



## Brand loyalty and consumer perception in the Indian fmcg sector: A secondary data analysis

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### Abstract

The Fast-Moving Consumer Goods (FMCG) sector in India represents one of the most competitive and consumer-driven markets globally, encompassing products of daily use such as food, beverages, personal care, and household goods. This study systematically analyses brand loyalty trends and consumer perception patterns across major Indian FMCG brands using secondary data from NielsenIQ, IBEF, Statista, and annual company reports from Hindustan Unilever Limited (HUL), Nestlé India, and ITC Limited. Findings reveal that brand loyalty is strongly influenced by factors such as product availability, habitual purchasing, perceived quality, trust, and marketing communication. Furthermore, shifts in consumer lifestyles, urbanization, and digital engagement are reshaping loyalty dynamics, with increasing tendencies toward premiumization and brand switching. The paper concludes that sustaining loyalty in the Indian FMCG market requires a strategic balance between price competitiveness, emotional branding, and digital customer engagement. This research contributes to the understanding of how firms can strengthen consumer relationships and brand equity in a rapidly evolving, price-sensitive marketplace.

**Keywords:** Brand loyalty, consumer perception, fmcg, India, secondary data, marketing analytics

### Introduction

India's Fast-Moving Consumer Goods (FMCG) sector is the fourth-largest contributor to the national economy, accounting for a significant share of GDP and employment. It includes products that have a short shelf life and are sold quickly at relatively low prices. With a growing middle class, increasing disposable incomes, and expanding retail penetration, the sector has witnessed consistent growth even during global economic slowdowns. According to the IBEF (2025) [1, 9], India's FMCG market is projected to reach USD 220 billion by 2027, driven by digitalization, rural demand, and a strong distribution network.

The nature of FMCG products—low involvement and high purchase frequency—makes brand loyalty a vital factor in determining market performance. Consumers often rely on habit and trust rather than elaborate decision-making when purchasing daily-use products. Thus, consumer perception—how customers perceive a brand's value, trustworthiness, and quality—becomes the cornerstone of loyalty.

In recent years, digital transformation, e-commerce, and changing consumer aspirations have challenged traditional loyalty structures. As Indian consumers become more informed and experimental, the once stable brand loyalties are being tested. This study aims to understand the evolving nature of brand loyalty in India's FMCG industry and examine how leading companies sustain consumer commitment amid fierce competition.

### Review of Literature

#### 1. Modern Understanding of Brand Loyalty

##### Kumar & Raju (2021)

Kumar and Raju (2021) emphasized that modern brand loyalty is a combination of behavioral commitment and emotional attachment. Their study explains that FMCG loyalty has become increasingly volatile due to low switching costs and high product availability. They argue that post-pandemic consumers have shown a stronger

inclination toward brands they perceive as trustworthy and safe. Additionally, their research highlights that consistent product quality and strong brand reputation are now essential in retaining consumer loyalty. The study concludes that FMCG firms must balance affordability, emotional branding, and reliability to sustain consumer commitment.

#### 2. Habitual and Convenience-Driven Loyalty

##### Sharma & Dahiya (2022) [14]

Sharma and Dahiya (2022) [14] found that loyalty in FMCG markets largely stems from habitual purchasing patterns resulting from convenience and product accessibility. Their study reveals that repeat purchasing often occurs due to routine shopping habits rather than deep emotional connections. However, they also note that emotional triggers—such as past experience and positive brand associations—can strengthen loyalty when products are frequently consumed. Their findings suggest that brands should focus on consistent retail presence and easy availability to retain habitual buyers.

#### 3. Post-Pandemic Changes in Perception

##### Deloitte (2023) [7]

A comprehensive Deloitte (2023) [7] report highlights a significant shift in how consumers perceive FMCG brands after COVID-19. The report indicates an increased emphasis on hygiene, safety standards, ingredient transparency, and perceived purity. Consumers are now more cautious and selective, prioritizing brands that demonstrate trustworthiness and quality assurance. The report further states that such perception factors directly influence repeat purchase decisions and brand attachment. Deloitte concludes that post-pandemic perception is heavily centered on safety, reliability, and credibility.

#### 4. Role of Product Authenticity and Transparency

##### Singh & Chauhan (2022) [15]

Singh and Chauhan (2022) [15] explored the influence of authenticity and label transparency on consumer loyalty in

FMCG products. Their study shows that Indian consumers increasingly prefer brands that clearly disclose ingredients, safety measures, and sourcing information. Transparent communication enhances perceived honesty, which strengthens both satisfaction and attitudinal loyalty. The authors argue that authenticity is now a competitive differentiator, especially in categories such as packaged food, dairy, and personal care.

### 5. Digital Influence on Brand Perception

#### PwC India (2024) <sup>[13]</sup>

PwC India (2024) <sup>[13]</sup> reported that digital channels—such as social media, influencers, online reviews, and e-commerce—significantly influence brand perception in the FMCG category. The report notes that more than 65% of Indian consumers rely on digital content before forming opinions about a brand. This digital dependency has created a new type of loyalty, driven by personalized recommendations and online engagement. The study concludes that digital presence is no longer optional but a strategic necessity for loyalty building.

### 6. Rise of Digital Loyalty Programs

#### EY India (2023) <sup>[8]</sup>

EY India (2023) <sup>[8]</sup> found that digital loyalty programs, including reward points, customized offers, and membership benefits, play a vital role in strengthening repeat purchase intentions. The report shows that brands using data-driven personalization experience higher customer retention and improved satisfaction levels. It further states that young consumers respond positively to app-based loyalty systems, subscription models, and dynamic offers. The study suggests that digital loyalty tools will continue to dominate FMCG strategies.

### 7. Emotional Branding and Storytelling

#### Kantar (2022) <sup>[10]</sup>

Kantar (2022) <sup>[10]</sup> revealed that emotional storytelling significantly enhances brand connection and long-term loyalty. Their research shows that FMCG brands that use emotional narratives—such as family values, nostalgia, or social purpose—experience higher brand recall and stronger consumer attachment. The study cites popular campaigns like Surf Excel's "Daag Achhe Hain" and Maggi's "#MomentsOfLove," demonstrating how emotional resonance helps brands retain loyalty despite price competition. Kantar concludes that emotional branding is essential for meaningful consumer engagement.

### 8. Consumer Priorities: Value, Trust, and Stability

#### NielsenIQ (2024) <sup>[2, 12]</sup>

NielsenIQ (2024) <sup>[2, 12]</sup> reported that today's FMCG consumers are increasingly value-conscious and health-focused. Their findings show that trust, product consistency, and affordability remain the strongest predictors of loyalty, particularly in rural and semi-urban markets. The report highlights that trusted legacy brands benefit from long-standing credibility, while newer brands must compete aggressively on quality and value. The study concludes that reliability and affordability continue to drive habitual loyalty.

### 9. Availability and Convenience as Loyalty Drivers

#### Statista (2023) <sup>[16]</sup>

Statista (2023) <sup>[16]</sup> highlighted that product availability and accessibility significantly shape loyalty in FMCG categories. Consumers tend to repurchase brands that are consistently accessible in local stores, supermarkets, or online platforms. The report indicates that availability-driven loyalty is particularly strong in essential categories such as detergents, biscuits, and packaged foods. Statista predicts that brands with strong distribution networks will maintain competitive advantage in the years ahead.

### 10. Emerging Expectations: Sustainability and Personalization

#### IBEF (2025) <sup>[1, 9]</sup>

IBEF (2025) <sup>[1, 9]</sup> noted that urbanization, digital penetration, and rising disposable incomes have transformed loyalty patterns in India. Consumers now prefer brands committed to sustainability, ethical sourcing, eco-friendly packaging, and personalized experiences. The report indicates a rising inclination toward premium FMCG products and clean-label offerings. IBEF concludes that FMCG companies must innovate rapidly to stay aligned with evolving consumer expectations and retain long-term loyalty.

### Research Objectives

This study seeks to:

1. Analyze brand loyalty trends in the Indian FMCG sector using verified secondary data sources.
2. Understand the consumer perception factors influencing loyalty toward leading FMCG brands.
3. Compare brand loyalty patterns across leading FMCG firms using market and financial indicators.
4. Propose strategic recommendations for enhancing consumer loyalty and perception in a dynamic, competitive marketplace.

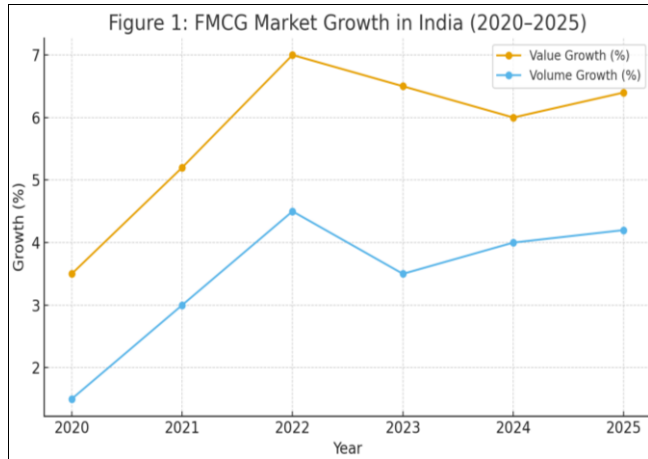
### Research Methodology

This study follows a secondary data design, drawing insights from verified reports and databases. Data was collected from:

- NielsenIQ (2024) <sup>[2, 12]</sup> FMCG growth and brand reach data.
- IBEF (2025) <sup>[1, 9]</sup> Indian FMCG Industry Report.
- Statista (2024) <sup>[6]</sup> market and brand loyalty statistics.
- Annual reports from HUL (2024), Nestlé India (2025) <sup>[5]</sup>, and ITC Limited (2024) <sup>[4]</sup>.

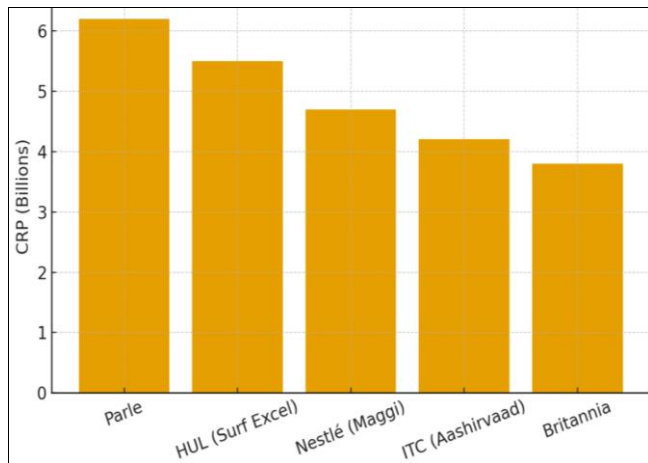
A qualitative and comparative content analysis was conducted to examine trends across Consumer Reach Points (CRP), sales growth, and brand perception metrics. The approach integrates marketing analytics and brand equity frameworks to interpret loyalty drivers. This methodology enables a holistic understanding of the relationship between consumer perception and loyalty using authentic, publicly available data.

**Data Analysis and Interpretation**



**Fig 1:** Presents FMCG Market Growth in India (Value vs Volume, 2020–2025)

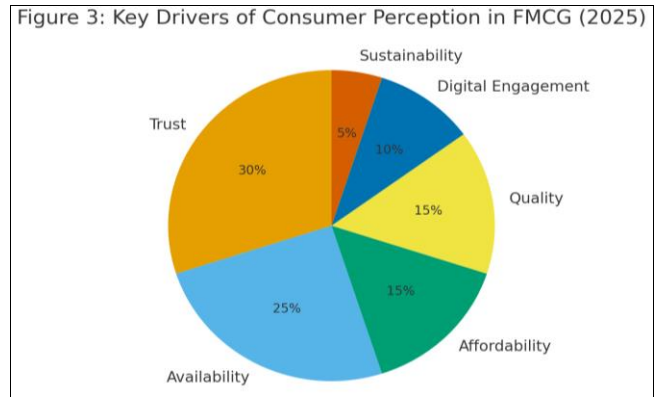
Figure 1 illustrates the FMCG market growth in India from 2020 to 2025, highlighting a clear shift from volume-driven expansion to value-driven growth. This transition reflects changing consumer preferences, as buyers—especially in urban markets—are increasingly choosing premium, health-focused, and higher-quality products over low-cost, mass-volume alternatives. This trend indicates a more discerning consumer base that prioritizes wellness, enhanced product benefits, and perceived value rather than just affordability.



**Fig 2:** Compares Brand Loyalty Indicators based on Consumer Reach Points (CRP)

Figure 2 compares Brand Loyalty Indicators using Consumer Reach Points (CRP) and clearly shows that HUL consistently leads the FMCG market, supported by its extensive product portfolio, strong distribution network, and high levels of brand trust among consumers. ITC follows closely, benefiting from its wide availability and presence across

Essential categories, while Nestlé secures the next position due to its stronghold in food and beverage segments and long-established consumer credibility.



**Fig 3:** Depicts Key Drivers of Consumer Perception in the FMCG sector.

Figure 3 highlights key drivers of consumer perception—product quality, emotional connection, price sensitivity, and social values—that strongly influence how consumers judge and choose FMCG brands. Product quality shapes trust and repeat buying, while emotional connection built through storytelling and relatable messaging strengthens attachment. Price sensitivity remains important as value-conscious consumers prefer brands that offer affordability and practical benefits. Social values, including sustainability and ethical practices, increasingly guide modern consumer choices. Together, these drivers determine overall brand perception and play a major role in sustaining loyalty.

**Table 1:** Summarizes major FMCG brands and their loyalty drivers.

Brand	Core Loyalty Driver	Consumer Perception
HUL (Surf Excel, Dove)	Trust & Quality	Purpose-driven, caring brand image
Nestlé (Maggi, Nescafé)	Consistency & Taste	Safe, reliable, family-oriented
ITC (Aashirvaad, Sunfeast)	Availability	Everyday affordability, wide reach
Parle	Habitual Buying	Nostalgic and traditional
Britannia	Innovation	Modern yet affordable

**Interpretation**

The data reveals that HUL’s leadership stems from its ability to blend emotional branding with consistent product delivery. Nestlé leverages long-standing trust, while ITC focuses on distribution efficiency and affordability. Parle sustains loyalty through nostalgia and habitual consumption, whereas Britannia attracts both traditional and modern consumers through product innovation.

Furthermore, NielsenIQ’s (2024) [2, 12] findings show that 85% of Indian consumers exhibit “brand stickiness” for core household products such as detergents, biscuits, and instant noodles. However, brand switching is rising in categories like personal care and beverages, where experimentation and influencer marketing play stronger roles.

**Discussion of Findings**

The findings suggest that brand loyalty in India’s FMCG sector operates on two distinct levels:

- Behavioral Loyalty:** Rooted in habit and convenience, this type of loyalty is evident in products with low emotional involvement such as staples (ITC’s Aashirvaad Atta, Parle-G biscuits). Consumers repeatedly buy these products due to availability and familiarity.

- 2. Attitudinal Loyalty:** Reflects emotional attachment and trust, often observed in premium or purpose-driven brands (HUL's Dove, Nestlé's Nescafé). These brands create loyalty through storytelling, brand values, and consistent experiences.

### Availability and Distribution

ITC and Parle dominate rural and semi-urban markets due to vast distribution networks. Over 60% of India's FMCG consumption originates in rural areas (IBEF, 2025) <sup>[1, 9]</sup>, highlighting that accessibility remains a crucial determinant of loyalty.

### Trust and Quality

Nestlé and HUL have maintained strong brand trust through consistent product quality and transparent communication. For instance, Maggi's successful comeback after the 2015 ban showcases the power of consumer trust and emotional equity in restoring loyalty.

### Digital Influence and Lifestyle Shifts

With the expansion of e-commerce and digital marketing, FMCG brands increasingly engage consumers through personalized online experiences. HUL's "SmartServe" digital platform and ITC's "E-Choupal" initiative demonstrate data-driven approaches to reinforcing loyalty in both urban and rural segments.

### Premiumization and Brand Switching

The rise of health-conscious and aspirational consumers has accelerated premiumization. Brands like Britannia's "NutriChoice" and Nestlé's "KitKat Dessert Delight" cater to evolving tastes. However, this also increases the risk of brand switching, as consumers are more open to trying new entrants offering perceived superior value.

Overall, consumer perception is now shaped not only by traditional advertising but also by digital storytelling, influencer credibility, and sustainability communication. Younger consumers increasingly favor brands aligned with ethical and environmental values, such as recyclable packaging and fair sourcing.

### Conclusion and Managerial Implications

The Indian FMCG sector remains one of the most dynamic global markets, where brand loyalty continues to evolve under the influence of digitalization, lifestyle changes, and socio-economic shifts. While traditional drivers—price, availability, and habit—still underpin consumer behavior, emotional engagement, purpose, and sustainability now define the new loyalty paradigm.

### Managerial Implications

- **Data-Driven Consumer Insights:** Firms should leverage big data and analytics to track consumer sentiment, purchase patterns, and emerging preferences.
- **Digital Loyalty Programs:** Integration of loyalty apps, cashback systems, and personalized rewards can strengthen retention.
- **Purpose-Led Branding:** Communicating social responsibility—such as HUL's sustainability initiatives—enhances emotional connection.

- **Rural-Urban Balance:** Maintaining strong distribution networks in rural India while expanding premium offerings in urban centers is key.
- **Consistent Quality and Trust:** Product reliability remains the cornerstone of long-term loyalty in a low-involvement product category.

By aligning brand strategies with consumer aspirations and ethical expectations, FMCG firms can sustain loyalty and expand market share in India's competitive environment.

### Limitations and Future Scope

This study is based solely on secondary data, limiting its ability to establish causal relationships between perception and loyalty. The findings rely on published statistics and corporate reports, which may reflect selective corporate disclosure. Future research should include primary data collection through surveys and focus groups to understand evolving attitudes across demographic segments. Additionally, longitudinal studies could track loyalty evolution over time, particularly in emerging online retail ecosystems and post-pandemic consumption patterns.

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