
Factors Affecting Selection of FMCG Brands: An Empirical Study

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Abstract

Marketing of FMCGs brings many challenges in front of the marketers because of rapidly changing customer profile, intense competition, fickle brand loyalty and escalating expectations of the customers. To fight with these complications the marketers need to craft creative marketing strategies. In order to craft creative marketing strategies the marketer must explore the perception of the customer. Customers look for many parameters for selecting any brand of FMCGs. This paper aims to find out the factors affecting selection of FMCG brands. A 5- point likert scale was designed to collect the data. Factor analysis is used to identify these factors. Three factors namely Brand Attributes, Brand Value and Brand Personality emerged out to be important factors for the selection of FMCG Brands.

Keywords: Brand Loyalty, Brand Personality, Brand Acceptance, Brand Preference, Factor Analysis.

Introduction: FMCG are products with low financial, low social risk and rapid shelf turnover. Being the low involvement products, consumers are less likely to be engaged in extensive pre-purchase search and mainly exhibit routinised decision-making behaviour. On the other hand, it becomes challenging for the marketers to make the consumers switch the brands. The marketer has to give them a reason to switch. Attracting and retaining the customers is not an easy job for FMCGs in particular. This is need of the day for the marketing firms to understand what the customers expect and what do they exactly look for. As the Fast Moving Consumer Goods business is basically done on volume or sales, the margin on these products is very less if a unit sales is considered but the business is done on high sales and there is where we get good margins. For example if we talk about mineral water giant Bisleri the profit per unit is even less than a rupee but the sales volume is too high to get a good ROI. As the purchase decision is dependent on choice of individual, so each and every aspect matters a lot in the sales of FMCG products.

The issue to be addressed here is to get in to the psyche of the consumers in order to craft effective marketing strategies for FMCGs. This paper aims to explore the factors that affect the selection of FMCG brands.

Literature Review:

Aaker J. and Fournier S. (2000) concluded in their research that *a brand as a character, a partner and a person: three perspectives on the question of brand personality* creating a brand personality literally involves the personification of a brand. Attributions of personality

to a brand require that the brands perform intentional behaviors. Consumers can make attributions about the brand's personality with inner character, goals and values. The idea that brands contain personal meaning for the consumer's self-conception has received a great deal of attention in the marketing and consumer behavior literatures. Despite its acceptance in advertising and marketing practice, the brand personality construct has yet to receive dedicated theoretical attention in the consumer behavior literature. This paper used interpersonal relationship theory to develop a conceptual framework for understanding and extending the notion of brand personality. Banerjee A. and Divakar S. (2001) concluded that with organized retailing in Indian market in a big way, practitioners and researchers must get sensitized to the early onset of a matured and very competitive market place, at least in certain urban pockets. Price is one of the important attributes that guide the consumer in buying a FMCG product. Consumer also these attribute to distinguish products of different FMCG companies. Rainisto, S. (2005) observed that its important to plan on the market segments, and not conflicting brands. The differentiation of the place's offer from those of competing places is crucial for success. Cluster building is one efficient way to establish critical mass and credibility. Each cluster should be seen as a sub-brand, which should have a responsible coordinator. The systematic long-term approach of work, consistency and intelligent focusing should be exploited as key elements to secure success in the place marketing process. Desai S. and Mehta A. (2009) in their research factor analysis revealed seven factors namely various promotional

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activities, various schemes, any event organized by organization, price of product, availability of product, discount offers regarding product and changing trends in society Chandok B. J. and Sundar G.H (2010) concluded that India's market potential lures foreign companies, but local consumers and rivals have tripped many up .For foreign companies, doing business in India can be gut wrenching. There are many Indian FMCG companies which are vigorously competing with their global counterparts and have been successful in maintain their position in India. Indian companies adopt various strategies to survive in India and get their products accepted amongst the Indian consumers.. Corte V. D. Piras A. and Zamparelli G. (2010) concluded that certain strategic factors like destination marketing with reference to quality, identity, image and brand as a leverage for promotion and, above all, for destination development in stakeholders' collaboration perspective works well.

Objectives of Study: To study the factors affecting selection of Fast Moving Consumer Good Brands.

Research Methodology:

Type of Research: Descriptive Research

This is a *Descriptive Research based on Single Cross-sectional design* aimed to find out the factors that influence the purchase of FMCGs. This study is structured and is based on large representative sample. A 5-point likert scale was constructed to collect the data. The universe consisted of FMCG product user and who are living in Madhya Pradesh during the survey period. Non probability sampling technique is used to draw the sample. Sampling without replacement technique” is used, wherein, once the FMCG user is selected for inclusion in the sample, it is removed from the sampling frame and, therefore, cannot be selected again. Sample size was 200.

Reliability of the data collection scale was checked using Cronbach's alpha test. The value 0.81 indicates high internal consistency.

Data Analysis and Interpretation:

Data is analyzed using **Factor analysis**.

Results from Factor analysis using SPSS

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.810
Bartlett's Test of Sphericity	Approx. Chi-Square 644.379
df	78
Sig.	.000

Here, value of KMO test in the table above (The table for

primary preference) is 0.810 which is between 0.5 to 1.0, therefore, in this case factor analysis is appropriate and can be used as a statistical tool to measure the relationship between the set of many interrelated variables.

Also in Bartlett's test of sphericity, the value of $r=0$ in above (the tables for primary references), hence the hypothesis that the variables are uncorrelated in the population is accepted.

Rotated Component Matrix^a

	Component		
	1	2	3
Packaging & Logo	.571	.287	-.026
Prior image	.743	.222	-.179
Ability to Distinguish	.573	.291	.050
Ad vertisements	.131	.562	.317
Added value	.563	.324	.071
Celebrity endorsement	-.082	.097	.765
Brand name	.706	-.005	.229
Referrals	.646	.070	.323
Personality	.380	.137	.644
Trustworthiness	.149	.640	.338
Positioning	.364	.656	.028
Repurchase	.087	.729	.042
Satisfaction	.251	.705	-.068

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Communalities

	Initial	Extraction
Packaging & Logo	1.000	.409
Prior image	1.000	.633
Distinguish	1.000	.415
Ads	1.000	.434
Added value	1.000	.428
Celebrity endorsement	1.000	.601
Brand name	1.000	.551
referrals	1.000	.526
personality	1.000	.578
Trustworthiness	1.000	.546
positioning	1.000	.563
Repurchase intentions	1.000	.540
satisfaction	1.000	.564

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.324	33.263	33.263	4.324	33.263	33.263	2.832	21.787	21.787
2	1.289	9.912	43.175	1.289	9.912	43.175	2.537	19.516	41.303
3	1.175	9.040	52.215	1.175	9.040	52.215	1.419	10.912	52.215
4	.987	7.596	59.811						
5	.867	6.670	66.481						
6	.787	6.057	72.538						
7	.727	5.593	78.131						
8	.663	5.102	83.233						
9	.557	4.288	87.521						
10	.508	3.907	91.428						
11	.433	3.327	94.755						
12	.373	2.867	97.622						
13	.309	2.378	100.000						

Extraction Method: Principal Component Analysis

This table gives the Eigen values. The Eigen values of the factors are as expected in the decreasing order of magnitude as we go from factor 1 to factor 13. The total variance explained is 52.21%

Table 1

Brand Attributes

S.No.	Variable	Factor Loading
1.	Packaging & Logo	0.571
2.	Prior Image	0.743
3.	Ability to Distinguish	0.573
4.	Added Value	0.563
5.	Brand Name	0.706
6.	Referrals	0.646

Table no.1 includes the factors that reflect the brand attributes like Packaging and Logo, Prior image, ability to distinguish, added value, and brand. It can be concluded that for customers the already formed image of the brand and the product is an important factor in purchasing the FMCG product. Also referrals from other people help and guide the consumer to buy a particular brand.

Table 2

Brand Value

S.No.	Variable	Factor Loading
1.	Advertisement	0.562
2.	Trustworthiness	0.648
3.	Positioning	0.656
4.	Repurchase Intentions	0.729
5.	Satisfaction	0.705

Table no. 2 includes the factors that reflect the characteristics like Advertisement, Trustworthiness, Positioning, Repurchase and Satisfaction. These are the factors which are different for different people depending upon their requirement. Since FMCG are the non-durable items and require frequent purchase by the customer hence they look for the worth or repurchase of the product and also look at the message which company is promoting their brand as which guides them to match their necessity with that what company is selling.

Table3**Brand Personality**

S.No.	Variable	Factor Loading
1.	Celebrity Endorsement	0.765
2.	Personality	0.644

Table no. 3 includes the variables which reflect the personal speak about factors like the celebrity endorsement of the particular brand and whether the brand speaks as a personality which matches to the personality of the consumer. It can be concluded that celebrity endorsement of a particular brand influence the consumer to buy the product.

Conclusion and Suggestions:

Since FMCG are the non-durable items and require frequent purchase by the customer hence they look for the worth or repurchase of the product and also look at the message which company is promoting their brand as which guides them to match their necessity with that what company is selling. Celebrity endorsement works as a double-edged sword - if appropriately done it can bring wonders to the company, and if not, it may dilute the brand image. Therefore it should be handled carefully. Respondents in this research are quite attracted to the endorsement by celebrities that guide their buying behavior. People have a tendency to buy FMCG products that involved in both low involvement products and high involvement products by referrals from others that helps them to take the decision. Also consumer has already established image of a particular brand and hence like to purchase the products from the experiences taken from the earlier purchase. Brand personality develops brand equity and sets the brand attitude. Brand personality differentiates among brands specifically when they are alike in many attributes. Due to the poor advertisement of the brand in the ads, people are not aware of the products range of the particular FMCG Company and hence cannot distinguish the products of distinguished companies. According to the findings of this study, the marketers of FMCGs should focus on brand attributes, brand value and brand personality. The entire efforts of the marketers should be directed towards these three factors.

Limitations:

- The findings are entirely based on the research conducted in Madhya Pradesh and hence may not be applicable directly on other areas on counts of sociocultural diversity and contextual factors.

- The responses collected may be perceptually biased.
- With a larger sample sizes spread across other metropolitan cities in India one might arrive at results with higher confidence levels and also at trends for urban India in particular.

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