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Crossref doi

scopus

Impact factor 6.2

Geoscience Journal

ISSN:1000-8527

Indexing:

- » Scopus
- » Google Scholar
- » DOI, Zenodo
- » Open Access



www.geoscience.ac



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Comparative Study of Branded FMCGs and Non-Branded FMCGs

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Abstract

Consumer satisfaction is one of the prime objectives in present retail sector. With the arrival of different market players the preference for usage of a particular brand has increased. The present study aims at examining the consumer preference towards brand and also investigating whether the consumers prefer branded product over the unbranded product. For this study data was collected from both primary and secondary sources. The data was analysed using factor analysis. Although brands can signal reputation and serve as proxies for trust, consumer preferences for attributes may differ for branded and non-branded products. It is to be considered that branded products are more hygiene, safe and according to Indian food safety standards, but besides of these facts lot of consumers are using non-branded FMCGs because of their own reasons. This paper concluded that consumers are highly considering the branded FMCGs in contrast to non-branded FMCGs due to quality, performance, reputation and options and thus consider to purchase them in contrast to non-branded FMCGs.

Keywords: Advertising, products, branded, non-branded, FMCGs

Introduction:

Advertisement creates certain perception in the minds of the viewers which may or may not be successful in molding or changing the attitude and behavior of the buyers. Perception is defined as “the process of attending to and knowing objects by means of senses”. Consumers’ perceptions are central to advertising research. Brand perception means how consumers perceive and evaluate brands. It is overall and intangible feelings about a brand. Brand perception is what gives brand its equity.

Brand perception may lead to purchase consideration. And since brand perception is linked to purchase consideration, it is important to consider the influence of advertising on brand

perception. Brand perception depends on the quality, packaging, price and advertisement. Thus, brand perception is very much dependent upon the amount of information available to the customer. “Brands which offer varieties of options that appear compatible to the needs of the consumers are tend to be perceived as having greater expertise in the given category, which in turn enhances their perceived quality and purchase likelihood”. Brand perception may also be affected by demographic variables such as income, education and age. It also differs from one brand to another.

Perception can be determined if it can be known how much liking a person gives to particular stimulus attributes. Brand perception may depend on the characteristics of the product, or the reliability and performance of the product. In order to know and comprehend consumer brand perception, it is important to assess and determine such factors.

Advertising as a promotion tool helps to ensure that the sector is able to perform as per its potential. However, successfully launching a product in India presents tremendous challenges. A deep understanding of the consumer will always be at the heart of FMCGs sector. It is critical to know and understand the changing consumer behavior and their perception towards FMCGs brands.

Review of Literature:

Kenneth D.Bahn (1986) study provides an insight into the processes that children usually employ to make brand discrimination and brand preference judgment. The result of this study indicates numerous dimensions which underlie brand perceptions. **Jonah Berger and et al. (2007)** find out positive effects of product varieties occurs only when consumers is well informed about the varieties being offered by the brand and also composition of product varieties, degree of compatibility and specialization is an important element of the impact of variety on perceived quality. **Mahabubu Ruhman (2014)** states that, as a product category states to mature and the number of competing brands increases, the different types pf pressures trend to increase and this leads to brand parity. **Nandita Nishra, Vijendra Dhyani, S.S Sarangdevot (2015)** highlights the emerging significance of multiple media options. It focuses to find out the role of media as a buying guide and the perception that people hold towards various media options. **Rajalakshmi & Kuma Devi (2020)** found that the awareness of facial

cream brand was mainly through Advertisement. The major factor that influenced purchase and use of a brand of facial cream was price, followed by quality. The top three brands of facial cream used were found to be Ponds, followed by Fair & Lovely and Fairever.

Need & Scope of the Study:

Advertising as a promotion tool helps to ensure that the sector is able to perform as per its potential. But, in order to make advertisements effective, a thorough understanding of consumers' perception is essential. In India, where majority of the people still prefer to use the traditional means to shop the basic FMCGs products, the need arises to study their perception with respect to traditional platforms of advertisement. This study on consumers' perception involves understanding the influence of advertisement on brand perception; the factors that influences buyers and how these factors can be exploited in order to lead them towards purchase consideration. The understanding of as to why consumers select brands can be used in order to design effective advertising communication. The study intends to provide suggestions to marketers to improve their advertising campaigns and become more effective in reaching the consumers. The knowledge of brand perception can help marketers formulate better strategies. Shimla district of Himachal Pradesh has been chosen as the area of the study. The field survey was conducted through online mode during the year 2021. The products chosen for the study were personal care products- toothpaste, soap, shampoo and face cream.

Objectives of the Study:

1. To assess the viability of branded FMCGs in contrast to non-branded FMCGs.
2. To make recommendations for future improvement in brand management.

Hypothesis

There is no significant difference in the viability of branded FMCGs in contrast to non-branded FMCGs

Data Collection:

The objective of data collection was to study the impact of advertisement on brand perception for FMCGs. Questionnaire was used to collect data. Questionnaires were circulated near mall, shops and academic institutes in Shimla and through Google forum. The respondents were customers

of branded FMCGs. Questionnaires were administered personally by approaching the people coming to the researchers and faculty members from educational institutes across shimla. Judgement sampling technique was used to achieve the required sample size. The selection of sample size may depend on previous studies of analyzed. Based on previous studies; sample size was targeted to be above 400 and KMO was applied to check sample size adequacy, 550 questionnaires were distributed and 472 questionnaires were received. Some of the responses were to be left out on account of missing entries or duplicity. As such only 411 responses were found fit for the study.

Tools used: Factor analysis is used to “resolve a large set of correlated variables in terms of relatively few uncorrelated categories, known as factors which may be further be treated as new variables. In this study, it was applied on the 5 point likert scale statements to obtain independent factors.

Results and Discussion:

In order to study the viability of branded FMCGs products, seven questions on 5 point likert scale (from strongly disagree to strongly agree) were asked form the respondents. Using SPSS software 21 version IBM, factor analysis was performed. Also, Bartley’s Test of Sphericity and KMO test were performed to measure sampling adequacy.

Table.1.1 presents the results of KMO and Bartlett’s Test.

Table: 1.1-KMO and Bartlett’s Test

Kaiser-Meyer –Olkin Measure of Sampling Adequacy	0.765
Approx. Chi-square	582.526
Bartlett’s Test of Sphericity	
Df	15
Sig.	.000

The KMO value was found to be .765, i.e., which is more than .6. It indicates that data is sufficiently adequate and we may proceed with factor analysis. And in Bartlett’s Test of Sphericity, the p-value (Sig.) was found to be 0 .000, which is less than 0.05, indicating that analysis is valid.

Factor analysis was performed. There was a problem of cross loading, hence one question was removed. Two factors were deduced containing three questions related to quality, performance and reputation. The second factor was named as brand choice and had questions related to image, options and purchase.

Table 1.2 (below) presents the results of the Rotated Component Martix

Table: 1.2 Rotated Component Matrix

Factors	Statement No.	Components	
Brand Performance	Quality (BPM 17)	.860	
	Performance (BPM 16)	.842	
	Reputation (BPM 19)	.655	
Brand Choice	Image (BPM 24)		.787
	Option (BPM 23)		.756
	Purchase (BPM 25)		.753

Extraction Method: Principal Component Analysis.

Rotation Matrix: Varimax with Kaiser Normalisation.

a. Rotation Converged in 6 iterations.

Cronbach's Alpha test was used to check the reliability of the scale. It was applied on the responses with 5 point likert scale to check the reliability of the instrument. The "Cronbach Alpha should be at least 0.7 to make sure that the measurements are reliable." However, many statisticians believe that it can even be acceptable if its value is over 0.6.

Table: 1.3- Reliability Statistics of entire item

Cronbach's Alpha	No. of Items
.750	06

Table: 1.3 presents the reliability statistics of entire item of the scale.

Table: 1.4 – Individual Reliability Statistics

Factors	No. of items	Cronbach's Alpha
Brand performance (BPM)	3	.733
Brand Choice(BCC)	3	.676

Table 1.4 presents the reliability statistics of individual items of the scale. The Cronbach's alpha value of all items was found to be above 0.6, which implies that the measurements were reliable.

Mean score was calculated, in order to ascertain the viability of branded FMCGs in contrast to non-branded FMCGs. The viability of branded FMCGs was assessed by calculating the mean values of responses of each variable. The mean values were combined and calculated for both the factors as well as for the whole scale. The mean score was calculated based on the scores of the respondents.

Table: 1.5 – Impact Assessment through Mean Value

Less than 2	Very Low
Above 2 but less than 3	Low
Above 3 but less than 4	Moderate
Above 4 but less than 5	High
Exactly 5	Very High

Table 1.5 (above) presents the criteria for segregation of the mean value score of the respondents.

Table-1.6 presents the codes for statements used to measure the viability of branded FMCGs. Brand viability was coded as 'BV' Brand Performance was coded as 'BPM' and Brand choice was coded as 'BCC'.

Table-1.6- Coding of Statements on Branded Viability (BV)

Factors	Codes	Statements
Brand Performance	BPM 16	I believe that this brand of FMCGs is a quality product .
	BPM17	This brand of FMCGs has good functional performance
	BPM19	This brand of FMCGs has got good reputation in the market
Brand Choice	BCC23	I feel branded FMCGs have become a symbol of status .

	BCC24	I believe that branded FMCGs have more options to choose from in contrast to generic brands (non-branded) of FMCGs.
	BCC25	Even if my regular brand of product is not available, I will not choose a generic brand (non-branded) of FMCGs.

Table: 1.7 presents the viability assessment of branded FMCGs based on mean values.

Table: 1.7 – Viability Assessment of Branded FMCGs

Factors	Variables	Mean values	Impact	Combined Mean Values	Impact
Brand Performance	Performance	4.065693	High	4.153285	High
	Quality	4.094891	High		
	Reputation	4.29927	High		
Brand Choice	Option	3.836983	Moderate	3.940795	Moderate
	Image	4.065693	High		
	Purchase	3.919708	Moderate	4.04704	High

The mean score for BPM 16 was found to be 4.065693 (High Impact). That means consumers consider branded FMCGs for its quality. On the other words, it can be said that consumers consider branded FMCGs products as quality products.

The mean score for BPM17 was found to be 4.094891 (High impact). That means consumers consider branded FMCGs for its performance. Consumers trust branded FMCGs products for performance.

The mean score for BPM19 was found to be 4.29927 (High Impact). That means consumers consider branded FMCGs products as reputed products.

Overall the BPM had a mean score of 4.153285 (High Impact). That means consumers trust on branded FMCGs products for quality, performance and reputation.

The mean score for BCC23 was found to be 3.836983 (moderate impact). Consumers do not have a negative image of branded FMCGs in their mind and relate them with status.

The mean score for BCC24 was found to be 4.065693 (High Impact). Branded FMCGs provide more options to the consumers in contrast to non- branded FMCGs.

The mean score for BCC25 was found to be 3.919708 (moderate impact). As far purchase of branded FMCGs even if the regular brand of product is not available.

The combined mean score for BCC was found to be 3.940794 (Moderate Impact). That means consumers do not view branded FMCGs products negatively for image and options and thus prefer to purchase these products.

Overall the combined mean score of the two factors , BPM and BCC, was found to be 4.04704 (High Impact), consumers highly considered branded FMCGs in contrast to non-branded FMCGs for quality, performance, reputation and options and thus consider to purchase them in contrast to non-branded FMCGs products.

Conclusion:

The finding of the study suggests that consumer highly consider branded FMCGs in contrast to non-branded FMCGs for quality, performance, reputation and options and thus consider purchasing them in contrast to non-branded FMCGs. Branded FMCGs have a wide market base. They provide wide options and deliver performance. And thus consumers prefer branded products as they are a mark of reputation. Consumers do not have a negative image regarding branded FMCGs products. Overall branded FMCGs provide better options to consumers.

Brand perception is important because when the consumer pays attention to the attributes in advertisement, his ability to process the given information improves and the chances of purchase consideration become more favorable. Thus knowledge of consumers' brand perception helps

marketers better understand the actual position of their brands in the market. It helps to design effective marketing communication programs and build better brands. They satisfy buyers; helps choose and re-choose the product. As such, brands act as a signal of quality.

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