

DECLARATION

I hereby declare that the Ph.D. thesis entitle “*A study of brand loyalty parameters in fast moving consumer goods: developing a decision making model for FMCG companies in India.*”, is my own work conducted under the guidance and supervision of Prof. (Dr.) Jayrajsinh D. Jadeja.

The present work has neither been published nor has any degree been awarded to researcher for this work either by this university or by any other university. I hereby also testify that the present work is not based on the work of any other person. In fact, to the best of the researcher’s knowledge, there has been no publication or work on this topic.

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I owe gratitude to those who made my journey successful. First, I thank God for being with me, giving me patience and leading my life successfully through this challenging journey.

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ABSTRACT

Introduction to Topic:

Overall topic is about brand loyalty of Fast Moving Consumer Goods (FMCG). As loyalty of FMCG product is very sensitive it is necessary to have proper models to measure it. Over a period FMCG market has evolved and we have observed drastic changes. Earlier people in India use to buy such products from small store called traditional trade stores. Later, supermarket and hypermarket came into existence and now people can buy FMCG products online through their computers and mobile devices. Due to these changes, measuring of brand loyalty has also become difficult.

Industry Analysis:

FMCG industry has lot of potentials in Indian market due to changing Government policies, development of internet network, increasing population, entry of many new players, buyer's shift from unorganized to organized market etc. However, on the other hand there are challenges also. Due to entry of many new players bargaining power of buyer has increased. Inflationary pressure and competition from Global and Local player are always challenging for new players.

Literature Review:

Various previous literatures reviewed. Most of them are talking about brand loyalty with respect to attitudinal antecedents or brand loyalty with respect to behavioural antecedents. There are very few literatures where both behavioural and attitudinal variables are considered together. However, these literatures are also very old, so direct applicability of the models is doubtful.

Research Methodology:

There are around 42 features considered from various literatures and few proposed by author. Few of them are, Brand Affect, Customer Satisfaction, Switching Cost, Brand Trust, Perceived Value, Repeat Purchase, Availability etc. Overall Indian FMCG market is considered under scope. Three stage probability sampling is used to collect data. First Stage – States & Union Territories, Second Stage – Big cities/Towns/Villages and Third Stage – Individual Respondents. Whole analysis is

divided into three parts – Urban – MT/Ecomm, Urban – TT and Rural – TT. Under each part three categories are evaluated named Shampoo, Washing Powder, and Soft Drink/Chocolates. Structured questionnaire is used to collect data around various features of brand loyalty. Initially 171 responses are collected as pilot study to check the validity and reliability of questionnaire. Later 1037 and 1106 respondents were evaluated from Urban and Rural parts of India respectively.

Data Analysis and Interpretation:

Pictorial representation of data done using Bar charts, Sparkline etc. Descriptive statistics are calculated using python code. Correlation analysis, Exploratory Factor Analysis, Structured Equation Modeling is done to fit various models for the combination of Locality – Market – Category. Based on the key variables identified through these models, Support Vector Model fitted to classify buyers into 9 categories based on three levels of behavioural and three levels of attitudinal variables. Movement of numbers in 3*3 matrix can further guide user to understand overall shift in the loyalty levels.

Conclusion, Recommendation and Limitation:

As an outcome of the research researcher got 9 different models for the 9 combinations of Market – Category. All these models are very useful for various stakeholders to make strategic decisions. Manufacturers can design their strategies related to pricing, promotion, packaging, flavours etc. based on it and retailers can decide about placement of products in their stores. In a way buyers will get indirect benefits as they will get better quality products at reasonable rate.

This research is very useful to all different stakeholders. Retailers can play pivotal role in the whole setup as they are able to collect scanned data using barcode scanners. They also can collect attitudinal data once in a year/two years. Both the datasets can help to run the SVM model. As soon as new datapoints are getting added model will become stronger in terms of correct classification of buyers into loyal, disloyal, neutral. Shift of buyers in the 3*3 matrix will help them to know about their status within competition. Benefit of the research to the various stakeholders is as below.

1. Retailers – both MT/Ecomm and TT. For MT/Ecomm it is easy as they already have scanning system placed on the billing counters. TT store owners need to invest some amount to have computer system and scanning machine attached to the system.
2. Manufacturers – in current setup manufacturers are spending huge amount to get idea about loyalty of their products and to design strategies according. Going forward retailers can help them to make this decision just by clicking one or two buttons on their mobile.
3. FMCG consumers – consumers will also get indirect benefits in the form of discounts, promotional events, value addition to product from manufacturers. This must happen as manufacturers will get clarity around loyalty status of their and their competitors' product. So, they will try to adjust their product strategy accordingly.

At the end researcher has also defined the overall process of how to implement the research outcomes to benefit Manufacturers, Retailers and Consumers.

The only few limitations of the research are, machine learning algorithms are becoming more robust with large amount of data so once these models are practically implemented, they will give even better outcomes. Also, current research is at category level however it can be further enhanced at brand level.

Key Words: Fast Moving Consumer Goods (FMCG), Attitudinal antecedents, Behavioural antecedents, Traditional Trade (TT), Modern Trade (MT), Ecommerce, Urban Market, Rural Market, Brand Loyalty, Product Categories (Shampoo, Washing Powder, Food)

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LIST OF ABBREVIATIONS

1	FMCG	Fast Moving Consumer Goods
2	CPG	Consumer Package Goods
3	MT	Modern Trade
4	TT	Traditional Trade
5	Ecomm	E-Commerce
6	OTC	Over the Counter
7	CAGR	Compound Annual Growth Rate
8	R&D	Research and Development
9	SWOT	Strength Weakness Opportunity Threat
10	USD	US Dollar
11	CSD	Carbonated Soft Drinks
12	RTD	Ready to Drink
13	POS	Point of Sale
14	UTs	Union Territories
15	HH	Household
16	KPI	Key Performance Indicator
17	CFA	Confirmatory Factor Analysis
18	EFA	Exploratory Factor Analysis
19	SEM	Structural Equation Modeling
20	SVM	Support Vector Machine
21	HC	Home Care
22	PC	Personal Care

CHAPTER I
INTRODUCTION

1.1 INTRODUCTION:

Brand Loyalty is very important topic for any business in the world. Irrespective of the type of product it is very important to have certain level of loyalty towards the products for the success of a business. The ability of a business to draw in customers is a major factor in its success. This is especially important for the survival of a business to keep its present clients and cultivate their loyalty.

Key words of this report are Brand Loyalty, Fast Moving Consumer Goods (FMCG), Attitudinal Factors of Loyalty, Behavioural Factors of Loyalty, Modern Trade, Traditional Trade, Rural Markets, Urban Markets, Industries of consumer goods like Shampoo, Washing Powder, Food and Beverages.

1.2 FAST MOVING CONSUMER GOODS (FMCG):

Consumer products that sell quickly and for a reasonable price are considered fast-moving goods. Another name for these products is consumer packaged goods. Because they are perishable (like meat, dairy items, and baked goods) or have high consumer demand (like soft drinks and confections), FMCGs have a limited shelf life.

These products are cheap, widely available, quickly consumed, and sold in big quantities. Shelf life of such products is relatively low.

Non-durable items have a shelf life of less than two years, whereas durable goods have a shelf life of two years or more. The greatest category of consumer products is FMCG goods. They are immediately consumed and have a limited shelf life, making them nondurable.

More than half of consumer spending is on nondurable products, such as FMCGs, which are often low-commitment purchases.

Fast-moving consumer goods categories. Main categories are Household Care, Personal Care, Food, Beverages, Pet Food, Tobacco, Alcoholic Beverages etc.

- Drinks: juices, energy drinks, and bottled water
- Foods: noodles, cereals, and cheese products
- Ready-to-eat and drink: Juices, process food etc.