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An empirical study on understanding the perception of consumers on brand loyalty towards fast moving consumer goods

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Abstract

The primary objective of the study was to explore why loyalty develops in FMCG markets from the consumers' perspective. In addition, this study explored the consumers' perspective on the types of bonds that exist in FMCG markets and the role of bonds in the development of brand loyalty. The research design for this study took the form of a descriptive survey. The survey is a form of analysis where studies are done on institutions and from the study, data generalizations and inferences are drawn. Survey method allows for generalization of findings but it is also descriptive in nature which suits the purpose of this study. The study targeted the 76 consumers of ITC. The dominant conclusion arising from this study is that brand loyalty exists in FMCG markets for both cognitive and emotional reasons. Essentially this research determined that the development of brand loyalty is predicated on the development of customer-brand bonds. This research concludes that the challenge for marketers is to develop and nurture the bonds that lead to and that can strengthen brand loyalty. Overall the study enhances our understanding on the brand loyalty in FMCG markets and should consequently result in the development of effective marketing strategies, enabling them to deliver relevant and engaging experiences to meet consumer expectation in the ever-evolving FMCG Markets.

Keywords: Brand loyalty, bonds, cognitive loyalty, emotional loyalty, consumer expectation

1. 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 the brand. Firms selling brands with a high rate of loyal consumers have a competitive advantage over other firms. Brand loyal consumers reduce the marketing costs of the firm as the costs of attracting a new customer have been found to be about six times higher than the costs of retaining an old one.

According to the survey, brand loyal consumers are willing to pay higher prices and are less price sensitive. Brand loyalty also provides the firm with trade leverage and valuable time to respond to competitive moves. In sum, loyalty to the firm's brands represents a strategic asset which has been identified as a major source of the brands' equity. Given the importance of brand loyalty, it is not surprising that it has received considerable attention in the marketing.

1.1 Problem Statement

Cosmetics are generally considered to be make-up products. However, they indeed present in different forms, varying from powders, body makeup, soap, shampoo, and toothpaste. In the cosmetic industry, fashion trends are highly demanded from some consumer segments, and so as multi-functionalities and convenience. Cosmetic products serve beautifying purposes and cover a wide range of products including: Cleaning body parts, enhancing features, and changing skin tones and colors such as makeup, perfume, toothpaste, shampoo, and deodorant.

Principally, the target customers of cosmetic companies are consumers. Before 1990's, people considered cosmetic products to belong merely to the adult women segment. The market changes gradually nowadays, where cosmetic companies target also some young's and men, which create new markets in the business. Hair care industry is the largest cosmetics and toiletries segment in the world. Nevertheless, the annual growth rate is the rapidest in this sector which has shown a growth of 12.9% in 2000 compared with an only 3.4% growth in all the three segments.

In India, while most cosmetics industries have heavily invested in branding there seems to be corresponding market performance as evidenced by high levels of brand switching and low levels of customer loyalty. Marketing managers need to appreciate the constant changes in customer buying behavior. The customers today are more informed thus have high expectations from the manufacturers products.

According to the survey, the cosmetic industry is a very lucrative, innovative fast paced industry. Namely, innovation is significant and is considered to be the key to success. In addition, owing to the volatility of the cosmetic markets, it is essential to reveal the factors that influence the brand loyalty by examining determinants of brand loyalty, which provides marketing managers with insights of establishing a more comprehensive business strategy.

2. Review of Literature

Goyal and Singh (2019) [27] examined the impact of brand trust, brand attachment, and perceived quality on brand loyalty towards ITC's FMCG brands. The study found that brand trust and brand attachment had a significant positive impact on brand loyalty, while perceived quality had a significant negative impact on brand loyalty.

Chakraborty and Banerjee (2018) [28] examined the role of brand equity, perceived quality, and brand loyalty in the context of ITC's cigarette brands. The study found that brand equity and perceived quality were positively related to brand loyalty, and that brand equity partially mediated the relationship between perceived quality and brand loyalty.

Kundu and Datta (2017) [29], the authors examined the impact of brand image, perceived quality, and brand satisfaction on brand loyalty towards ITC's hotel brand. The study found that all three factors had a significant positive impact on brand loyalty.

Abhishek Dadhich and Kavaldeep Dixit (2017) [30] investigated brand loyalty and customer perceptions of major pharmaceutical companies' brand medications. Rajasthan was the location of the study. The authors attempted to investigate customers' perceptions of over the counter medications, as well as the elements that impact consumers' purchasing behavior for such OTC goods sold by major pharmaceutical firms. The study found that elements in the marketing mix of OTC medications, such as location, promotion, and pricing, had a positive impact on customer perception and brand loyalty.

Jain and Jain (2016) [31] examined the impact of brand awareness, perceived quality, brand image, and brand loyalty on customer loyalty towards ITC's cigarette brands. The study found that all four factors had a significant positive impact on customer loyalty.

Ganesh G and Soosai John Rosario (2015) [32] investigated customer perceptions of FMCG brand loyalty. The items covered in analyzing the perspective of customers about brand loyalty were knowledge, awareness, brand attitude, risk of changing the brand, customer faith in the brand, and satisfaction. Image, brand, product knowledge and quality, product characteristics, product involvement, and customer brand loyalty were among the criteria assessed.

Anuj Thapa (2012) [33] investigated customer switching behavior in the context of shampoo brands and discovered that the impact of packaging, price increases in current brands, brand schemes, and the impact of advertising are all

factors that influence consumer switching behavior.

Deliya, (2012) [34] studied that importance of packaging design as a vehicle for communication for packaged FMCG products. This research utilized a focus group methodology to understand consumer behavior towards such products. The challenge for researchers in to integrate packaging into an effective purchasing decision model, by understanding consumer's behavior towards the packaging of FMCG products.

Sridhar and Mishra (2010) [35] examined the rationale and methodology for researching product adaptation in rural markets, concluding that the study's findings contradict the prevalent perception that rural is regarded differently. The findings, on the other hand, International Journal of Aquatic Science demonstrate that the contingency hypothesis remains true in the case of product adaptation in rural markets.

Sukato and Elsey (2009) [36] investigated male customer behavior in Thailand while purchasing skin care items. To address the research question, Fishbein and Ajzen's theory of reasoned action is used as a theoretical framework, which is then modified to include the self-image construct. The findings of the study demonstrate that beliefs, self-image, normative influences, and attitudes determine purchasing influences, and attitudes influence purchase intention and behavior in the purchase of skin care items among Bangkok male customers.

2.1 Objective of the study

- To establish the determinants of brand loyalty amongst consumers in cosmetic of ITC.
- To identify whether brand trust influences brand loyalty in cosmetic products of ITC.
- To evaluate the relationship between customer satisfaction and brand loyalty in cosmetic products of ITC.
- To investigate the relationship between brand price and brand loyalty in cosmetic products of ITC.

2.2 Hypothesis Development

- **H0a:** There is no association between brand reputation and overall opinion about ITC products.
- **H0b:** There is no significant impact between brand price and brand loyalty in cosmetic products of ITC.

3. Methodology

The researcher collected data using questionnaires. A set of selected questions was used to collect data from the respondents in the sample population. The questionnaire was framed on the basis of objectives and distributed to management students and the responses were collected. Questionnaire design is the process of designing the format and questions in the survey instrument that will be used to collect data about a particular phenomenon. In this study sample size is 76, number of respondents and consumers of ITC. Primary data refers to the data or information that is directly collected from the focus target of the research. Primary data has more value than secondary data in research. Secondary data is defined as the data gathered from various sources such as journals, articles and books. Secondary data are the data or information or facts which are already collected for a purpose.

4. Results and Interpretation

Table 1: Demographic Profile

Particulars	Classification	Number of respondents	Percentage
Gender	Male	36	47.4%
	Female	40	52.6%
Age	Less than 20 years	11	14.5%
	20-30 years	62	82.6%
	31-40 years	2	2.6%
	41-50 years	0	0
Qualification	Above 50 years	1	1.3%
	Schooling	4	5.3%
	Diploma	0	0
Average Monthly Income	Undergraduate	43	53.9%
	Postgraduate	31	40.8%
	Less than 20000	38	50%
Type of family	20000-40000	27	37.5%
	40001-60000	6	7.9%
	Above 60000	5	6.6%
Type of family	Nuclear	60	78.9%
	Joint family	16	21.1%

Inference

53% of the respondents were female and 83% of the respondents belonged to the 20-30 years age group. 54% of respondents are undergraduate. The sample is determined by 50% of respondents earning an average monthly income of less than 20000. 79% of respondents belong to the nuclear family.

Table 2: Frequency of shopping on itc products

Particulars	Classification	Number of respondents	Percentage
Frequency of Shopping on itc products	Once A Month	36	47.4%
	Twice A Month	22	28.9%
	Three Times A Month	9	11.8%
	More Than Three Times A Month	9	11.8%

Inference

The sample is determined that 47% of respondents shop ITC Products once a month.

Table 3: Consistency in quality of itc products

Particulars	Classification	Number of respondents	Percentage
Consistency in quality of itc products	Strongly Agree	25	32.89%
	Agree	34	44.74%
	Neutral	10	13.15%
	Disagree	2	2.63%
	Strongly Disagree		

Inference

The sample determined that 45% of respondents agree that consistency has been there in the quality of ITC Products.

Table 4: Table showing test association between brand reputation and overall opinion about itc products.

	Brand reputation	Overall opinion about ITC products
Chi square	23.008	19.941
Df	9	9
Asymp.sig.	0.006	0.018

Interpretation

From the above table it is inferred the table value is higher than significant value. H0 is accepted and H1 is rejected. Therefore, there is no association between brand reputation and overall opinion about ITC products.

Table 5: Table showing testing relationship between type of family and income per month: Correlation

		Income	Type of family
Income	Pearson Correlation	1	0.051
	Sig (2-tailed)		0.663
	N	76	76
Type of family	Pearson Correlation	0.051	1
	Sig(2-tailed)	0.663	
	N	76	76

Interpretation

From the above table it is inferred that table value is less than significant value. H0 is rejected and H1 is accepted. Therefore, there is a relationship between Income and type of family.

Findings

The research study in your document focuses on understanding consumer perceptions of brand loyalty toward fast-moving consumer goods (FMCG), particularly focusing on ITC cosmetic products. Key findings and insights include:

Brand Loyalty Determinants

- **Cognitive and Emotional Loyalty:** The research concludes that brand loyalty in FMCG is driven by both cognitive (rational) and emotional (sentimental) bonds between the consumer and the brand
- **Brand Trust and Satisfaction:** Brand trust, brand satisfaction, and perceived value are crucial for building loyalty, with satisfied customers more likely to recommend the brand, creating a positive feedback loop through word-of-mouth.

Key Survey Findings

- **Demographic Profile:** The majority of respondents (83%) were aged 20-30, with 53% being female. Half of the respondents had an income of less than ₹20,000.
- **Shopping Frequency:** 47% of the respondents shop for ITC products once a month, highlighting consistent purchasing behavior.
- **Perception of Product Quality:** Nearly 45% agreed that ITC products maintain consistent quality, reinforcing consumer trust.

5. Future recommendations

5.1 The Role of Digital Experiences

Social Media Influence in Exploring how social media platforms and influencer marketing impact brand perception and loyalty among FMCG consumers. In the field of E-commerce and Online Reviews investigating the role of online shopping experiences, product reviews and ratings in shaping consumer decisions and loyalty. Virtual Reality (VR) and Augmented Reality (AR) helps in examining the potential of immersive technologies to enhance brand experiences and foster loyalty.

5.2 Sustainability and Ethical Consumption

Greenwashing Concerns in Studying consumer perceptions of corporate sustainability claims and their impact on brand loyalty. Ethical Sourcing and Fair Trade in evaluating the influence of ethical sourcing practices and fair trade certifications on consumer choices. Circular Economy and Product Life Cycles in Exploring consumer attitudes towards sustainable packaging, product durability, and recycling initiatives

6. Conclusion

Based on this study, brand perceived value and brand satisfaction have the highest rating as determinants of brand loyalty in ITC products. The analysis indicated that brand loyalty has a positive influence on the purchasing behavior of the customers and customers are likely to purchase products which they are accustomed to through a strong image and exceeding their expectations. The analysis also indicated that customers were more willing to talk to other customers about the products they have used and were satisfied with their results and thus a word of mouth form of spreading positive information and thus creating a good avenue for companies seeking to market their cosmetic products in salons and other places.

This study concludes that if a cosmetic business wants to enjoy good profits globally in general and in India in particular, it should work hard to increase customer brand loyalty through brand satisfaction, strong brand perceived value, trustworthiness and competitive pricing in the marketplace. It will help the business to increase customer retention and decrease the customer defection. The study further implies that brand trust, brand price, customer satisfaction and perceived value have a strong influence in determining the brand loyalty of customers in ITC products and companies who would seek to create brand loyalty in ITC products may have to consider these determinants of brand loyalty in order to position their products competitively in the marketplace

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