

Impact of Brand Loyalty on Consumer Behavior Towards Grocery Trade: With Special Reference to Solapur City

Dr. Pritam P. Kothari

Head of Department

Department of Management Studies

Bharati Vidyapeeth (Deemed to be University), Pune

Abhijit Kadam Institute of Management and Social Sciences,

Solapur, India

Prof. Shivganga C. Maindargi

Assistant Professor

Department of Management Studies

Bharati Vidyapeeth (Deemed to be University), Pune

Abhijit Kadam Institute of Management and Social Sciences,

Solapur, India

Abstract

India's retail industry is witnessing revolution and positioned as favorable destination for investment. The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space due to increase in income level, urbanization, fast changing IT and Communication technologies. On the other hand consumer buying behavior is not a new baby for us but its importance is increasing day by day due to change in market conditions and increase in Competition. In today's competitive environment development of brand loyalty amongst customers is a big challenge in front of business unit. This paper aims to determine effect of brand loyalty on each dimensions of consumer buying behavior related to retail trade in Solapur City. It is found from the study that in retail industry as per as grocery trade is concerned still customers are giving preference to prize and test whereas Packaging flavor and appearance doesn't play important role. Most of customers knows brands available in markets and doesn't show willingness to switch their brand.

Keywords: Brand Loyalty, Retail Industry Consumer Attitude towards Brand Grocery in Solapur City

I. INTRODUCTION

Brand loyalty plays vital role in developing and maintaining the goal of any business. In developing country like India brand loyalty is considered as an asset. Consumers are ready to pay more than usual for a brand now a days. Companies in retail trade especially those in grocery trade concentrate more on increasing brand loyalty amongst consumer. Brand loyalty is defined as intention or behavior of customer to repurchase a particular brand continuously. Purchasing decisions of consumer's largely depends on various factors like quality, trust of the product. Old concept of marketing was to develop new customer but due to heavy competition it has shifted to modern concept called retention of existing customers by developing brand loyalty. In modern business brand loyalty is simply outcome of consumer's commitment to repurchase the brand through continuous purchase and customers have a high dependency towards the brand. This indicates that the repurchase behavior largely depends on the trust and quality of the product. Loyalty of Customer towards particular brand indicates quantity and frequency of purchase. Well established brands invest more amount and time in preserving their brand loyalty, maintaining brand identity, and introducing new product lines in grocery business so as to develop high market share and to gain competitive advantage over competitor's result of which it becomes need of any business to acquire more knowledge in brand loyalty.

By 2020 India's retail businesses expected to nearly double to US\$ 1 trillion from US\$ 600 billion in 2015, driven by urbanization, attitudinal shifts and high income growth. The overall retail business is expected to grow by 12 per cent per annum. Modern trade would expand twice (as fast at 20 %) per annum and traditional trade at 10 %. By 2020 India's Business to Business (B2B) e-commerce market is expected to reach US\$ 700 billion whereas the Business to Consumer (B2C) e-commerce market is expected to reach US\$ 102 billion. E-retail trade is expected to be at par with the physical stores in the coming five years. By financial year 2019-20 India's direct selling business is expected to reach a size of Rs 23,654 crore (US\$ 3.51 billion).

Modern grocery trade registered current value growth of 17% in 2018 and this was stronger than the growth observed by traditional grocery trade, which was 10%. This is due to the increased footfalls by urban consumers at supermarkets and hypermarkets. As per current trend young urban consumers prefer more to shop for their groceries once in a week and this is most convenient to do at retailing. Offers given by modern grocery retailers while buying in bulk convert to lower pricing as compared to that of traditional grocery retailers. But still in India the size of traditional grocery retailers is much larger than that of modern grocery retailers. Consumers prefer to purchase continuously from traditional retailers when buying daily products, as it takes less, billing process is faster comparatively and very important free home delivery is available.

A. Growth of Indian Retail Industry

The retail sector in India is emerging as one of the largest sectors in the economy

- By 2015, the total market size was around US\$ 600 billion and registering a CAGR of 7.45 percent since 2000.
- By 2020 retail industry is expected to grow to US\$ 1.3 trillion, registering a CAGR of 9.7 per cent between 2000 to 2020

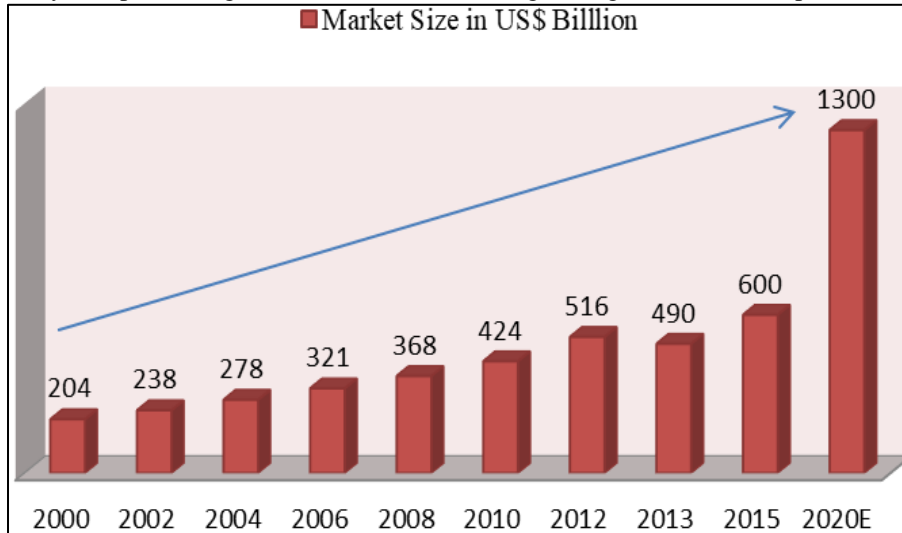


Fig. 1: Market Size of Indian Retail Industry in US\$ Billions
Source: BCG, Retail 2020, Indiaretaling.com
CAGR: Compound Annual Growth Rate, E: Estimated

II. CONSUMER BEHAVIOR

Consumer behavior is defined as mental as well as emotional process of purchasing and searching post consumption service of a product by a consumer. It includes various factors like what they buy, how people buy, why they buy and when they buy. It combines various elements from psychology, sociology, economics and anthropology. It also studies influence of various demographic variables such as family, friends, and society and reference groups in general. Following are several factors affecting consumer buying behavior:

- Social Factors- Forces that other people exert and which affect consumers' purchase behavior which may include roles and family, social class and reference groups, culture and subculture, .
- Psychological Factors- The factors include perception, learning, attitude, motives, and personality.
- Personal Factors- Refers to those aspects that are unique to a person and influence purchase behavior. Includes lifestyle, situational factors and demographic factors,

III. BRANDING

Products are what companies make on the other hand customers buy brands. Marketers go for branding in order to differentiate their offerings from similar products provided by their competitors. It carries an ingrain assurance to the consumers that the quality of a purchase will be similar to earlier purchases of the same brand.

A. Importance of Branding

- Branding is useful to build long term relationship with the customers
- Branding is used as a differentiation tool when the product cannot be easily distinguished in terms of tangible attributes.
- Branding alive customer satisfaction orientation process.

B. Six Dimensions of the Brand are

Attributes	A brand will communicate specific attributes, such as prestige
Benefits	A brand communicates a set of benefits that makes it more attractive
Values	A brand represents a company's core values and belief system
Culture	A brand is representative of socio cultural characteristics
Personality	A Brand projects behavioral personality patterns of targeted consumers
User	The brand, in some cases, can emulate the end user

IV. IMPACT OF BRANDING ON CONSUMER BEHAVIOR

A Consumer's behavior may be either positive or negative and is largely depends on the outcome of learning and evaluating process. Major part of conducting marketing research is the evaluation of consumer perception towards brands. Development of brand loyalty amongst consumer results in sustaining competitive advantage and becoming more financially strong. Brand Loyalty plays important role in developing positive attitudes towards products, especially those having low-levels of consumer involvement. However it is observed that there are several factors that reduce the effects of the formation of positive attitudes which includes

- Consumer not purchase the product within a certain time period.
- High pricing strategy of company, which results in contrary effect to the consumers positive attitudes towards the brand

V. SCOPE OF STUDY

It was proposed that instead of taking a wide coverage and making a broad study, this work should narrow down its focus and go deep into inquiry. Hence, the researcher proposes to concentrate this work in Solapur City and as retail trade includes range of products and grocery trade was considered for study. The study undertaken by researcher was focused on Impact of Brand Loyalty on Consumer behavior towards grocery trade

VI. OBJECTIVES OF STUDY

- To analyze the factors those affects consumer buying behavior towards grocery trade
- To study contribution of Brand Loyalty on consumer buying behavior towards grocery trade

VII. METHODOLOGY OF THE STUDY

Researcher was intended to study Impact of Brand Loyalty on Consumer behavior towards grocery trade. Population of research was confined to consumers purchasing grocery products from both retail malls as well as small grocery Shoppe so as to differentiate shopping behavior. The geographic territory was restricted to Solapur city. Samples for each population were being selected as per convenience sampling method (As per their availability and willingness). As exact population is unknown here research has used Krejcie and Morgan formula of sample size calculation for infinite (unknown) Population. Sample size calculated for study was 100 consumers. First hand and Primary Information was collected with the help of well-structured Questionnaire along with personal interview. Secondary data was collected from Published literature in Books, Magazines, Journals and Newspapers and websites. A well-structured objective type and probing questionnaire was prepared. To collect personal views and to investigate the practical aspect, personal Interview and observation technique was used. The Information collected during data collection was coded first and tables were generated, analyzed and Interpreted with the help of excel sheets in computer. On the basis of findings based on tabulated information and Observations during data collection, conclusion was drawn.

VIII. DATA ANALYSIS & INTERPRETATION

Data analysis and interpretation of some major questions are as follows

A. Customers opinion about purchasing branded product

Table - 1

<i>Opinion about purchasing branded product</i>		
<i>Particular</i>	<i>No. of Respondent</i>	<i>% of Response</i>
<i>Yes</i>	<i>84</i>	<i>84</i>
<i>No</i>	<i>16</i>	<i>16</i>
<i>Total</i>	<i>100</i>	<i>100</i>

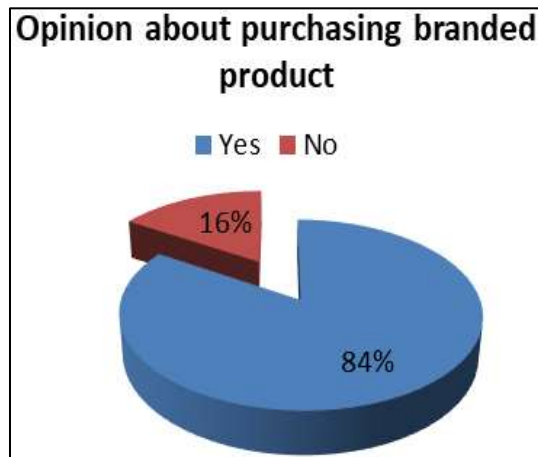


Fig. 2: Opinion about purchasing branded product

1) Interpretation

From the above graph it is clear that most of (84%) customers are showing willingness towards purchasing branded products.

B. Customers awareness about different brands available in market in grocery segment

Table - 2

<i>Different brands available in market in grocery segment</i>		
<i>Particular</i>	<i>No. of Respondent</i>	<i>% of Response</i>
<i>Yes</i>	<i>84</i>	<i>84</i>
<i>No</i>	<i>16</i>	<i>16</i>
<i>Total</i>	<i>100</i>	<i>100</i>

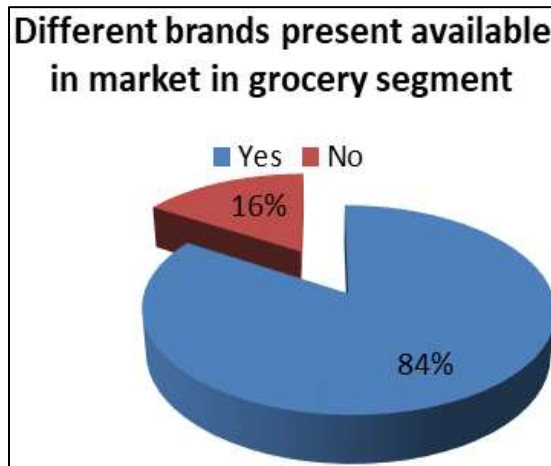


Fig. 3: Different brands present available in market in grocery segment

1) Interpretation

From the above graph it is clear that most of (84%) customer's are aware about different brands present in market in grocery segment

C. Customer willingness towards purchasing grocery product from small grocery Shoppe.

Table - 2

<i>Willingness towards purchasing grocery product from small grocery Shoppe</i>		
<i>Particular</i>	<i>No. of Respondent</i>	<i>% of Response</i>
<i>Yes</i>	<i>88</i>	<i>88</i>
<i>No</i>	<i>12</i>	<i>12</i>
<i>Total</i>	<i>100</i>	<i>100</i>



Fig. 4: Willingness towards purchasing grocery product from small grocery Shoppe

1) Interpretation

From the above graph it is clear that most of (88%) customers are showing willingness in small grocery Shoppe for purchasing grocery products

D. Customers preference for packaged grocery products

Table - 3

<i>Customers preference for packaged grocery products</i>		
<i>Particular</i>	<i>No. of Respondent</i>	<i>% of Response</i>
<i>Yes</i>	<i>12</i>	<i>12</i>
<i>No</i>	<i>88</i>	<i>88</i>
<i>Total</i>	<i>100</i>	<i>100</i>

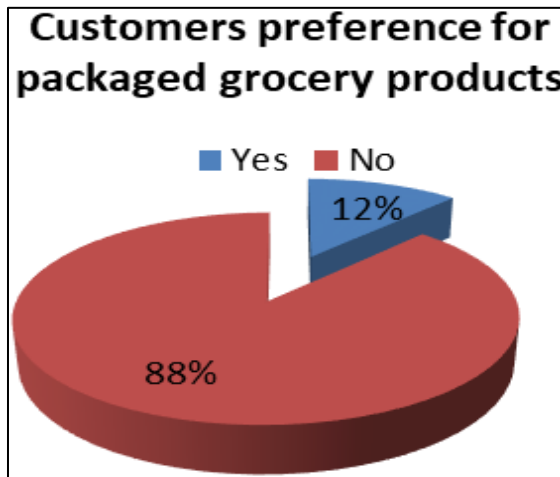


Fig. 5: Customers preference for packaged grocery products

1) Interpretation

From the above graph it is clear that most of (88%) customers are not giving preference for packaged grocery products

E. Customers preference for flavor and appearance

Table - 4

<i>Customers preference for flavor and appearance</i>		
<i>Particular</i>	<i>No. of Respondent</i>	<i>% of Response</i>
<i>Yes</i>	<i>12</i>	<i>12</i>
<i>No</i>	<i>88</i>	<i>88</i>
<i>Total</i>	<i>100</i>	<i>100</i>

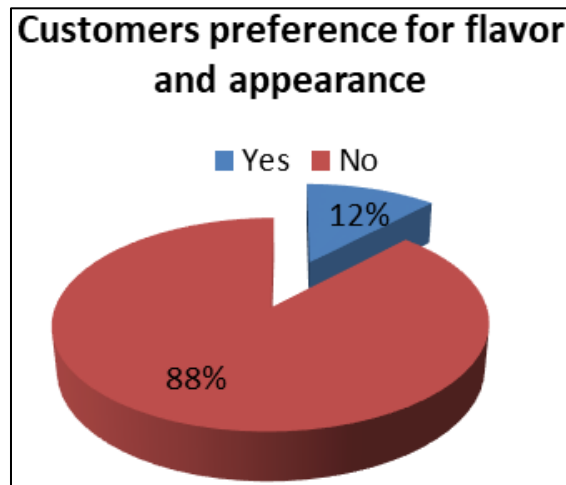


Fig. 6: Customers preference for flavor and appearance

1) Interpretation

From the above graph it is clear that most of (88%) customers are not giving preference for flavor and appearance while purchase

F. Customers preference for Prize and taste

Table - 5

<i>Customers preference for Prize and taste</i>		
<i>Particular</i>	<i>No. of Respondent</i>	<i>% of Response</i>
<i>Yes</i>	84	84
<i>No</i>	16	16
<i>Total</i>	100	100

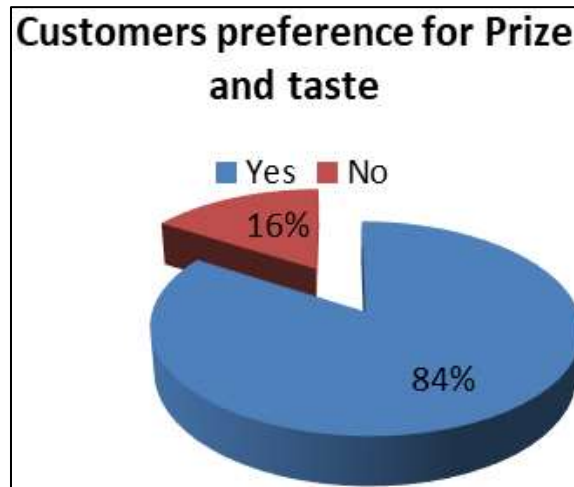


Fig. 7: Customers preference for Prize and taste

1) Interpretation

From the above graph it is clear that most of (84%) customers are giving preference for prize and taste

G. Impact of Advertisement and other promotional tool on purchase

Table - 6

<i>Impact of Advertisement and other promotional tool on purchase</i>		
<i>Particular</i>	<i>No. of Respondent</i>	<i>% of Response</i>
<i>Yes</i>	26	26
<i>No</i>	74	74
<i>Total</i>	100	100

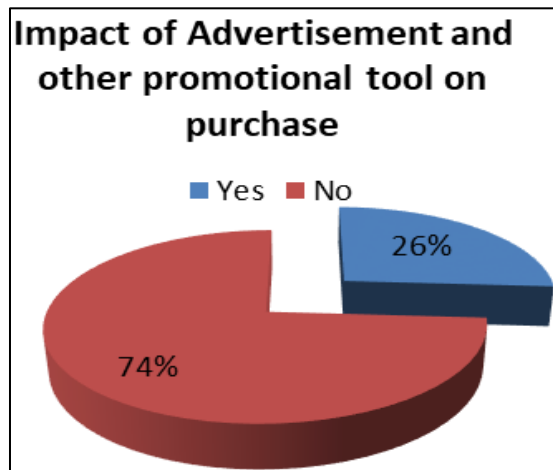


Fig. 8: Impact of Advertisement and other promotional tool on purchase

1) Interpretation

From the above graph it is clear that most of (74%) customers are of opinion that Advertisement and other promotional material doesn't play important role in purchase

II. Customers preference for purchasing same brand every time

Table - 7

<i>Customers preference for purchasing same brand every time</i>		
<i>Particular</i>	<i>No. of Respondent</i>	<i>% of Response</i>
<i>Yes</i>	<i>74</i>	<i>74</i>
<i>No</i>	<i>26</i>	<i>26</i>
<i>Total</i>	<i>100</i>	<i>100</i>



Fig. 9: Customers preference for purchasing same brand every time

1) Interpretation

From the above graph it is clear that most of (74%) of customers are ready to purchase same brand every time.

IX. MAJOR FINDINGS OF STUDY

- Due opening up of economy , liberalized trade and due to arrival of Hyper markets, Super markets and Malls branded products are coming in grocery trade industry. Private local brands are also entering in this competition and majority of customers are showing willingness to purchase branded grocery products. Majority of customers are well aware about different brands available in grocery business.
- Though Hyper markets, Super markets and Malls started their business in large scale still there is large scope for small grocery Shoppe they are favorite destinations of customers for purchase

- Various attributes related to brand like Flavor, Packaging, Prize, appearance, Taste, and Advertisement were considered for study and Customers had given following response
 - Majority of customers are still not giving importance for appearance, Packaging, and Flavor while purchasing grocery.
 - Majority of customers are still prize and taste sensitive and giving more preference to both prize and taste while purchasing grocery.
 - Promotional tools like advertisement are not having high impact on purchase decision of customer
- In brand loyalty repurchase decision by customer of existing brand is very important and majority of customer's showed more interest in purchasing same brand at every purchase.

X. CONCLUSION

Indian retail industry is changing its shape and size, grocery trade is not exception for that. Due to revolution in India economy and due to liberalized business, Indian grocery business is now more competitive and organized. New formats like hyper markets, Super markets and Malls have come up and huge investment is done by the top domestic and global retailers. Purchasing of grocery is the daily need of the customers which they can't postpone. Therefore branding strategies for the groceries are totally different than in case of other products. The purpose of this study was to find out relationship between brand loyalty and consumer behavior. Overall, the results of this study shows that brand loyalty has positive impact on consumer behavior. The various factors related with the brand such as brand awareness, trustworthiness, brand loyalty, taste, and price of brand, flavors, appearance and better packaging were studied in order to inter relate the role of brand and its impact on customers buying behavior. Researcher has found prices and tastes still have greater impact on customer's preference compare to brand of the grocery product. This helps the retailers to attract the customers on the basis of lower price and better taste of the grocery. Major customers are well aware about different brands of grocery products available in these shops and they are satisfied reasonably with the varieties available with small grocery shop keepers. Package, appearance and Flavor, doesn't play an important role in purchasing grocery products. A customer more rely on existing brand and doesn't want to shift to new brand which clearly indicates existence of loyalty towards existing brand. From the above we conclude that brands have an effect on the consumer mind in many ways like packaging, rates, test etc and grocery trade is not exception for that.

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