

A STUDY ON FACTORS INFLUENCING CUSTOMER LOYALTY ON FMCG

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I. INTRODUCTION

Today we are witnessing a lot of brands of FMCG products in the Indian market. But the question is how much these brands are satisfying the customers' needs in the Indian market. Keeping this point in view, the paper endeavours to highlight how much the customers are satisfied with the brands of FMCG products. The Customer satisfaction is essentially the culmination of a series of customer experiences or, the net result of the good ones minus the bad ones. It occurs, when the gap between customers' expectations and their subsequent experiences has been closed. The fast moving consumer goods (FMCG) sector contributes a lot to the growth of India's GDP. Therefore it is necessary to identify the changes in consumer buying behaviour towards FMCG products. Fast-moving consumer goods (FMCG) are products that are sold quickly and at relatively low cost. Examples include non-durable goods and soft drinks, toiletries, over-the-counter drugs, processed foods and other consumables. FMCG is the 4 thlargest sector in the Indian economy and is valued at about USD 49 billion as of 2016 (as per IBEF). Household & Personal Care is the leading segment accounting for 50% of the overall market. This is followed by Healthcare at 32% and Food & Beverages comes next in terms of market share at 18%. Under Household & Personal Care, Hair care accounts for about 23% followed by Oral care at 15%, Home care at 6% and Skin care at 5% Credit Appraisal is the process by which a lender appraises the technical feasibility, economic viability and bankability including creditworthiness of the prospective borrower. However, in the last few years, the FMCG market has grown at a faster pace in rural India compared with urban India. Semi-urban and rural segments are growing at a rapid pace and FMCG products account for 50 per cent of total rural spending. Being a fast growing economy and with the population touching 1.21 billion, Indian is one of the favorite destination for many of the MNC's in various industrial sectors particularly consumption related to industries. One among such is the food & Beverages sector increased dual income group families and other social and political factors have expedited the growth of food and beverages sector the food processing industry is witnessing strides due to the changed life styles. Increased disposable income as well as the emergence of modern retail formats food processing industry and sub sector are dairy, fruits, vegetables, grains and cereals, fisheries, meat and poultry, consumer goods including snack food and alcoholic and non alcoholic beverages.

II. REVIEW OF LITERATURE

Jayanthi(2017) Fast Moving Consumer Goods (FMCG) Sector in India: A study International Journal of Multidisciplinary Research and Development. Volume 4; Issue 12; December 2017; Page No. 91-97. FMCG companies play a pivotal role in our daily lives. From tooth paste, soaps, daily use items etc. The main purpose of this paper is to study and analyze about Fast-moving consumer goods (FMCG) Sector in India. This paper focuses on Significance of FMCG Sector, Evolution of FMCG in India, Three main segments of FMCG, Growth in Indian FMCG Sector, Challenges in FMCG Sector, Market Share of Companies in a few FMCG Categories. Mohammad Amzad Hossain sarker(2017) Consumers' Purchasing Decision Toward Fast Moving Consumer Goods (FMCGs): An Empirical Study. The Comilla University Journal of Business Studies, Volume 4 Number 1, 2017. The study mainly addressed the performance-related issues about what extent is the impact of various factors responsible in terms of consumers' purchasing decision in FMCG (Fast Moving Consumer Goods) sector in Comilla. The theoretical framework designed based on the literature review and hence ten hypotheses were developed. The result of the multiple regression analysis showed that there is a significant relationship between the dependent variable (Consumers' purchasing decision) and independent variables (Cost, Product Variety, Salesperson, Product Quality, Advertising, Product Display, Income Level, Demand, Familiar Retailers, and Personality). The findings of the study showed that nine out of ten variables were positively related to consumers' purchasing decision but the individual personality of respondents has no significant effect

on purchasing decisions. Vijayakumar(2018). A Study on Consumers Buying Behaviour Towards Fmcg Products With Reference To Karur District. © 2019 IJRAR February 2019, Volume 6, Issue 1 www.ijrar.org. This study emphasized that consumers have more importance to the quality of fast moving consumer goods purchasing behaviors of customers on selected brands. This study identifies the level of influence of various factors on the purchase of FMCG products to the respondents to this study. The study revealed that the consumers that consumer purchase depend on branding and the quality of the products and all other variables have a least impact. In recent days, these products are normally consumed by all societies of peoples even though the rural consumers are also using their demandable branded products in all product categories and also considerable portion of their income spent on these goods. Narayana Reddy (2018) A Study on Fast Moving Consumer Goods Sector-A Comparitive Studyon Dairy And Soft Drink Products. www.tjprc.org.SCOPUS Indexed Journal editor@tjprc.org .A promotion announcing the benefits of a product or brand along with distribution efforts is observed in the rural markets in the FMCG category. Today we notice there is shift being observed towards branded (FMCGs) Fast Moving Consumer Goods in rural areas as a result of Socio Economic & Political changes in the last 5 years. This has made rural areas more viable markets when compared to the urban areas. The Socio Economic and Political changes contributed to a great extent for changes in the life styles of countryside people who patronized branded Fast Moving Consumer Goods products. Sales promotion is a tiny term incentive to be a magnet for the buy or sale of products and services. It includes all activities that are performed by the producers or by dealers or by businessmen to boost its sale over a period of time. Purpose behind sales promotion is to motivate and persuade the consumers to buy a certain product and to encourage repetitive purchase of that very product and enable repetitive purchase of that thing. Banumathi & Dr.S.Mabel Latha Rani(2018) Customer Perception And Satisfaction of FMCG's With Special Refereence To Thoothukudi District. [Volume 5 I Issue 3 I July – Sept 2018] e ISSN 2348 –1269. The consumer behaviour plays an important role in marketing of fast moving consumer goods. This behaviour is effected by various factors. In the present era of globalisation needs and wants of consumers changes with time. This paper highlights and identify the factors affecting consumer buying behaviour towards FMCG products and finally effecting their decision making process. The data for this study has been collected through questionnaire and findings have been theoretically presented. The paper reveals that consumer behaviour is largely effected by place, product, price, promotion, physiological and psychological factors. However effect of these factors also differ from product to product Subhadeep Chakraborty,Subhadeep Mukherjee(2020) A Study on Customer's Satisfaction towards Brands of Select Fast Moving Consumer Goods. GIS Business. Vol-15-Issue-2-February-2020.The demand for fast-moving consumer goods (FMCG) is increasing day by day. Existing literature shows that product quality, service quality, perceived value and financial benefit actually affect customer satisfaction. So analysis in this paper is made to see the correlation with customer satisfaction to other independent variables selected. The relationship between the dependent and independent variables in the study has been analyzed using Regression Analysis.

Objectives of The Study

1. To identify the factors influencing customer loyalty of FMCG
2. To find the relationship between customer loyalty and customer satisfaction on FMCG
- 3.

Hypotheses of The Study

1. There is no significant difference among the factors influencing customer loyalty of FMCG
2. There is no significant relationship between customer loyalty and customer satisfaction on FMCG
- 3.

Analysis and Interpretation

Customer loyalty is based on the fulfilment of customer expectations. There are several factors influencing customer loyalty of FHCG. The main factors are product quality, Price of the product, Brand, Product availability, Variety of the products and Retailer familiarity.

	N	Mean	Std. Deviation	Std. Error Mean	t-value	Sig
Product Quality	500	3.40	1.126	.050	67.613	.000
Price	500	3.21	1.225	.055	58.589	.000
Brand	500	3.10	1.380	.062	50.287	.000
Product Availability	500	3.24	1.251	.056	57.903	.000
Product variety	500	3.02	1.279	.057	52.814	.000
Familiar Retailer	500	3.63	1.197	.054	67.831	.000

Source – Computed data

It is found in the above table the mean values range from 3.02 to 3.63 with the respective standard deviation and standard error. The t value. 67.613, 58.589, 50.287, 57.903, 52.814 and 67.813 are significant at the 5 % level. Therefore, it can be concluded that among the six factors familiar retailer and product quality is the main factor influenced customer loyalty in FMCG.

Influence of Customer Loyalty on Customer Satisfaction

The customer loyalty consist of six variables and it subsequent influence over customer satisfaction is measured through linear multiple regression analysis. The results are presented below

Table – 2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981 ^a	.963	.963	.255

a. Predictors: (Constant), CL1, CL2, CL3, CL4, CL5, CL6

Source – Computed data

From the above table it is found that R=.981 R square = .963 and adjusted R square .963. This implies the customer loyalty variable create 96% variance over the customer satisfaction. The cumulative influence of six variables of customer loyalty over customer satisfaction is ascertained through the following one way analysis of variance.

Table – 3 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	837.704	6	139.617	2149.353	.000 ^b
	Residual	32.024	493	.065		
	Total	869.728	499			

a. Dependent Variable: Customer satisfaction

b. Predictors: (Constant), CL1, CL2, CL3, CL4, CL5, CL6

Source – Computed data

Table 3 presents that F = 2149.353 P = .000 are statistically significant at 5% level. This indicates all the six variables cumulatively responsible for customer satisfaction. The individual influence of all this six variables is clearly presented in the following co-efficient table.

Table – 4 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.075	.045		1.677	.094
	Product Quality	-.068	.040	.058	1.709	.048
	Price	.143	.040	.133	3.624	.000
	Brand	.446	.034	.467	12.994	.000
	Product Availability	.419	.040	.397	10.420	.000
	Product variety	.237	.023	.230	10.224	.000
	Familiar Retailer	.115	.027	.104	4.296	.000

a. Dependent Variable: Customer Satisfaction

Source – Computed data

From the above table it shows that Product quality (Beta=.058, t=1.709, p=.048), Price (Beta=.133, t=3.624, p=.000) Brand (Beta=.467, t=12.994, P=.000) Product availability (Beta=.397, t=10.420, P=.000) Product variety (Beta=.230, t=10.224, P=.000), Familiar retailer (Beta=.104, t=4.296, p=.000) are statistically significant at 5% level.. This indicates that customer loyalty is influenced more by branded products followed by product availability.

III. FINDINGS AND CONCLUSIONS

1. Customer loyalty is the main criterial to get repeat business and long lasting customer to the product. There is a close relationship between customer loyalty and customer satisfaction,
2. Satisfied customers are being very loyal to the concern products. Fulfillmentof expectations brings satisfaction to the customers.

3. In this research the researcher finds the factors influencing customer loyalty of FMCG. The main factors are Product quality, Price, Product availability, Brand, Product variety and familiar retailer.
4. Among the all factors the customers are mostly influenced by Branded FMCG, Familiar retailer.
5. Hence, this concludes that Marketers concentrate the above factors to get more customers and good profit.

IV. REFERENCES

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