



DETERMINANTS OF BRAND LOYALTY OF FMCG PRODUCTS: A CASE STUDY ON BHUBANESWAR

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ABSTRACT

Product features (Fragrance / Skin care / Germ fight features / Colour) is one of the most important factors that affect brand loyalty. Brand loyalty is determined by several distinct psychological processes of the consumers and entails multivariate measurements. The relationship between the availability of the bath soap and the extent of brand loyalty was also found to be significant. Brand loyalty of bath soap users of LUX in Patia area of BHUBANESWAR city is moderately high. 63% of the consumers are brand loyal. On the contrary only 9% of the consumers are switchers and the rest of the users are loyal among few brands. 75% of the customers are influenced by the brand name and perceived brand image of the bath soap. Brand loyalty also depends on the influence of family members. 62.96% of the consumers were found to be influenced by the family members in buying their bath soap brands. The effect of sales promotion varied among different brand loyal groups. Hardcore brand loyals are very less interested in sales promotion while softcore brand loyals and switchers are very much interested. Interestingly price and advertisements have no significant effect on the extent of brand loyalty.

Key Words: Brand Loyalty, Brand Switchers, Psychological Process, Sales Promotion, Price Sensitive, Customer Loyalty

INTRODUCTION

The success of a firm depends largely on its capability to attract consumers' towards its brands. In particular, it is critical for the survival of a company to retain its current customers, and to make them loyal to the brand. To a large extent, the success of most businesses depends on their ability to create and maintain customer loyalty. In the first place, selling to brand loyal customers is far less costly than converting new customers. In addition, brand loyalty provides firms with tremendous competitive weapons. Brand loyal consumers are less price-sensitive. A strong consumer franchise gives manufacturers leverage with retailers. And, loyalty reduces the sensitivity of consumers to marketplace offerings, which gives the firm time to respond to competitive moves. In general, brand loyalty is a reflection of brand equity, which for many businesses is the largest single asset. Brand equity reflects the value added to a product that results from brand knowledge. A loyal customer franchise is the most important source of competitive advantage.

Irrespective of income level and status people use bath soap. The frequency of bath soap might vary due to the individual hygiene practice. Many brands of bath soaps are available in the market of many different prices. People buy bath soap according to their own capabilities. In the same price range there are also many brands. So, all the time people have to make purchase decision among many brands. At the time of making purchasing decision, people might consider various factors. People might buy same brand repeatedly. They can switch among few brands or they can switch in lots of brands.

This research is meant to find out the brand loyalty level of bath soap user. The research also tries to find out the factors that affect brand loyalty of bath soap users in Patia area of Bhubaneswar.

The results of this study will provide the local companies the most important factors effecting brand loyalty of such products and will help them understand their target markets

better and carry out specific market research and promotional activities aimed at them. Philip Kotler, again, defines four patterns of behaviour:

Hardcore Loyals - who buy the brand all the time.

Softcore Loyals - loyal to two or three brands.

Shifting Loyalty - moving from one brand to another.

Switchers - with no loyalty (possibly 'deal-prone', constantly looking for bargains or 'vanity prone', looking for something different).

OBJECTIVE

- To find out the status of brand loyalty of bath soap users in Bhubaneswar
- To find out the factors that affect brand loyalty of bath soap users in Patia area of Bhubaneswar.

SCOPE

Basically the study covers loyalty levels of the customers in relation to bath soap LUX of Hindustan Unilever Limited which belongs to FMCG category.

LITERATURE REVIEW

Brand loyalty, in marketing, consists of a consumer's commitment to repurchase or otherwise continue using the brand and can be demonstrated by repeated buying of a product or service or other positive behaviours such as word of mouth advocacy (Dick and Kunal, 1994). Brand loyalty is more than simple repurchasing, however. Customers may repurchase a brand due to situational constraints (such as vendor lock-in), a lack of viable alternatives, or out of convenience (Jones et al., 2002). Such loyalty is referred to as "spurious loyalty". True brand loyalty exists when customers have a high relative attitude toward the brand which is then exhibited through repurchase behaviour (Reichheld and Earl, 1990), (Reichheld, 1993).

It has been suggested that loyalty includes some degree of pre-dispositional commitment toward a brand. Brand loyalty is viewed as multidimensional construct. It is determined by several distinct psychological processes and it entails multivariate measurements. Customers' Perceived value, Brand trust, Customers' satisfaction, Repeat

purchase behaviour and Commitment are found to be the key influencing factors of brand loyalty. Commitment and Repeated purchase behaviour are considered as necessary conditions for brand loyalty followed by Perceived value, satisfaction and brand trust (Punniyamoorthy and Prasanna, 2007).

RESEARCH METHODOLOGY

The primary source of data for the research was the shoppers buying in Patia area of Bhubaneswar. A questionnaire survey was conducted to collect the empirical data in order to statistically test the hypotheses. The questionnaire contained all together 10 questions. Any respondent has to answer highest 8 questions. First 8 questions are for hardcore brand loyals. If anybody is soft-core brand loyal then she or he has to answer question no 9 instead of question no 8. Similarly question 10 will be answered instead of 8 for brand switchers. The survey method was convenience survey.

SAMPLE SIZE

Observation technique was also used by standing beside local stores. When users come to the store to buy bath soap, what they ask for and what criterion they focus on. A total of 108 respondents were surveyed for this purpose using a non-probability sampling technique. The respondents were chosen on the basis of accessibility and convenience.

PERIOD OF STUDY

The period of study undertaken at some retail shops of Patia, Bhubaneswar was around 1 month and samples were taken on two days of the week preferably Saturday and Sunday.

METHOD OF ANALYSIS

Descriptive statistics and chi square analysis is used.

HYPOTHESIS OF THE STUDY

H1: Product features of bath soap do not affect brand loyalty.

H2: Sales promotional activities do not affect brand loyalty.

H3: Advertisements do not affect brand loyalty.

H4: Family influence does not affect buying decision of bath soap.

H5: Availability of bath soaps does not affect brand loyalty.

H6: Price does not affect brand loyalty.

H7: Brand name of bath soaps affects brand loyalty.

ANALYSIS OF THE DATA

The distribution of sample respondents based on their demographic factors is shown in the following. The distribution of sample respondents based on their demographic factors is shown in the following table.

TABLE No. 1 - DEMOGRAPHIC VARIABLES

VARIABLES	NUMBER OF RESPONDENTS	PERCENTAGE
GENDER		
Female	76	70
Male	32	30
TOTAL	108	100
AGE DISTRIBUTION		
Below 18 years	4	4
18 to 25 years	12	11
25 to 35 years	44	41
35 to 45 years	38	35
45 years and above	10	9
TOTAL	108	100
MARITAL STATUS		
Married	76	70
Not Married	32	30
TOTAL	108	100
INCOME DISTRIBUTION		
Less than Rs. 10,000	12	11
Rs. 10,000 to 20,000	22	20
Rs. 20,000 to 30,000	48	44
Rs. 30,000 to 50,000	14	13
Rs. 50,000 to 80,000	8	7
More than Rs. 80,000	4	4
TOTAL	108	100
BRAND LOYALTY LEVEL		
Hardcore Brand Loyal	68	63

Softcore Brand Loyal	30	28
Switcher	10	9
TOTAL	108	100

Source: collected and compiled data.

Majority of the sample are female. Majority of the respondents are from the age of 25 years to 35 years. Majority of the respondents are married. Majority of the respondents are married. Majority of the bath soap users are hardcore brand loyal (63%) and switchers are the minority with 9%.

TABLE No. 2 – DISTRIBUTION OF THE RESPONDENTS TOWARDS BRAND LOYALTY FACTORS

FACTORS	SELECTED	NOT SELECTED
PRICE		
Hardcore Brand Loyal	12	56
Softcore Brand Loyal	12	18
Switcher	4	6
Didn't influenced	28	80
PRODUCTS		
Hardcore Brand Loyal	66	2
Softcore Brand Loyal	24	6
Switcher	6	4
Didn't influenced	96	12
FAMILY INFLUENCE		
Hardcore Brand Loyal	52	16
Softcore Brand Loyal	12	18
Switcher	4	6
Didn't influenced	68	40
PRODUCT AVAILABILITY		
Hardcore Brand Loyal	28	40
Softcore Brand Loyal	30	0
Switcher	10	0
Didn't influenced	68	40
SALES PROMOTION		
Hardcore Brand Loyal	4	64
Softcore Brand Loyal	20	10
Switcher	10	0
Didn't influenced	34	74
ADVERTISEMENT		
Hardcore Brand Loyal	22	46
Softcore Brand Loyal	14	16
Switcher	0	10
Didn't influenced	36	72

Source: collected and compiled data.

Majority of the hardcore brand loyal of bath soap users are not price sensitive. Majority of the bath soap users are product feature sensitive. In the case of hardcore brand loyals, family influence is very high. All the bath soap users are really affected by the availability of the bath soaps in local stores. The distribution of the selection of sales promotion (price off / extra offer) as a factor of brand loyalty of bath soap users are shown in the above table. On the other hand, two-third softcore brand loyals are influenced by sales promotion. And among 34 hardcore brand loyals, only 2 are interested in sales promotion. The distribution of the selection of advertisements as a factor of brand loyalty of bath soap users are shown in the above table.

TABLE No. 3 - HYPOTHESIS TESTING

HYPOTHESES	CALCULATED CHI SQUARE VALUE	DEGREES OF FREEDOM	RESULT
Product features of bath soap do not affect brand loyalty	7.722	2	Rejected
Sales promotion activities do not affect brand loyalty	29.820	2	Rejected
Advertisements do not affect brand loyalty	3.714	2	Accepted
Family influence do not affect buying decision of bath soap	7.182	2	Rejected
Availability of bath soaps does not affect brand loyalty	18.615	2	Rejected
Price does not affect brand loyalty	3.276	2	Accepted
Brand name of bath soaps affects brand loyalty	17.689	2	Rejected

Source: collected and compiled data.

TESTING OF THE HYPOTHESIS

Hypothesis is tested using Chi-square test of independence. According to the survey, switchers are less interested in advertisements. The hypothesis testing was done using chi-square distribution. The level of significance used here is .05.

FINDINGS

From the tests of hypotheses it is seen that among seven null hypotheses five are rejected and two are not. It means among seven estimated factors, brand loyalty have dependency with five of them. The factors that affect brand loyalty are 1). Product features, 2). Sales promotion, 3). Availability, 4). Family influence and 5). Brand name. The factors that do not affect brand loyalty are 1). Advertisement and 2). Price.

CONCLUSION

It will definitely give brand loyalty researchers an indication of the status of brand loyalty of bath soap users in Bhubaneswar. They can use this research for other fast moving consumer goods to find out the factors that affect brand loyalty. Marketers place a huge importance in determining the factors that affect brand loyalty of bath soap. The results of this study will provide the local companies to understand their target markets better and carry out specific market research and promotional activities aimed at them. Future research can be done on the following topics as a continuation of this work. Direct and indirect influence of factors affecting brand loyalty of bath soaps in Bhubaneswar is conducted here; the scope of the research can be extended to national or international level. Five factors affecting brand loyalty of bath soap users have been identified. This research can be extended to find out more socio-economic factors in the case of brand loyalty of bath soap users. This research can be extended to broad fast moving consumer goods category.

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