

Brand Loyalty and Its Impact on Repeat Purchase Behaviour of Customers: A Cross-Sectional Study in the FMCG Context

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DOI:10.48047/pne.2018.55.1.83

Abstract

Brand loyalty is a fundamental concept in marketing, particularly in the "fast-moving consumer goods (FMCG)" industry, where competition is intense and consumer choices abound. Understanding the impact of "brand loyalty" on repeat purchase behavior is crucial for businesses striving to build enduring customer relationships and achieve sustainable growth. Brand loyalty plays an important role in shaping the success of companies as it influences customer retention and sustains long-term profitability. By understanding the underlying mechanisms that drive repeat purchases, companies can develop effective strategies to cultivate brand loyalty and enhance customer satisfaction. The results suggest that various factors, including brand reputation, product quality, price, and promotional activities, significantly affect brand loyalty, leading to increased repeat purchase behavior. Furthermore, "customer satisfaction" and "trust" emerge as critical mediating factors in the relationship between brand loyalty and repeat purchase behavior. The results will enable FMCG companies to comprehend the factors influencing brand loyalty and identify strategies to foster customer loyalty. Additionally, this study can serve as a foundation for future research exploring the dynamics of brand loyalty in different industries or cultural contexts. The study survey was conducted among 220 consumers to know the role of brand loyalty and its impact on repeat purchase behavior of customers in the FMCG context. The study concludes that there is significant impact of brand loyalty on repeat purchase behavior of customers in the FMCG context.

Introduction

The idea of "brand image" is being getting considerable attention in the field of marketing, as it plays a crucial role in influencing consumer behavior. While brand image is recognized as a key factor in building brand assets and performance, few studies have explored its relationship with brand equity. Customer satisfaction, is an important aspect to consider. When a product's performance exceeds expectations, customer satisfaction increases, while the opposite leads to

decreased satisfaction. Brand image significantly affects customer satisfaction across various industries such as e-banking, telecommunications, banking, and supermarkets. Store infrastructure, convenience, service quality, and sales activities all directly influence customer satisfaction. "Customer loyalty", seen as an extension of "satisfaction", involves repeated purchases driven by customers' approval of a brand. Favorable brand image, including a positive store image, is instrumental in fostering customer loyalty, both in physical and virtual contexts (Zhang, 2015).

Consumer perception of a brand plays a vital role in its success, and customer loyalty is a desirable outcome of brand perception. There is a positive correlation, indicating that individuals who frequently purchase a brand and have a significant share of category needs are more likely to form "brand associations". There is also an affirmative association between past loyalty and the propensity to form brand associations, as observed across both buying frequency and share of category requirements metrics. Customers who have made multiple purchases demonstrate a higher likelihood of forming brand associations compared to those who have only made a single purchase. Marketing efforts, such as targeted advertising, may yield greater returns on investment by focusing on light and non-users rather than heavy users (Romaniuk & Nenycz-Thiel, 2013).

The significance of brand loyalty in the field of marketing is of great interest to both researchers and professionals. Brand loyalty forms the foundation of relationship marketing and holds complexity in the realm of consumer products, particularly "fast moving consumer goods (FMCG)". The understanding of loyalty itself has evolved dynamically, with various dimensions explored in the marketing literature. Marketers are urged to strike a balance between traditional views on "brand loyalty" and the other factors of brand migration in a fast-moving environment (Ramesh Kumar & Advani, 2005).

Consumer behavior in the field of marketing emphasizes the significance of brands that offer distinctive and memorable experiences. This has led to a growing interest among marketers in giving better importance to the concept of brand experience. Brand experience refers to the emotions, thoughts, and actions evoked by brand-related stimuli such as design, packaging, communication, and environments. It plays a crucial role in influencing customer satisfaction, trust, and loyalty. By establishing long-lasting relationships with customers, brands become

key players in building trust and loyalty. Although the definition of brand loyalty is still a topic of debate, this study sheds light on the effects of brand experiences on loyalty, particularly in the durable goods industry, using the automobile industry as a representative case. Given the high level of brand involvement, the multidimensional nature of automobile products, and the importance of brand satisfaction, trust, and loyalty, this industry serves as an ideal context to understand and manage brand loyalty (Sahin et al., 2011).

Literature Review

Rural India, with its vast population and numerous villages, has become a significant market for consumer goods. "Fast-moving consumer goods (FMCG)" play a crucial role in rural consumption. However, companies cannot rely on their normal advertising strategies for rural markets. Instead, they must develop specific strategies tailored to rural consumers. The most significant factor for this is the influence of retailers' recommendations, which contributed to the trust factor. Rural consumers in South India believe that using FMCG products enhances their lifestyle and trust the recommendations of local retailers. However, during field visits, it was observed that retailers were unaware of the "Trust Factor" principle, highlighting the need for educating rural retailers on modern marketing principles. Price was found to be a crucial factor influencing rural FMCG purchase. Therefore, adopting a low-price strategy and ensuring cost-effective manufacturing, promotion, and distribution activities are recommended. Additionally, promoting FMCG products based on rationality and highlighting aspects such as quality, performance, reliability, and brand is suggested, rather than solely focusing on low prices (Ali et al., 2012).

Zaman et al. (2012) explored the influence of "customer satisfaction", "trust", and corporate reputation on "customer loyalty" in the FMCG industry and the results revealed that customer satisfaction, trust, and corporate reputation account for a significant 79.0% of the variation in customer loyalty. Trust shows a strong positive correlation with customer loyalty. The results suggest that FMCG firms should prioritize their reputation, "customer satisfaction", and trust to foster customer loyalty. But the study has limitations in terms of generalizability and time constraints.

The expansion of rural and suburban markets in Kerala has brought forth the need to understand the purchasing behavior of consumers in these areas. Rural consumers prioritize the quality of personal care brands over normative influences or celebrity endorsements. Education plays a significant role, as higher levels of education lead to more rational decision-making and reduced impulse buying. Income, marital status, and gender also affect purchase decisions. Consumers are willing to travel to towns or cities to buy high-quality brands, and marketers should work with local retailers to combat counterfeit products. Mass media is crucial for creating awareness of sales promotion schemes among rural consumers. FMCG products, characterized by low involvement and brand switching behavior, require visually appealing point-of-purchase displays and attractive premium offerings. But it is to be noted that repetitive use of the same premium product may have a negative impact on brand loyalty. Companies should align sales promotion activities with the overall brand positioning, ensure information flow, and maintain brand quality to enhance consumer perceptions and loyalty (Joseph J, 2014).

Kumar Mishra et al. (2016) investigated the relationship between “risk aversion”, “brand trust”, “brand affect”, “attitudinal loyalty”, and “behavioral loyalty” within the realm of low-involvement products. Their primary objective was to explore the distinction between repeat purchase behavior for high-involvement products, which signifies brand loyalty, and repeat purchase behavior for low-involvement products, which is merely habitual in nature. Risk-averse consumers rely on brand image to reduce uncertainty, but risk aversion is not directly associated with trust. Risk aversion is positively linked to attitudinal loyalty. Risk-averse consumers tend to stick to specific brands without much comparative analysis, demonstrating purchase loyalty. Brand loyalty can be genuine or superficial, with genuine loyalty reflecting repeated purchasing driven by brand attachment and commitment. In this study, risk aversion was associated with true loyalty in low-involvement personal care products. Brand trust influences brand affect, and it has a positive impact on attitudinal loyalty. Attitudinal loyalty, in turn, strongly influences behavioral loyalty.

Tariq et al. (2013) examined the factors influencing consumers' intentions to purchase fast-moving consumer goods (FMCG) in Pakistan and they found a positive association between these variables and consumers' purchase intentions. Brand image, which represents a reliable assurance of quality and added value, can be influenced by advertisements. Companies can enhance brand image by improving the effectiveness of their promotions, such as incorporating

celebrity endorsements. Product quality, determined by personal perceptions of excellence and differentiation, was found to have a moderate relationship with purchase intention. Companies should prioritize customer-driven quality standards and increase awareness of product quality dimensions. Product knowledge, involving information related to the product, showed a moderate relationship with purchase intention. Enhancing knowledge through integrated marketing techniques and accessible information can help retain purchase intention. Product involvement, driven by personal preferences and information processing, had a moderate relationship with purchase intention. Product attributes, including design, price, and image, had a weak relationship with purchase intention due to socioeconomic factors and high prices. Companies should consider socio-economic factors when pricing products and work towards satisfying customer needs. Finally, brand loyalty, reflecting customers' attachment to a brand regardless of price or features, showed a strong relationship with purchase intention. Building loyalty through customer relationships and customer-driven quality standards is crucial, as well as establishing strong distribution channels.

Nam et al. (2011) leads a study exploring the link between customer contentment and brand allegiance in the hotel and dining sector. Their study aimed to investigate the role of customer contentment as an intermediate in the relationship between consumer-based brand value and its various dimensions. The results of the study infer that these dimensions of brand value exerted positive influences on customer contentment. The effects of physical quality and lifestyle congruence on brand allegiance were entirely mediated by customer contentment. Consequently, the results underscored the significance of both utilitarian and symbolic advantages in enhancing customer contentment with hotel and restaurant brands. Furthermore, they highlighted the role of contentment in successful brand marketing campaigns and the development of brand image.

Upamannu et al. (2012) explored the association between "brand trust", "brand image", and "customer brand loyalty" in the FMCG sector and found a strong positive association between "brand trust", "brand image", and "customer brand loyalty". However, the study's results were contradictory regarding the effect of brand image on brand loyalty. Usually, it is taken that there is a significant influence of brand image on loyalty, suggesting that a positive and distinctive brand image can enhance loyalty intentions. Also, when customers perceive social benefits from salespeople, they tend to exhibit greater loyalty.

Back & Parks (2003) explored the relationship between customer satisfaction and brand loyalty, particularly in the context of the lodging industry and found that customer satisfaction indirectly influenced behavioral brand loyalty through attitudinal brand loyalty, encompassing various stages of cognitive-affective-conative loyalty. Therefore, it is crucial for businesses to consider customers' perceptions of their brand and not solely rely on purchasing frequencies to assess brand loyalty levels. It also highlighted the significance of customers' beliefs, attitudes, and intentions in driving actual purchasing behaviors and emphasized the need for measuring both attitudinal and behavioral brand loyalty to identify loyal customers and gain insights into their repurchasing behaviors. The study also addressed the misconception regarding the direct relationship between customer satisfaction and repurchase frequencies and revealed the impact of attitudinal brand loyalty on actual repeat purchasing behaviors.

Objective

1. To know the role of brand loyalty and its impact on repeat purchase behaviour of customers in the FMCG context.

Methodology

The study survey was conducted among 220 consumers of FMCG to know the role of brand loyalty and its impact on repeat purchase behavior of customers in the FMCG context. The survey was conducted with the help of a structured questionnaire. The researcher had collected the primary data through convenient sampling method and analyzed it using mean and t-test statistical tools.

Findings

Table 1 Role of Brand Loyalty and Its Impact on Repeat Purchase Behavior

S. No.	Statements	Mean Value	t value	Sig.
1.	Customer satisfaction, trust, and brand reputation account for customer loyalty and repeat purchase	3.15	2.264	0.012

2.	Brand quality enhance consumer loyalty and purchase behaviour	3.12	1.823	0.035
3.	Sales promotion activities like brand positioning and information flow leads to repeat purchase	3.17	2.623	0.005
4.	Risk-averse consumers tend to stick to specific brands without much comparative analysis	3.14	2.117	0.018
5.	Brand trust influences brand affect, and it has a positive impact on attitudinal loyalty	3.19	2.920	0.002
6.	Brand loyalty, reflecting customers' attachment to a brand regardless of price or features	3.13	1.964	0.025

Table 1 above shows the Role of Brand Loyalty and Its Impact on Repeat Purchase Behavior. The respondent says that Brand trust influences brand affect, and it has a positive impact on attitudinal loyalty with mean value 3.19, Sales promotion activities like brand positioning and information flow leads to repeat purchase with mean value 3.17 and Customer satisfaction, trust, and brand reputation account for customer loyalty and repeat purchase with mean value 3.15. The respondent also says that Risk-averse consumers tend to stick to specific brands without much comparative analysis with mean value 3.14, Brand loyalty, reflecting customers' attachment to a brand regardless of price or features with mean value 3.13 and Brand quality enhance consumer loyalty and purchase behavior with mean value 3.12. The value under significant column for all the statements related to brand loyalty and its impact is significant with value below 0.05 after applying t test.

Conclusion

Brand reputation, product quality, price, and promotional activities play pivotal roles in shaping brand loyalty among FMCG consumers. Companies should focus on consistently delivering high-quality products, maintaining a positive brand image, and offering competitive pricing strategies to establish a strong foundation for brand loyalty. Brand reputation emerges as a vital driver, with customers showing a propensity to repurchase from brands that have established a positive image and reputation in the market. Also, product quality proves to be a decisive factor, as consumers tend to develop loyalty towards brands that consistently deliver high-quality products that meet their expectations. Fostering customer satisfaction and building

trust should be at the forefront of their endeavors, as these factors contribute significantly to customer loyalty and advocacy. Future research could consider longitudinal studies to gain a deeper understanding of the dynamics between brand loyalty and repeat purchase behavior over time.

The present study was conducted to know the role of brand loyalty and its impact on repeat purchase behaviour of customers in the FMCG context and found that Brand trust influences brand affect, and it has a positive impact on attitudinal loyalty, Sales promotion activities like brand positioning and information flow leads to repeat purchase and Customer satisfaction, trust, and brand reputation account for customer loyalty and repeat purchase. The study concludes that there is significant impact of brand loyalty on repeat purchase behavior of customers in the FMCG context.

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