



IMPUTES OF BRAND LOYALTY IN FAST MOVING CONSUMER GOODS: AN EMPIRICAL INVESTIGATION

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ABSTRACT

The prosperity of an organisation depends largely on its potential to attract customers towards its brands. It is vital for the survival of a company to retain its existing customers and to make them loyal. Brand loyal customers abbreviate the marketing costs of the firm as the cost of attracting a new customer have been found to be about six times higher than the costs of retaining an old one. The real issue in brand loyalty is whether the customer is a committed one and the test is if he or she will walk that extra mile to get it. In other words, will the customer go to another shop and ask for it or will he or she leave with the substitute being offered to him by the shopkeeper. The present study is aimed to determine the imputes of brand loyalty in FMCG. A descriptive study was conducted to achieve the objectives. In total 200 respondents from Panipat and Yamunanagar districts filled a well-structured questionnaire. The study reveals that ingredients are the most important attribute for soap and toothpaste, package for shampoo and fragrance for cream. Further results show that there is a significant relation between the brand name and price of the product in case of soap and toothpaste.

Keywords: Brand, Trust, Retention and Imputes.

Introduction:

A brand is a term used to identify products. Branding is the practice of identifying a product or line of products by a special name or symbol. Every product or service that exists has a name. That name is turned into a brand by infusing in it some distinction. A brand is a name term, sign,

symbol or design or a combination of those elements used to identify a company's goods or services to consumer and to differentiate them from the product or services of the competitors. A brand is used by companies to gain maximum customer loyalty. Brand trust/loyalty is when consumers become committed to your brand and make repeat purchases over time.

The concept of 'loyalty' is not a new concept: it has been in practice for many centuries. In past, ancient Roman Empire had often used the concept of loyalty for their army. In 21st century, marketers are trying to capture market share and profits with the help of a loyal customer base. Loyalty, in day-to-day life, implies an unselfish belief in products/services. Loyalty also suggests monogamy: one choice above all others. Brand loyalty is a result of consumer behaviour and is affected by a person's preference. A deeply held commitment to rebuy or preferred product/service consistently in the future, thereby causing repetitive behaviour reflecting purchase of the brand despite situational influences and marketing efforts; having potential to cause a switching behavior.

Loyalty is, in simpler terms, a reliance on a particular brand or company even though numerous satisfactory alternatives may exist. Loyalty helps building relationships. Trust, commitment, ethical practices, fulfillment of promises, mutual exchange, emotional bonding, personalization and customer orientation have been reported to be the key elements in the relationship building process. Loyal consumers constantly purchase products from their preferred brands, regardless of convenience and price.

Review of Literature:

Literature survey is a process of developing an insight in to both conceptual and research based studies available on area chosen. It enables the researcher to understand the importance of the topic and find out the research gap, if any in chosen area.

Kolla and Reddy (2014) studied "Impact of Brand Loyalty in Rural Markets with Special Reference to selected FMCG". The study aimed to analyze the factors influencing brand selection among rural consumers, to evaluate the pre purchase expectations and to compare with post purchase performance as well as to assess the brand loyalty of rural consumers. The study revealed that advertisement is the most important factor of toothpaste brand selection, brand name is most important factor for hair oil.

Maheshwari et. al (2014) conducted a study on "Determinants of Brand Loyalty: A Study of the Experience-Commitment-Loyalty Constructs". The study focused on two key factors; brand

experience and brand commitment. They examined relative relationship between brand experience and brand loyalty, both with and without commitment as a mediator. Continuance commitment was found to not have any considerable impact on the consumer's loyalty towards a brand. It is assumed that factors such as price and other available alternatives do not influence this desire to maintain said relationship.

Malik el. al(2013) exposed the importance of brand awareness and brand loyalty in assessing purchase intentions of consumers. The study found that brand awareness and brand loyalty have strong positive association with purchase intention.

Rishi Bikramjit(2013) examined “Determinants of Brand Trust for FMCG Products with special reference to Shampoos Category”. The study divulged that brand functional benefits, buying intentions and brand symbolism influence brand trust among the Indian consumers, while the price consciousness and genetic influence does not have any influence on brand trust in this category.

Bholanath Dutta (2008) explained that in today's highly competitive market customer defections are very common. Customers change the brand very often. Retaining the customers and converting them into repeat buyers is a challenge for the company. In this context, many companies have introduced different loyalty programs to retain their customers, as well as attracting new customers. This article discusses that loyalty programs can really provide benefits to customers and convert them from trail buyers into repeat buyers.

Rajesh Shinde (2007) observed that 70 percent of the Indian population is residing in rural area. In spite of this fact, marketers earlier concentrated on the urban markets and schedule their strategy accordingly. As the competition increased in urban areas, and taking into account the increasing demand for FMCG's in rural areas, the marketers expanded their business in rural areas perhaps it has penetrate in the rural segment. The pioneer corporate was HLL. Various surveys reveal that average rural household spends almost 60 percent of their income on the food, which is reasonably a high amount. The demand for FMCG in that way was going rapidly high as compared to the urban market. The market for FMCG is estimated at around Rs. 50,000 crore.

Research Methodology:

Objective of the Study:

1. To assess the ranking of imputes influencing the respondents to select a particular brand;
2. To ascertain the preference of particular brand on the basis of locality.

Hypothesis of the Study:

Hypothesis is usually considered an integral part in research process. It means an assumption or some supposition to be proved. It is a tentative theory a supposition adopted to explain certain facts and guide the investigation process.

The Null hypothesis assumed for the analysis of the data includes the following:

H01: There is no significant difference among respondents in ranking order of attributes.

H02: There is no significant difference between brand preference.

Data base

In order to fulfill the research objective both source of collection of data i.e. Secondary source and Primary source have been taken into consideration. The secondary data has been collected from various source such as Books. Magazines & Journals and Internet.

Sample size

Present study is conducted in two districts of Haryana. A sample of 200 respondents (100 rural respondents and 100 urban respondents) is taken for study. The survey is based on simple random sampling. For urban respondents the survey is conducted in various localities of Panipat and Yamunanagar districts, for rural respondents the survey is conducted in surrounding 3 villages each of Panipat and Yamunanagar districts. Therefore to make the sample truly representative, respondents of different age group, different educational background and different profession and of different income group have been taken into consideration.

Research tools

- (a) Ranking techniques and coefficient of concordance-W
- (b) Chi-square test

Ranking techniques

Respondents perception towards shopping attributes were ranked by the respondents on a scale of 1-7. There were 200 respondents each ranked an attribute. In order to test the agreement of the respondent's judges, coefficient of concordance – 'W' was calculated.

Coefficient of concordance

A measure of agreement between 'm' observers who ranked 'n' items in order according to some characteristics. Let R_j be the total of the ranks assigned to the j th item and let S be given by

$$S = \sum_{j=1}^n \{ R_j - m(n+1) \}^2 \frac{1}{2}$$

The KENDALL'S Coefficient of concordance is given by

$$w = \frac{12S}{m^2(n^3-n)}$$

To test the Hypothesis of disagreement, CHI-SQUARE test was used as

$$\chi^2 = m(n-1)w$$

Which takes values from 0(no general agreement) to 1 (complete agreement). The coefficient was proposed by Sir Maurice Kendall and B.B Smith in 1939.

Data Analysis and Interpretation:

Attributes Ranking

An attempt was made to assess the ranking of attributes influencing the respondents to select a particular brand. As various factors influence the buyer which are colour, fragrance, ingredients, availability, size, packing and price etc. All the respondents were asked as per questionnaire to rank them on 1 to 7 scale. The data obtained was further analyzed as under.

Generally with two respondents (judges) ranking the same attribute, the closeness is tested with the help of **SPEARMEN'S RANK CORRELATION**. But for more than two respondents ranking is tested by **TEST OF CONCORDANCE**. Therefore to test the hypothesis that there is no difference among respondents in ranking order of attributes, the Kendall's **COEFFICIENT OF CONCORDANCE*** 'W' was calculated as per formula mentioned in research methodology.

Soap

- (a) Here value of Coefficient of Concordance 'W' was 0.157 (overall) .Here the coefficient of concordance was further tested by Chi-square test, Null hypothesis is there is no agreement in Ranking the product attributes.

Chi-square = $K(N-1) W$

Value of X^2 was 188.4 overall

Degree of freedom 6

Level of signification 5%

Table Value 12.6

Calculated value is greater than Table value so null hypothesis is rejected. It indicates that the respondents were in quite agreement in ranking the products.

- (b) 'Rural'

$W=0.088$

$X^2=53.022$

- (c) 'Urban'

$W=0.2618$

$X^2=157.08$

Shampoo

- (a) Here value of Coefficient of Concordance 'W' was 0.2033 (overall).

Here the coefficient of concordance was further tested by Chi-square test. Null hypothesis is there is no agreement in Ranking the product attributes.

Chi-square = $K(N-1) W$

Value of X^2 was 242.76 (overall)

Degree of freedom 6

Level of signification 5%

Table Value 12.6

Calculated value is greater than Table value so null hypothesis is rejected.

- (b) 'Rural'

$W=0.108$

$X^2=64.79$

- (c) 'Urban'
W=0.3369
 $X^2 = 202.14$

Toothpaste

- (a) Here value of Coefficient of Concordance 'W' was 0.227 (overall).

Here the coefficient of concordance was further tested by Chi-square test. Null hypothesis is there is no agreement in Ranking the product attributes.

Chi-square = $K(N-1) W$

Value of X^2 was 272.4 (overall)

Degree of freedom 6

Level of signification 5%

Table Value 12.6

Calculated value is greater than Table value so null hypothesis is rejected.

- (b) 'Rural'
W=0.156
 $X^2 = 93.6$
- (c) 'Urban'
W=0.33
 $X^2 = 197.9$

Cream

- (a) Here value of Coefficient of Concordance 'W' was 0.1817 (overall).

Here the coefficient of concordance was further tested by Chi-square test. Null hypothesis is there is no agreement in Ranking the product attributes.

Chi-square = $K(N-1) W$

Value of X^2 was 218.04 overall

Degree of freedom 6

Level of signification 5%

Table Value 12.6

Calculated value is greater than Table value so null hypothesis is rejected.

(b) 'Rural'

W=0.10

$X^2 = 60.10$

(c) 'Urban'

W=0.325

$X^2 = 195.15$

W* Facts from Figures By M. J. MORONY

Products Preferences

In today's busy life and modern age everyone may like to be looking good and be aware of all the necessary products for common use. Soap, Shampoo, Toothpaste and Cream is no exception to this from childhood to old age everyone uses his own brand. A mother would like to use best quality baby products for her child to protect them from bacteria for his tender skin. Likewise for every age group and residential area there is tendency to select their preferential product from amongst those which are available in the market.

Keeping this in mind the preferences of respondents, 7 brands of soap, shampoo, toothpaste and cream were put before the respondents to select their preference for each respondent both in urban and rural area market their preference on question and result are tabulated below:

Table: 1.1 Soap preferences

Brand	Male		Female		Total	%
	Rural	Urban	Rural	Urban		
Lux	8	10	10	12	40	20
Cinthol	4	10	4	8	26	13
Dove	0	0	10	18	28	14
Lifebuoy	12	8	5	5	30	15
Godrej no.1	2	0	2	0	4	2
Dettol	4	8	10	30	52	26
Others	2	7	5	6	20	10
$\chi^2 = 50.876$						

The Table revealed that the majority of the respondents had preference for Dettol soap, (52 respondents) out of which 12 are male (4 rural, 8 urban) and 40 are female (10 rural, 30 urban). To test the hypothesis that there is no difference between different brand preferences of soap. χ^2 test has been used.

Calculated value of χ^2 is 50.876 where as Table value is 16.8 at 6 Degrees of freedom and 1% Level of significance

Calculated value is greater than Table value; So the hypothesis is found to be rejected at 1% probability, it is therefore inferred that the preferences are not equal for each brand of soap.

Table: 1.2 Shampoo preference

Brand	Male		Female		Total	%
	Rural	Urban	Rural	Urban		
Pantene	2	5	7	10	24	12
Dove	0	0	6	20	26	13
Sunsilk	2	2	3	7	14	7
Ayur	15	5	10	2	32	16
Nyle	7	3	4	2	16	8
Clinic all clear	15	10	10	33	68	34
Others	5	7	8	0	20	10
$\chi^2 = 74.51$						

The Table revealed that the majority of the respondents had preference for Clinic all clear Shampoo, (68 respondents) out of which 25 are male (15rural,10 urban) and 43 are female (10 rural, 33 urban)

To test the hypothesis that there is no difference between different brand preference of shampoo χ^2 test was used.

Calculated value of χ^2 is 74.51 and Table value is 16.8

The hypothesis is found to be rejected at 1% probability it is therefore inferred that the preferences are not equal for each brand of shampoo.

Table: 1.3 Toothpaste preference

Brand	Male		Female		Total	%
	Rural	Urban	Rural	Urban		
Pepsodent	10	12	7	13	42	21
Babool	20	12	10	8	50	25
Colgate	22	14	12	10	58	29
Close up	2	5	7	6	20	10
Dabur red	9	3	6	4	22	11
Miswark	2	3	1	2	8	4
Others	0	0	0	0	0	0
$\chi^2=100.17$						

The Table revealed that the majority of the respondents had preference for Colgate toothpaste, (58 respondents) out of which 36 are male (22 rural,14 urban) and 22 are female (12 rural, 10 urban)

To test the hypothesis that there is no difference between different brand preferences of toothpaste χ^2 test was used.

Calculated value of χ^2 is 100.17 where as Table value is 16.8

The hypothesis was found to be rejected at 1% probability, it was therefore inferred that the preferences are not equal for each brand of toothpaste.

Table: 1.4 Cream preference

Brand	Male		Female		Total	%
	Rural	Urban	Rural	Urban		
Ponds	7	5	7	9	28	14
Ayur	10	6	12	8	36	18
Charmis	2	5	3	2	12	6
Fair&lovely	5	7	10	6	28	14
Nivea	3	4	10	7	24	12
Garnier	10	11	8	15	44	22
Others	6	8	12	2	28	14
$\chi^2=20.64$						

The Table revealed that the majority of the respondents had preference for Garnier cream , (44 respondents) out of which 21 are male (10 rural,11 urban) and 23 are female (8 rural, 15 urban)

To test the hypothesis that there is no difference between different brand preferences of cream.

χ^2 test was used.

Calculated value of χ^2 is 20.64

and Table value is 16.8

The hypothesis is found to be rejected at 1% probability, it is therefore inferred that the preferences are not equal for each brand of cream.

Brand Name and Price Preference

Loyal customer is that who is strict to a particular brand. They may not like to switchover to another brand if that particular one is not available at that point. They buy that product due to its brand name and same is applicable on FMCG products. Keeping this in mind respondents were asked whether they are buying their products, Due to its brand name or its price. Data was tabulated for proportion of respondents Answer, Yes or No. These proportion along with standard error has been present in the table;

Table: 1.5 Brand Name and Price Preference

Attributes	Soap(Proportion)			Shampoo(Proportion)			Toothpaste(Proportion)			Cream(Proportion)		
	Yes (p)	No (q)	S.E (p)	Yes (p)	No (q)	S.E (p)	Yes (p)	No (q)	S.E (p)	Yes (p)	No (q)	S.E (p)
Brand Name	.58	.42	.0349	.58	.42	.0349	.52	.48	.035	.74	.26	0.031
Price	.36	.64	.034	.23	.77	.0297	.31	.69	.0327	.18	.82	0.027

The study revealed that most of the customers are buying the soap due to its brand name not due to its price.

Table: 1.6 Association between brand name preference and price of product (SOAP)

Brand name		Price		Total
		Yes	No	
	Yes	50	66	116
	No	22	62	84
	Total	72	128	200
$\chi^2 = 6.04$				

χ^2 test was used to find null hypothesis that there is no association between brand name preference and price for soap.

Here calculated value of χ^2 is 6.04 and Table value is 3.841 at Degrees of freedom 1 and Level of signification 5%

Calculated value is greater than so null hypothesis is rejected . It indicates that there is complete association between brand name preference and price of soap.

Table: 1.7 Association between brand name preference and price of product (SHAMPOO)

Brand name		Price		Total
		Yes	No	
	Yes	26	90	116
	No	20	64	84
	Total	46	154	200
$\chi^2 = 0.053$				

χ^2 test was used to test the hypothesis that there is no association between brand name preference and price for shampoo.

Here calculated value of χ^2 is 0.053 and Table value is 3.841

Calculated value is less than table so null hypothesis is accepted

Table: 1.8 Association between brand name preference and price of product (TOOTHPASTE)

Brand name		Price		Total
		Yes	No	
	Yes	40	64	104
	No	22	47	96
	Total	62	138	200
$\chi^2 = 5.639$				

χ^2 test was used to test the null hypothesis that there is no association between brand name preference and price for toothpaste.

Here calculated value of χ^2 is 5.639 and Table value is 3.84

Calculated value is greater than table value so null hypothesis is rejected.

Table: 1.9 Association between brand name preference and price of product (CREAM)

Brand name		Price		Total
		Yes	No	
	Yes	28	120	148
	No	8	44	52
	Total	36	164	200
$\chi^2 = 0.3256$				

χ^2 test was used to test the null hypothesis that there is no association between brand name preference and price for shampoo.

Here calculated value of χ^2 is 0.3256 and Table value is 3.841

Calculated value is less than so null hypothesis is accepted .

Findings of the Study:

- It was observed that 26% respondents prefer Dettol soap (7% rural, 19 % urban) followed by 20% respondents who prefer Lux soap.

- 34% respondents prefer Clinic all clear shampoo (12.5% rural, 21.5% urban) followed by 16% respondents who prefer Ayur shampoo.
- 29% respondents prefer Colgate toothpaste (17% rural, 12% urban) followed by 25% respondents who prefer Babool toothpaste.
- 22% respondents prefer Garnier cream (9% rural, 13% urban) followed by 18% respondents who prefer Ayur cream. It was observed that preference for each of FMCG .
- All the respondents were asked to rank the attributes. The test of concordance reveals that the respondents were in quite agreement in ranking all the products. Ingredients are the most important attribute for soap and toothpaste, package for shampoo, and fragrance for cream.
- The study revealed that there is complete association between brand name and price of the product in case of soap and toothpaste. Here consumers were found brand loyal.

Conclusion:

The study has revealed an interesting picture of FMCG consumption in Panipat and Yamunanagar district. The most preferred soap was Dettol (in urban area) and Lux (in rural area), Clinic all clear shampoo (in urban area) and Ayur and Nyle (in rural area), Pepsodent (in urban area) and Colgate toothpaste (in rural area), Garnier cream (in urban area) and Ayur (in rural area). Hence the complete study revealed that rural respondents are ready to take risk to try to new brand and their frequency of shifting to another brand was more in comparison to urban respondents. So the urban respondents are more loyal towards a particular brand.

Suggestions:

- a) It was one time study and price associated with different products was not considered. It is suggested that price should be taken into consideration. Therefore it is suggested that the researchers in future must consider this aspect too.
- b) Complete market study with more variables is suggested with a large sample size.

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