If the FMCG player concerned can identify at least one such characteristic and exploit it to the hilt, success is bound to follow sooner rather than later.

Keywords: marketers, Indian market, FMCG players, demography, traditions

1. Introduction

1.2 Statement of the problem

Some characteristics relating to FMCG products are taken seriously by the prospects. The implication is that most of the characteristics are just ignored by the prospects. In other words, it makes eminent business sense and eminent financial sense for the FMCG player concerned to identify and exploit such characteristics as are seriously taken note of by the prospects and shed those characteristics which least impress the prospects. This will eventually help the FMCG player to improve the above-the-line and below-the-line performance. After all, the FMCG player can price the products more competitively and can stand out in the crowd.

1.3 Review of literature

- Marketing strategy differs from region to region and there cannot be a single strategy for all the regions especially the rural market (Kiran Ramdas Sinalkar & Akash Balasaheb Shelke, 2012) ^[3]. It is totally a different ballgame altogether. The marketing geeks have to overcome many challenges and strategies to market their products in rural market. For instance, *Nirma* has been a successful product in the rural market. The FMCG players have to market small-budget consumer goods suited for rural consumers. Unilever India also has been a tough competitor for *Nirma* in the rural market. It is the largest player in the rural market and has the widest coverage. The company concentrated on product diversification. FMCG companies have to make sustained efforts to innovate their product basket. They also have to overcome the challenges they face in the areas they operate in.
- Sales promotion is the most widely used advertising strategy in FMCG companies. For instance, since the time *Pepsi* entered the market, it has been offering *Pepsi* T-shirts and cassettes to Gen Y (Ayush Singh, 2013) ^[2]. The strategy was designed to rev up sales of the core products in volume terms and value terms as well.

- Ailawadi, L. Kusum and Nelsin, A Scott (Ailawadi, L. Kusum and Nelsin, 1998) ^[1] in their empirical study identify the existence of a consumption pattern in predominantly packaged goods products. They suggest that the pattern be modelled and its significance in gauging the effectiveness of sales promotion be examined. Results of their study show that aggressive sales promotion results in a rise in consumption because of higher usage rate and stockpiling. There could be a rise in product consumption for no reason or a fall in product consumption for no apparent rhyme or reason. Hence this phenomenon has to be examined and the right promotion mix evolved, based on their study.

1.4 Research gap

Relevant though in various degrees, the reviewed studies are not clear about the factors that lead the prospects to patronize a given FMCG product in the long run. Clear identification of such product-related and marketer-related traits can go a long way in improving the bottom-line of the FMCG player concerned. Towards this end, the reviewed literature suffers from a gap and it is this gap the present study seeks to bridge.

1.5 Scope of the present study

The study confines itself to three categories of respondents. They are 100 consumers, 30 FMCG marketers and 30 consultants and they operate in Bangalore (rural) and Bangalore (urban) districts. The findings arrived at and the conclusions drawn from the analysis of data collected from these respondent categories can be generalised to the remaining respondent populations in view of the environment they operate in being identical.

1.6 Objectives of the study

The objective of the study is to ascertain the factors that inspire brand loyalty in FMCG consumers.

1.7 Hypothesis proposed to be tested

The study proposes to test the following hypothesis:
“Satisfaction with the product is the most important factor that inspires brand loyalty in consumers.”

1.8 Research design

The following paragraphs furnish the design of the study.

1.8.1 Research methodology

The study is descriptive in nature and has used the ‘fact-finding’ survey method

1.8.2 Sources of data

Primary data has been collected from the respondents, viz., consumers numbering 100, FMCG marketers, numbering 30 and consultants numbering 30.

Secondary data has been collected from reputed finance journals, magazines and newspapers, in hard version and soft version.

1.8.3 Sampling plan

Consumers: Simple random sampling under the probability sampling method was undertaken to select the consumers since it gives each element an equal and independent chance of being selected. Accordingly, Interview Schedules were administered to 200 consumers who have been buying FMCG items. The first 100 Interview Schedules received from the consumers, duly completed, were selected for the study.

FMCG marketers: Given the rather limited number of FMCG marketers operating in the vicinity where the researcher lives and the time constraint, purposive or judgement sampling under the non-probability method has been deployed. Applying a minimum exposure of five years to marketing activity as the criterion, the researcher selected 30 such respondents. This criterion, according to the researcher, is the most appropriate one for the present study. What is important is the typicality and the relevance of the sampling units to the study and not their overall representativeness to the population. Thus it guarantees inclusion of the relevant elements in the sample. Probability sampling plans cannot give such a guarantee.

Consultants: Given the rather limited number of consultants operating in the vicinity where the researcher lives and the time constraint, purposive or judgement sampling under the non-probability method has been deployed. Applying a minimum exposure of five years to consulting as the criterion, the researcher selected 30 such respondents. This criterion, according to the researcher, is the most appropriate one for the present study. What is important is the typicality and the relevance of the sampling units to the study and not their overall representativeness to the population. Thus it guarantees inclusion of the relevant elements in the sample. Probability sampling plans cannot give such a guarantee.

1.8.4 Data collection instruments

Interview schedules, specially designed for the purpose, were administered to the respondents for collection of primary data.

1.8.5 Data processing and analysis plan

Non-parametric statistical units were used to test the association between some qualitative characters and

conclusions were drawn on the basis of formation of H_0 and H_1 .

1.8.6 Limitations of the study

Primary data has sometimes been deduced through constant topic-oriented discussions with the respondents. It is possible that a certain degree of subjectivity, even if negligible, has influenced their views.

1.9 Analysis of primary data collected from consumers

In the following paragraphs, the primary data collected from consumers is analysed.

1.9.1 Factors that inspire brand loyalty in consumers

Brand loyalty is a valuable asset that marketers treasure for obvious reasons. Once satisfied with the brand in question, the consumer sticks with the brand forever. In fact, such loyalty is automatically passed on to the next generation. In the circumstances, the researcher requested the respondents to disclose the factors that inspire brand loyalty in consumers. Their replies to the query appear in the following Table.

Table 1: Factors that inspire brand loyalty in consumers

Factors	Number of respondents
Satisfaction with the product	89
Brand relevance	82
Perceived value	79
Switching costs	58

According to 89 respondents, satisfaction with the product inspires brand loyalty in consumers. According to 82 respondents, brand relevance inspires brand loyalty in consumers. According to 79 respondents, perceived value inspires brand loyalty in consumers. According to 58 respondents, switching costs inspire brand loyalty in consumers.

1.9.2 Ranking of the factors in the decreasing order of importance

With the respondents revealing the factors that inspire brand loyalty in consumers, the researcher requested the respondents to rank the factors in the decreasing order of importance. Their ranking of the factors is furnished in the following Table.

Table 2: Ranking of the factors in the descending order of importance

Factor	Rank
Satisfaction with the product	1
Brand relevance	2
Perceived value	3
Switching costs	4

Satisfaction with the product is ranked first, brand relevance is ranked second, perceived value is ranked third, and switching cost is ranked fourth by the respondents.

1.9.3 Satisfaction with the product is the most important factor that inspires brand loyalty in consumers

With 89 respondents stating that satisfaction with the product is the most important factor that inspires brand loyalty in consumers, the researcher sought to know from the respondents if they would agree with the statement that

satisfaction with the product is the most important factor that inspires brand loyalty in consumers. The respondents' agreement / otherwise with the statement is expressed at five levels, namely, Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree. These variates are assigned the values 1, 2, 3, 4 and 5 respectively. Their levels of agreement with the statement are reflected in the following Table and Figure.

Table 3: Satisfaction with the product is the most important factor that inspires brand loyalty in consumers

Levels of Agreement (Values)	Frequency	Percentage
Strongly Agree (1)	69	69
Agree (2)	20	20
Neutral (3)	5	5
Disagree (4)	5	5
Strongly Disagree (5)	1	1
Total	100	100

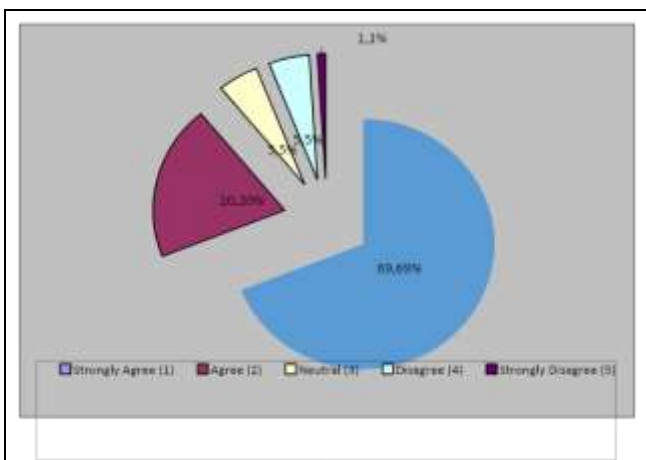


Fig 1: Satisfaction with the product is the most important factor that inspires brand loyalty in consumers

69 respondents accounting for 69 percent strongly agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. 20 respondents accounting for 20 percent agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. Five respondents accounting for five percent disagree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. One respondent accounting for one percent strongly disagrees with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. Five respondents accounting for five percent remain neutral.

A majority of the respondents accounting for 89 percent agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers.

1.10 Analysis of primary data collected from marketers

In the following paragraphs, the primary data collected from the marketers is analysed.

1.10.1 Factors that inspire brand loyalty in consumers

Brand loyalty is a valuable asset that marketers treasure for obvious reasons. Once satisfied with the brand in question, the consumer sticks with the brand forever. In fact, such

loyalty is automatically passed on to the next generation. In the circumstances, the researcher requested the respondents to disclose the factors that inspire brand loyalty in consumers. Their replies to the query appear in the following Table.

Table 4: Factors that inspire brand loyalty in consumers

Factors	Number of respondents
Satisfaction with the product	26
Brand relevance	24
Perceived value	19
Switching costs	18

According to 26 respondents, satisfaction with the product inspires brand loyalty in consumers. According to 24 respondents, brand relevance inspires brand loyalty in consumers. According to 19 respondents, perceived value inspires brand loyalty in consumers. According to 18 respondents, switching costs inspire brand loyalty in consumers.

1.10.2 Ranking of the factors in the decreasing order of importance

With the respondents revealing the factors that inspire brand loyalty in consumers, the researcher requested the respondents to rank the factors in the decreasing order of importance. Their ranking of the factors is furnished in the following Table.

Table 5: Ranking of the factors in the decreasing order of importance

Factor	Rank
Satisfaction with the product	1
Brand relevance	2
Perceived value	3
Switching costs	4

Satisfaction with the product is ranked first, brand relevance is ranked second, perceived value is ranked third, and switching cost is ranked fourth by the respondents.

1.10.3 Satisfaction with the product is the most important factor that inspires brand loyalty in consumers

With 26 respondents stating that satisfaction with the product is the most important factor that inspires brand loyalty in consumers, the researcher sought to know from the respondents if they would agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. The respondents' agreement / otherwise with the statement is expressed at five levels, namely, Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree. These variates are assigned the values 1, 2, 3, 4 and 5 respectively. Their levels of agreement with the statement are reflected in the following Table and Figure.

Table 6: Satisfaction with the product is the most important factor that inspires brand loyalty in consumers

Levels of Agreement (Values)	Frequency	Percentage
Strongly Agree (1)	16	54
Agree (2)	10	33
Neutral (3)	2	7
Disagree (4)	1	3

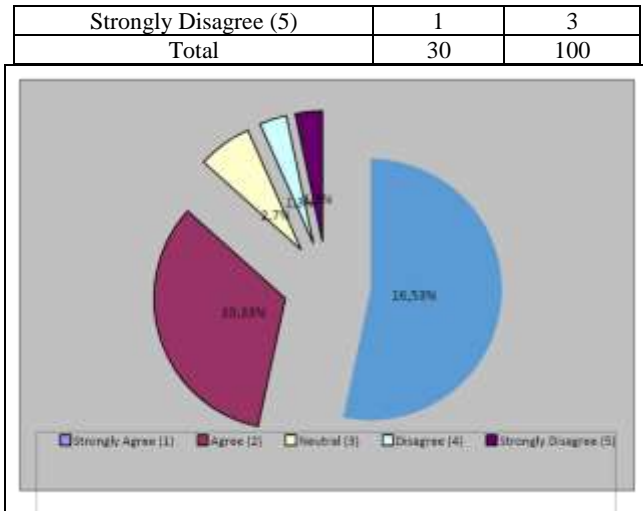


Fig 2: Satisfaction with the product is the most important factor that inspires brand loyalty in consumers

16 respondents accounting for 54 percent strongly agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. 10 respondents accounting for 33 percent agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. One respondent accounting for three percent disagrees with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. One respondent accounting for three percent strongly disagrees with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. Two respondents accounting for seven percent remain neutral. A majority of the respondents accounting for 87 percent agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers.

1.11 Analysis of primary data collected from consultants

In the following paragraphs, the primary data collected from consultants is analysed.

1.11.1 Factors that inspire brand loyalty in consumers

Brand loyalty is a valuable asset that marketers treasure for obvious reasons. Once satisfied with the brand in question, the consumer sticks with the brand forever. In fact, such loyalty is automatically passed on to the next generation. In the circumstances, the researcher requested the respondents to disclose the factors that inspire brand loyalty in consumers. Their replies to the query appear in the following Table.

Table 7: Factors that inspire brand loyalty in consumers

Factors	Number of respondents
Satisfaction with the product	26
Brand relevance	21
Perceived value	20
Switching costs	15

According to 26 respondents, satisfaction with the product inspires brand loyalty in consumers. According to 21 respondents, brand relevance inspires brand loyalty in consumers. According to 20 respondents, perceived value

inspires brand loyalty in consumers. According to 15 respondents, switching costs inspire brand loyalty in consumers.

1.11.2 Ranking of the factors in the decreasing order of importance

With the respondents revealing the factors that inspire brand loyalty in consumers, the researcher requested the respondents to rank the factors in the decreasing order of importance. Their ranking of the factors is furnished in the following Table.

Table 8: Ranking of the factors in the decreasing order of importance

Factor	Rank
Satisfaction with the product	1
Brand relevance	2
Perceived value	3
Switching costs	4

Satisfaction with the product is ranked first, brand relevance is ranked second, perceived value is ranked third, and switching cost is ranked fourth by the respondents.

1.10.3 Satisfaction with the product is the most important factor that inspires brand loyalty in consumers

With 26 respondents stating that satisfaction with the product is the most important factor that inspires brand loyalty in consumers, the researcher sought to know from the respondents if they would agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. The respondents' agreement / otherwise with the statement is expressed at five levels, namely, Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree. These variates are assigned the values 1, 2, 3, 4 and 5 respectively. Their levels of agreement with the statement are reflected in the following Table and Figure.

Table 9: Satisfaction with the product is the most important factor that inspires brand loyalty in consumers

Levels of Agreement (Values)	Frequency	Percentage
Strongly Agree (1)	14	47
Agree (2)	12	40
Neutral (3)	2	7
Disagree (4)	1	3
Strongly Disagree (5)	1	3
Total	30	100

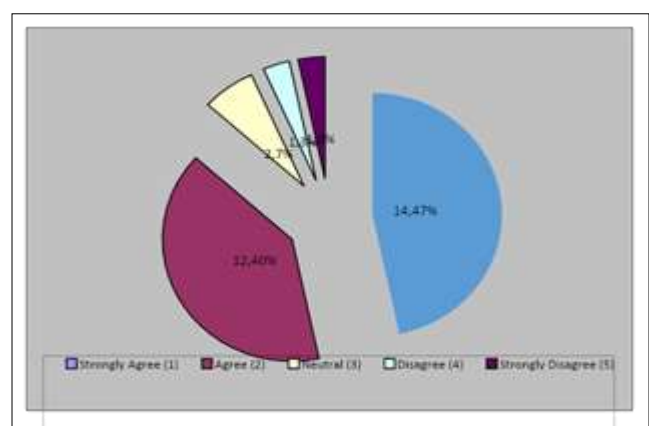


Fig 3: Satisfaction with the product is the most important factor that inspires brand loyalty in consumers

14 respondents accounting for 47 percent strongly agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. 12 respondents accounting for 40 percent agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. One respondent accounting for three percent disagrees with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. One respondent accounting for three percent strongly disagrees with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers. Two respondents accounting for seven percent remain neutral.

A majority of the respondents accounting for 87 percent agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers.

1.12 Summary of findings

In the following paragraphs, a summarised version of the findings arrived at in respect of the three categories of respondents is furnished.

1.12.1 Consumers

1. According to 69 respondents, satisfaction with the product inspires brand loyalty in consumers. According to 82 respondents, brand relevance inspires brand loyalty in consumers. According to 79 respondents, perceived value inspires brand loyalty in consumers. According to 58 respondents, switching costs inspire brand loyalty in consumers.
2. Satisfaction with the product is ranked first, brand relevance is ranked second, perceived value is ranked third, and switching cost is ranked fourth by the respondents.
3. A majority of the respondents accounting for 89 percent agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers.

1.12.2 FMCG Marketers

1. According to 26 respondents, satisfaction with the product inspires brand loyalty in consumers. According to 24 respondents, brand relevance inspires brand loyalty in consumers. According to 19 respondents, perceived value inspires brand loyalty in consumers. According to 18 respondents, switching costs inspire brand loyalty in consumers.
2. Satisfaction with the product is ranked first, brand relevance is ranked second, perceived value is ranked third, and switching cost is ranked fourth by the respondents.
3. A majority of the respondents accounting for 87 percent agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers.

1.12.3 Consultants

1. According to 26 respondents, satisfaction with the product inspires brand loyalty in consumers. According

to 21 respondents, brand relevance inspires brand loyalty in consumers. According to 20 respondents, perceived value inspires brand loyalty in consumers. According to 15 respondents, switching costs inspire brand loyalty in consumers.

2. Satisfaction with the product is ranked first, brand relevance is ranked second, perceived value is ranked third, and switching cost is ranked fourth by the respondents.
3. A majority of the respondents accounting for 87 percent agree with the statement that satisfaction with the product is the most important factor that inspires brand loyalty in consumers.

1.13 Conclusions

Conclusions relate to the hypotheses. They are answers to the research questions.

1.13.1 Hypothesis testing

Hypothesis

As already explained, the following is the hypothesis proposed to be tested:

“Satisfaction with the product is the most important factor that inspires brand loyalty in consumers.”

Hence H_0 and H_1 are as follows:

H_0 : “Satisfaction with the product is not the most important factor that inspires brand loyalty in consumers.”

H_1 : “Satisfaction with the product is the most important factor that inspires brand loyalty in consumers.”

On the basis of the primary data collected from the respondents, vide Tables: 3, 6 and 9 and Figures: 1,2 and 3, a chi-square test was applied to ascertain the association, if any, between the two variables, namely, price and buy decision. The following Table reveals the computation made using MS-Excel:

Observed Values			
Category	Yes	No	Total
Consumers	89	11	100
Marketers	26	4	30
Consultants	26	4	30
Total	141	19	160
Expected Values			
Category	Yes	No	Total
Consumers	88.125	11.875	100
Marketers	26.438	3.5625	30
Consultants	26.438	3.5625	30
Total	141	19	160
	Yes	No	
o-e	0.8750	-0.8750	
	-0.4375	0.4375	
	-0.4375	0.4375	
(o-e) ²	0.7656	0.7656	
	0.1914	0.1914	
	0.1914	0.1914	
((o-e) ²)/e	0.0087	0.0645	
	0.0072	0.0537	
	0.0072	0.0537	
CV	0.0232	0.1719	0.1951
TV			5.991464547
p			0.91

The calculated value of χ^2 is 0.1951, lower than the table value of 5.991464547 for an alpha of 0.05 at four degrees of freedom. Hence the null hypothesis is accepted and the

alternate hypothesis is rejected. $p=0.91$ is the inverse of the one-tailed probability of the chi-squared distribution.

1.13 Researcher's recommendations

1. Satisfaction with the product clearly plays a significant role in inspiring brand loyalty in FMCG consumers. This should not be surprising considering the conservative Indian consumer's insistence on value for money, although brand relevance comes a close second.
2. The importance attached to brand relevance by the prospects comes as a pleasant surprise given the widely-held view that the average Indian FMCG consumer does not understand the nitty-gritty of brands or their aspects. This is clearly a warning to the FMCG players: they should not underestimate the brand-consciousness of the average FMCG consumer and if they do, they will do so at their own peril!
3. Equally surprising is the importance the average Indian FMCG consumer attaches to *perceived value*. The widely-held view is that the inartful Indian FMCG consumer cannot be bothered to understand such niceties as "perceived value". The FMCG players know better now. The FMCG space is only for players who realise that the days of *caveat emptor* are behind them! It is the buyer that calls the shots these days!
4. Considering the importance the prospects attach to satisfaction with the product, FMCG players should never allow this feature to be subordinated to any other feature even if the copybook says so.

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