

# FACTORS AFFECTING BRAND LOYALTY IN FMCG MARKET

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## **Abstract**

*This research explores key drivers of brand loyalty in the fast-moving consumer goods (FMCG) sector, essential for customer retention and competitive advantage. Brand loyalty, driven by factors such as product quality, perceived value, brand image, and marketing communications, influences repeat purchasing behaviour. Given the low-involvement nature of FMCG products, understanding loyalty drivers helps businesses strengthen their market position. The study examines factors like brand reputation, competitive pricing, advertising, promotions, customer service, and emotional connections in fostering long-term loyalty. A mixed-method approach, combining qualitative and quantitative analysis, is employed to assess consumer behaviour, preferences, and perceptions. Data is collected through surveys, offering insights into consumer engagement with FMCG brands. Findings will aid FMCG companies in refining marketing strategies, enhancing product offerings, and improving customer engagement, ultimately supporting sustainable growth and a strong market presence.*

**Keywords:** *Brand loyalty, Consumer behaviour, Consumer experience, Competitive advantage, Customer retention, FMCG sector, Marketing strategies, Product quality.*

## **Introduction**

Brand loyalty is essential in the FMCG sector, where consumers face numerous choices. It refers to the tendency of consumers to consistently choose a brand, influenced by factors like product quality, perceived value, brand image, and marketing communications. As FMCG products are frequently purchased with low involvement, brand loyalty plays a crucial role in shaping consumer decisions. This research aims to explore key drivers of brand loyalty, including product quality, reputation, pricing, marketing strategies, and consumer experience. Factors such as competitive pricing, convenience, and emotional connections through customer service also contribute to loyalty. The study seeks to provide insights into how FMCG companies can retain customers and sustain a competitive advantage. By understanding these drivers, companies can create targeted marketing strategies, innovative products, and stronger customer engagement to foster loyalty and long-term growth in a competitive market. A comprehensive approach combining both qualitative and quantitative methods will guide the analysis of consumer behaviours and perceptions.

## **Review of Literature**

### **Ramesh Kumar, S.; Adjani, Jai Yashwant (2005)**

This study explores brand loyalty in the FMCG sector, particularly toothpaste, highlighting factors such as brand trust, benefits, price consciousness, and genetic influence. It emphasizes that brand loyalty is dynamic, shaped by consumer perceptions and market competitiveness. The research offers insights into how marketers can enhance loyalty by balancing traditional and emerging dimensions of consumer preferences.

**Debasish Rout, Dr. Somabhusana Janakiballav Mishra (2023)**

The study investigates brand loyalty's multidimensional nature, focusing on perceived value, brand trust, satisfaction, and commitment. The authors emphasize the psychological processes involved in fostering loyalty, noting that brand preference, built through advertising, plays a vital role. The research offers insights into how these factors interact to strengthen consumer-brand relationships and loyalty in the FMCG sector.

**Karakaş, Selin Sıla (2019)**

Karakaş examines how the 4P's of marketing (Product, Price, Placement, Promotion) and brand communication influence brand loyalty in FMCG personal care products. The study, using a survey and statistical analysis, highlights the role of marketing strategies and brand communication in building loyalty, providing insights for businesses to improve customer retention and strengthen market position.

**Mukesh Kumar Mishra, Ankit Kesharwani, Dolly Das (2016)**

This study analyzes brand loyalty in low involvement products like personal care items, focusing on risk aversion, brand trust, and attitudinal loyalty. It finds that risk-averse consumers value both brand trust and attitudinal loyalty. The research emphasizes that a positive brand attitude leads to stronger behavioural loyalty, contributing valuable insights for marketers in low-involvement product categories.

**Mengesha, Peneal (2017)**

Mengesha's research identifies key factors influencing consumer behavior in FMCG in Addis Ababa, including product quality, price, and advertisement, availability, and brand equity. The study finds variations in how these factors impact consumer decisions across different FMCG subcategories, recommending tailored marketing strategies to align with consumer preferences and market dynamics, especially as the FMCG sector grows in the region.

**Shahlaei Namini, Niloufar (2016)**

This study explores customer satisfaction and its influence on loyalty in Tehran's FMCG market. It finds that product quality, distribution channels, after-sales services, and communication strategies significantly impact satisfaction and, consequently, loyalty. The research highlights areas for improvement in product satisfaction to align with the higher satisfaction levels in other areas, providing actionable insights for FMCG businesses.

**Ahmed I Moolla & Christo A. Bisschoff (2017)**

Moolla and Bisschoff assess a brand loyalty measurement model across FMCG products like toothpaste, bread, and coffee. The study demonstrates that the model is effective across these products, suggesting its potential as a generic tool for evaluating brand loyalty in the FMCG industry. This research provides a foundation for managers to improve brand performance and customer loyalty.

## Research Objectives

### Primary Objectives

**To Identify Key Factors Influencing Brand Loyalty:**

**To Assess the Impact of Marketing Strategies on Brand Loyalty:**

## Research Methodology

### Type of Research Quantitative Research:

It provides structured data that can be statistically analyzed to identify significant factors impacting brand loyalty in the FMCG sector. It helps in establishing correlations, trends, and patterns that contribute to a deeper understanding of consumer perceptions and preferences. By employing quantitative methods, researchers can assess the relative importance of different variables such as product quality, pricing, promotions, and brand image in influencing brand loyalty among FMCG consumers.

## Research Approach

For conducting quantitative research on the topic "Factors affecting the brand loyalty of consumers of FMCG," the following methodology is adopted:

### Sampling

The research approach would involve selecting a representative sample of FMCG consumers from the target population to gather insights into their brand loyalty perceptions and behaviours. Sampling techniques such as stratified sampling or random sampling may be employed to ensure the sample's representativeness.

## Survey Questionnaire

A structured survey questionnaire will be designed to collect quantitative data on various factors influencing brand loyalty. The questionnaire may include Likert scale questions, multiple-choice questions, and demographic information to capture relevant insights.

## Data Collection

Data collection will primarily be conducted through online surveys using platforms like Google Forms. This approach allows for efficient data collection, widespread reach, and easy management of responses.

## Data Analysis

Quantitative data analysis techniques such as descriptive statistics, inferential statistics, and regression analysis will be employed to analyse the survey responses. These analyses will help in identifying significant factors affecting brand loyalty and their impact on consumer behaviour.

## Reporting

The findings from the data analysis will be reported using statistical summaries, charts, and graphs to present key insights and conclusions related to brand loyalty in the FMCG sector. The report will highlight actionable recommendations for FMCG companies based on the research findings.

The quantitative research methodology would provide a systematic and scientific approach to collect

and analyse data on brand preference and Loyalty among FMCG customers, and help companies to develop effective marketing strategies that cater to the preferences of their target audience.

### Sources of Data

The primary data for this research on "Factors Affecting Brand Loyalty in FMCG" will be collected through online surveys using Google Forms. This method offers advantages such as cost-effectiveness, real-time data collection, and wide accessibility. Google Forms allows easy customization of questionnaires and secure data collection. The digital format encourages honest responses and is well-suited for tech-savvy consumers. Various question types—multiple-choice, Likert scale, open-ended—enable detailed insights into consumer attitudes. The tool also eliminates geographical limitations, facilitating broader participant reach. Collected data can be exported for statistical analysis to derive actionable insights.

## Data Analysis and Interpretation

### Frequencies Analysis

Gender	
Male	55
Female	45
Total	100

Generation	
Generation X	25
Millennials	7
Generation Z	65
Generation Alpha	3
Total	100

### Gender Distribution:

55% of respondents are male, while 45% are female. This indicates a slight skew towards male respondents in the sample.

### Generation Distribution

The survey reveals that Generation Z dominates the respondent pool (65%), followed by Generation X (25%), Millennials (7.5%), and Generation Alpha (2.5%). This generational distribution may impact brand loyalty trends, as different age groups exhibit varying purchasing behaviours. Regarding FMCG spending, the most common amounts reported are Rs.1500 (27.5%) and Rs.3000 (37.5%) per month, while fewer respondents spend Rs.2000 (22.5%) or Rs.5000 (12.5%) monthly. This suggests diverse spending habits, with a significant portion allocating moderate amounts (Rs.1500-Rs.3000) to FMCG products.

### Chi Square Test

Chi Square @0.05 Significance	
Pearson Chi Square	0.204
Likelihood ratio	0.178
Linear-by-Linear	0.462

**Alternative Hypothesis ( $H_1$ ):** There is a significant relationship between the generation and the importance of brand trustworthiness in decision-making.

**Null Hypothesis ( $H_0$ ):** There is a no significant relationship between the generation and the importance of brand trustworthiness in decision-making.

The chi-square test examined the relationship between generation and the importance of brand trustworthiness in decision-making. The results showed no significant association, as all p-values (Pearson chi-square: 0.204, likelihood ratio: 0.178, linear- by-linear: 0.462) exceeded the 0.05 significance level. Despite the lack of statistical significance, cross-tabulation revealed that brand trustworthiness is generally seen as an influential factor across all generations, with Generation Z placing a particularly strong emphasis on it. While the statistical tests failed to show a significant relationship, the qualitative analysis indicates that brand trustworthiness remains an important factor in consumer decision-making, especially among younger generations. Thus, even without a significant statistical association, the findings highlight the importance of brand trustworthiness in consumer choices, with Generation Z exhibiting a stronger preference for it.

### Correlation

Correlation		
<b>Competitive landscape</b>	<b>Pearson Correlation</b>	1
	<b>N</b>	100
<b>Customer Retention</b>	<b>Pearson Correlation</b>	0.577
	<b>N</b>	100

**Alternative Hypothesis ( $H_1$ ):** There is a significant relationship between product quality and the likelihood of purchasing the product.

**Null Hypothesis ( $H_0$ ):** There is no significant relationship between product quality and the likelihood of purchasing the product.

The Pearson correlation coefficient of 0.577 between product quality ratings and likelihood to continue purchasing indicates a moderate positive relationship, with a statistically significant p-value less than 0.01. This suggests that higher ratings of product quality lead to a greater likelihood of continued purchases from the preferred FMCG brand. While product quality is a key driver of future purchase intentions, the moderate correlation implies that other factors, such as pricing, brand loyalty, and customer experience, also play a role. FMCG brands should focus on maintaining high product quality while considering other influential factors in their strategies.

### One Way ANOVA

#### ANOVA

ANOVA			
	<b>Btw Groups</b>	<b>Within Groups</b>	<b>Total</b>
<b>Sum of Squares</b>	5.106	35.994	41.1
<b>df</b>	7	32	39
<b>Mean Square</b>	0.729	1.125	
<b>F</b>	0.649		
<b>Sig</b>	0.713		

**Alternative Hypothesis ( $H_1$ ):** There is a significant difference in the amount spent on FMCG products per month among different age groups.

**Null Hypothesis ( $H_0$ ):** There is no significant difference in the amount spent on FMCG products per month among different age groups.

The One-Way ANOVA test results for the factors of Spending toward FMCG products yielded an F-value of 0.649, indicating that there is not much difference in mean scores across the different age groups. Additionally, the associated p-value (Sig.) of 0.713 is greater than the typical significance level of 0.05, leading us to fail to reject the null hypothesis.

The lack of statistical significance in the ANOVA test suggests that there is no substantial difference in the spending toward FMCG products per month among different age groups. This implies that age does not significantly influence these factors within the population studied.

## Regression

Regression	
Regression	0.362
R Square	0.131
Adjusted R Square	0.108
Std. Error	0.478
Durbin-Watson	2.216

**Alternative Hypothesis ( $H_1$ ):** Consumers' willingness to pay a premium for brands is influenced by factors such as brand trust, quality, and loyalty.

**Null Hypothesis ( $H_0$ ):** Consumers' willingness to pay a premium for brands is not significantly influenced by factors such as brand trust, quality, and loyalty.

## Regression Analysis

### Interpretation

#### Model Summary

R Square: This value (adjusted  $R^2$ ) indicates the proportion of variance in the willingness to pay a premium that can be explained by the predictors in the model.

## ANOVA

The F-test tests the overall significance of the regression model. If the p-value is less than 0.05, the model is considered statistically significant.

## Coefficients

The coefficients (B) represent the change in the willingness to pay a premium for a one-unit change in the predictor variable.

The p-values associated with each coefficient indicate the significance of the predictors. If  $p < 0.05$ , the predictor is considered statistically significant.

## Findings

### Product Quality Perception

Product quality is a key determinant of brand loyalty. Consumers are more likely to stay loyal to brands that consistently deliver high-quality products that meet or exceed their expectations, reinforcing trust and satisfaction.

### Brand Trust

A positive brand trustworthiness significantly fosters loyalty. Consumers tend to stick with brands they trust, valuing product consistency, safety, and ethical practices, which strengthen long-term relationships.

### Price Sensitivity vs. Value Perception

Consumers balance price sensitivity with value perception. While competitive pricing is important, they are willing to pay a premium for brands offering superior quality, innovation, or unique benefits that justify the higher cost.

### Customer Experience and Satisfaction

Positive customer experiences, personalized interactions, and efficient service play a critical role in brand loyalty. Consumers are more loyal to brands that ensure seamless shopping, quick issue resolution, and overall satisfaction with offerings.

### Brand Differentiation and Innovation

Brand differentiation and continuous innovation are essential for sustaining loyalty. Consumers prefer brands that offer unique propositions and regularly innovate to meet evolving consumer needs, distinguishing themselves from competitors.

### Influence of Marketing and Promotional Strategies

Effective marketing campaigns, loyalty programs, and promotions can boost brand loyalty. Well-executed strategies, including rewards and discounts, increase consumer affinity towards brands, strengthening loyalty through attractive incentives.

### Challenges of Switching Costs

Perceived switching costs, including effort and risk, act as barriers to brand switching. FMCG companies must address these barriers while emphasizing unique value propositions that differentiate their brands and retain customer loyalty.

## Conclusion

This research explores the key factors influencing brand loyalty in the FMCG sector, highlighting the importance of product quality, brand reputation, customer experience, marketing strategies, and digital transformation. It emphasizes brand loyalty as a strategic asset that drives recurring revenue and brand advocacy. The study suggests that FMCG companies should focus on enhancing product offerings, improving customer service, and implementing effective marketing campaigns to foster loyalty. However, limitations include the focus on specific demographics and reliance on self-reported survey data. Future research could adopt a more inclusive approach and utilize diverse data sources. Recommendations for

industry practitioners include leveraging data analytics, embracing digital transformation, and building strong brand reputations to maintain customer loyalty. By understanding these drivers, FMCG companies can navigate competitive challenges, retain loyal customers, and achieve long-term success in an evolving market. Continued research and adaptation to consumer preferences are key to building resilient brands.

### Limitations of the Study

While conducting research on "Factors affecting the brand loyalty of consumers of FMCG" some limitations may be encountered. Some of these limitations are:

**Limited sample size:** The sample size of 100 respondents may not be representative of the entire population of FMCG consumers, which may limit the generalizability of the results.

**Sampling bias:** The study's results may be affected by sampling bias, as respondents may be more likely to participate if they have strong opinions about a specific FMCG product. This bias may limit the representativeness of the sample and the generalizability of the results.

**Social desirability bias:** Respondents may provide socially desirable responses, which may affect the accuracy of the data collected. This bias may limit the validity of the results.

**Self-reported data:** The data collected from the questionnaire may be subject to self-reporting bias, where respondents may provide inaccurate information about their experiences and preferences.

**Time constraints:** Due to time constraints, the study may not be able to collect data from a larger sample size, conduct a more comprehensive analysis, or consider additional variables that could impact brand preference and Loyalty among FMCG customers.

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